

Subsidiary Companies

1	Mahindra Vehicle Manufacturers Limited	1
2	Mahindra Automobile Distributor Private Limited	38
3	Mahindra Trucks and Buses Limited (formerly known as Mahindra Navistar Automotives Limited)	64
4	Mahindra Heavy Engines Private Limited (formerly known as Mahindra Navistar Engines Private Limited)	96
5	NBS International Limited	129
6	Mahindra & Mahindra South Africa (Pty) Limited	157
7	Mahindra Automotive Australia Pty. Ltd.	173
8	Mahindra Reva Electric Vehicles Private Limited	184
9	Ssangyong Motor Company Limited	218
10	Ssangyong European Parts Center B.V.	255
11	Ssangyong Motor (Shanghai) Company Limited	265
12	Mahindra USA Inc.	287
13	Mahindra North American Technical Centre, Inc.	296
14	Mahindra Gujarat Tractor Limited	305
15	Mahindra Shubhlabh Services Limited	338
16	Mahindra UNIVEG Private Limited	370
17	EPC Industrie Limited	390
18	Swaraj Automotives Limited	437
19	Mahindra HZPC Private Limited (formerly known as Mahindra Investments (International) Private Limited)	462
20	Mahindra & Mahindra Financial Services Limited	483
21	Mahindra Insurance Brokers Limited	587
22	Mahindra Rural Housing Finance Limited	618
23	Mahindra Asset Management Company Private Limited	659
24	Mahindra Trustee Company Private Limited	676
25	Mahindra Holidays & Resorts India Limited	692
26	Mahindra Hotels and Residences India Limited	775
27	Heritage Bird (M) Sdn. Bhd.	787
28	Divine Heritage Hotels Private Limited	797
29	Gables Promoters Private Limited	815
30	Holiday on Hills Resorts Private Limited	831
31	MH Boutique Hospitality Limited	850
32	Infinity Hospitality Group Company Limited	857
33	Competent Hotels Private Limited	866
34	MHR Holdings (Mauritius) Limited	885
35	Covington S.à r.l.	898
36	Mahindra Life Space Developers Limited	902
37	Mahindra Infrastructure Developers Limited	991
38	Mahindra World City Developers Limited	1015
39	Mahindra Industrial Park Chennai Limited	1053
40	Mahindra World City (Jaipur) Limited	1066
41	Mahindra Integrated Township Limited	1102

42	Mahindra Residential Developers Limited	1132
43	Mahindra World City (Maharashtra) Limited	1157
44	Knowledge Township Limited	1173
45	Mahindra Bebanco Developers Limited	1193
46	Raigad Industrial and Business Park Limited	1217
47	Industrial Township (Maharashtra) Limited	1232
48	Anthurium Developers Limited	1248
49	Mahindra Housing Private Limited	1264
50	Mahindra Consulting Engineers Limited	1279
51	Bristlecone Limited	1307
52	Bristlecone Inc.	1317
53	Bristlecone India Limited	1330
54	Bristlecone Singapore Pte. Limited	1362
55	Bristlecone GmbH	1371
56	Bristlecone UK Limited	1386
57	Bristlecone (Malaysia) Sdn. Bhd.	1393
58	Bristlecone Consulting Limited	1406
59	Bristlecone International AG	1412
60	Mahindra Intertrade Limited	1417
61	Mahindra Middleeast Electrical Steel Service Centre (FZE)	1458
62	Mahindra Steel Service Centre Limited	1474
63	Mahindra Electrical Steel Limited	1504
64	Mahindra Auto Steel Private Limited	1521
65	Mahindra Sanyo Special Steel Private Limited	1549
66	Mahindra Aerospace Private Limited	1589
67	Mahindra Aerospace Australia Pty. Ltd.	1626
68	Aerostaff Australia Pty. Ltd.	1636
69	Gipp Aero Investments Pty. Limited	1647
70	Gippsaero Pty. Limited	1656
71	GA8 Airvan Pty. Limited	1668
72	GA200 Pty. Limited	1674
73	Airvan Flight Services Pty. Limited	1680
74	Nomad TC Pty. Limited	1684
75	Mahindra Aerostructures Private Limited	1690
76	Mahindra Engg & Chem Products Limited	1724
77	Retail Initiative Holdings Limited	1756
78	Mahindra Retail Private Limited	1779
79	Mahindra Internet Commerce Private Limited	1816
80	Mahindra First Choice Wheels Limited	1838
81	Mahindra Logistics Limited	1870
82	2 x 2 Logistics Private Limited	1908
83	Lords Freight (India) Private Limited	1927
84	Mahindra First Choice Services Limited	1949

85	Mahindra Two Wheelers Limited	1983
86	Mahindra Two Wheelers Europe Holdings S.à r.l.	2021
87	Peugeot Motocycles S.A.S., Mandeure	2028
88	Peugeot Motocycles Italia S.p.A	2055
89	Peugeot Motocycles Deutshland GmbH	2078
90	Mahindra Holdings Limited	2090
91	Mahindra Punjab Tractors Private Limited	2120
92	Mahindra Integrated Business Solutions Private Limited	2135
93	Mahindra Telecommunications Investment Private Limited	2155
94	Mahindra Namaste Private Limited	2173
95	Mahindra EPC Services Private Limited	2192
96	Mahindra Offgrid Services Private Limited	2224
97	Brightsolar Renewable Energy Private Limited	2244
98	Cleansolar Renewable Energy Private Limited	2263
99	Mahindra Overseas Investment Company (Mauritius) Limited	2281
100	Mahindra-BT Investment Company (Mauritius) Limited	2299
101	Mahindra Europe s.r.l.	2312
102	Mahindra Graphic Research Design s.r.l.	2341
103	Mahindra Yueda (Yancheng) Tractor Company Limited	2371
104	Mahindra Tractor Assembly Inc.	2408
105	Mahindra Racing s.r.l.	2422
106	Mahindra Racing UK Limited	2429
107	Mahindra Emirates Vehicle Armouring FZ-LLC	2436
108	Defence Land Systems India Limited	2450
109	Mahindra Defence Systems Limited	2484
110	Mahindra Telephonics Integrated Systems Limited	2510
111	Mahindra Defence Naval Systems Private Limited	2539
112	Mahindra 'Electoral Trust' Company	2569
113	Mahindra eMarket Limited (formerly known as Mriyalguda Farm Solution Limited)	2584

DIRECTORS' REPORT TO THE MEMBERS

Your Directors present their Eighth Report along with the Audited Accounts of your Company for the Financial Year ended 31st March, 2015.

1) Financial Highlights and state of the Company's Affairs:

	(Rs. in Lakh)	
	For the year ended 31 st March, 2015	For the Year Ended 31 st March, 2014
Total Income	5,14,874	5,80,115
Profit before Depreciation, Finance Costs and Taxation	45,251	54,422
Less: Depreciation & Amortization	12,310	11,266
Profit before Finance Costs and Taxation	32,941	43,156
Less: Finance Costs	9,027	10,245
Profit before Tax	23,914	32,911
Less : Taxation	8,611	11,244
Profit for the Year	15,303	21,667
Balance of Profit for earlier years	32,664	24,576
Less : Transfer to/(from) Debenture Redemption Reserve	(2,983)	7,083
Less : Depreciation on transition to schedule II of Companies Act,2013	137	-
Profit available for Appropriation	50,813	39,160
Proposed Dividend on Equity Shares	5,552	5,552
Income Tax on proposed Dividend	1,130	944
Balance of Profit carried forward	44,131	32,664
Net worth	1,51,603	1,42,811

Other than the acquisition of business (excluding financial liabilities) of Mahindra North American Technical Centre Inc. ("MNATC"), no material changes and commitments have occurred after the closure of the financial year ended 31st March, 2015 till the date of this Report, which would affect the financial position of the Company.

2) Redemption of Debentures

During the year under review, 2,700, 8% Secured Unlisted Redeemable non-convertible debentures of the face value of Rs. 10 lakh each (Series I) were redeemed as per the terms of their issue.

3) Dividend

Your Directors recommend a dividend of Re. 0.577 per Equity Share on 96,22,50,000 Fully Paid-up Equity Shares, aggregating Rs. 6,682 lakh (including dividend distribution tax of Rs. 1,130 lakh).

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

4) Operations

During the year, 81,737 vehicles were produced as against 1,08,695 during the year 2013-14 (24.80% lesser as compared to the previous year).

The vehicles manufactured by your Company were exported to a number of countries. 12,364 number of vehicles were exported (through Mahindra & Mahindra Limited) as compared to 16,642 vehicles in FY14.

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

With the relentless focus on quality systems, your Company underwent surveillance audit for ISO 9001-2008, EMS & OSHAS. Your Company also maintained a constant focus on cost reduction and successfully maintained costs below planned levels.

Your Company won several awards and recognitions during the year. Some of the prominent ones include Best Kaizen award by CII and Mahindra Group Innovation Award for Heat Recovery in Paint Shop.

5) Acquisition and other matters

Subsequent to the year end, your Company acquired the entire business (excluding financial liabilities) of MNATC. MNATC focuses on providing globally competitive product designs and technologies.

6) People

Your Company has over 4,900 people on its rolls as at the close of the 2014-15. Your Company acknowledges its commitment to regional development and improving the standard of living of the people in the region.

7) Board of Directors

Mr. P. N. Shah (DIN: 00056173) retires by rotation at the forthcoming AGM and is eligible for reappointment.

Mr. Nikhil Sohoni (DIN: 06852639) and Mr. Pankaj Sonalkar (DIN: 02685465) were appointed as additional directors on 27th January, 2015 and 28th April, 2015 respectively and hold office up to the date of the forthcoming AGM. Notices have been received from a Member, together with the requisite deposits of money, proposing the appointments of Mr. Sohoni and Mr. Sonalkar as Directors at the forthcoming AGM.

As recommended by the Nomination and Remuneration Committee, Mr. Pankaj Sonalkar was appointed as the Whole-time Director and Chief Executive Officer of the Company for a period of two years in terms of the provisions of Section 203 of the Companies Act, 2013 ('Act').

During the year under review, Mr. L. P. Pereira (DIN: 01329348), Mr. A. M. Choksey (DIN: 00204454) and Mr. S. Venkatraman (DIN: 00077193) resigned from the directorships of the Company due to personal reasons.

On 1st April, 2015, Mr. Vijay Dhongde (DIN: 03601867) resigned from the Directorship of the Company, as well as from his position as the Whole-time Director and Chief Executive officer of the Company.

The Board of Directors places on record its sincere appreciation of the valuable advice and services rendered by Mr. L. P. Pereira, Mr. A. M. Choksey, Mr. S. Venkatraman and Mr. Vijay Dhongde during their association with the Company.

As per the provisions of Section 149 of the Act and the relevant Rules, Ms. Smita Mankad (DIN: 02009838) and Mr. Rahul Asthana (DIN: 00234247), who, in the opinion of the Board of Directors are persons of integrity and possess relevant expertise and experience, were appointed as Independent Directors on 31st March, 2015. They shall hold office for a term of five consecutive years on the Board and would not be liable to retire by rotation. The Company has received declarations from them to the effect that they meet the criteria of independence as provided in sub section 6 of Section 149 of the Act.

Evaluation of Performance of Directors

The Board of Directors has adopted a process for annual evaluation of its own performance and that of its committees and individual directors. Questionnaires / Feedback templates for annual evaluation, based on the criteria approved by the Board, were circulated to each Board member and responses were submitted to the Chairman of the Board of Directors and the Chairman of the Nomination and Remuneration Committee for facilitating the formal annual evaluation.

8) Number of Board Meetings

During the year under review, the Board of Directors conducted five meetings on 23rd April, 2014, 29th July, 2014, 27th October, 2014, 27th January, 2015 and 4th March, 2015.

9) Directors' Responsibility Statement

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

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) they have, in the selection of the accounting policies, consulted the Statutory Auditors and these have been applied consistently and reasonable and prudent judgments and estimates have been made so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2015 and of the Profit of the Company for the year ended on that date;
- (iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) the annual accounts have been prepared on a going concern basis;
- (v) Proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

10) Appointments of/Changes in Key Managerial Personnel (KMP)

Pursuant to the provisions of Section 203 of the Act, the following appointments of / changes in Key Managerial Personnel took place: -

Mr. Mahendra Bhalerao, who was appointed as the Chief Financial Officer w.e.f. 1st April, 2014 resigned w.e.f. 1st November, 2014. Mr. Dattatraya Nikam was appointed in his place w.e.f. 1st November, 2014.

Mr. Hemant Kothari (ACS 20872) was appointed as the Company Secretary on 27th October, 2014.

Mr. Vijay Dhongde, who was appointed as the Whole-time Director and Chief Executive Officer resigned w.e.f. 1st April, 2015. Mr. Pankaj Sonalkar was appointed with the same designation w.e.f. 28th April, 2015.

11) Committees of the Board

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

i) Corporate Social Responsibility Committee

Consequent to the appointment of two Independent Directors, the Committee was reconstituted on 31st March, 2015. The Committee consists of the following directors:

Mr. P. N. Shah - Chairman

Dr. Pawan Kumar Goenka (DIN: 00254502)

Mr. Rahul Asthana – Independent Director

The Committee formulated and recommended the Corporate Social Responsibility Policy to the Board which was subsequently adopted by the Board. The Committee met once during the year under review.

ii) Nomination and Remuneration Committee

Consequent to the appointment of two Independent Directors, the Committee was reconstituted on 31st March, 2015. The Committee consists of the following directors:

Mr. P. N. Shah - Chairman
 Dr. Pawan Kumar Goenka
 Ms. Smita Mankad – Independent Director
 Mr. Rahul Asthana – Independent Director

The Committee met twice during the year under review.

iii) Audit Committee

Consequent to the appointment of two Independent Directors, the Committee was reconstituted on 31st March, 2015. The Committee consists of the following directors:

Ms. Smita Mankad – Chairperson, Independent Director
 Mr. Rahul Asthana – Independent Director
 Mr. Nikhil Sohoni

The Committee met five times during the year under review.

12) Vigil Mechanism

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

13) Auditors

i) Statutory Auditors

M/s. Deloitte Haskins & Sells, Chartered Accountants, (ICAI registration Number 117365 W) hold office till the conclusion of the forthcoming AGM.

The said Auditors have submitted a written consent to act as Statutory Auditors of your Company, if appointed, and have also confirmed that the said appointment would be in conformity with the provisions of Sections 139 and 141 of the Act read with the Companies (Audit and Auditors) Rules, 2014.

The members are requested to appoint Auditors to hold office from the conclusion of the forthcoming AGM until the conclusion of next AGM and fix their remuneration.

ii) Secretarial Auditor

Your Company had appointed Mr. Sachin Bhagwat, a Company Secretary in Practice as the Secretarial

Auditor of the Company in accordance with Section 204 of the Act.

In terms of provisions of sub section 1 of section 204 of the Act, the Company has annexed with this Report, the secretarial audit report submitted by the Secretarial Auditor and the same, in prescribed form MR 3 at Annexure I forms part of this report.

iii) Cost Auditors

The Board of Directors of your Company have upon recommendation of the Audit Committee, appointed M/s. Dhananjay V. Joshi & Associates, Cost Accountants, Pune to carry out Audit of Cost Accounts maintained by the Company for the financial year ending 31st March, 2016.

The Company has obtained a written confirmation from M/s. Dhananjay V. Joshi & Associates to the effect that they are eligible for appointment as Cost Auditors and that they are an independent firm of Cost Accountants and have arm's length relationship with your Company.

iv) Explanation or comments on qualifications, reservations or adverse remarks or disclaimers made by the auditors and the practicing company secretary in their reports

There were no qualifications, reservations or adverse remarks made either by the Auditors or the Secretarial Auditor in their respective reports.

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

In line with the principles of transparency and consistency and upon recommendation of the Nomination and Remuneration Committee, your Board has approved:

- Policy on the appointment/removal of directors and senior management personnel, together with the criteria for determining qualifications, positive attributes and independence of directors and
- Policy on the remuneration of directors, key managerial personnel and other employees.

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

15) Risk Management Policy

Your Company has formulated a policy for the Management of Risks identifying therein the elements of risks including those, which in the opinion of the Board may threaten the existence of the Company.

Your Board is hopeful that the implementation of the policy will be helpful in anticipating and avoiding risks and enabling the Company to manage the same, if confronted with.

16) Corporate Social Responsibility Policy

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

Project Bandhan – Antenatal Care Camp (24 camps), Cancer Camp (2 camps), Cancer Awareness (6 rallies), Health camp for Nanhi Kalis, Support to Thalassemia patients & children born with orthopedic and cleft lips deformity. Under Project Bandhan there has been a total rise of beneficiary of 386% counting 11,213 beneficiaries.

Education – Project Nanhi Kali, Infra development in school, AWIM (A World In Motion) a project to create awareness about automotive and auto passion in young age continued during the year and 1,196 students benefited due to this initiative.

Project Vikas – ITI Development, River Cleaning, Infra support to Traffic Police and Rural area development of MIDC Road - Plantation / Branding & Road Safety.

Further details in the above matter are enclosed in the prescribed format as Annexure III and the same forms part of this Report.

17) Internal Financial Controls

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

18) Safety, Health and Environment

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

Over 43 safety mock drills were held during the year under review. There was no reportable fire incidence.

19) Sustainability Initiative

The Company as a step towards conserving water and becoming “water positive” had initiated the ‘Rain Water Harvesting’ project under which an eight meter high water retaining structure was constructed across a gorge within the Company’s factory premises. Due to this project, during the year under review, about 59,000m³ of stored rainwater was used for gardening purpose.

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

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

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

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

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

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

Your Company has not made any loans/advances which are required to be disclosed in the annual accounts of the Company pursuant to Clause 32 of the Listing Agreement signed by the parent company viz. Mahindra & Mahindra Limited.

Particulars of investments made and loans granted under Section 186 of the Act are given in Notes 13, 14 and 20 forming part of financial statements.

23) Particulars of Transactions with Related Parties

Particulars of contracts or arrangements with related parties referred to in sub section 1 of Section 188 are given in the prescribed form AOC – 2 as Annexure V and the same forms part of this Report.

24) Extract of Annual Return

Pursuant to Section 92(3) of the Act and Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return as on 31st March, 2015 is attached herewith as Annexure VI and forms part of this report.

25) Policy on prevention of Sexual Harassment

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

26) General

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

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

27) Acknowledgements

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

For and on behalf of the Board

Dr. Pawan Kumar Goenka
Chairman

Mumbai, 28th April, 2015

ANNEXURE I

Form No. MR 3

SECRETARIAL AUDIT REPORT

For the financial year ended 31 March, 2015

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

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

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

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31 March, 2015, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31 March, 2015 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder; **(Not applicable to the Company)**
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder; **(Not applicable to the Company during the Audit period)**
- (iv) Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of foreign direct investment, overseas direct investment and external commercial borrowings; **(Not applicable to the Company during the audit period)**
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; **(Not applicable to the Company)**
- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992; **(Not applicable to the Company)**
- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; **(Not applicable to the Company during the Audit period)**
- (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; **(Not applicable to the Company)**
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **(Not applicable to the Company during the audit period)**
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; **(Not applicable to the Company)**
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **(Not applicable to the Company)** and
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; **(Not applicable to the Company)**
- (vi) No other law was specifically applicable to the Company.

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

- (i) Secretarial Standards issued by the Institute of Company Secretaries of India. **(Not notified and hence not applicable to the Company during the audit period)**
- (ii) Listing Agreements entered into by the Company with the Stock Exchanges, if applicable. **(Not applicable to the Company)**

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

I further report that

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

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

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

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

I further report that during the audit period, except for the approval given by the members for borrowing upto Rs. 1,800 Crore pursuant to Section 180 of the Act, no specific events/ actions took place having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards etc. referred to above

Signature:

Sachin Bhagwat
ACS: 10189
CP: 6029

Place: Pune

Date: 24th April, 2015

ANNEXURE II A

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

DEFINITIONS

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

“**Board**” means Board of Directors of the Company.

“**Company**” means Mahindra Vehicle Manufacturers Limited.

“**Committee(s)**” means Committees of the Board for the time being in force.

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

“**HR**” means the Human Resource department of the Company.

“**Key Managerial Personnel**” (KMP) refers to key managerial personnel as defined under the Companies Act, 2013 and includes:

- (i) Managing Director (MD), or Chief Executive Officer (CEO); or Manager; or Whole time Director (WTD)
- (ii) Chief Financial Officer (CFO); and
- (iii) Company Secretary (CS).

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

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

I. APPOINTMENT OF DIRECTORS

- The NRC reviews and assesses Board composition and recommends the appointment of new Directors. In evaluating the suitability of individual Board member, the NRC shall take into account the following criteria regarding qualifications, positive attributes and independence of director:
 1. All Board appointments will be based on merit, in the context of the skills, experience, independence and knowledge, for the Board as a whole to be effective.
 2. Ability of the candidates to devote sufficient time and attention to his professional obligations as Independent Director for informed and balanced decision making.
 3. Adherence to the Code of Conduct and highest level of Corporate Governance in letter and in spirit by the Independent Directors.

- Based on recommendation of the NRC, the Board will evaluate the candidate(s) and decide on the selection of the appropriate member. The Board through the Chairman or a Director will interact with the new member to obtain his/her consent for joining the Board. Upon receipt of the consent, the new Director will be co-opted by the Board in accordance with the applicable provisions of the Companies Act 2013 and Rules made thereunder.

REMOVAL OF DIRECTORS

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

SENIOR MANAGEMENT PERSONNEL

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

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

II. SUCCESSION PLANNING:

Purpose

The Talent Management Policy sets out the approach to the development and management of talent in the Company to ensure the implementation of the strategic business plans of the Company Board:

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

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

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

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

Senior Management Personnel:

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

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

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

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

Policy Statement

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

- 1) Given the strategic business plans, do we have the skills and competencies required to implement them? If not, how do we create them – by developing them internally or through lateral induction from outside?

- 2) For critical positions, what is the succession pipeline?
- 3) What are the individual development plans for individuals both in the succession pipeline as well as others?

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

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

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

For and on behalf of the Board

Dr. Pawan Kumar Goenka
Chairman

Place: Mumbai
Date: 28th April, 2015

ANNEXURE II B

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

Purpose

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

Policy Statement

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

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

NON-EXECUTIVE INCLUDING INDEPENDENT DIRECTORS

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

Executive Directors:

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

Key Managerial Personnel (KMPs)

The terms of remuneration of Chief Financial Officer (CFO) and the Company Secretary shall be determined and recommended to the Board by the NRC from time to time.

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

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

Employees

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

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

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

- Performance
- Potential
- Criticality
- Longevity in grade

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

For and on behalf of the Board

Dr. Pawan Kumar Goenka
Chairman

Place: Mumbai
Date: 28th April, 2015

ANNEXURE III CSR DETAILS

Rs. Lakhs

Average Net profit for last 3 years	31062
Prescribed CSR expenditure (2% of above average Net profit)	621
Total amount Spent for the Financial year	629
Amount Unspent	NIL

Manner in which the amount spent during the financial year

CSR Project or Activity identified	Sector in which the project is identified	Projects or programme (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Subheads: Direct expenditure in projects or programs	Amount spent on the projects or programs Subheads: Overheads	Cummulative expenditure upto the reporting period	Amount spent direct or through implementing agency
Project Bandhan- AnteNatal Care Camp	Health	Local - Tal-Khed - Maharashtra	17	15	2	17	MIMER Talegoan Hospital
Project Bandhan - Establish NICU-Ward at YCM Govt Hospital	Health	Local - PCMC & Pune - Maharashtra	41	41	-	41	Nice Neotech & Skanray Tech
Project Bandhan - Cancer Camp	Health	Local - Tal-Khed - Maharashtra	3	3	*	3	MIMER Talegoan Hospital & Sterling Hospital
Project Bandhan - Support to children - Thalassemia, Plastic Surgery & Surgery for Cerebral Palsy children	Health	Local - PCMC & Pune - Maharashtra	19	19	-	19	Ruby Hall Hospital & Sancheti Hospital
Project Bandhan - Others - Aids Awareness, Others	Health	Local - Tal-Khed - Maharashtra, PCMC & Pune - Maharashtra	8	8	*	8	Symbiosis Inst of Health Sciences, My Dreams & Nischay
Education - Nanchi Kali Top-up Contribution & Health Camp	Health, Education	Local - Tal-Khed - Maharashtra	33	33	*	33	KCMET, Just for Hearts, Pawana Hospital , Sterling Hospital
Education - AWIM (A World in Motion)	Education	Local - Tal-Khed - Maharashtra	8	5	3	8	SAE India
Education - Others - Road Safety, School development etc	Education	Local - Tal-Khed - Maharashtra	11	11	-	11	Fullora Foundation, MENSA IQ
Project Vikas - Infra Support for MIDC Road - Plantation / road safety	Rural Dev	Local - Tal-Khed - Maharashtra	76	76	-	76	MIDC, Nirmal Bulltec, Jagdamba LS
Project Vikas - ITI Development	Education	Other - Ghodegaon & Manikdow - Maharashtra	3	3	*	3	SM Consultancy, Ignited Minds, Sakal Newspaper
Project Vikas - Others - River Bank Cleaning, road barriers etc	Rural Dev	Local - Tal-Khed - Maharashtra	4	4	-	4	Nirmal Bulltec & Vega Helmets
Swatcha Bharat Yojana	Health		196	196	-	196	Mahindra Foundation
Nandi Foundation - Mumbai Public School	Education		50	50	-	50	Naandi Foundation
Mahindra Educational Institutions	Education		50	50	-	50	Mahindra Education Insitt
Nanchi Kali	Education		26	26	-	26	KCMET
Contribution to Vijay Vidrbha	Education		84	84	-	84	Naandi Foundation
Total			629	624	5	629	

* amount less than Rs. 1 Lakhs

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

For Mahindra Vehicle Manufacturers Limited

P. N. Shah

Chairman of the CSR Committee

Pankaj Sonalkar

Whole-time Director & CEO

Mumbai, 28th April, 2015

ANNEXURE IV

PARTICULARS AS PER THE COMPANIES (ACCOUNTS) RULES, 2014 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2015.

A. CONSERVATION OF ENERGY

(a) Energy Conservation measures taken:

Your Company, has right from inception strived for Green factory concept & has been consciously making efforts towards conserving natural resources. Various energy efficiency Improvement initiatives have been implemented by undertaking number of energy conservation projects like Intelligent Flow Controller for Compressed Air Demand Side Management, Second Extraction Waste Heat Recovery from ovens for ASU preheating, Sealer Oven Waste Heat Recovery, VFD fitment for Circulation Pumps, Torque reduction in Press Dies, etc.

(b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy:

Rs. 24 Lakh.

(c) Impact of the measures taken at (a) & (b) above for reduction of energy consumption and consequent impact on the cost of production of goods:

The above measures have resulted in energy saving.

(d) Total energy consumption and energy consumption per unit of production as per Form-A of the Annexure to the Rules in respect of Industries specified in the Schedule:

Not Applicable

B. TECHNOLOGY ABSORPTION

Research & Development (R & D)

Your Company does not have R&D activity of its own. So there is no money spent by the Company on R&D. During the year under review, no technology was imported by your Company.

1. Areas in which Research & Development is carried out: None
2. Benefits derived as a result of the above efforts: N.A.
3. Future plan of action: None
4. Expenditure on R&D: Nil
5. Technology absorption, adaptation and innovation: None
6. Imported Technology for the last 5 years: N.A.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

The Company continues to strive to reduce its import outgo of foreign exchange. Total Foreign Exchange earnings and outgo during the year under review is as follows:

Foreign Exchange earnings – Rs. Nil (Rs. Nil in the previous year).

Foreign Exchange outgo – Rs. 21,114 lakh (Rs. 29,374 lakh in the previous year).

For and on behalf of the Board

Dr. Pawan Kumar Goenka
Chairman

Place: Mumbai

Date: 28th April, 2015

ANNEXURE V**Details of contracts or arrangements or transactions not at Arm's length basis.**

NIL

Details of contracts or arrangements or transactions at Arm's length basis.

Rs. in Lakh

Sr. No.	Name (s) of the related party & nature of relationship		Duration of the transaction	Salient terms of the contracts or arrangements or transaction including the value, if any		Date of approval by the Board	Amount paid as advances, if any
1	Mahindra & Mahindra Limited	Holding Company	1 st April 2014 to 31 st March 2015	Purchase of Material	81,352	NA	NIL
				Sale of goods	6,14,100	NA	NIL
2	Mahindra Intertrade Limited	Fellow Subsidiary	1 st April 2014 to 31 st March 2015	Purchase of Material	10,689	NA	NIL
3	Mahindra Heavy Engines Private Limited	Fellow Subsidiary	1 st April 2014 to 31 st March 2015	Purchase of Material	10,778	NA	NIL

For and on behalf of the Board

Dr. Pawan Kumar Goenka
Chairman

Place: Mumbai

Date: 28th April, 2015

ANNEXURE VI TO THE DIRECTORS' REPORT**Form No. MGT-9****Extract of Annual Return****as on the financial year ended on 31st March, 2015**

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

I. REGISTRATION AND OTHER DETAILS:

1.	CIN	U34100MH2007PLC171151
2.	Registration Date	25/05/2007
3.	Name of the Company	Mahindra Vehicle Manufacturers Limited
4.	Category/Sub-Category of the Company	Company limited by shares. Indian non-government company.
5.	Address of the Registered office and contact details	Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai 400018. Contact: Mr. Dattatraya Nikam (CFO) Tel : 022-24905619
6.	Whether listed Company (Yes/No)	No
7.	Name, Address and Contact details of Registrar and Transfer Agent, if any	None

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sr. No.	Name and Description of Main Product/Services	NIC Code of the Product	% to total turnover of the Company.
1.	Passenger Cars	29101	71.3%
2.	Commercial Vehicles	29102	18.5%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/Subsidiary of the Company	% of shares held	Applicable Section
1.	Mahindra & Mahindra Limited, Gateway Building, Apollo Bunder, Mumbai – 400 001	L65990MH1945PLC004558	Holding	100%	2(87)ii

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

i. Category-wise Share Holding.

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1. Indian									
a. Individual/HUF	–	–	–	–	–	–	–	–	–
b. Central Govt.	–	–	–	–	–	–	–	–	–
c. State Govt.	–	–	–	–	–	–	–	–	–
d. Bodies Corp.	–	962,250,000	962,250,000	100	–	962,250,000	962,250,000	100	–
e. Bank/Fl	–	–	–	–	–	–	–	–	–
f. Any Other	–	–	–	–	–	–	–	–	–
Sub-Total-A(1)	–	962,250,000	962,250,000	100	–	962,250,000	962,250,000	100	–

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
2. Foreign									
a. NRI-Individuals	–	–	–	–	–	–	–	–	–
b. Other Individuals	–	–	–	–	–	–	–	–	–
c. Body Corporate	–	–	–	–	–	–	–	–	–
d. Bank/FI	–	–	–	–	–	–	–	–	–
e. Any Others	–	–	–	–	–	–	–	–	–
Sub Total-A(2)	–	–	–	–	–	–	–	–	–
Total Share Holder of Promoters (1+2)	–	962,250,000	962,250,000	100	–	962,250,000	962,250,000	100	–
B. Public Shareholding									
1. Institution									
a. Mutual Funds	–	–	–	–	–	–	–	–	–
b. Bank/FI	–	–	–	–	–	–	–	–	–
c. Cent. Govt.	–	–	–	–	–	–	–	–	–
d. State Govt.	–	–	–	–	–	–	–	–	–
e. Venture Capital	–	–	–	–	–	–	–	–	–
f. Insurance Co.	–	–	–	–	–	–	–	–	–
g. FIs	–	–	–	–	–	–	–	–	–
h. Foreign Portfolio Corporate	–	–	–	–	–	–	–	–	–
i. Foreign Venture Capital Fund	–	–	–	–	–	–	–	–	–
j. Others	–	–	–	–	–	–	–	–	–
Sub-Total-B(1)	–	–	–	–	–	–	–	–	–
2. Non-Institution									
a. Body Corp.	–	–	–	–	–	–	–	–	–
b. Individual	–	–	–	–	–	–	–	–	–
i. Individual shareholders holding nominal share capital upto Rs. 1 lakh	–	–	–	–	–	–	–	–	–
ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	–	–	–	–	–	–	–	–	–

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
c. Others									
(i) NRI (Rep)	–	–	–	–	–	–	–	–	–
(ii) NRI (Non-Rep)	–	–	–	–	–	–	–	–	–
(iii) Foreign	–	–	–	–	–	–	–	–	–
(iv) OCB	–	–	–	–	–	–	–	–	–
(v) Trust	–	–	–	–	–	–	–	–	–
(vi) In Transit	–	–	–	–	–	–	–	–	–
Sub-Total-B(2)	–	–	–	–	–	–	–	–	–
Net Total (1+2)	–	–	–	–	–	–	–	–	–
C. Shares held by Custodian for GDRs & ADRs									
Promoter and Promoter Group	–	–	–	–	–	–	–	–	–
Public	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	–	962,250,000	962,250,000	100	–	962,250,000	962,250,000	100	–

Note: There is no change in the number of shares held by the promoter company.

ii. Shareholding of Promoters:

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	
1	Mahindra & Mahindra Limited	96,22,49,994	99.99%	0	96,22,49,994	99.99%	0	–
2	Mahindra & Mahindra Limited jointly with Mr. Anand G. Mahindra*	1	0.00%	0	1	0.00%	0	–
3	Mahindra & Mahindra Limited jointly with Mr. Bharat Doshi*	1	0.00%	0	1	0.00%	0	–
4	Mahindra & Mahindra Limited jointly with Mr. A. K. Nanda*	1	0.00%	0	1	0.00%	0	–
5	Mahindra & Mahindra Limited jointly with Dr. Pawan Kumar Goenka*	1	0.00%	0	1	0.00%	0	–
6	Mahindra & Mahindra Limited jointly with Mr. Rajeev Dubey*	1	0.00%	0	1	0.00%	0	–
7	Mahindra & Mahindra Limited jointly with Mr. P. N. Shah*	1	0.00%	0	1	0.00%	0	–
	Total	96,22,50,000	100%	0	96,22,50,000	100%	0	–

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

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

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

Sr. No.	Top Ten Shareholders	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Mahindra & Mahindra Limited	962,250,000	100	962,250,000	100
2.	–	–	–	–	–
3.	–	–	–	–	–

v. Shareholding of Directors and Key Managerial Personnel:

Sr. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Shareholding at the end of the year	
	Name of the Director/KMP	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	–	–	–	–	–
2.	–	–	–	–	–
3.	–	–	–	–	–

V. INDEBTEDNESS

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

(Rs. in lakhs)

PARTICULARS	SECURED LOANS EXCLUDING DEPOSITS	UNSECURED LOANS	DEPOSITS	TOTAL INDEBTEDNESS
Indebtedness at the beginning of the financial year 01.04.2014				
1) Principal Amount	85,881	–	–	85,881
2) Interest due but not paid	–	–	–	–
3) Interest accrued but not due	380	–	–	380
Total of (1+2+3)	86,261	–	–	86,261
Change in Indebtedness during the financial year				
+ Addition	4,262	11,522	–	15,784
- Reduction	29,725	–	–	29,725
Net change	-25,463	11,522	–	-13,941
Indebtedness at the end of the financial year- 31.03.2015				
1) Principal Amount	60,552	11,500	–	72,052
2) Interest due but not paid	–	–	–	–
3) Interest accrued but not due	246	22	–	268
Total of (1+2+3)	60,798	11,522	–	72,320

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sr. No	Particulars of Remuneration	Name of MD/WTD/Manager Mr. Vijay Dhongde	Total Amount (Rs. In Lacs)
1.	Gross Salary	–	–
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act	–	–
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	–	–
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	–	–
2.	Stock Option	–	–
3.	Sweat Equity	–	–
4.	Commission		
	– As % of Profit		
	– Others, specify	–	–
5.	Others, please specify Provident Fund & other Funds		48
			48

Sr. No	Particulars of Remuneration	Name of MD/WTD/Manager	Total Amount (Rs. In Lacs)
	Performance Bonus	–	–
	Total (A)	48	48
	Ceiling as per the Act	5% of the net profits of the Company	

B. Remuneration of other directors:

I. Independent Directors:-

Particulars of Remuneration	Name of Directors					Total Amount (Rs. In Lacs)
Fee for attending board committee meetings	-	-	-	-	-	-
Commission	-	-	-	-	-	-
Others	-	-	-	-	-	-
Total (1)	-	-	-	-	-	-

II. Other Non-Executive Directors:-

Other Non-Executive Directors						Total Amount (Rs. In Lacs)
Fee for attending board committee meetings	-	-	-	-	-	-
Commission	-	-	-	-	-	-
Others	-	-	-	-	-	-
Total (2)	-	-	-	-	-	-
Total B = (1+2)	-	-	-	-	-	-
Ceiling as per the Act	1% of the Net profits of the Company					

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

Sr. No	Particulars of Remuneration	CFO		Total Amount (In lacs)
		Mr. Mahendra Bhalerao	Mr. Dattaraya Nikam	
1.	Gross Salary			
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act	27	11	38
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	*	*	1
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission	-	-	-
	- As % of Profit			
	- Others, specify			
5.	Others, please specify Contribution to Provident Fund	*	*	1
	Total (C)	28	12	40

* denotes amount less than Rs. 1 lakhs

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES (Under the Companies Act): None

For and on behalf of the Board

Dr. Pawan Kumar Goenka
Chairman

Place: Mumbai
Date: 28th April, 2015

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

Report on the Financial Statements

We have audited the accompanying financial statements of **Mahindra Vehicle Manufacturers Limited** ('the Company'), which comprise the Balance Sheet as at 31ST March, 2015, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's

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

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

Opinion

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of the written representations received from the Directors as on 31st March, 2015, taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2015 from being appointed as a Director in terms of Section 164 (2) of the Act.

- (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i) The Company does not have any pending litigations which would impact its financial position.
 - ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
- iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For DELOITTE HASKINS & SELLS

*Chartered Accountants
(Firm Registration No. 117366W)*

H. L. Shah

*Partner
(Membership No. 033590)*

Place: Mumbai
Date: 28.04.2015

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

1. In respect of its fixed assets:
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) The Company has a program of physical verification of fixed assets whereby fixed assets are physically verified once every three years. In accordance with the said program, no physical verification was planned/conducted in the current year and accordingly, the question of reporting on discrepancies on physical verification does not arise. In our opinion, the frequency of physical verification of fixed assets is reasonable having regard to the size of the Company and the nature of the assets.
2. In respect of its inventories:
 - (a) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals
 - (b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
3. The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013.
4. In our opinion and according to the information and explanations given to us, and having regard to the explanation that most of the items purchased are of a special nature and comparable alternative quotations are not available, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continued failure to correct major weakness in such internal control system.
5. According to the information and explanations given to us, the Company has not accepted any deposit during the year.
6. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
7. According to the information and explanations given to us, in respect of statutory dues:
 - (a) The Company has been regular in depositing, undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income tax, Sales tax, Wealth tax, Service tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues applicable to it with the appropriate authorities.
 - (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues in arrears as at March 31, 2015 for a period of more than six months from the date they became payable.
 - (c) There are no dues of Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax and Cess which have not been deposited as on March 31, 2015 on account of disputes.
 - (d) There are no amounts that are due to be transferred to the Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and Rules made thereunder.
8. The Company does not have accumulated losses at the end of the financial year and the Company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.

9. In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to financial institutions, banks and debenture holders.
10. According to the information and explanations given to us, the company has not given guarantees for loans taken by others from banks or financial institutions.
11. According to the information and explanations given to us, the Company did not avail any term loan during the year.
12. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Firm Registration No. 117366W)

H.L. Shah
Partner
(Membership No. 033590)

Place: Mumbai
Date: 28.04.2015

BALANCE SHEET AS AT 31ST MARCH, 2015

Particulars	Note No.	Rupees in Lakhs	
		As at 31 st March, 2015	As at 31 st March, 2014
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share capital	2	96,225	96,225
(b) Reserves and surplus	3	55,830	47,346
		152,055	143,571
(2) Non-Current Liabilities			
(a) Long-term borrowings	4	26,000	56,268
(b) Deferred tax liabilities (Net)	5	17,116	16,150
(c) Long term provisions	6	4,734	4,681
		47,850	77,099
(3) Current Liabilities			
(a) Short-term borrowings	7	15,784	–
(b) Trade payables	8	90,443	100,482
(c) Other current liabilities	9	47,096	44,430
(d) Short-term provisions	10	8,997	8,042
		162,320	152,954
Total		362,225	373,624
II. ASSETS			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible assets	11	184,984	191,664
(ii) Intangible assets	12	452	760
(iii) Capital work-in-progress	12A	11,808	2,586
		197,244	195,010
(b) Non-current investments	13	280	280
(c) Long term loans and advances	14	60,129	33,224
(d) Other non-current assets	15	15	8
		257,668	228,522
(2) Current assets			
(a) Current investments	16	–	4,400
(b) Inventories	17	38,320	37,761
(c) Trade receivables	18	31,891	51,378
(d) Cash and cash equivalents	19	4,057	19,092
(e) Short-term loans and advances	20	3,478	8,048
(f) Other current assets	21	26,811	24,423
		104,557	145,102
Total		362,225	373,624

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

In terms of our report attached

For Deloitte Haskins & Sells

Chartered Accountants

H.L. Shah

Partner

Date: 28th April, 2015

Place: Mumbai

Mr. Pankaj Sonalkar

CEO

Mr. Dattatraya Nikam

CFO

Mr. Hemant Kothari

Company Secretary

For and on behalf of the Board

Dr. Pawan Kumar Goenka

Mr. Pravin Shah

Mr. Rahul Asthana

Ms. Smita Mankad

Mr. Nikhil Sohoni

Chairman

} Director

Date: 28th April, 2015

Place: Mumbai

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

Particulars	Note No.	Rupees in Lakhs	
		For the year ended 31 st March 2015	For the year ended 31 st March 2014
I. Revenue from operations – Gross		613,278	695,009
Less: Excise Duty		(101,172)	(116,706)
Revenue from operations – Net	22	512,106	578,303
II. Other Income	23	2,768	1,812
III. Total Revenue (I +II)		514,874	580,115
IV. Expenses:			
Cost of materials consumed	24	438,936	484,765
Changes in inventories of finished goods and work-in-progress	25	(3,337)	15,918
Employee benefits expense	26	17,667	14,724
Finance costs.....	27	9,027	10,245
Depreciation and amortization expense	11 & 12	12,310	11,266
Other expenses.....	28	16,357	10,286
Total Expenses		490,960	547,204
V. Profit before tax (III - IV)		23,914	32,911
VI. Tax expense:			
(1) Current tax		7,574	9,178
(2) Deferred tax		1,037	2,066
		8,611	11,244
VII. Profit for the year (V - VI)		15,303	21,667
VIII. Basic/Diluted earnings per equity share: (Face Value per share Rs. 10)		1.59	2.25

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

In terms of our report attached

For Deloitte Haskins & Sells

Chartered Accountants

H.L. Shah

Partner

Date: 28th April, 2015

Place: Mumbai

Mr. Pankaj Sonalkar

CEO

Mr. Dattatraya Nikam

CFO

Mr. Hemant Kothari

Company Secretary

For and on behalf of the Board

Dr. Pawan Kumar Goenka

Mr. Pravin Shah

Mr. Rahul Asthana

Ms. Smita Mankad

Mr. Nikhil Sohoni

Chairman

} Director

Date: 28th April, 2015

Place: Mumbai

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

	For the year ended 31 st March 2015		For the year ended 31 st March 2014	
	Rupees in Lakhs	Rupees in Lakhs	Rupees in Lakhs	Rupees in Lakhs
A. CASH FLOW FROM OPERATING ACTIVITIES				
Profit before tax:		23,914		32,911
Adjustment for:				
Depreciation/Amortisation	12,310		11,266	
Finance cost	9,027		10,245	
Loss on sale of fixed assets	15		6	
Profit on sale of investments	(582)		(352)	
Interest income.....	(1,056)		(786)	
		19,714		20,379
Operating profit before Working Capital changes		43,628		53,290
Adjustments for changes in Working capital				
Long term Loans and advances.....	(22,713)		7,203	
Inventories	(559)		28,344	
Trade Receivables	19,487		7,535	
Short term Loans and advances	(601)		3,370	
Other current assets.....	(2,736)		9,298	
Other Non Current assets.....	(7)		–	
Long term Provisions	767		323	
Trade Payables.....	(10,039)		(36,520)	
Other current liabilities	2,507		(7,750)	
Short term Provisions.....	4		70	
		(13,890)		11,873
Cash generated from operations.....		29,738		65,163
Income taxes paid.....		(7,803)		(5,721)
Net Cash from Operating activities		21,935		59,442
B. CASH FLOW FROM INVESTING ACTIVITIES				
Tangible and Intangible Assets:				
Purchase.....	(16,441)		(12,337)	
Sale	14		10	
Investments:				
Purchase.....	(275,850)		(141,150)	
Sale	280,832		139,102	
Inter Corporate deposit given.....	–		(2,500)	
Inter Corporate deposit recovered	2,500		–	

	For the year ended 31st March 2015	For the year ended 31st March 2014
Bank balances not considered as Cash and cash equivalents.....	849	–
Interest received.....	1,404	531
Net Cash from/used in investing activities.....	(6,692)	(16,344)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of Long term borrowings.....	(29,613)	(5,063)
Proceeds from Short term borrowings.....	15,784	–
Repayment of Short term borrowings.....	–	(6,637)
Dividend paid (including dividend distribution tax).....	(6,496)	(8,190)
Finance cost paid.....	(9,104)	(8,240)
Net Cash from/used in financing activities.....	(29,429)	(28,130)
D. NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS.....	(14,186)	14,968
Cash and Cash Equivalents (Opening balance).....	18,243	3,275
Cash and Cash Equivalents (Closing balance).....	4,057	18,243

Note:

Cash and cash equivalents comprise:

	As at 31st Mar, 2015 Rs. In lakhs	As at 31st Mar, 2014 Rs. In lakhs	As at 31st Mar, 2013 Rs. In lakhs
Cash on hand.....	–	–	1
Balances with Banks.....	4,057	18,243	3,274
	4,057	18,243	3,275

In terms of our report attached

For Deloitte Haskins & Sells

Chartered Accountants

H.L. Shah

Partner

Date: 28th April, 2015

Place: Mumbai

Mr. Pankaj Sonalkar

CEO

Mr. Dattatraya Nikam

CFO

Mr. Hemant Kothari

Company Secretary

For and on behalf of the Board

Dr. Pawan Kumar Goenka

Chairman

Mr. Pravin Shah

Mr. Rahul Asthana

Ms. Smita Mankad

Mr. Nikhil Sohoni

} Director

Date: 28th April, 2015

Place: Mumbai

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

1. SIGNIFICANT ACCOUNTING POLICIES:

(A) BASIS OF ACCOUNTING :

The financial statements are prepared in accordance with the generally accepted accounting principles in India and comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act")/Companies Act, 1956 ("the 1956 Act"), as applicable.

(B) Tangible Assets :

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

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

- (b) (i) Leasehold land is amortised over the period of the lease.
- (ii) Depreciation on assets is calculated on Straight Line Method at the rates and in the manner prescribed in Schedule II to the Companies Act, 2013, except in respect of the following categories of assets, in whose case the life of the assets has been assessed as under based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc. :
- (1) Certain items of Plant and Machinery individually costing more than Rs. 5,000 – over their useful lives (2 years, 5 years, 8 Years, 10 years, 20 years or 25 years as the case may be) as determined by the Company.
 - (2) Roads – over their useful life (15 years) as determined by the Company.
 - (3) Cars and Vehicles – over their useful life (5 years) as determined by the Company.
 - (4) Assets individually costing upto Rs 5000 over a period of 12 months.

(C) Intangible Assets :

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

- (a) License Fee :
The expenditure incurred is amortised over the estimated period of benefit, not exceeding five years commencing with the year of purchase of License.
- (b) Technical Know-how fees :
The expenditure incurred on technical services and other project/product related expenses are amortised over the estimated period of benefit, not exceeding five years.
- (c) Software Expenditure :
The expenditure incurred is amortised over three financial years equally commencing from the year in which the expenditure is incurred.

(D) Investments :

Long term investments are valued at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of investments. Current investments are valued at the lower of cost and fair value, determined by category of investment.

(E) Inventories :

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

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

Finished goods produced, manufactured components and work-in-progress are carried at cost or net realisable value whichever is lower. Excise duty is included in the value of finished goods inventory.

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

(F) Foreign Exchange Transactions :

Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of transaction. Monetary items are translated at the year-end rates. The exchange difference between the rate prevailing on the date of transaction and on the date of settlement as also on translation of monetary items at the end of the year (other than those relating to long term foreign currency monetary items) is recognised as income or expense, as the case may be.

Any premium or discount arising at the inception of a forward exchange contract is recognised as income or expense over the life of the contract.

(G) Revenue Recognition :

Sales of products and services are recognised when the products are shipped or services rendered.

Interest is recognized on time proportion basis and dividend income from investments in shares is recognized when the owner's right to receive the payment is established.

(H) Government Grants :

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

(I) Employee Benefits :

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

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

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

(J) Borrowing Costs :

All borrowing costs are charged to the Statement of Profit and Loss except :

- (i) Borrowing costs that are attributable to the acquisition or construction of assets that necessarily take a substantial period of time to get ready for their intended use, which are capitalised as part of the cost of such assets.
- (ii) Expenses incurred on raising long term borrowings are amortised over the period of borrowings. On early buyback, conversion or repayment of borrowings, any unamortised expenditure is fully written off in that year.

(K) Taxes on Income :

Current tax is determined as the amount of tax payable in respect of taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961. Deferred tax is recognised, subject to consideration of prudence, on timing differences, being the difference between taxable income and

accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets arising on account of unabsorbed depreciation or carry forward of tax losses are recognised only to the extent that there is virtual certainty supported by convincing evidence that sufficient future tax income will be available against which such deferred tax assets can be realised.

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

NOTE 2 – SHARE CAPITAL

	As at 31 st March, 2015 Rs. in Lakhs	As at 31 st March, 2014 Rs. in Lakhs
Authorised:		
1,30,00,00,000 (Previous year – 1,30,00,00,000) equity shares of Rs. 10 each.	130,000	130,000
Issued, Subscribed and Paid up :		
96,22,50,000 (Previous year – 96,22,50,000) equity shares of Rs. 10 each fully paid up.	96,225	96,225
Total	96,225	96,225

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

	As at 31 st March, 2015		As at 31 st March, 2014	
	No of shares	Amount Rs. in Lakhs	No of shares	Amount Rs. in Lakhs
No. of Equity shares outstanding at the beginning of the year	962,250,000	96,225	962,250,000	96,225
Add: Additional Equity shares issued during the year	–	–	–	–
Less: Equity Shares forfeited/ Bought back during the year	–	–	–	–
No. of Equity shares outstanding at the end of the year	962,250,000	96,225	962,250,000	96,225

Notes:

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

Particulars	2015		2014	
	Number of shares	% shareholding	Number of shares	% shareholding
Equity Shares:				
Mahindra & Mahindra Ltd (holding company) and its nominees	962,250,000	100	962,250,000	100

(ii) Rights, preferences, restrictions of equity shares

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

NOTE 3 – RESERVES AND SURPLUS

	As at 31 st March, 2015 Rs. in Lakhs	As at 31 st March, 2014 Rs. in Lakhs
Debenture Redemption Reserve:		
As per last Balance Sheet	14,682	7,599
Add: Additions during the year	3,768	7,083
Transferred from Surplus in Statement of Profit & Loss		
Less: Transferred to Surplus in the Statement of Profit & Loss upon redemption of Series I Non Convertible Debentures.	(6,751)	–
	11,699	14,682

	As at 31 st March, 2015 Rs. in Lakhs	As at 31 st March, 2014 Rs. in Lakhs
Surplus i.e. Balance in Statement of Profit and Loss		
As per last Balance Sheet	32,664	24,576
Less: Depreciation on transition to schedule II of Companies Act, 2013 on tangible fixed asset with nil remaining useful life (Net of deferred Tax) (Refer note 41)	(137)	–
Add: Profit for the year	15,303	21,667
Amounts transferred from Debenture Redemption Reserve	6,751	–
Transfer to Debenture Redemption Reserve	(3,768)	(7,083)
Proposed Dividend (Rs.0.577 per equity share) (Previous year Rs.0.577 per equity share)	(5,552)	(5,552)
Tax on Proposed Dividend	(1,130)	(944)
	44,131	32,664
Total	55,830	47,346

NOTE 4 – LONG TERM BORROWINGS

	As at 31 st March, 2015 Rs. in Lakhs	As at 31 st March, 2014 Rs. in Lakhs
Loans and Advances from other than related parties:		
Debentures (Secured)		
2,600 (Previous period 2,600) 8% Non Convertible Debentures of Rs. 10,00,000/- each, fully paid (Series III)	26,000	26,000
2,700 (Previous period 2,700) 8% Non Convertible Debentures of Rs. 10,00,000/- each, fully paid (Series II)	–	27,000
Term Loans (Secured)		
– from Banks	–	3,268
Total	26,000	56,268

Notes:

- Debentures are to be secured by First Pari Passu charge on fixed assets of the Company.
- Term Loans are secured by English mortgage of immovable properties and on all the movable properties (both present and future) including movable plant and machinery, furniture, fixtures, vehicles, etc. (other than current assets)

NOTE 4a: Terms of repayment/redemption of Term Loans and Debentures:

	Terms of repayment/redemption	
	Period/Date	Rs. In Lakhs
Debentures	14-Mar-17	26,000

NOTE 5 – DEFERRED TAX LIABILITIES (NET)

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

	As at 31 st March, 2015 Rs. in Lakhs	As at 31 st March, 2014 Rs. in Lakhs
Nature of timing difference		
Provision for Depreciation	18,084	16,839
Total	18,084	16,839

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

Nature of timing difference	As at 31 st March, 2015 Rs. in Lakhs	As at 31 st March, 2014 Rs. in Lakhs
Unclaimed amount under section 43B of Income Tax Act 1961	968	689
Total	968	689

(iii) Deferred tax asset/(liability) net:

NOTE 6 – LONG-TERM PROVISIONS

	As at 31 st March, 2015 Rs. in Lakhs	As at 31 st March, 2014 Rs. in Lakhs
Provision for Employee Benefits	2,590	1,823
Provision – Others:		
Provision for premium on redemption of debentures	2,144	2,858
Total	4,734	4,681

NOTE 7 – SHORT TERM BORROWINGS

Loans and Advances from other than related parties:	As at 31 st March, 2015 Rs. in Lakhs	As at 31 st March, 2014 Rs. in Lakhs
– On Cash Credit Account from Banks (Secured)	4,284	–
(Secured by hypothecation of first charge on Inventory and book debts)		
– from Banks (Unsecured)	11,500	–
Total	15,784	–

NOTE 11 – TANGIBLE ASSETS

	Cost				Depreciation/Amortization				Net Block		
	As at 31 st March, 2014	Additions during the year	Disposals during the year	As at 31 st March, 2015	Upto 31 st March, 2014	For the year	On disposals during the year	Transition adjustment recorded against balance in Statement of Profit and Loss	Upto 31 st March, 2015	As at 31 st March, 2015	As at 31 st March, 2014
	Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs
Leasehold Land (Refer note 32)	31,612	171	–	31,783	1,768	320	–	–	2,088	29,695	29,844
Previous year	31,206	406	–	31,612	1,432	336	–	–	1,768	29,844	29,774
Buildings (Refer note 32)	89,093	3,138	–	92,231	9,524	3,166	–	–	12,690	79,541	79,569
Previous year	82,931	6,162	–	89,093	6,584	2,940	–	–	9,524	79,569	76,347
Plant & Equipment	101,357	1,662	–	103,019	23,917	7,124	–	6	31,047	71,972	77,440
Previous year	92,738	8,619	–	101,357	17,182	6,735	–	–	23,917	77,440	75,556
Furniture & Fixtures	2,098	251	–	2,349	464	238	–	–	702	1,647	1,634
Previous year	1,698	400	–	2,098	328	136	–	–	464	1,634	1,370
Vehicles	1,139	189	84	1,244	339	255	55	4	543	701	800
Previous year	846	336	43	1,139	220	146	27	–	339	800	626
Office Equipment	4,124	98	–	4,222	1,747	849	–	198	2,794	1,428	2,377
Previous year	3,487	637	–	4,124	1,221	526	–	–	1,747	2,377	2,266
Total	229,423	5,509	84	234,848	37,759	11,952	55	208	49,864	184,984	191,664
Total Previous year	212,906	16,560	43	229,423	26,967	10,819	27	–	37,759	191,664	185,939

Note: Plant equipment includes cost Rs 649 Lakhs (previous year- Rs 649 lakhs), Net Block Rs 495 lakhs (previous year- Rs 567 lakhs) and depreciation for the year Rs 72 lakhs (previous year - Rs 31 lakhs) in respect of expenditure incurred on capital asset ownership of which does not vest in the company.

Adjustments include Rs. 208 lakhs (net of 5% residual value of original cost) where the remaining useful life of the asset pursuant to revision of life as envisaged in the Schedule II to the Companies Act 2013 as at March 31, 2014, is nil and hence the balance carrying amount as on March 31, 2014 being adjusted against the opening balance in the retained earnings.

NOTE 8 – TRADE PAYABLES

	As at 31 st March, 2015 Rs. in Lakhs	As at 31 st March, 2014 Rs. in Lakhs
Acceptances	603	747
Other than Acceptances (See note 39)	89,840	99,735
Total	90,443	100,482

NOTE 9 – OTHER CURRENT LIABILITIES

	As at 31 st March, 2015 Rs. in Lakhs	As at 31 st March, 2014 Rs. in Lakhs
Current maturities of long-term debt	30,268	29,613
Interest accrued but not due on borrowings	268	380
Other payables	16,560	14,437
Total	47,096	44,430

Other payable includes government grants payable to group companies, capital creditors, EMD deposits, advances from customers, employee related statutory obligations, withholding tax payable, wealth tax payable, excise duty payable, retention money etc.

NOTE 10 – SHORT-TERM PROVISIONS

	As at 31 st March, 2015 Rs. in Lakhs	As at 31 st March, 2014 Rs. in Lakhs
Provision for Employee Benefits	205	200
Proposed Dividend	5,552	5,552
Provision for Tax on Proposed Dividend	1,130	944
Provision - Others :		
– Provision for premium on redemption of debentures	2,110	1,346
Total	8,997	8,042

NOTE 12 – INTANGIBLE ASSETS

	Cost				Amortization				Net Block	
	As at 31 st March, 2014	Additions during the year	Disposals during the year	As at 31 st March, 2015	Upto 31 st March, 2014	For the year	On disposals	Upto 31 st March, 2015	As at 31 st March, 2015	As at 31 st March, 2014
	Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs
(Other than internally generated)										
Computer Software	1,122	50	–	1,172	861	198	–	1,059	113	261
Previous year	939	183	–	1,122	573	288	–	861	261	366
License	489	–	–	489	203	98	–	301	188	286
Previous year	489	–	–	489	105	98	–	203	286	384
Technical know how	310	–	–	310	97	62	–	159	151	213
Previous year	310	–	–	310	36	61	–	97	213	274
Total	1,921	50	–	1,971	1,161	358	–	1,519	452	760
Total Previous year	1,738	183	–	1,921	714	447	–	1,161	760	1,024

NOTE 12A – CAPITAL WORK-IN-PROGRESS

Particulars	As at 31 st March, 2015 Rs. in Lakhs	As at 31 st March, 2014 Rs. in Lakhs
Capital Work-in-Progress	11,440	2,390
Incidental Expenditure during construction period pending allocation to fixed assets	368	196
	<u>11,808</u>	<u>2,586</u>

NOTE 12B – INCIDENTAL EXPENDITURE DURING CONSTRUCTION PERIOD PENDING ALLOCATION TO FIXED ASSETS (INCLUDED IN CAPITAL WORK-IN-PROGRESS)

Particulars	Balance as at 31 st March, 2014	Expenditure incurred during the year	Expenditure incurred upto 31 st March, 2015	Expenditure allocated to Fixed Assets	Balance as at 31 st March, 2015
	Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs
Salaries, wages and bonus	139	20	159	–	159
Repairs & Maintenance – Machinery	40	(40)	0	–	0
Repairs & Maintenance – Building	–	142	142	–	142
Miscellaneous Expenses	17	50	67	–	67
Total expenditure	196	172	368	–	368
Previous year	–	196	196	–	196

NOTE 13 – NON CURRENT INVESTMENTS

	As at 31 st March, 2015 Rs. in Lakhs	As at 31 st March, 2014 Rs. in Lakhs
NON CURRENT INVESTMENTS (Unquoted, Trade)		
Investments in Equity Instruments: (Investment in Class 'A' Equity Shares of Wardha Power Company Limited (12,38,279 shares (Previous year - 12,38,279 shares) having face value of Rs. 10 each fully paid up))	124	124
Investments in preference shares: (Investment in 0.01% Class 'A' Redeemable Preference Shares of Wardha Power Company Limited (15,61,721 shares (Previous year - 15,61,721 shares) having face value of Rs. 10 each fully paid up))	156	156
Total	<u>280</u>	<u>280</u>

NOTE 14 – LONG TERM LOANS AND ADVANCES

	As at 31 st March, 2015 Rs. in Lakhs	As at 31 st March, 2014 Rs. in Lakhs
Loans and Advances to other than related parties (Secured, considered good)		
Other Loans and Advances (Advance to Suppliers)	185	369
Loans and Advances to other than related parties: (Unsecured, considered good)		
Capital Advances	1,570	278
Security deposits	47	558
Other Loans and Advances	58,327	32,019
Total	<u>60,129</u>	<u>33,224</u>

Other Loans & Advances includes income tax payment less provisions, VAT Refund, MAT Credit entitlement Rs. NIL (Previous year Rs. 109 Lakhs), prepaid expenses etc.

NOTE 15 – OTHER NON CURRENT ASSETS

	As at 31 st March, 2015 Rs. in Lakhs	As at 31 st March, 2014 Rs. in Lakhs
Others		
Balances held as Margin money or security against borrowings, guarantee and other commitments	15	8
Total	<u>15</u>	<u>8</u>

NOTE 16 – CURRENT INVESTMENTS

	Face Value Rs.	As at 31 st March 2015		As at 31 st March 2014	
		Units	Rs. in Lakhs	Units	Rs. in Lakhs
CURRENT INVESTMENTS (Unquoted)					
(at cost or fair value whichever is lower)					
Investments in Mutual funds					
a) Religare Invesco Liquid Fund – Growth Plan	1,000	–	–	107,901	1,900
b) Birla Sun Life Cash Plus – Regular Plan – Growth	100	–	–	1,217,192	2,500
Total		–	–		<u>4,400</u>

NOTE 17 – INVENTORIES

	As at 31 st March, 2015 Rs. in Lakhs	As at 31 st March, 2014 Rs. in Lakhs
(at cost or net realisable value whichever is lower)		
Raw materials (Including Goods in transit Rs. 1,609 Lakhs) (Previous year Rs. 4,186 Lakhs))	19,122	22,575
Work-in-Progress	3,712	3,913
Finished Goods	13,887	10,349
Stores and spares	1,074	508
Loose tools	525	416
Total	38,320	37,761

NOTE 18 – TRADE RECEIVABLES

	As at 31 st March, 2015 Rs. in Lakhs	As at 31 st March, 2014 Rs. in Lakhs
(Unsecured, considered good)		
Trade receivables due for a period exceeding six months from the date they are due for payment	-	-
Other Trade Receivables	31,891	51,378
Total	31,891	51,378

NOTE 19 – CASH AND CASH EQUIVALENTS

	As at 31 st March, 2015 Rs. in Lakhs	As at 31 st March, 2014 Rs. in Lakhs
A. Cash and cash equivalents (As per AS 3 Cash Flow Statement)		
Cash on hand	-	-
Balances with banks		
– In current accounts	7	43
– In deposit accounts	4,050	18,200
Total – Cash and Cash Equivalents (As per AS 3 Cash Flow Statement) (A)	4,057	18,243
B. Other bank balances		
Earmarked balances with banks	-	849
Total – Other Bank Balances (B)	-	849
Total – Cash and Cash Equivalents (A+B)	4,057	19,092

NOTE 20 – SHORT TERM LOANS AND ADVANCES

	As at 31 st March, 2015 Rs. in Lakhs	As at 31 st March, 2014 Rs. in Lakhs
Loans and Advances to related parties: (Unsecured, considered good)		
Intercompany deposit given	-	2,500
Loans and Advances to other than related parties: (secured, considered good)		
Advances to Suppliers	185	185
(Unsecured, considered good)		
Others	3,293	5,363
Total	3,478	8,048

Others Includes advances to suppliers, employee advances, prepaid expenses, balances with central excise, security deposit, MAT Credit entitlement Rs. 354 lakhs (Previous year Rs. 3,025 lakhs) etc.

NOTE 21 – OTHER CURRENT ASSETS

	As at 31 st March, 2015 Rs. in Lakhs	As at 31 st March, 2014 Rs. in Lakhs
Interest Accrued (On Fixed Deposits, advance to suppliers etc.)	336	684
Other Receivables (Government grants receivable, lease rent receivable etc)	26,475	23,739
Total	26,811	24,423

NOTE 22 – REVENUE FROM OPERATIONS - NET

	For the year ended 31 st March, 2015 Rs. in Lakhs	For the year ended 31 st March, 2014 Rs. in Lakhs
Sale of products	594,235	676,349
Sale of services (Painting work)	43	257
Other operating revenues		
– Government Grants*	16,295	15,083
– Scrap Sales	2,705	3,320
	613,278	695,009
Less: Excise Duty	(101,172)	(116,706)
Total	512,106	578,303

* Includes Government Grant recognized in respect of earlier years Rs 4,949 lakhs (Previous year - Rs 2,998 lakhs)

NOTE 23 – OTHER INCOME

	For the year ended 31 st March, 2015 Rs. in Lakhs	For the year ended 31 st March, 2014 Rs. in Lakhs
Profit on sale of current investments	582	352
Income from Lease Rent	605	574
Cash discount received	224	47
Interest earned	1,056	786
Net gain on foreign currency transactions and translation	265	-
Other non-operating income (net of expenses directly attributable to such income)	36	53
Total	2,768	1,812

NOTE 24 – COST OF MATERIAL CONSUMED

	For the year ended 31 st March, 2015 Rs. in Lakhs	For the year ended 31 st March, 2014 Rs. in Lakhs
Raw Material Consumed	438,786	484,706
Packing Material Consumed	150	59
Total	438,936	484,765

NOTE 25 – CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS

	Rs. in Lakhs	For the year ended 31 st March, 2015 Rs. in Lakhs	For the year ended 31 st March, 2014 Rs. in Lakhs	Rs. in Lakhs	For the year ended 31 st March, 2015 Rs. in Lakhs	For the year ended 31 st March, 2014 Rs. in Lakhs
Opening stock						
Work-in-progress	3,913		3,395			
Finished goods	10,349		26,785			
		14,262	30,180			
Closing stock						
Work-in-progress	3,712		3,913			
Finished goods	13,887		10,349			
		17,599	14,262			
Total		(3,337)	15,918			

NOTE 26 – EMPLOYEE BENEFIT EXPENSE

	Rs. in Lakhs	For the year ended 31 st March, 2015 Rs. in Lakhs	For the year ended 31 st March, 2014 Rs. in Lakhs
Salaries and wages		15,238	12,416
Contribution to provident and other funds		645	618
Expense on Employee Stock option (ESOP) Scheme*		113	193
Staff welfare expenses		1,671	1,497
Total		17,667	14,724

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

NOTE 27 – FINANCE COSTS

	Rs. in Lakhs	For the year ended 31 st March, 2015 Rs. in Lakhs	For the year ended 31 st March, 2014 Rs. in Lakhs
Interest expense		6,882	8,017
Other borrowing costs		2,145	2,228
Total		9,027	10,245

Other borrowing costs includes provision for premium on redemption of debentures Rs. 2,019 Lakhs (Previous period - Rs. 2,052 lakhs)

NOTE 28 – OTHER EXPENSES

	Rs. in Lakhs	For the year ended 31 st March, 2015 Rs. in Lakhs	For the year ended 31 st March, 2014 Rs. in Lakhs
Consumption of stores and spare parts		3,682	4,491
Power and fuel		3,031	3,354
Rent		42	77
Repairs and maintenance -			
Buildings	152		140
Machinery	1,142		670
Others	878		847
		2,172	1,657
Insurance		285	268

	Rs. in Lakhs	For the year ended 31 st March, 2015 Rs. in Lakhs	For the year ended 31 st March, 2014 Rs. in Lakhs
Rates & Taxes (excluding taxes on income)		370	416
Excise Duty relating to change in inventories of finished goods		1,722	(4,653)
Net loss on foreign currency transaction and translation		-	604
Hire & service Charge		2,616	2,544
Payment to Auditors*			
- As Auditors	22		22
- For Limited Review fees	8		8
- For other services	-		1
		30	31
Loss on sale of fixed asset		15	6
Expenditure on Corporate Social Responsibility		629	135
Miscellaneous expenses		1,763	1,356
Total		16,357	10,286

*Payment to Auditors excludes Rs.5 lakhs, (Previous year - Rs. 5 lakhs) towards taxation services paid to a firm, some of the partners whereof are also partners in the audit firm.

NOTE 29 – DETAILS OF EMPLOYEE BENEFITS AS REQUIRED BY THE ACCOUNTING STANDARD 15 (REVISED) EMPLOYEE BENEFITS ARE AS UNDER:

(A) Defined Contribution Plan

Amount recognized as an expense in the Statement of Profit and Loss/ Incidental expenditure during construction period pending allocation to tangible assets in respect of Defined Contribution Plans is Rs 644 lakhs (31st March, 2014 - Rs. 577 lakhs).

(B) Defined Benefit Plan

i) Actuarial gains and losses in respect of defined benefit plans are recognised in the Statement of Profit & Loss.

ii) The Defined Benefit Plans comprise of Gratuity (included in Salaries & Wages)

Gratuity is a benefit to an employee based on a proportion of last drawn salary for each completed year of service.

	For the year ended on 31 st March, 2015	For the year ended on 31 st March, 2014
Amount Rs. In Lakhs		
Gratuity (Unfunded)		
Particulars		

(C) Changes in the present value of defined obligation representing reconciliation of opening and closing balances thereof are as follows:

	For the year ended on 31 st March, 2015	For the year ended on 31 st March, 2014
1. Present Value of Defined Benefit Obligation as on 1 st April	1,149	942
2. Adjustment on transfer of employees	-	-
3. Current Service cost	251	199
4. Interest cost	104	78
5. Losses (gains) on Curtailment	-	-
6. Liabilities extinguished on settlements	-	-
7. Plan amendments	-	-

Particulars	Amount Rs. In Lakhs		For the year ended on 31 st March, 2015	For the year ended on 31 st March, 2014	For the year ended on 31 st March, 2015	For the year ended on 31 st March, 2014	
	Gratuity (Unfunded)						
8. Actuarial (gains)/losses	186	(59)					
9. Benefits paid	(44)	(11)					
10. Present value of Defined Benefit Obligation as on Balance Sheet date.	1,646	1,149					
(D) Analysis of Defined Benefit Obligation:							
1. Defined Benefit Obligation as at 31 st March	1,646	1,149					
2. Fair Value of Plan assets at the end of the year	-	-					
3. Net (Asset)/Liability recognized in the Balance Sheet as at 31 st March	1,646	1,149					
(E) Reconciliation of Present Value of Defined Benefit Obligation and fair value of plan assets showing amount recognized in the Balance Sheet:							
1. Present value of Defined Benefit Obligation	1,646	1,149					
2. Fair value of plan assets	-	-					
3. Funded status [Surplus/(Deficit)]	(1,646)	(1,149)					
4. Unrecognized Past Service Costs	-	-					
5. Net asset/(Liability) recognized in Balance Sheet	(1,646)	(1,149)					
	For the year ended on 31st March, 2015	For the year ended on 31st March, 2014					
(F) Components of employer expenses recognized in the statement of profit and loss for the year ended 31st March 2014							
1. Current Service cost	251	199					
2. Interest cost	104	78					
3. Expected return on plan assets	-	-					
4. Curtailment cost/(credit)	-	-					
5. Settlement cost/(credit)	-	-					
6. Past Service cost					-	-	
7. Actuarial Losses/(Gains)			186			(59)	
8. Total expense recognised in the Statement of Profit & Loss/ Incidental Expense Capitalised			541			218	
(G) Principal Actuarial Assumptions:							
			As at 31st March, 2015		As at 31st March, 2014		
1. Discount Rate (%)			8.00%		9.20%		
2. Expected Return on plan assets (%)			NA		NA		
3. Salary Escalation (%)			8%/10%		8%/10%		
4. Medical cost inflation			NA		NA		
5. Withdrawal Rate (%) (Others)			2%/7%		2%/7%		
a) The Discount rate is based on the prevailing market yields of Indian Government securities as at the Balance Sheet date for the estimated terms of the obligations.							
b) Salary Escalation Rate: The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.							
(H) Experience Adjustments							
			For the year ended on 31st March, 2015	For the year ended on 31 st March, 2014	For the year ended on 31 st March, 2013	For the year ended on 31 st March, 2012	For the year ended on 31 st March, 2011
1. Defined Benefit Obligation at the end of the period			1,646	1,149	942	723	622
2. Plan Assets at the end of the period			-	-	-	-	-
3. Funded Status			(1,646)	(1,149)	(942)	(723)	(622)
4. Experience adjustments on plan liabilities			(3)	59	(7)	(6)	100
5. Experience adjustments on plan assets			-	-	-	-	-
NOTE 30 – RELATED PARTY DISCLOSURES:							
A) Name of the related party and nature of relationship where control exists:							
	Name of Related Party		Nature of Relationship				
	Mahindra & Mahindra Limited		Holding Company				

MAHINDRA VEHICLE MANUFACTURERS LIMITED

B) Related Party Transactions:

Name of Related Party	Description of Relationship	Nature of Transactions	Amount of Transactions (Rs. in Lakhs)	Amount Outstanding at the end of year			
				Credit (Rs. in Lakhs)	Debit (Rs. in Lakhs)		
Mahindra & Mahindra Ltd.	Holding Company	Purchase of Services	101	23,954			
			(82)				
		Purchase of Assets	48				
			(160)				
		Purchase of Material	81,352			(23,258)	
			(92,722)				
		Sale of goods	614,100				
			(700,396)				
		Sale of Asset	-				31,383
			(-)				(48,782)
Mahindra Reva Electric Vehicles Pvt. Ltd.	Fellow Subsidiary	Purchase of Asset	-	1			
			(14)				
		Sale of goods	9				
			(4)				
		Inter Corporate Deposit given	-				-
			(2,500)				(2,500)
		Inter Corporate Deposit refunded	2,500				
			(-)				
		Interest Received on Inter Corporate Deposit	68				
			(11)				
Mahindra Intertrade Ltd.	Fellow Subsidiary	Purchase of Material	10,689	274			
			(11,324)				
Mahindra Sanyo Special Steel Pvt Ltd.	Fellow Subsidiary	Purchase of Services	-	(208)	-		
			(-)				
Mahindra UGINE Steel Co. Ltd. (Upto 10th December 2014)	Fellow Subsidiary	Sale of Material	-	-			
			(16)				
Mahindra Forging Ltd. (Upto 30 th September 2013)	Fellow Subsidiary	Purchase of Material	2,828	(884)			
			(4,132)				
Mahindra Hinodaya Ltd. (Upto 30 th September 2013)	Fellow Subsidiary	Purchase of Material	-	-			
			(434)				
Mahindra Logistics Ltd.	Fellow Subsidiary	Sale of Material	-	-			
			(450)				
Mahindra Heavy Engines Pvt. Ltd. (formerly known as Mahindra Navistar Engine Pvt. Ltd.)	Fellow Subsidiary	Purchase of Services	4,649	546			
			(5,365)				
Mahindra Trucks and Buses Limited	Fellow Subsidiary	Purchase of Material	10,778	1,280			
			(6,890)				
		Purchase of Services	1	(1,255)			
			(35)				
		Sale of Material	-				
			(5)				
		Sale of goods	310	-	49		

Name of Related Party	Description of Relationship	Nature of Transactions	Amount of Transactions (Rs. in Lakhs)	Amount Outstanding at the end of year	
				Credit (Rs. in Lakhs)	Debit (Rs. in Lakhs)
			(337)	(-)	(27)
Mahindra Gears & Transmissions Pvt. Ltd. (Upto 10th December 2014)	Fellow Subsidiary	Purchase of Material	172	-	
			(58)	(19)	
Mahindra Integrated Business Solutions Pvt. Ltd. (formerly known as Mahindra BPO Services Pvt. Ltd.)	Fellow Subsidiary	Purchase of Services	105	5	
			(106)	(4)	
Mahindra Holidays & Resorts India Ltd.	Fellow Subsidiary	Purchase of Services	-	-	
			(-)	(-)	
Ssangyong Motor Company	Fellow Subsidiary	Purchase of Material	8,005		
			(12,343)		
		Purchase of Services	1	335	
			(6)	(359)	
		Royalty Paid	25		
			(33)		
Mahindra Conveyor Systems Pvt. Ltd.	Fellow Subsidiary	Purchase of Material	-		
			(19)		
		Purchase of Services	-		
			(2)		
Bristlecone India Limited		Purchase of Services	14	*	
			(*)	(-)	
Mahindra Yueda (Yancheng) Tractor Company Limited		Purchase of Services	-	*	
			(-)	(3)	
Mahindra EPC Services Private Limited		Purchase of Services	-	2	
			(2)	(2)	
Mahindra Defence Systems Limited	Fellow Subsidiary	Purchase of Services	-	-	
			(4)	(-)	
Mr. Vijay Dhongde (Upto 31 st March 2015)	Key Management Personnel	Remuneration	88	-	
Mr. Mahendra Bhalerao (Upto 31 st October 2014)	Key Management Personnel	Remuneration	(48)	(-)	
Mr. Dattaraya Nikam (w.e.f 1 st November 2014)	Key Management Personnel	Remuneration			

Note: Figures in brackets are in respect of the corresponding previous year.

* Amount less than Rs. 1 lakh

NOTE 31 – THE TOTAL OF FUTURE MINIMUM LEASE PAYMENTS UNDER NON-CANCELLABLE OPERATING LEASE:

Particulars	For the year ended on 31 st March, 2015 Rs. in Lakhs	For the year ended on 31 st March, 2014 Rs. in Lakhs
(i) Not later than one year	-	12
(ii) Later than one year and not later than five years.	-	-
(iii) Later than five years	-	-
Total	-	12

a) Lease payments recognised in the statement of profit and loss for the year Rs. 42 lakhs (31st March, 2014 Rs. 77 lakhs)

b) The lease agreements are for premises taken on lease for guest house and training centres.

NOTE 32 – ASSETS GIVEN ON OPERATING LEASE:

General description of significant lease arrangement:-

The company has entered into cancellable operating lease arrangement for building and sub-lease of land.

Particulars	Sub Lease – Land		Building	
	For the year ended on 31 st March, 2015 Rs. in lakhs	For the year ended on 31 st March, 2014 Rs. in lakhs	For the year ended on 31 st March, 2015 Rs. in lakhs	For the year ended on 31 st March, 2014 Rs. in lakhs
	(i) Gross Block	1,269	1,261	2,115
(ii) Accumulated Depreciation/ Amortisation	78	65	330	238
(iii) Depreciation/ Amortisation in the year	13	13	92	75

NOTE 33 – EARNING PER SHARE

- (a) The amount used as the numerator in calculating basic and diluted earnings per share is the net profit after tax for the year disclosed in the Statement of Profit and Loss.
- (b) The weighted average number of equity shares used as the denominator in calculating both basic and diluted earnings per share is 96,22,50,000 (31st March 2014 - 96,22,50,000)

NOTE 34 – VALUE OF IMPORTED AND INDIGENOUS RAW MATERIALS, SPARE PARTS AND COMPONENTS CONSUMED:

Particulars	For the year ended 31 st March, 2015		For the year ended 31 st March, 2014	
	Value (Rs. in lakhs)	Percentage (%)	Value (Rs. in lakhs)	Percentage (%)
Imported	24,833	6%	33,045	7%
Indigenously obtained	413,953	94%	451,661	93%
Total	438,786	100%	484,706	100%

Note: In giving the above information, the company has taken the view that spares and components as referred to in Clause 5(viii)(c) of Part II of Schedule III covers only such items as go directly into production.

NOTE 35 – CIF VALUE OF IMPORTS

Particulars	For the year ended on 31 st March, 2015	For the year ended on 31 st March, 2013
	Rs. in Lakhs	Rs. in Lakhs
Raw materials	20,851	28,086
Capital Goods	173	1,220
Total	21,024	29,306

NOTE 36 (I) – DETAILS OF RAW MATERIAL CONSUMPTION AND RAW MATERIAL STOCK:

Particulars	Raw Materials Consumed		Raw Materials Stock	
	For the year ended 31 st March, 2015	For the year ended 31 st March, 2014	For the year ended 31 st March, 2015	For the year ended 31 st March, 2014
	Value (Rs. in lakhs)	Value (Rs. in lakhs)	Value (Rs. in lakhs)	Value (Rs. in lakhs)
Steel	11,227	11,609	324	443
Paint	3,484	3,998	238	216
Tyres & Tubes	16,950	17,883	1,092	1,008
Engine	67,953	68,579	2,316	1,910
Others	339,172	382,636	15,152	18,997
Total	438,786	484,706	19,122	22,575

- (a) The consumption has been arrived at by adding to the opening stocks, the purchases during the year, and deducting therefrom the closing stocks and therefore includes the excesses/shortages on physical count, write off of obsolete items etc.

NOTE 36 (II) – DETAILS OF WORK IN PROGRESS STOCK:

Particulars	WIP Opening Stock		WIP Closing Stock	
	As at 1 st April, 2014	As at 1 st April, 2013	As at 31 st March, 2015	As at 31 st March, 2014
	Value (Rs. in lakhs)	Value (Rs. in lakhs)	Value (Rs. in lakhs)	Value (Rs. in lakhs)
Vehicles WIP	1,411	934	1,326	1,411
Other Components and aggregates	2,502	2,461	2,386	2,502
Total	3,913	3,395	3,712	3,913

NOTE 36 (III)- DETAILS OF SALES AND FINISHED GOODS STOCK:

Particulars	Finished Goods Opening Stock		Finished Goods Closing Stock		Sales (Net)	
	As at 1 st April, 2014	As at 1 st April, 2013	As at 31 st March, 2015	As at 31 st March, 2014	For the year ended 31 st March, 2015	For the year ended 31 st March, 2014
	Value (Rs. in lakhs)	Value (Rs. in lakhs)	Value (Rs. in lakhs)	Value (Rs. in lakhs)	Value (Rs. in lakhs)	Value (Rs. in lakhs)
Motor Vehicle	8,269	23,508	11,752	8,269	416,169	487,985
Heavy motor vehicles	1,898	3,131	2,021	1,898	62,352	47,875
Construction Equipments	183	146	114	183	8,227	12,801
Accessories & Components*					6,559	11,270
Total	10,349	26,785	13,887	10,349	493,307	559,931

*Accessories & Components are not enmarked for sale as such. The company considers a component as 'meant for sale' only when it is actually sold and hence no stock is indicated.

NOTE 37 – COMMITMENTS

- a) Estimated amount of contracts remaining to be executed on capital account for tangible assets and not provided for Rs. 46,478 lakhs (31st March 2014 - Rs. 20,037 lakhs).

NOTE 38 – (A) DETAILS OF DERIVATIVE INSTRUMENTS (FOR HEDGING)

Particulars	Amount in foreign currency (USD in lakhs)		Equivalent amount (Rs. in lakhs)		Purpose
	Current Year	Previous Year	Current Year	Previous Year	
	Forward cover	67	124	3,268	

In addition, the company has an interest rate swap converting the floating interest rate in foreign currency to fixed rate in Indian Rupees, in respect of Bank Loan of Rs. 3,268 lakhs (31st March, 2014 - Rs. 5,881 lakhs)

(B) DETAILS OF FOREIGN CURRENCY EXPOSURES THAT ARE NOT HEDGED BY A DERIVATIVE INSTRUMENT OR OTHERWISE:

Particulars	Amount in foreign currency (in lakhs)		Equivalent amount (Rs. in lakhs)		
	Currency	Current Year	Previous Year	Current Year	Previous Year
	Trade Payables	USD	5	16	289
	KRW	6,098	5,052	342	286
	EURO	4	-	258	-
	GBP	*	-	4	-
	JPY	14	-	7	-

* denotes amount less than 1 Lakhs

NOTE 39 – DISCLOSURE RELATING TO MICRO SMALL & MEDIUM ENTERPRISE (MSME)

Particulars	For the year ended 31 st March, 2014	For the year ended 31 st March, 2013
	Rs. in Lakhs	Rs. in Lakhs
(i) Principal amount payable to MSME as at March 2015	454	908
(ii) Dues remaining unpaid as at 31 st March		
Principal	11	371
Interest on the above	1	*

Particulars	For the year ended 31 st March, 2014 Rs. in Lakhs	For the year ended 31 st March, 2013 Rs. in Lakhs
(iii) Interest paid in terms of Section 16 of the Act, along with the amount of payment made to the supplier beyond the appointed day during the year		
Principal paid beyond the appointed date	2978	4010
Interest paid in terms of Section 16 of the Act	38	53
(iv) Amount of interest due and payable for the period of delay on payments made beyond the appointed day during the year	24	38
(v) Amount of interest accrued and remaining unpaid as at 31 st March	25	38
(vi) The amount of estimated interest due and payable for the period from 1 st April, 2015 to the actual date of payment or 28 th April, 2015 (Previous year 1 st April 2014 to actual date of payment or 20 th April, 2014) [whichever is earlier]	*	1

* denotes amount less than Rs 1 lakh

NOTE 40 - EXPENDITURE IN FOREIGN CURRENCY:

Particulars	For the year ended on 31 st March, 2015 Rs. in Lakhs	For the year ended on 31 st March, 2014 Rs. in Lakhs
Travelling Expenses	64	21
Professional Fees	1	13
Royalty	25	33
Total	90	68

NOTE 41 – DEPRECIATION

During the year pursuant to notification of schedule II of Companies Act 2013 w.e.f. 1st April 2014, the company has revised the estimated useful life of certain assets to align useful life with those specified in schedule II except in case of certain Buildings, Plant and Machinery, Furniture and Fixtures, Office Equipments and Vehicles in which case the useful life is taken lower/higher as the case may be, determined based on a technical evaluation and estimation of life by the Company.

Pursuant to the transition provisions prescribed in Schedule II to the Companies Act, 2013, the Company has fully depreciated the carrying value of assets, net of residual value, where the remaining useful life of the asset was determined to be nil as on April 1, 2014, and has adjusted an amount of Rs. 137 Lakhs (net of deferred tax of Rs. 71 lakhs) against the opening Surplus balance in the Statement of Profit and Loss under Reserves and Surplus.

The depreciation expense in the Statement of Profit and Loss for the year is higher by Rs. 1248 Lakhs consequent to the change in the useful life of the assets.

NOTE 42 –

The Board of Directors of the Company at its meeting held on 4th March, 2015 approved to acquire the entire business (excluding any financial liabilities) of Mahindra North American Technical Centre, Inc. (MNATC) for a consideration of USD 2.907 MN based on an independent valuer's report. The said business is being acquired w.e.f 1st April, 2015 and the transaction is under consummation.

NOTE 43 –

As the Company's business activity falls within a primary business segment and is a single geographical segment, the disclosure requirements of Accounting Standard (AS-17) "Segment Reporting", are not applicable.

NOTE 44 – CONTINGENT LIABILITY: RS. NIL

NOTE 45 – DETAILS OF PROVISIONS AND MOVEMENTS IN EACH CLASS OF PROVISIONS AS REQUIRED BY THE ACCOUNTING STANDARD ON PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS (ACCOUNTING STANDARD-29):

Particulars	Provision for Premium on redemption of debentures	
	As at 31 st March, 2015	As at 31 st March, 2014
Carrying Amount at the beginning of the year	4,204	2,152
Additional Provision made during the year	2,020	2,052
Amounts Used during the year	1,970	–
Unused amounts reversed during the year	–	–
Carrying Amounts at the end of the year	4,254	4,204

Brief description of the nature of the obligation and the expected timing of any resulting outflows of economic benefits:

Premium on redemption of debentures is provided over the period of the debenture and would be settled at the time of redemption.

NOTE 46 –

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

For and on behalf of the Board

Mr. Pankaj Sonalkar	CEO
Mr. Dattatraya Nikam	CFO
Mr. Hemant Kothari	Company Secretary
Dr. Pawan Kumar Goenka	Chairman
Mr. Pravin Shah	} Director
Mr. Rahul Asthana	
Ms. Smita Mankad	
Mr. Nikhil Sohoni	

Date: 28th April, 2015

Place: Mumbai

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors present their Tenth Report, together with the audited accounts of your Company for the year ended 31st March, 2015.

FINANCIAL HIGHLIGHTS AND STATE OF COMPANY'S AFFAIRS

Particulars	(Rs. in Lakhs)	
	For the year ended 31 st March, 2015	For the year ended 31 st March, 2014
Revenue	7,746.27	8,435.28
Profit/(Loss) before, Interest, Commitment, Finance Charges and Taxation	2,061.13	2,060.35
Less : Interest, Commitment and Finance Charges	0.22	0.41
Profit/(Loss) before Taxation.....	2,060.91	2,059.94
Less : Provision for Taxation for the year Current Tax.....	680.00	700.00
Profit/(Loss) after Tax.....	1,380.94	1,359.94
Proposed Dividend on Equity Shares	(1,140.00)	(2,300.00)
Tax on Proposed Dividend.....	(232.08)	(390.89)
Transfer to General Reserve.....	-	(135.99)
Profit/(Loss) of earlier year	376.96	1,843.90
Profit carried forward to Balance Sheet	385.79	376.96
Net Worth	898.29	889.46

No material changes and commitments have occurred after the closure of year under review till the date of this report which would affect the financial position of the Company.

OPERATIONS

During the Financial Year ended 31st March, 2015, total income of your Company reduced to Rs. 77.46 crores from Rs. 84.35 crores in Financial Year ended 31st March, 2014, reflecting a reduction of approximately 8%. The key reason for this was the economic slowdown that impacted business performance right across domestic industries. Your Company partially benefitted by appreciation of the Indian Rupee. Also forex hedging, judicious price increase, cost reductions and superior returns from investible surpluses helped in reducing the impact on margins and profitability.

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

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

DIVIDEND

Your Directors recommend a dividend of Rs. 114/- per equity share (including special dividend of Rs. 44/- per equity share) on 10,00,000 fully paid-up equity shares of Rs. 10/- each entailing an outgo of Rs. 1,372.08 lakhs (including dividend distribution tax amounting to Rs. 232.08 lakhs).

The above equity dividend, if approved by shareholders at the ensuing Annual General Meeting, will be paid to those equity shareholders whose name appear on the Register of Members on the record date fixed for this purpose.

OUTLOOK

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

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

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

SHARE CAPITAL

The paid up Equity Share Capital as on 31st March, 2015 was Rupees One Crore. During the year under review the Company has not issued any shares or any convertible instruments.

BOARD OF DIRECTORS

Mr. Pravin Shah (DIN: 00056173) retires by rotation and being eligible, offers himself for re-appointment.

Mr. Nikhil Sohoni (DIN: 06852639) and Mr. Hemant Sikka (DIN: 00922281) were appointed as Additional Directors of your Company with effect from 28th April, 2015.

The Company has also received Notice from a Member under section 160 of the Companies Act, 2013, signifying the intention to propose Mr. Nikhil Sohoni and Mr. Hemant Sikka as candidates for the office of Director. The Board of Directors recommends their appointment at the ensuing Annual General Meeting of the Company.

Mr. S. Venkatraman (DIN: 00077193) and Mr. A. M. Choksey (DIN: 00204454) ceased to be Directors of your Company with effect from 1st October, 2014 and 28th April, 2015 respectively. The Board places on record its sincere appreciation of the valuable advice rendered by Mr. S. Venkatraman and Mr. Choksey during their tenure as Director of the Company.

MEETINGS

Your Board of Directors met four times during the year under review viz; on 28th April, 2014, 25th July, 2014, 17th November, 2014 and 14th March, 2015.

DIRECTORS' RESPONSIBILITY STATEMENT

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

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

CODES OF CONDUCT

Your Company has in place Codes of Conduct for Corporate Governance for its Directors and Senior Management Personnel

and Employees ("the Codes"). These Codes enunciate the underlying principles governing the conduct of your Company's business and seek to reiterate the fundamental precept that good governance must and would always be an integral part of your Company's ethos.

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

KEY MANAGERIAL PERSONNEL

Your Company is not required to appoint any Key Managerial Person as it does not fall in the class of companies which shall have whole-time key managerial personnel in accordance with Section 203 of the Companies Act, 2013. However your Company has designated Mr. Ketan Doshi, Whole-time Director of the Company and Ms. Pallavi Ogale, Company Secretary as Key Managerial Person of the Company in accordance with the provisions of Section 2(51) and Section 203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

AUDIT COMMITTEE

Your Company is not required to constitute an Audit Committee as it does not fall under such class of the Company which is required to constitute an Audit Committee as prescribed under Section 177 of Companies Act, 2013. However as a matter of good Corporate Governance and voluntary initiative, your Company continues to have an Audit Committee. The Audit Committee of the Board of Directors of the Company was re-constituted during the year under review. The Committee presently comprises of Mr. Nikhil Sohoni (Chairman) (DIN: 06852639), Mr. P. N. Shah (DIN: 00056173) and Mr. Hemant Sikka (DIN: 00922281).

The Committee met twice during the year under review.

NOMINATION AND REMUNERATION COMMITTEE

Your Company is not required to constitute a Nomination and Remuneration Committee as it does not fall under such class of the Company which is required to constitute a Nomination and Remuneration Committee as prescribed under Section 178 of Companies Act, 2013. However as a matter of good Corporate Governance and a voluntary initiative your Company continues to have a Nomination and Remuneration Committee. The Nomination & Remuneration Committee of the Board of Directors of the Company was re-constituted during the year under review. The Committee presently comprises of Mr. Hemant Sikka (Chairman) (DIN: 00922281), Mr. P.N. Shah (DIN: 00056173) and Mr. Nikhil Sohoni (DIN: 06852639). The Nomination and Remuneration Committee carried out an evaluation of the performance of individual directors through a structured questionnaire process covering various aspects such as skills, performance, attendance, knowledge etc.

The Nomination & Remuneration Committee has not met during the year under review.

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Corporate Social Responsibility Committee of the Board of Directors of the Company was re-constituted during the year under review. The Committee presently comprises of Mr. P.N. Shah (Chairman) (DIN: 00056173), Mr. Hemant Sikka (DIN: 00922281), and Mr. Ketan Doshi (DIN: 03083483).

The Corporate Social Responsibility Committee met once during the year under review.

HUMAN RESOURCES AND INDUSTRIAL RELATIONS

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

RISK MANAGEMENT POLICY

Your Company has formulated a Risk Management Policy including therein identification therein the elements of risk which in the opinion of Board may threaten the existence of the Company. Your Company's risk management policy sets out the objectives and elements of risk management within the organization and helps to promote risk awareness amongst employees and to integrate risk management within the corporate culture.

Implementation of the risk Management Policy is expected to be helpful in managing the risks associated with the business of the Company.

CORPORATE SOCIAL RESPONSIBILITY POLICY

Your Company has adopted Corporate Social Responsibility (CSR) Policy, as formulated and recommended by the Corporate Social Responsibility Committee, in accordance with the provisions of Companies Act, 2013.

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

In the current year, the CSR spend of your Company has been more than doubled. The focus was on improvement in the domains of education, health and environment within the vicinity of work place.

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

About 50% of the sum was spent on development within the peripheral area & balance amount was contributed towards education of girl child.

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

AUDITORS

M/s. Deloitte Haskins & Sells, Chartered Accountants, Vadodara, were appointed as Auditors for a period of 5 years i.e. from the conclusion of the eighth Annual General Meeting until the conclusion of the Thirteenth Annual General Meeting and fix their remuneration. In view of the same ratification of appointment of Statutory Auditors is being sought from the members of the Company at the ensuing AGM. The Board of Directors of the Company recommends ratification of their appointment at the ensuing Annual General Meeting of the Company.

M/s. Deloitte Haskins & Sells, Chartered Accountants, have given written consent to act as Statutory Auditor of your Company if their appointment is ratified and have also confirmed that the said appointment would be in conformity with the provisions of Sections 139 and 141 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014.

The Auditors Report does not contain any qualifications, reservations or adverse remarks.

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

The particulars relating to the energy conservation, technology absorption and foreign exchange earnings and outgo, as required under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Account) Rules, 2014 is furnished in Annexure II to this Report.

PARTICULARS OF PUBLIC DEPOSITS, LOANS, GUARANTEES OR INVESTMENTS

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

Your Company has not accepted any deposits from the public, or its employees, within the meaning of Section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014 during the year under review.

Your Company has not made any loans/advances which are required to be disclosed in the annual accounts of the Company pursuant to Clause 32 of the Listing Agreement of the parent company viz. Mahindra and Mahindra Limited, with the Stock Exchanges.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES

All contracts/arrangements/transactions entered into by the Company with related parties were in the ordinary course of business and on arm's length basis. During the year under review, the Company had not entered into any contract/arrangement/transaction with related parties which could be considered material. Hence Pursuant to Section 134(3)(h) there are no transactions requiring, reporting of the particulars thereof in this report.

EXTRACT OF ANNUAL RETURN

Pursuant to section 92(3) of the Companies Act, 2013 read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of annual return in Form MGT 9 is provided as Annexure III which forms a part of this Report.

INTERNAL CONTROLS

Your Company has an adequate system of internal controls and monitoring procedures as well as internal financial controls on financial statements commensurate with the size and the nature of its business. Besides the Company regularly conducts reviews to assess the adequacy of financial and operating controls for various businesses of the Company. Significant issues, if any, are brought to the attention of the Audit Committee.

SAFETY, HEALTH AND ENVIRONMENTAL PERFORMANCE

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

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

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

GENERAL DISCLOSURES

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

1. Issue of equity shares with differential rights as to dividend, voting or otherwise.
2. Details relating to deposits covered under Chapter V of the Companies Act, 2013.

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

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

ACKNOWLEDGEMENT

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

For and on behalf of the Board

**P. N. Shah
Chairman**

Mumbai, 28th April, 2015

ANNEXURE I TO THE DIRECTORS' REPORT

ANNUAL REPORT ON CSR ACTIVITIES

- (1) A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or Programmes.

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

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

- (2) The Composition of the CSR Committee.

Mr. P.N. Shah

Mr. Hemant Sikka

Mr. Ketan Doshi

- (3) Average net profit of the company for last three financial years

(Rupees in lakhs)

Particulars	F-14	F-13	F-12	Average
Profit Before Tax	2,059.94	2,101.36	2,095.07	2,085.46

- (4) Prescribed CSR Expenditure (two per cent. Of the amount as in item 3 above): Rs. 41.70 Lakhs

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

(a) Total amount to be spent for the financial year: Rs. 41.70 Lacs

(b) Amount unspent, if any; Nil

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

Sr. No.		1.	2.	Total
(1)	CSR project or activity identified	Ozar Jilha Parishad School	Contribution to K. C. Mahindra Education Trust	
(2)	Sector in which the project is covered	Education	Education	
(3)	Projects or programme (1) Local area or other (2) Specify the state and district where projects or programs was undertaken	Local – Ozar Maharashtra • Dining hall for school children. • Water tank cleaning and facility for drinking water. • Increase the height of compound wall (Increased Security). • Sanitation for school children (Toilets and urinals).	Pan India	
(4)	Amount outlay (budget project or programme wise)	20.85 Lacs	20.85 Lacs	41.70 Lacs
(5)	Amount spent on the project or programme Sub Heads; (1) Direct expenditure on projects or programmes (2) Overheads	22.81 Lacs Nil	20.85 Lacs Nil	43.66 Lacs
(6)	Cumulative expenditure up to the reporting period	22.81 Lacs	20.85 Lacs	43.66 Lacs
(7)	Amount Spent direct or through implementing agency	Direct	Paid to K. C. Mahindra Education Trust (implementing Agency)	

* Give details of implementing agency:

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

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

Sd/-	Sd/-
Ketan Doshi Whole-time Director	P. N. Shah Chairman

Mumbai, 28th April 2015

ANNEXURE II TO THE DIRECTORS' REPORT

PARTICULARS AS PER RULE 8(3) OF THE COMPANIES (ACCOUNTS) RULES, 2014

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE OUTGO:

(A) Conservation of energy-

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

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

- (ii) the steps taken by the company for utilizing alternate sources of energy:

Not Applicable

- (iii) the capital investment on energy conservation equipment: Nil

(B) Technology absorption:

- (i) the efforts made towards technology absorption: None
- (ii) the benefits derived like product improvement, cost reduction, product development or import substitution: Not Applicable

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

- (iv) the expenditure incurred on Research and Development. Nil

(C) Foreign exchange earnings and Outgo

The Foreign Exchange earned in terms of actual inflows during the year: Rs. 98.88 Lacs

The Foreign Exchange outgo during the year in terms of actual outflows: Rs. 1,591.06 Lacs

For and on behalf of the Board

P. N. Shah

Chairman

Mumbai, 28th April 2015

ANNEXURE III TO THE DIRECTORS' REPORT

Form No. MGT-9

**EXTRACT OF ANNUAL RETURN
as on the financial year ended on 31st March, 2015**

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

I. REGISTRATION AND OTHER DETAILS:

i)	CIN:-	U34100MH2005PTC153702
ii)	Registration Date	02/06/2005
iii)	Name of the Company	Mahindra Automobile Distributor Private Limited
iv)	Category/Sub-Category of the Company	Company limited by shares/ Non-Government Indian Company
v)	Address of the Registered office and contact details	Gateway Building, Apollo Bunder, Mumbai 400 001. Tel: +91 22 24901441 Fax: +91 22 24900833
vi)	Whether listed Company (Yes/No)	No
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	Not Applicable

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sr. No.	Name and Description of main product/services	NIC Code of the Product/service	% to total turnover of the company
1	Sale of motor vehicle parts and accessories	45300	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

Sr. No	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% of shares held	Applicable Section
1	Mahindra & Mahindra Limited Gateway Building, Apollo Bunder, Mumbai 400 001	L65990MH1945PLC004558	HOLDING	74%	2(46)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**(i) Category-wise Share Holding**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF									
b) Central Govt.									
c) State Govt.									
d) Bodies Corp.		9,50,000	9,50,000	95		9,50,000	9,50,000	95	–
e) Banks/ FI									
f) Any Other...									
Sub-total A (1):-		9,50,000	9,50,000	95		9,50,000	9,50,000	95	–
(2) Foreign									
a) NRIs – Individuals									

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
b) Other – Individuals									
c) Bodies Corp.									
d) Banks/ FI									
e) Any Other....									
Sub-total A (2):-									
Total shareholding of Promoter (A) = (A)(1) + (A)(2)		9,50,000	9,50,000	95		9,50,000	9,50,000	95	–
B. Public Shareholding									
1. Institutions									
a) Mutual Funds									
b) Banks/ FI									
c) Central Govt.									
d) State Govt(s)									
e) Venture Capital Funds									
f) Insurance Companies									
g) FIs									
h) Foreign Venture Capital Funds									
i) Others (specify)									
Sub-total (B)(1):-									
2. Non- Institutions									
a) Body Corp. (i) Indian (ii) Overseas		50,000	50,000	5		50,000	50,000	5	–
b) Individual									
i) Individual shareholders holding nominal share capital upto Rs.1 lakh									
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh									
c) Others (specify)									
Sub-total (B)(2):-		50,000	50,000	5		50,000	50,000	5	–
Total Public Shareholding (B)=(B)(1)+ (B)(2)		50,000	50,000	5		50,000	50,000	5	–
C. Shares held by Custodian for GDRs & ADRs									
Grand Total (A+B+C)		10,00,000	10,00,000	100		10,00,000	10,00,000	100	–

(ii) Shareholding of Promoters:

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% of change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	
1	Mahindra & Mahindra Limited	7,40,000	74	Nil	7,40,000	74	Nil	–
2	Mahindra Holdings Limited	2,10,000	21	Nil	2,10,000	21	Nil	–
	Total	9,50,000	95	Nil	9,50,000	95	Nil	–

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

There is no change in Promoters' Shareholding

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

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

(v) Shareholding of Directors and Key Managerial Personnel:

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

V. INDEBTEDNESS

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

PARTICULARS	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	Nil	Nil	Nil	Nil
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i + ii + iii)				
Change in Indebtedness during the financial year	Nil	Nil	Nil	Nil
• Addition				
• Reduction				
Net change				
Indebtedness at the end of the financial year	Nil	Nil	Nil	Nil
i) Principal Amount				
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i + ii + iii)				

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sr. No	Particulars of Remuneration	Ketan Doshi, Whole-time Director	(Rs. in Lakhs)
			Total Amount
1.	Gross Salary		
	a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	53.93	53.93
	b) Value of perquisites u/s 17(2) Income Tax Act, 1961		
	c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961		
2.	Stock Option	–	–
3.	Sweat Equity	–	–
4.	Commission	–	–
	– As % of Profit		
	– Others, specify...		
5.	Others, please specify	–	–
	Total (A)	53.93	53.93
	Ceiling as per the Act		102.80

B. Remuneration of other directors:

Particulars of Remuneration	Name of Directors		Total Amount
	P.N. Shah	A. M. Choksey	
3. Independent Directors	Not Applicable	Not Applicable	
• Fee for attending board/committee meetings			
• Commission			
• Others, please specify			
Total (1)	Not Applicable	Not Applicable	
4. Other Non-Executive Directors			
• Fee for attending board/committee meetings	Nil	Nil	
• Commission			
• Others, please specify			
Total (2)	Nil	Nil	
Total B = (1+2)	Nil	Nil	Nil
Total Managerial Remuneration			102.80
Ceiling as per the Act			226.15

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

Sr. No	Particulars of Remuneration	Key Managerial Personnel	(Rs. in Lakhs)
		Pallavi Ogale, Company Secretary	Total
1.	Gross Salary		
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	37.39	37.39
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961		
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961		
2.	Stock Option	Nil	Nil
3.	Sweat Equity	Nil	Nil
4.	Commission	Nil	Nil
	– As % of Profit		
	– Others, specify...		
5.	Others, please specify	Nil	Nil
	Total	37.39	37.39

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

	Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority (RD/NCLT/ court)	Appeal made, if any (give details)
A. COMPANY						
Penalty	-	-	Not applicable	Not applicable	Not applicable	Not applicable
Punishment	-	-	Not applicable	Not applicable	Not applicable	Not applicable
Compounding	-	-	Not applicable	Not applicable	Not applicable	Not applicable
B. DIRECTORS						
Penalty	-	-	Not applicable	Not applicable	Not applicable	Not applicable
Punishment	-	-	Not applicable	Not applicable	Not applicable	Not applicable
Compounding	-	-	Not applicable	Not applicable	Not applicable	Not applicable
C. OTHER OFFICERS IN DEFAULT						
Penalty	-	-	Not applicable	Not applicable	Not applicable	Not applicable
Punishment	-	-	Not applicable	Not applicable	Not applicable	Not applicable
Compounding	-	-	Not applicable	Not applicable	Not applicable	Not applicable

For and on behalf of the Board

P. N. Shah
Chairman

Mumbai, 28th April 2015

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MAHINDRA AUTOMOBILE DISTRIBUTOR PRIVATE LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **MAHINDRA AUTOMOBILE DISTRIBUTOR PRIVATE LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of the written representations received from the directors as on 31st March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164(2) of the Act.
 - (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 24.1 to the financial statements.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Firm's Registration No. 117364W)

Mr. Ketan Vora
Partner
(Membership No. 100459)

MUMBAI, April 28, 2015

ANNEXURE TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 1 under the heading of "Report on Other Legal and Regulatory Requirements" of our report of even date

1. In respect of its fixed assets:
 - a. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - b. The fixed assets have been physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the assets at reasonable intervals. According to information and explanations given to us, no material discrepancies were noticed on such verification.
2. In respect of its inventories:
 - a. As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals.
 - b. In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management were reasonable and adequate in relation to the size of the Company and the nature of its business.
 - c. In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
3. The Company has not granted any loans, secured or unsecured to companies, firm or other parties covered in the register maintained under Section 189 of the Companies Act 2013.
4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchases of inventory and fixed assets and for the sale of goods and services and during the course of our audit, we have not observed any continuing failure to correct major weaknesses in such internal control system.
5. According to the information and explanations given to us, the Company has not accepted any deposit during the year. In respect of unclaimed deposits, the Company has complied with the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act.
6. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost

Records and Audit) Rules, 2014, as amended and prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

7. In respect of statutory dues:
 - a. The Company has been regular in depositing undisputed statutory dues, including Provident Fund, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues applicable to it with the appropriate authorities.
 - b. There were no undisputed amounts payable in respect of Provident Fund, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues in arrears as at March 31, 2015 for a period of more than six months from the date they became payable.
 - c. The disputed statutory dues aggregating Rs. 1.96 Lakhs, that have not been deposited on account of disputed matters pending before appropriate authorities are as under:

Sr. no.	Name of the Statute	Nature of Dues	Amount (Rs. in Lakhs)	Period to which amount relates	Forum where dispute is pending
1	Income Tax Act, 1961	Interest u/s 234b/c	1.96	A.Y. 2012-13	Assistant Commissioner
 - d. There are no amounts that are due to be transferred to the Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and Rules made thereunder.
8. The Company does not have any accumulated losses at the end of the financial year and the Company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
9. In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks. The Company has not issued any debentures and the Company has not borrowed any funds from financial institutions during the year under audit.

10. According to the information and explanations given to us, the Company has not given guarantees for loans taken by others from banks and financial institutions.
11. According to information and explanation given to us, the Company has not obtained any term loans during the year. Therefore, the provisions of clause (xi) of paragraph 3 of the Order is not applicable to the Company.
12. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Firm's Registration No. 117364W)

Mr. Ketan Vora
Partner
(Membership No. 100459)

MUMBAI, April 28, 2015

BALANCE SHEET AS AT 31ST MARCH, 2015

Particulars	Note No.	As at 31 March, 2015 Rupees Lacs	As at 31 March, 2014 Rupees Lacs
A EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	3	100.00	100.00
(b) Reserves and surplus	4	798.29	789.46
		<u>898.29</u>	<u>889.46</u>
2 Non-current liabilities			
(a) Other long-term liabilities	5	2.00	4.00
(b) Long-term provisions	6	4.41	3.58
		<u>6.41</u>	<u>7.58</u>
3 Current liabilities			
(a) Trade payables	7	742.57	1,122.45
(b) Other current liabilities	8	243.29	220.09
(c) Short-term provisions	9	1,416.28	2,704.21
		<u>2,402.14</u>	<u>4,046.75</u>
TOTAL		<u><u>3,306.84</u></u>	<u><u>4,943.79</u></u>
B ASSETS			
1 Non-current assets			
(a) Fixed assets			
(i) Tangible assets	10	14.78	-
		<u>14.78</u>	<u>-</u>
(b) Long-term loans and advances	11	1.85	1.85
		<u>16.63</u>	<u>1.85</u>
2 Current assets			
(a) Current investments	12	1,423.00	130.00
(b) Inventories	13	646.70	1,182.46
(c) Trade receivables	14	23.27	44.16
(d) Cash and cash equivalents	15	1,172.62	654.32
(e) Short-term loans and advances	16	14.63	2,930.06
(f) Other current assets	17	9.99	0.94
		<u>3,290.21</u>	<u>4,941.94</u>
TOTAL		<u><u>3,306.84</u></u>	<u><u>4,943.79</u></u>

See accompanying notes forming part of the financial statements

In terms of our report attached.

For Deloitte Haskins & Sells
Chartered Accountants

Ketan Vora
Partner

Place : Mumbai
Date : 28th April, 2015.

For and on behalf of the Board of Directors

P. N. Shah	Chairman
Ajay Choksey Hemant Sikka Nikhil Sohoni	Directors
Ketan Doshi	CEO & Wholetime Director
Pallavi Ogale	Company Secretary

Place : Mumbai
Date : 28th April, 2015.

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

Particulars	Note No.	For the year ended 31 March, 2015 Rupees Lacs	For the year ended 31 March, 2014 Rupees Lacs
1 Revenue from operations (gross).....	18	8,366.12	9,193.21
Less: Excise duty	18	(908.88)	(1,043.52)
Revenue from operations (net).....		7,457.24	8,149.69
2 Other income.....	19	289.03	285.60
3 Total revenue (1+2)		7,746.27	8,435.29
4 Expenses			
(a) Purchases of stock-in-trade	20.a	3,641.36	4,872.75
(b) Changes in inventories of stock-in-trade	20.b	535.77	(61.90)
(c) Employee benefits expense	21	30.48	24.73
(d) Finance costs	22	0.22	0.41
(e) Depreciation and amortisation expense	10	0.97	-
(f) Other expenses.....	23	1,476.56	1,539.36
		5,685.36	6,375.35
5. Profit before tax (3 – 4)		2,060.91	2,059.94
6. Tax expenses:			
(a) Current tax.....		680.00	700.00
7. Profit for the year (5 – 6)		1,380.91	1,359.94
8. Earnings per share (of Rs. 10/- each):			
Basic & Diluted.....	25.4	138.09	135.99

See accompanying notes to the financial statements

In terms of our report attached.

For Deloitte Haskins & Sells
Chartered Accountants

Ketan Vora
Partner

Place : Mumbai
Date : 28th April, 2015.

For and on behalf of the Board of Directors

P. N. Shah Chairman

Ajay Choksey
Hemant Sikka
Nikhil Sohoni } Directors

Ketan Doshi CEO & Wholetime Director

Pallavi Ogale Company Secretary

Place : Mumbai
Date : 28th April, 2015.

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

Particulars	For the year ended 31 March, 2015		For the year ended 31 March, 2014	
	Rupees Lacs	Rupees Lacs	Rupees Lacs	Rupees Lacs
A. Cash flow from operating activities				
Net Profit before extraordinary items and tax.....		2,060.91		2,059.94
<u>Adjustment for</u>				
Depreciation and amortisation	0.97		–	
Finance costs	0.22		0.41	
Interest income.....	(135.26)		(205.51)	
Dividend income	(77.19)		(80.09)	
Net (Gain)/Loss on sale of investments.....	(3.61)		0.01	
Net unrealised exchange (gain)/loss	(1.49)		(5.26)	
		(216.36)		(290.44)
Operating profit before working capital changes		1,844.55		1,769.50
<u>Changes in working capital:</u>				
<i>Adjustments for (increase)/decrease in operating assets:</i>				
Inventories	535.76		(61.90)	
Trade receivables	20.32		44.08	
Short-term loans and advances	15.43		44.58	
<i>Adjustments for increase/(decrease) in operating liabilities:</i>				
Trade payables.....	(377.82)		64.73	
Other current liabilities.....	23.20		74.52	
Other long-term liabilities.....	(2.00)		–	
Short-term provisions.....	30.88		–	
Long-term provisions	0.83		1.26	
		246.60		167.27
Cash generated from operations.....		2,091.15		1,936.77
Net income tax paid.....		(680.00)		(719.25)
Net cash flow from operating activities (A)		1,411.15		1,217.52
B. Cash flow from investing activities				
Capital expenditure on fixed assets, including capital advances	(15.75)	(15.75)	–	
Current investments not considered as Cash and cash equivalents				
– Purchased	(75,507.00)		(54,582.49)	
– Proceeds from sale.....	74,217.61	(1,289.39)	55,826.59	1,244.10

Particulars	For the year ended 31 March, 2015		For the year ended 31 March, 2014	
	Rupees Lacs	Rupees Lacs	Rupees Lacs	Rupees Lacs
Inter Corporate Deposits given.....	-		(5,900.00)	
Inter Corporate Deposits refunded.....	2,900.00	2,900.00	3,000.00	(2,900.00)
Dividend received				
– Others.....	77.19	77.19	80.09	80.09
Interest received				
– Fellow Subsidiaries	53.97		116.24	
– Others.....	72.24	126.21	102.21	218.45
Net cash flow (used in)/from investing activities (B)		1,798.26		(1,357.36)
C. Cash flow from financing activities				
Finance cost.....	(0.22)		(0.41)	
Dividends paid.....	(2,690.89)	(2,691.11)	(818.97)	(819.38)
Net cash flow (used in)/from financing activities (C).....		(2,691.11)		(819.38)
Net (decrease) / increase in Cash and cash equivalents (A+B+C)		518.30		(959.22)
Cash and cash equivalents at the beginning of the year.....		654.32		1,613.54
Cash and cash equivalents at the end of the year (Note 15)		1,172.62		654.32
See accompanying notes forming part of the financial statements				

In terms of our report attached.

For Deloitte Haskins & Sells
Chartered Accountants

Ketan Vora
Partner

Place : Mumbai
Date : 28th April, 2015.

For and on behalf of the Board of Directors

P. N. Shah	Chairman
Ajay Choksey Hemant Sikka Nikhil Sohoni	Directors
Ketan Doshi	CEO & Wholetime Director
Pallavi Ogale	Company Secretary

Place : Mumbai
Date : 28th April, 2015.

NOTES TO THE FINANCIAL STATEMENTS

1 Nature of Operations

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

2 Significant Accounting Policies

2.1 Basis of accounting and preparation of financial statements

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act")/Companies Act, 1956 ("the 1956 Act"), as applicable. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

2.2 Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known/materialise.

2.3 Tangible Fixed Assets

- a) All tangible fixed assets are carried at cost of acquisition. Cost includes financing cost relating to borrowed funds attributable to construction or acquisition of qualifying fixed assets up to the date the asset is ready for use.

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

- b) Depreciation on assets is calculated on Straight Line Method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets, in whose case the life of the assets has been assessed as under based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.:
General plant and machinery (Injection Moulding Tool - Verito Knob) - 8 years.

2.4 Investments

Current investments are valued at the lower of cost and fair value, determined by category of investment.

2.5 Inventories

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

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

Finished goods produced and purchased for sale, manufactured components and work-in-progress are carried at cost or net

realizable value, whichever is lower. Excise duty is included in the value of finished goods inventory.

2.6 Foreign Exchange Transactions

Transactions in foreign currency are recorded at the daily exchange rates on days on which the transactions are effected. Exchange differences arising on settlement of revenue transactions are recognised in the Statement of Profit and Loss. Monetary items denominated in foreign currency are restated using the exchange rates prevailing at the date of the balance sheet. Gains/Losses arising on restatement and on settlement of such liabilities are recognized in the Statement of Profit and Loss. Premium/Discount on forward exchange contracts, which are not intended for trading or speculation purposes, are amortised at the Balance Sheet date over the period of the contracts if such contracts relate to monetary items.

2.7 Revenue Recognition

Sale of products and income from services rendered are recognised when the products are shipped or service rendered.

2.8 Employee Benefits

(i) Defined Contribution Plan:

Company's contributions paid/payable during the year to Provident Fund, Superannuation Fund are recognised in the Statement of Profit and Loss.

(ii) Defined Benefit Plan:

Company's liability towards gratuity is determined using the projected unit credit method which considers each period of service as giving rights to an additional unit of benefit entitlement and measure each unit separately to build up the final obligation. Past services are recognised on straight line basis over the average period until the benefits become vested. Actuarial gains and losses are recognised immediately in the statement of Profit and Loss Account as income or expense. Obligation is measured at the present value of estimated future cash flow using discounted rate i.e., determined by reference to the market yield at the Balance Sheet date on Government Bonds where the currency and terms of the Government Bonds are consistent with the currency and estimated terms of the defined benefit obligation.

(iii) Long Term Compensated Absences:

Company's liability towards compensated absences is actuarially determined using projected unit credit method. Employee Benefits in respect of gratuity and Long Term Compensated absences are provided for based on valuations, as at the Balance Sheet date, made by independent actuaries.

2.9 Product Warranty

In respect of warranties given by Company on sale of products, the estimated costs of these warranties are accrued at the time of sale. The estimates for accounting of warranties are reviewed and revisions are made as required.

2.10 Taxes on Income

Current tax is determined as the amount of tax payable in respect of taxable income for the year. Deferred tax is recognised, subject to consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets arising on account of unabsorbed depreciation or carry forward of tax losses are recognised only to the extent that there is virtual certainty supported by convincing evidence that sufficient future tax income will be available against which such deferred tax assets can be realised.

2.11 Segment Reporting

The Company's business activity falls within a single business segment viz. 'Automotive'. All other activities of the Company revolve around its main business. Hence there are no separate reportable primary segments as defined by Accounting Standard 17 on "Segment Reporting".

2.12 Cash Flow Statement

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

2.13 Earnings per share

Basic earnings per share is computed by dividing the profit/(loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit/(loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

2.14 Impairment of assets

The carrying values of assets/cash generating units at each balance sheet date are reviewed for impairment if any indication of impairment exists.

If the carrying amount of the assets exceed the estimated recoverable amount, an impairment is recognised for such excess amount. The impairment loss is recognised as an expense in the Statement of Profit and Loss, unless the asset is carried at revalued amount, in which case any impairment loss of the revalued asset is treated as a revaluation decrease to the extent a revaluation reserve is available for that asset.

The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor.

When there is indication that an impairment loss recognised for an asset (other than a revalued asset) in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, to the extent the amount was previously charged to the Statement of Profit and Loss. In case of revalued assets such reversal is not recognised.

Note 3 Share capital

Particulars	As at 31 March, 2015		As at 31 March, 2014	
	Number of shares	Rupees Lacs	Number of shares	Rupees Lacs
(a) Authorised				
Equity shares of Rs. 10/- each with voting rights.....	400,000,000	40,000.00	400,000,000	40,000.00
(b) Issued, Subscribed and fully paid up				
Equity shares of Rs. 10/- each with voting rights.....	1,000,000	100.00	1,000,000	100.00
Total	1,000,000	100.00	1,000,000	100.00

Notes:

- (i) Right, preferences and restrictions attached to equity shares.

The company has one class of Equity shares having a face value of Rs. 10. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the Shareholders in the ensuing Annual General Meeting, except in case of interim dividend.

- (ii) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

Particulars	Opening Balance	Fresh issue	Closing Balance
Equity shares			
Year ended 31 March, 2015			
– Number of shares.....	1,000,000	–	1,000,000.00
– Amount (Rupees Lacs).....	100.00	–	100.00
Year ended 31 March, 2014			
– Number of shares.....	1,000,000	–	1,000,000.00
– Amount (Rupees Lacs).....	100.00	–	100.00

- (iii) Details of shares held by each shareholder holding more than 5% shares, and details of shares held by the holding and their subsidiaries:

Class of shares/ Name of shareholder	As at 31 March, 2015		As at 31 March, 2014	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Equity shares				
Mahindra & Mahindra Limited, the holding Company.....	740,000	74%	740,000	74%
Mahindra Holdings Limited, the Subsidiary of the holding Company.....	210,000	21%	210,000	21%

Note 4 Reserves and surplus

Particulars	As at 31 March, 2015	As at 31 March, 2014
	Rupees Lacs	Rupees Lacs
(a) General reserve		
Opening balance	412.50	276.51
Add:		
Transferred from surplus in the Statement of Profit & Loss	–	135.99
Closing balance	412.50	412.50
(b) Surplus/(Deficit) in Statement of Profit and Loss		
Opening balance	376.96	1,843.90
Add: Profit for the year	1,380.91	1,359.94
Less:		
Dividends proposed to be distributed to equity shareholders (2014: Rs. 230/- per share)	(1,140.00)	(2,300.00)
Tax on dividend	(232.08)	(390.89)
Transferred to General reserve	–	(135.99)
Closing balance	385.79	376.96
Total	798.29	789.46

Note 5 Other long-term liabilities

Particulars	As at 31 March, 2015	As at 31 March, 2014
	Rupees Lacs	Rupees Lacs
Dealer Deposit	2.00	4.00
Total	2.00	4.00

Note 6 Long-term provisions

Particulars	As at	As at
	31 March, 2015	31 March, 2014
	Rupees Lacs	Rupees Lacs
(a) Provision for employee benefits:		
(i) Provision for compensated absences	2.19	1.90
(ii) Provision for gratuity (Refer Note 25.1.b)	2.22	1.68
Total	4.41	3.58

Note 7 Trade payables

Particulars	As at	As at
	31 March, 2015	31 March, 2014
	Rupees Lacs	Rupees Lacs
Trade payables:		
Total Outstanding dues of micro and small enterprises (Refer Note 24.2)	4.09	5.28
Total Outstanding dues of creditors other than micro and small enterprises	588.42	944.61
Accrued Expenses	150.06	172.56
Total	742.57	1,122.45

Note 10 Fixed assets

A. Tangible assets	Gross block				Accumulated Depreciation			Impairment		Net Block	Net Block
	Balance as at 1 April, 2014	Additions during the year	Deletions during the year	Balance as at 31 March, 2015	Balance as at 1 April, 2014	Depreciation for the year	Balance as at 31 March, 2015	Balance as at 1 April, 2014	Balance as at 31 March, 2015	Balance as at 31 March, 2015	Balance as at 31 March, 2014
	Rupees Lacs	Rupees Lacs	Rupees Lacs	Rupees Lacs	Rupees Lacs	Rupees Lacs	Rupees Lacs	Rupees Lacs	Rupees Lacs	Rupees Lacs	Rupees Lacs
(a) Plant and Equipment	-	15.75	-	15.75	-	0.97	0.97	-	-	14.78	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
(b) Office equipment	0.49	-	-	0.49	0.04	-	0.04	0.45	0.45	-	-
	(0.49)	(-)	(-)	(0.49)	(0.04)	(-)	(0.04)	(0.45)	(0.45)	(-)	(-)
Grand Total	0.49	15.75	-	16.24	0.04	0.97	1.01	0.45	0.45	14.78	-
Previous Period	0.49	-	-	0.49	0.04	-	0.04	0.45	0.45	-	-

Note:
Figures given in bracket pertains to previous year

Note 11 Long-term loans and advances

Particulars	As at	As at
	31 March, 2015	31 March, 2014
	Rupees Lacs	Rupees Lacs
(a) Security deposits		
Unsecured, considered good Doubtful	0.37	0.37
	0.37	0.37
(b) Advance income tax – Unsecured, considered good	1.48	1.48
Total	1.85	1.85

Note 12 Current investments

Particulars	As at	As at
	31 March, 2015	31 March, 2014
	Unquoted Rupees Lacs	Unquoted Rupees Lacs
Investment in mutual funds (Refer Note (i) below)	1,423.00	130.00
Total - Other current investments	1,423.00	130.00

Note 8 Other current liabilities

Particulars	As at	As at
	31 March, 2015	31 March, 2014
	Rupees Lacs	Rupees Lacs
(a) Other payables		
(i) Statutory remittances (CST, WCT, etc.)	19.13	23.47
(ii) Advances from customers	224.16	196.62
Total	243.29	220.09

Note 9 Short-term provisions

Particulars	As at	As at
	31 March, 2015	31 March, 2014
	Rupees Lacs	Rupees Lacs
(a) Provision – Others:		
(i) Provision for tax (net of advance tax Rs 646.12 Lacs)	44.20	13.32
(ii) Provision for proposed equity dividend	1,140.00	2,300.00
(iii) Provision for tax on proposed dividends	232.08	390.89
Total	1,416.28	2,704.21

Particulars	As at 31 March, 2015		As at 31 March, 2014	
	Unquoted Number	Unquoted Rupees Lacs	Unquoted Number	Unquoted Rupees Lacs
Note (i) Investment in mutual funds:-				
Other current investments (At lower of cost and fair value, unless otherwise stated)				
Birla SL FRF-Short Term Plan(G)	268,892.38	500.00	-	-
Sundaram Money Fund-Reg(G)	5,403,392.00	500.00	-	-
Principal Cash Management Fund(G)	1,696,928.56	423.00	-	-
Religare Invesco Liquid Fund - (G)	-	-	5,677.247	100.00
Templeton India Treasury Management Account Super Institutional Plan - (G)	-	-	1,570.918	30.00
Total		1,423.00		130.00

Note 13 Inventories

(At lower of cost and net realisable value)

Particulars	As at	As at
	31 March, 2015	31 March, 2014
	Rupees Lacs	Rupees Lacs
Stock-in-trade	646.70	1,106.18
Goods-in-transit	-	76.28
Total	646.70	1,182.46

Note 14 Trade receivables (Unsecured, Considered Good)

Particulars	As at	As at
	31 March, 2015	31 March, 2014
	Rupees Lacs	Rupees Lacs
Outstanding for a period exceeding six months from the date they were due for payment	0.17	0.07
	0.17	0.07
Other	23.10	44.09
	23.10	44.09
Total	23.27	44.16

Note 15 Cash and cash equivalents

Particulars	As at	As at
	31 March, 2015	31 March, 2014
	Rupees Lacs	Rupees Lacs
(a) Cheques on hand	2.25	8.10
(b) Balances with banks		
(i) In current accounts	60.37	87.22
(ii) In Fixed deposit accounts	1,110.00	559.00
Total	1,172.62	654.32

Of the above, the balances that meet the definition of Cash and cash equivalents as per AS 3 Cash Flow Statements is

1,172.62 **654.32**

Note 16 Short-term loans and advances (Unsecured, Considered Good)

Particulars	As at	As at
	31 March, 2015	31 March, 2014
	Rupees Lacs	Rupees Lacs
(a) Prepaid expenses	2.76	3.68
(b) Inter-corporate deposits	-	2,900.00
(c) Excise Duty Recoverable	10.90	24.97
(d) Others Receivable	0.97	1.41
Total	14.63	2,930.06

Note 17 Other current assets

Particulars	As at	As at
	31 March, 2015	31 March, 2014
	Rupees Lacs	Rupees Lacs
Accruals		
Interest accrued on Fixed Deposit	9.99	0.94
Total	9.99	0.94

Note 18 Revenue from operations

Particulars	For the year ended	For the year ended
	31 March, 2015	31 March, 2014
	Rupees Lacs	Rupees Lacs
(a) Sale of products (Refer Note (i) below)	8,363.04	9,190.81
(b) Other operating revenues		
Sale of scrap	3.08	2.40
	8,366.12	9,193.21
Less:		
(c) Excise duty	(908.88)	(1,043.52)
Total	7,457.24	8,149.69

Note (i)

Particulars	For the year ended	For the year ended
	31 March, 2015	31 March, 2014
	Rupees Lacs	Rupees Lacs
Traded goods		
Body Repair Parts	1,553.28	1,864.53
Maintenance Parts	2,386.46	2,439.01
Mechanical Parts	3,897.47	4,305.71
Other Parts	525.83	581.56
Total – Sale of products	8,363.04	9,190.81

Note 19 Other income

Particulars	For the year ended	For the year ended
	31 March, 2015	31 March, 2014
	Rupees Lacs	Rupees Lacs
(a) Interest Income		
(i) Interest on Deposits with Banks	81.29	89.27
(ii) Interest on Inter Corporate Deposits	53.97	116.24
	135.26	205.51
(b) Dividend income from current investments	77.19	80.09
(c) Net gain on sale of current investments	3.61	-
(d) Net gain on foreign currency transactions and translation	50.99	-
(e) Other Income	21.98	-
Total	289.03	285.60

Note 20.a Purchase of traded goods

Particulars	For the year ended	For the year ended
	31 March, 2015	31 March, 2014
	Rupees Lacs	Rupees Lacs
Body Repair Parts	662.75	880.63
Maintenance Parts	1,125.96	1,280.87
Mechanical Parts	1,585.56	2,226.18
Other Parts	267.09	485.07
Total	3,641.36	4,872.75

Note 20.b Changes in inventories of finished goods, work-in-progress and stock-in-trade

Particulars	For the year ended 31 March, 2015	For the year ended 31 March, 2014
	Rupees Lacs	Rupees Lacs
Trading Goods		
Inventory at the end of the year	646.69	1,182.46
Less: Inventory at the beginning of the year	1,182.46	1,120.56
Net (increase)/decrease	535.77	(61.90)

Note 21 Employee benefits expense

Particulars	For the year ended 31 March, 2015	For the year ended 31 March, 2014
	Rupees Lacs	Rupees Lacs
Salaries and wages	28.42	23.00
Contributions to provident and other funds (Refer Note 25.1)	1.38	1.10
Gratuity Expenses	0.54	0.54
Staff welfare expenses	0.14	0.09
Total	30.48	24.73

Note 22 Finance costs

Particulars	For the year ended 31 March, 2015	For the year ended 31 March, 2014
	Rupees Lacs	Rupees Lacs
Interest expense on:		
(i) Trade payables – MSM Creditors	0.01	0.23
(ii) Others		
– Interest others	0.21	0.18
Total	0.22	0.41

Note 23 Other expenses

Particulars	For the year ended 31 March, 2015	For the year ended 31 March, 2014
	Rupees Lacs	Rupees Lacs
Consumption of packing materials	71.39	81.89
Service Charges	280.87	277.10
Warehouse Charges	530.53	601.37
Rent including lease rentals	42.74	22.80
Repairs and maintenance	0.16	–
Insurance	5.51	8.32
Rates and taxes	2.40	0.35
Freight and forwarding	296.65	312.95
Advertisement	108.66	100.51
Dealer Incentive	36.20	–
Donations and contributions	–	13.45
Expenditure on Corporate Social Responsibility	43.66	–
Legal and professional	30.63	21.50
Payments to auditors (Refer Note (i) below)	9.46	11.94
Bad debts and Loans and advances written off	0.01	0.74
Net loss on foreign currency transactions and translation (other than considered as finance cost)	–	31.10
Royalty Expense (Net)	5.49	42.54
Net loss on sale of investments	–	0.01
Miscellaneous expenses	12.20	12.79
Total	1,476.56	1,539.36

Notes (i):

Particulars	For the year ended 31 March, 2015	For the year ended 31 March, 2014
	Rupees Lacs	Rupees Lacs
(i) Payments to the auditors comprises (net of service tax input credit, where applicable):		
As auditors – statutory audit	4.00	4.00
For taxation matters	5.00	6.50
For other services	0.40	1.20
Reimbursement of expenses	0.06	0.24
Total	9.46	11.94

Note 24 Additional information to the financial statements
Note 24.1 Contingent liabilities

Particulars	As at 31 March, 2015	As at 31 March, 2014
	Rupees Lacs	Rupees Lacs
(i) Disputed Liabilities in appeal		
(a) Interest on Income Tax (demand)	1.96	–
Future Cash outflow in respect of the above matter is determinable only on receipt of judgement/decision pending at respective authority.		

Note 24.2 Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

Particulars	As at 31 March, 2015	As at 31 March, 2014
	Rupees Lacs	Rupees Lacs
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	4.09	5.11
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	–	0.18
(iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	0.01	0.05
(iv) The amount of interest due and payable for the year	–	0.23
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	–	0.18
(vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	–	–

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

Note 24.3 Details on derivatives instruments and unhedged foreign currency exposures

The year-end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:

As at 31 March, 2015		As at 31 March, 2014	
Receivable/ (Payable)	Receivable/ (Payable) in Foreign currency	Receivable/ (Payable)	Receivable/ (Payable) in Foreign currency
Rupees Lacs	FC in Lacs (Euro)	Rupees Lacs	FC in Lacs (Euro)
(57.37)	(0.84)	(267.86)	(3.21)
10.17	0.15	23.11	0.28

Note 24.4 Value of imports calculated on CIF basis

Particulars	For the year ended 31 March, 2015	For the year ended 31 March, 2014
	Rupees Lacs	Rupees Lacs
Spare parts	1,542.61	2,734.95

Note 24.5 Expenditure in foreign currency

Particulars	For the year ended 31 March, 2015	For the year ended 31 March, 2014
	Rupees Lacs	Rupees Lacs
Royalty	31.64	38.67

Note 24.6 Details of consumption of imported and indigenous items

Particulars	For the year ended 31 March, 2015	
	Rupees Lacs	%
Imported		
Spare parts	2,127.34 (2,750.37)	50.93% (57.17%)
(Note: Figures/percentages in brackets relates to the previous year)		
	For the year ended 31 March, 2015	
	Rupees Lacs	%
Indigenous		
Spare parts	2,049.79 (2,060.48)	49.07% (42.83%)

(Note: Figures/percentages in brackets relates to the previous year)

Note 24.7 Earnings in foreign exchange

Particulars	For the year ended 31 March, 2015	For the year ended 31 March, 2014
	Rupees Lacs	Rupees Lacs
Export of goods calculated on FOB basis	78.39	109.07
Total	78.39	109.07

Note 25. DISCLOSURES UNDER ACCOUNTING STANDARDS
Note 25.1 Employee benefit plans
Note 25.1.a Defined contribution plans

The Company makes Provident Fund and Superannuation Fund contributions to defined contribution plans for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised Rs.1.05 Lacs (Year ended 31 March, 2014 Rs.0.90 Lacs) for Provident Fund contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

Note 25.1.b Defined benefit plans

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

Gratuity

The Company has a plan towards gratuity, a defined benefit retirement plan covering eligible employees at retirement, death while in employment or on termination of employment in an amount as per policy payable for each completed year of service. Vesting occurs upon completion of five years of service. The Company has only 3 employees on its payroll as of March 31, 2015, hence the company has made valuations at full value rather than obtaining actuarial valuation. Provision for gratuity made on arithmetical basis of Rs. 2.22 Lacs for employees.

Note 25.2 Segment information

Information about Geographical segment is as follows:

Particulars	(Rs. in Lacs)					
	For the year ended 31 March, 2015			For the year ended 31 March, 2014		
	Within India	Outside India	Total	Within India	Outside India	Total
Segment Revenue	7,369.54	87.70	7,457.24	8,038.84	110.85	8,149.69
Segment Asset	3,295.02	11.82	3,306.84	4,920.76	23.03	4,943.79

Note 25.3 Related party transactions
Note 25.3.a Details of related parties:

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

Note: Related parties have been identified by the Management.

Note: Figures in bracket relates to the previous year.

(Rs. in Lacs)

25.3.b Details of related party transactions during the year ended 31 March, 2015 and balances outstanding as at 31 March, 2015:

	Mahindra & Mahindra Limited	Mahindra Holdings Limited	NBS International Limited	Mahindra First Choice Services Limited	Mahindra Reva Electric Vehicles Private Limited	Mahindra Integrated Business Solution	Mahindra Aerospace Pvt Ltd	Mahindra Two Wheeler Pvt Ltd	Mahindra Holidays & Resorts India	Mr. Ketan Doshi	Total
Purchase of goods	480.73 (644.61)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	480.73 (644.61)
Sale of goods	2.43 (1.34)	- (-)	36.41 (38.77)	21.71 (21.80)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	60.55 (61.91)
Receiving of services	944.87 (1,029.29)	- (-)	- (-)	- (-)	- (-)	16.90 (16.82)	- (-)	- (-)	0.28 (-)	- (-)	962.05 (1,046.11)
Rent Expenses	48.02 (25.62)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	48.02 (25.62)
Interest Income	- (-)	- (-)	- (-)	- (-)	1.37 (83.06)	- (-)	- (-)	52.60 (21.37)	- (-)	- (-)	53.97 (116.25)
Reimbursements received from parties	1.78 (55.12)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	1.78 (55.12)
Reimbursements made to parties	1,549.11 (186.50)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	1,549.11 (186.50)
Interest Expenses	- (-)	- (-)	- (-)	0.14 (0.14)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	0.14 (0.14)
Managerial Remuneration	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	53.93 (53.93)	53.93 (53.93)
Dividend Paid	1,702.00 (518.00)	483.00 (147.00)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	2,185.00 (665.00)
Inter Corporate Deposit Given	- (-)	- (-)	- (-)	- (-)	(3,000.00) 500.00 (2,500.00)	- (-)	(500.00) 2,400.00 (500.00)	- (-)	- (-)	- (-)	- (-)
Inter Corporate Deposit Received	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	(2,400.00) 2,400.00 (-)	- (-)	- (-)	(5,900.00) 2,900.00 (3,000.00)
Balances outstanding at the end of the year											
Trade receivables	0.66 (0.03)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	0.66 (0.03)
Trade payables	197.92 (361.61)	- (-)	0.60 (0.01)	2.57 (1.16)	- (-)	1.66 (0.73)	- (-)	- (-)	- (-)	- (-)	202.75 (363.51)
Inter Corporate Deposit Receivable	- (-)	- (-)	- (-)	- (-)	- (500.00)	- (-)	- (-)	- (2,400.00)	- (-)	- (-)	- (2,900.00)
Dealer deposit	- (-)	- (-)	- (-)	2.00 (2.00)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	2.00 (2.00)

Note: Figures in bracket relates to the previous year

Note 25.4 Earnings per share

Particulars	For the year ended 31 March, 2015	For the year ended 31 March, 2014
	Rupees Lacs	Rupees Lacs
Amount used in numerator – Profit for the year	1,380.91	1,359.94
Weighted average number of equity shares used in computing basic earnings per share	1,000,000	1,000,000
Basic and Diluted earnings per share (Rs.) (Face value of Rs.10 per share)	138.09	135.99

Note 26 Previous year's figures

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

For and on behalf of the Board of Directors

P. N. Shah
Chairman

Ketan Doshi
CEO & Wholetime Director

Hemant Sikka
Director

Ajay Choksey
Director

Nikhil Sohoni
Director

Pallavi Ogale
Company Secretary

Place : Mumbai
Date : 28th April, 2015.

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors present their Twenty First Report together with the Audited Accounts of your Company for Financial Year ended 31st March, 2015.

Financial Highlights and State of Company's Affairs

Particulars	(Rs. in Lakhs)	
	For the year ended 31 st March, 2015	For the year ended 31 st March, 2014
Total Income	8,786.97	6,797.66
Profit before Interest, Depreciation and Taxation	359.40	591.38
Less: Interest	13.44	3.14
Depreciation	4.37	2.78
Profit before Tax	341.59	585.46
Less: Income Tax thereon:		
Current Tax	257.67	201.17
Deferred Tax	(143.91)	(11.32)
Net Profit	227.83	395.61
Balance of Profit brought forward from last year	261.31	Nil
Less: Transitional depreciation adjustment to reserves	0.84	-
Proposed Dividend	114.79	114.79
Tax on Proposed Dividend	23.37	19.51
Balance of Profit carried forward	350.14	261.31
Net Worth	2645.99	2557.16

No material changes and commitments have occurred after the closure of current financial year till the date of this report which would affect the financial position of the Company.

Operations

During the financial year ended 31st March, 2015, total spare parts income increased to Rs. 8,786.97 lakhs from Rs. 6,797.66 lakhs, in financial year ended 31st March, 2014, reflecting an increase of 29.27%.

Your company is amongst industry best, which has achieved first fill rates (FFR) of 87% for commercial order and 90% for vehicle off road (VOR) orders by executing delivery orders timely, leading to reduction in retention of vehicles at authorized dealer workshops. The results for the year are after making necessary provision for loss on sales return.

Dividend

Your Directors are pleased to recommend a dividend of Re. 0.01(Paise one) per share for the current financial year. The dividend, if approved and declared at the forthcoming Annual General meeting would result a Dividend outflow of Rs. 114.79 Lakhs and Dividend Distribution Tax of Rs. 23.37 Lakhs aggregating a total outflow of Rs. 138.16 Lakhs.

Board of Directors

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

Mr. Hemant Sikka (DIN: 00922281) was appointed as an additional director of the Company at the Board meeting held on 24th April, 2015. Mr. Sikka holds office up to the date of the forthcoming Annual General Meeting. The Company has received notice

from a member, signifying its intention to propose Mr. Sikka as candidate for the office of Director at the forthcoming Annual General Meeting.

During the year under review, Mr. Shrikant Marathe (DIN: 05243645) and Mr. S. C. Bhargava (DIN: 00020021) were appointed as Independent Directors of the Company for a period of five years with effect from 31st March, 2015. These Independent Directors shall hold the office of directorship for a term of five years and would not be liable to retire by rotation.

The Company has received declarations from Mr. Shrikant Marathe and Mr. S. C. Bhargava, Independent Directors, to the effect that they meet the criteria of independence as provided in sub-section 6 of Section 149 of Companies Act, 2013.

Number of Meetings of the Board of Directors

Your Board of Directors met four times during the year under review on 30th April, 2014, 12th August, 2014, 24th November, 2014 and 4th March, 2015.

Directors' Responsibility Statement

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

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed;
- (ii) the directors had selected such accounting policies and applied consistently and made judgments and estimates that are

reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2015 and of the Profit of the Company for the year ended on that date;

- (iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) the annual accounts have been prepared on a going concern basis.
- (v) proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Evaluation of Performance

The Board of Directors has adopted a process for annual evaluation of its own performance and that of its committees and individual directors. Questionnaires/Feedback templates for annual evaluation, based on the criteria approved by the Board, were circulated to each Board member and responses were submitted to the Chairman of the Board for facilitating the formal annual evaluation.

Codes of Conduct

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

Your Company has for the year under review, received declarations from the Board Members affirming compliance with Code of Conduct for Directors and Senior Management Employees.

Key Managerial Personnel

Mr. Arun Mishra was appointed as Chief Financial Officer with effect from 12th August, 2014 and Mr. Suryakant L. Khare as Company Secretary with effect from 1st December, 2014 in accordance with provisions of Section 203 of Companies Act, 2013.

Committees of the Board:

Nomination and Remuneration Committee

The Nomination and Remuneration Committee was reconstituted by the Board on 31st March, 2015 pursuant to the appointment of Independent directors on the Board. The Committee now consists of:

Mr. S. Durgashankar - Chairman
Mr. Rajan Wadhera
Mr. Shrikant Marathe
Mr. S. C. Bhargava

The Committee met once during the year under review on 4th March, 2015. The Committee at its meeting held on 24th April, 2015, carried out evaluation of every directors' performance.

Audit Committee

The Audit Committee was reconstituted by the Board on 31st March, 2015 pursuant to the appointment of independent directors on the Board. The Committee now consists of:

Mr. S. Durgashankar - Chairman
Mr. Shrikant Marathe
Mr. S. C. Bhargava

The Committee met twice during the year on 30th April, 2014 and 4th March, 2015.

Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee was reconstituted on 31st March, 2015 pursuant to the appointment of Independent directors on the Board. The Committee now consists of:

Mr. Rajan Wadhera - Chairman
Mr. Nalin Mehta
Mr. Bharat Moossaddee
Mr. S. C. Bhargava

The Committee met once during the year. The Committee formulated and recommended the Corporate Social Responsibility Policy to the Board of the Company which was subsequently adopted by the Board.

In terms of the provisions of Section 135 of the Companies Act, 2013 and Rules made thereunder, the Company is not required to spend any amount, in pursuance of Corporate Social Responsibility Policy.

Report on Corporate Social Responsibility containing particulars specified in Annexure to the Companies (Corporate Social Responsibility Policy) Rules, 2014 is given in **Annexure I** and forms part of this report.

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

In line with the principles of transparency and consistency and upon recommendation of the Nomination and Remuneration Committee, your Board has approved

- Policy on the appointment/removal of directors and senior management personnel, together with the criteria for determining qualifications, positive attributes and independence of directors
- Policy on the remuneration of directors, key managerial personnel and other employees

These policies are provided as **Annexure II** and forms part of this report.

Statutory Auditors

Messrs. Deloitte Haskins and Sells, Chartered Accountants, (ICAI registration Number 117365W) retire as Auditors of your Company at the forthcoming Annual General Meeting and have given their consent for re-appointment. The members are requested to appoint Messrs. Deloitte Haskins and Sells (ICAI registration Number 117365W) as Statutory Auditors from the conclusion of forthcoming Annual General Meeting until the conclusion of next Annual General Meeting and fix their remuneration.

Messrs. Deloitte Haskins and Sells, Chartered Accountants, have given a written consent to act as Statutory Auditor of your Company and have also confirmed that the said appointment would be in conformity with the provisions of Sections 139 and 141 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014.

The Auditors' Report does not contain any qualification, reservation or adverse remark.

Risk Management Policy

Your Company has formulated Risk Management Policy including therein the elements of risk which in the opinion of the Board may threaten the existence of the Company.

Your Board is hopeful that the implementation of the policy will be helpful to the Company in avoiding the risk and enabling the Company to manage the same, if confronted with.

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

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

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

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

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

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

Particulars of investments made during the year under review are given in note no. 13 under the notes to the financial statements. The Company has not given any loans/advances and made any investment which are required to be disclosed in the annual accounts of the Company pursuant to Clause 32 of the Listing Agreement between the Parent Company, Mahindra & Mahindra Limited and the Stock Exchanges.

Particulars of Transactions with Related Parties

Particulars of contracts or arrangements with related parties are given in form AOC – 2 as **Annexure IV** and the same forms part of this Report.

Extract of Annual Return

Pursuant to Section 92(3) of the Companies Act, 2013 read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014 an extract of the Annual return as on 31st March, 2015 is attached herewith as **Annexure V** and forms part of this report.

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

During the year under review no complaints were received under the sexual harassment of women at workplace (Prevention, Prohibition and Redressal) Act, 2013 for prevention of sexual harassment.

Internal Financial Controls

Pursuant to Rule 8 of the Companies (Accounts) Rules, 2014, based on the representation received and after due enquiry your directors confirm that they have laid down internal financial controls with reference to the Financial Statements and these controls are adequate.

General

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

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

Acknowledgements

Your Directors would like to express their grateful appreciation for assistance and co-operation received from Banks, Employees, Vendors, Suppliers and Members during the year under review.

For and on behalf of the Board

Rajan Wadhera
Chairman
(DIN: 00416429)

Pune, April 24, 2015

ANNEXURE I TO THE DIRECTORS' REPORT

1. Brief outline of Company's CSR Policy including overview of projects or programs proposed to be undertaken.

The CSR vision of Mahindra Trucks & Buses Limited (MTBL) is to serve and give back to the communities within which we work.

The objective of this policy is to –

- Promote a unified and strategic approach to CSR across the company by incorporating under one 'Rise for Good' umbrella the diverse range of its philanthropic giving, identifying select constituencies and cause to work with, thereby ensuring high social impact.
- Encourage employees to participate actively in the company's CSR and give back to the society in an organized manner through the employee volunteering programme called ESOPs (Employee Social Options). Every MTBL employee will contribute time and effort towards community building.

The Mahindra Trucks & Buses Limited CSR Committee will contribute 2% of the average net profits made during the three immediately preceding financial years to undertake CSR initiatives which meet the needs of the local communities where we operate.

Our commitment to CSR will be manifested by investing resources in the following areas:

1. Eradicating hunger, poverty and malnutrition, promoting healthcare including preventive health care and sanitation & making available Safe drinking water;
2. Promoting education, including special education and employment enhancing vocation skills especially among children, woman, elderly & the differently abled and the livelihood enhancements projects;
3. Welfare of Transportation related community.
4. Welfare of the Neighboring Community around MTBL offices, plant, facilities.
5. Contribution to Holding Company for welfare activities conducted by it.
6. Promoting gender equality, empowering women, setting up homes and hostels for woman & orphans; setting up old age homes, daycare centers, and such other facilities for senior citizens & measures for reducing inequalities faced by social & economically backward groups;

7. Ensuring environmental sustainability, ecological balance, Protection of flora & fauna, animal welfare, agro forestry, conservation of natural resources & maintaining quality of soil, air & water;

8. Protection of national heritage, art & culture including restoration of buildings & sites of historical importance & works of art; setting up of public libraries, promotion & development of traditional arts & handicrafts.

The Board level Corporate Social Responsibility Committee (CSR Committee) of the Company shall be responsible for monitoring implementation of the CSR Policy. CSR Committee shall approve and recommend to the Board projects or programs to be undertaken, the modalities of execution, and implementation schedule thereof.

2. The composition of the CSR Committee

The Committee was reconstituted on 31st March, 2015 pursuant to the appointment of 2 independent directors on the Board.

The Committee now consists of:

- Mr. Rajan Wadhwa
- Mr. Nalin Mehta
- Mr. Bharat Moossadde
- Mr. S. C. Bhargava

3. Average Net Profit of the company for last three financial years -

The average Net Loss of the company for last three financial years i.e. 2011-12, 2012-13 and 2013-14 is Rs. 22,308.03 Lacs.

4. Prescribed CSR Expenditure (two percent of the amount as in item No. 3 above)

In terms of the provisions of Section 135 of the Companies Act, 2013 and Rules made thereunder, the Company is not required to spend any amount, in pursuance of Corporate Social Responsibility Policy, as there was no average net profits of the Company made during the three immediately preceding financial year.

5. Details of CSR spent during the financial year:

- a. total amount to be spent for the financial year: NIL
- b. amount unspent: NIL
- c. manner in which the amount spent during the financial year is detailed below:

Sr. No.	CSR project/ activity identified	Sector in which the Project is covered	Projects/Programmes 1. Local area/others- 2. Specify the state and district where projects or programs were undertaken	Amount outlay (budget) project/ programs wise	Amount spent on the project/ programs Subheads: 1. Direct expenditure on project, 2. Overheads	Cumulative spend up to the reporting period	Amount spent: Direct/through implementing agency
			NOT APPLICABLE				

6. In case the Company fails to spend the 2% of the Average Net Profit (INR) of the last 3 financial years, the reasons for not spending the amount shall be stated in the Board report.

In terms of the provisions of Section 135 of the Companies Act, 2013 and Rules made thereunder, the Company is not required to spend any amount, in pursuance of Corporate Social Responsibility Policy, as there was no average net profits of the Company made during the three immediately preceding financial year.

7. Responsibility statement, of the CSR Committee, that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company duly signed by Director and Chairperson of the CSR Committee.

The implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company duly signed by Director and Chairperson of the CSR Committee.

For and on behalf of the Board

Nalin Mehta
Managing Director
(DIN : 02272736)

Rajan Wadhera
Chairman of CSR Committee
(DIN : 00416429)

Pune, April 24, 2015

ANNEXURE II TO THE DIRECTORS' REPORT

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

Purpose

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

Policy Statement

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

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

NON-EXECUTIVE DIRECTORS: INCLUDING INDEPENDENT DIRECTORS:

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

Executive Directors:

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

appointment, the variable compensation will be determined annually by the NRC based on their performance.

Key Managerial Personnel (KMPs)

The terms of remuneration of Chief Financial Officer (CFO) and Company Secretary (CS) & other Key Management personnel, if any, shall be determined by the NRC from time to time. The remuneration shall be consistent with the competitive position of the salary for similar positions in the industry and their Qualifications, Experience, Roles and Responsibilities. Pursuant to the provisions of section 203 of the Companies Act 2013 the Board shall approve the remuneration at the time of their appointment.

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

Employees

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

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

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

- Performance
- Potential
- Criticality
- Longevity in grade

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

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

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

DEFINITIONS

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

“**Board**” means Board of Directors of the Company.

“**Company**” means Mahindra Trucks & Buses Ltd.

“**Committee(s)**” means Committees of the Board for the time being in force.

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

“**HR**” means the Human Resource department of the Company.

“**Key Managerial Personnel**” (KMP) refers to key managerial personnel as defined under the Companies Act, 2013 and includes:

- (i) Managing Director (MD), or Chief Executive Officer (CEO); or Manager; or Whole time Director (WTD)
- (ii) Chief Financial Officer (CFO); and
- (iii) Company Secretary (CS).

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

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

I. APPOINTMENT OF DIRECTORS

- The NRC reviews and assesses Board composition and recommends the appointment of new Directors. In evaluating the suitability of individual Board member, the NRC shall take into account the following criteria regarding qualifications, positive attributes and independence of director:
 1. All Board appointments will be based on merit, in the context of the skills, experience, independence and knowledge, for the Board as a whole to be effective.
 2. Ability of the candidates to devote sufficient time and attention to his professional obligations as Independent Director for informed and balanced decision making.
 3. Adherence to the Code of Conduct and highest level of Corporate Governance in letter and in spirit by the Independent Directors.

- Based on recommendation of the NRC, the Board will evaluate the candidate(s) and decide on the selection of the appropriate member. The Board through the Chairman & Managing Director will interact with the new member to obtain his/her consent for joining the Board. Upon receipt of the consent, the new Director will be co-opted by the Board in accordance with the applicable provisions of the Companies Act 2013 and Rules made thereunder.

REMOVAL OF DIRECTORS

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

SENIOR MANAGEMENT PERSONNEL

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

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

II. SUCCESSION PLANNING:

Purpose

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

Board:

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

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

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

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

Senior Management Personnel:

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

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

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

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

Policy Statement

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

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

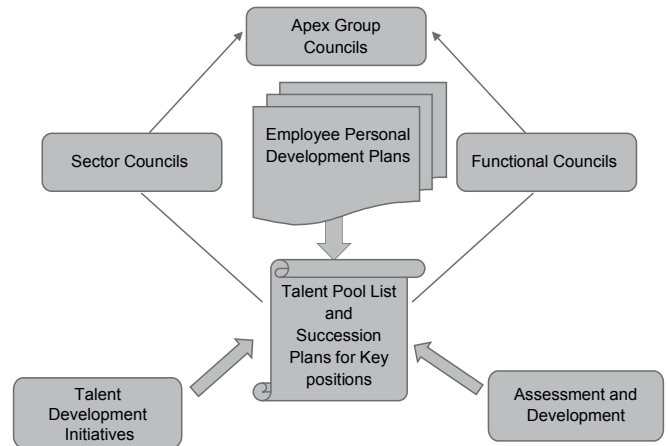
The framework lays down an architecture and processes to address these questions using the **3E** approach:

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

The Talent Management process is applicable to all employees. Over the years, the Talent Management framework has become a well-structured and process-

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

The Talent Management process can be represented pictorially as under:



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

For and on behalf of the Board

Rajan Wadhera
Chairman
(DIN : 00416429)

Pune, April 24, 2015

ANNEXURE III TO THE DIRECTORS' REPORT

PARTICULARS AS PER THE COMPANIES (ACCOUNTS) RULES, 2014 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2015.

A. CONSERVATION OF ENERGY

- (a) the steps taken or impact on conservation of energy:
The operations of the Company are not energy intensive as it does not have its own manufacturing facility. However, the Company constantly reviews the consumption of electricity and its rationalization.
- (b) the steps taken by the company for utilizing alternate sources of energy: N.A.
- (c) the capital investment on energy conservation equipments: Nil

B. TECHNOLOGY ABSORPTION

- i) the efforts made towards technology absorption - None
- ii) the benefits derived like product improvement, cost reduction, product development or import substitution: Not applicable
- iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year) – Not applicable
- (a) the details of technology imported: None
- (b) the year of import: Not Applicable

(c) whether the technology been fully absorbed: Not Applicable

(d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof: Not Applicable

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

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

	For Financial Year ended 31st March, 2015	For Financial Year ended 31 st March, 2014
Total Foreign Exchange earned	11.38	–
Total Foreign Exchange used	19.62	58.54

For and on behalf of the Board

Rajan Wadhwa
Chairman
(DIN 00416429)

Pune, April 24, 2015

ANNEXURE IV TO THE DIRECTORS' REPORT

Particulars of Transactions with Related Parties for year ended 31st March 2015

FORM NO. AOC-2

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

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

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

Sr. No.	Particulars	Details
a)	Name (s) of the related party & nature of relationship	Mahindra Heavy Engines Private Limited – Fellow Subsidiary
b)	Nature of contracts/arrangements/transaction	Sale, purchase or supply of goods and material
c)	Duration of the contracts/arrangements/transaction	1 st April, 2014 to 31 st March, 2015
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	Purchase of parts and components – Rs. 839.25 Lakhs
e)	Date of approval by the Board	N.A.
f)	Amount paid as advances, if any	Nil

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

For and on behalf of the Board

Rajan Wadhera
Chairman
(DIN : 00416429)

Pune, April 24, 2015

ANNEXURE V TO THE DIRECTORS' REPORT

Form No. MGT-9

Extract of Annual Return
as on the financial year ended on 31st March, 2015

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

I. REGISTRATION AND OTHER DETAILS:

1.	CIN	U63040MH1994PLC079098
2.	Registration Date	20.06.1994
3.	Name of the Company	Mahindra Trucks and Buses Limited
4.	Category/Sub-Category of the Company	Public Limited Company
5.	Address of Registered office and contact details	Gateway Building, Apollo Bunder, Mumbai – 400 001. Tel: 022-24905828
6.	Whether listed Company (Yes/No)	No
7.	Name, Address and Contact details of Registrar and Transfer Agent, if any	None

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sr. No.	Name and Description of Main Product/Services	NIC Code of the Product	% to total turnover of the Company
1.	Motor Vehicle parts and Accessories	503	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

Sr. No.	Name and Address of the Company	CIN/GIN	Holding/Subsidiary of the Company	% of shares held	Applicable Section
1.	MAHINDRA & MAHINDRA LIMITED Gateway Building, Apollo Bunder, Mumbai – 400 001	L65990MH1945PLC004558	Holding Company	100%	2(46)

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

i. Category-wise Share Holding

Category of Shareholders	No. of shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1. Indian									
a. Individual/HUF	–	–	–	–	–	–	–	–	–
b. Central Govt.	–	–	–	–	–	–	–	–	–
c. State Govt.	–	–	–	–	–	–	–	–	–
d. Bodies Corp.	–	1,14,79,25,600	1,14,79,25,600	100%	–	1,14,79,25,600	1,14,79,25,600	100%	–
e. Bank/FI	–	–	–	–	–	–	–	–	–
f. Any Other	–	–	–	–	–	–	–	–	–
Sub-Total- A(1)	–	1,14,79,25,600	1,14,79,25,600	100%	–	1,14,79,25,600	1,14,79,25,600	100%	–

MAHINDRA TRUCKS AND BUSES LIMITED
(FORMERLY KNOWN AS MAHINDRA NAVISTAR AUTOMOTIVES LIMITED)

Category of Shareholders	No. of shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
2. Foreign									
a. NRI-Individuals	-	-	-	-	-	-	-	-	-
b. Other Individuals	-	-	-	-	-	-	-	-	-
c. Body Corporate	-	-	-	-	-	-	-	-	-
d. Bank/FI	-	-	-	-	-	-	-	-	-
e. Any Others	-	-	-	-	-	-	-	-	-
Sub-Total- A(2)	-	-	-	-	-	-	-	-	-
Total Share Holding of Promoters (1+2)	-	1,14,79,25,600	1,14,79,25,600	100%	-	1,14,79,25,600	1,14,79,25,600	100%	-
B. Public Shareholding									
1. Institution									
a. Mutual Funds	-	-	-	-	-	-	-	-	-
b. Bank/FI	-	-	-	-	-	-	-	-	-
c. Cent. Govt.	-	-	-	-	-	-	-	-	-
d. State Govt.	-	-	-	-	-	-	-	-	-
e. Venture Capital	-	-	-	-	-	-	-	-	-
f. Insurance Co.	-	-	-	-	-	-	-	-	-
g. FIs	-	-	-	-	-	-	-	-	-
h. Foreign Portfolio Corporate	-	-	-	-	-	-	-	-	-
i. Foreign Venture Capital Fund	-	-	-	-	-	-	-	-	-
j. Others	-	-	-	-	-	-	-	-	-
Sub-Total- B(1)	-	-	-	-	-	-	-	-	-
2. Non-Institution									
a. Body Corp.	-	-	-	-	-	-	-	-	-
b. Individual	-	-	-	-	-	-	-	-	-
i. Individual shareholders holding nominal share capital upto ₹ 1 Lakh	-	-	-	-	-	-	-	-	-
ii. Individual shareholders holding nominal share capital in excess of ₹ 1 Lakh	-	-	-	-	-	-	-	-	-
c. Others	-	-	-	-	-	-	-	-	-
(i) NRI (Rep)	-	-	-	-	-	-	-	-	-
(ii) NRI (Non-Rep)	-	-	-	-	-	-	-	-	-
(iii) Foreign National	-	-	-	-	-	-	-	-	-
(iv) OCB	-	-	-	-	-	-	-	-	-
(v) Trust	-	-	-	-	-	-	-	-	-
(vi) In Transit	-	-	-	-	-	-	-	-	-
Sub Total- B(2)	-	-	-	-	-	-	-	-	-
Net Total (1+2)	-	-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs & ADRs									

MAHINDRA TRUCKS AND BUSES LIMITED
(FORMERLY KNOWN AS MAHINDRA NAVISTAR AUTOMOTIVES LIMITED)

Category of Shareholders	No. of shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
Promoter and Promoter Group	-	-	-	-	-	-	-	-	-
Public	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	-	1,14,79,25,600	1,14,79,25,600	100%	-	1,14,79,25,600	1,14,79,25,600	100%	-

ii. Shareholding of Promoters:

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged/encumbered to total shares	
1	Mahindra & Mahindra Limited	1,14,79,25,593	100%	-	1,14,79,25,593	100%	-	-
2	Mahindra & Mahindra Limited Jointly with Mr. A. M. Choksey*	1	-	-	1	-	-	-
3	Mahindra & Mahindra Limited Jointly with Mr. P. N. Shah*	1	-	-	1	-	-	-
4	Mahindra & Mahindra Limited Jointly with Mr. Narayan Shankar*	1	-	-	1	-	-	-
5	Mahindra & Mahindra Limited Jointly with Mr. A. K. Nanda*	1	-	-	1	-	-	-
6	Mahindra & Mahindra Limited Jointly with Mr. M. A. Nazareth*	1	-	-	1	-	-	-
7	Mahindra & Mahindra Limited Jointly with Mrs. Angarika Baviskar*	1	-	-	1	-	-	-
8	Mahindra & Mahindra Limited Jointly with Mr. Vinay Mohan*	1	-	-	1	-	-	-
	Total	1,14,79,25,600	100%	-	1,14,79,25,600	100%	-	-

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

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

There is no change in the shareholding of the Promoter Group.

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

Sr. No.	Top Ten Shareholders	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	-	-	-	-	-

v. Shareholding of Directors and Key Managerial Personnel:

Sr. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	-	-	-	-	-

V. INDEBTEDNESS

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

(₹ in Crores)

PARTICULARS	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total indebtedness
Indebtedness at the beginning of the financial year 01.04.2014				
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total of (1+2+3)	-	-	-	-
Change in Indebtedness during the financial year				
+ Addition	-	-	-	-
- Reduction	-	-	-	-
Net Change	-	-	-	-
Indebtedness at the end of the financial year 31.03.2015				
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total of (1+2+3)	-	-	-	-

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sr. No.	Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount (₹ In Lacs)
		Nalin Mehta M. D.	
1.	Gross Salary	5.72	5.72
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	-	-
	(b) Value of perquisites u/s 17(2) Income Tax	-	-
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	-	-
2.	Stock Option	-	-
3.	Sweat Equity	-	-
	Commission	-	-
	- As % of Profit		
	- Others, specify		
4.	Others, please specify	-	-
	Total (A)	5.72	5.72
	Ceiling as per the Act	As per schedule v of the companies Act, 2013	

B. Remuneration of other directors:

I. Independent Directors:-

Particulars of Remuneration	Name of Directors					Total Amount (₹ In Lacs)
Fee for attending board/committee meetings	-	-	-	-	-	-
Commission	-	-	-	-	-	-
Others	-	-	-	-	-	-
Total (1)	-	-	-	-	-	-

II. Other Non-Executive Directors:-

Other Non-Executive Directors						Total Amount (₹ In Lacs)
Fee for attending board/committee meetings	-	-	-	-	-	-
Commission	-	-	-	-	-	-
Others	-	-	-	-	-	-
Total (1)	-	-	-	-	-	-
Total B = (1+2)	-	-	-	-	-	-

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

Sr. No.	Particulars of Remuneration	Name of the KMP		Total Amount (₹ In Lacs)
		Mr. Arun Kumar Mishra (CFO)	Mr. Suryakant Khare (CS)	
1.	Gross Salary	10.76	0.60	11.36
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act	10.54	-	-
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	0.22	-	-
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission	-	-	-
	- As % of Profit	-	-	-
	- Others, specify	-	-	-
5.	Others, please specify Contribution to Provident Fund	0.40	-	0.40
	Total (C)	11.16	0.60	11.76

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

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

For and on behalf of the Board

Rajan Wadhera
Chairman
(DIN : 00416429)

Pune, April 24, 2015

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MAHINDRA TRUCKS AND BUSES LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **MAHINDRA TRUCKS AND BUSES LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's

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

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

Opinion

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of the written representations received from the directors as on 31st March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.

- (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company does not have any pending litigations which would impact its financial position.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For DELOITTE HASKINS & SELLS
Chartered Accountants
Firm's Registration No. 117365W

Nilesh Shah
Partner

Pune, 24th April, 2015

Membership No. 49660

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Having regard to the nature of the Company's business/ activities/results during the year, clauses (ix) and (xi) of paragraph 3 of the Order are not applicable to the Company.

- (i) In respect of its fixed assets:
- (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
- (ii) In respect of its inventories:
- (a) As explained to us, the inventories of the Company including those lying with third parties were physically verified during the year by the Management at reasonable intervals and substantially confirmed by third parties.
 - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and for the sale of goods and during the course of our audit we have not observed any major weakness in such internal control system.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit from the public during the year.
- (vi) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records
- and Audit) Rules, 2014, as amended and prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
- (a) The Company has been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues applicable to it with the appropriate authorities.
 - (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues in arrears as at 31st March, 2015 for a period of more than six months from the date they became payable.
 - (c) There are no dues of Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax and Cess which have not been deposited as on 31st March, 2015 on account of any disputes.
 - (d) There are no amounts that are due to be transferred to the Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and Rules made thereunder.
- (viii) The Company does not have accumulated losses at the end of the financial year and the Company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (ix) According to the information and explanations given to us, the Company has not given guarantees for loans taken by others from banks and financial institutions
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

For DELOITTE HASKINS & SELLS
Chartered Accountants
Firm's Registration No. 117365W

Nilesh Shah
Partner

Pune, 24th April, 2015

Membership No. 49660

BALANCE SHEET AS AT 31ST MARCH, 2015

Particulars	Note No.	(Rupees Lakhs)	
		As at 31 st March, 2015	As at 31 st March, 2014
I. EQUITY AND LIABILITIES			
(1) Shareholders' funds			
(a) Share capital	4	2,295.85	2,295.85
(b) Reserves and surplus	5	350.14	261.31
		2,645.99	2,557.16
(2) Non-current liabilities			
(a) Long-term provisions	6	3.95	19.38
		3.95	19.38
(3) Current liabilities			
(a) Trade payables	7	2,568.60	1,932.25
(b) Other current liabilities	8	225.65	147.24
(c) Short-term provisions	9	598.33	157.39
		3,392.58	2,236.88
TOTAL		6,042.52	4,813.42
II. ASSETS			
(1) Non-current assets			
(a) Fixed assets			
Tangible assets	10	11.54	17.18
(b) Deferred tax assets (net)	11	155.66	11.32
(c) Long-term loans and advances	12	110.93	99.68
		278.13	128.18
(2) Current assets			
(a) Current investments	13	800.00	–
(b) Inventories	14	1,831.24	1,847.86
(c) Trade receivables	15	2,481.32	2,049.09
(d) Cash and bank balance	16	464.73	694.61
(e) Short-term loans and advances	17	181.47	93.68
(f) Other current assets	18	5.63	–
		5,764.39	4,685.24
TOTAL		6,042.52	4,813.42
See accompanying notes forming part of the financial statements	1-40		

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

Nilesh Shah
Partner

Place: Pune
Date: 24th April, 2015

For and on behalf of the Board

Nalin Mehta
Managing Director

Arun Mishra
Chief Financial Officer

Place: Pune
Date: 24th April, 2015

Bharat Moossaddee
Directors

Suryakant Laxman Khare
Company Secretary

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

Particulars	Note No.	For the year ended 31 st March, 2015	For the year ended 31 st March, 2014
(Rupees Lakhs)			
I. Revenue from operations (Gross)	19	10,105.90	7,817.82
Less: Excise duty		(1,334.68)	(1,023.46)
Revenue from operations (Net)		8,771.22	6,794.36
II. Other income	20	15.75	3.30
III. Total Revenue (I + II)		8,786.97	6,797.66
IV. Expenses:			
Cost of materials consumed	21	-	-
Purchases of stock-in-trade (traded goods)	22	5,994.62	4,943.01
Changes in stock of finished goods, work-in-progress and stock-in-trade	23	16.62	(257.05)
Employee benefits expense	24	265.02	211.92
Finance costs	25	13.44	3.14
Depreciation and amortization expense (Note 10)		4.37	2.78
Other expenses	26	2,151.31	1,308.40
Total expenses		8,445.38	6,212.20
V. Profit before tax (III- IV)		341.59	585.46
VI. Tax expense:			
(1) Current tax expense		257.67	201.17
(2) Deferred tax (Credit)		(143.91)	(11.32)
		113.76	189.85
VII. Profit for the year (V-VI)		227.83	395.61
VIII. Earnings per equity share (Nominal value per share Rs. 0.20)			
Basic & Diluted (Note 31)		0.02	0.03
<i>See accompanying notes forming part of the financial statements</i>	1-40		

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

Nilesh Shah
Partner

Place: Pune
Date: 24th April, 2015

For and on behalf of the Board

Nalin Mehta
Managing Director

Arun Mishra
Chief Financial Officer

Place: Pune
Date: 24th April, 2015

Bharat Moossaddee
Directors

Suryakant Laxman Khare
Company Secretary

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

	For the year ended 31 st March, 2015	For the year ended 31 st March, 2015	For the year ended 31 st March, 2014	For the year ended 31 st March, 2014
	Rupees Lakhs	Rupees Lakhs	Rupees Lakhs	Rupees Lakhs
A. CASH FLOW FROM OPERATING ACTIVITIES:				
Net Profit before tax		341.59		585.46
Adjustments for:-				
Depreciation	4.37		2.78	
Finance Costs	5.34		3.14	
Provision for Doubtful Debts	72.84		12.60	
Provision for loss on sales return	328.68		-	
Provision for warranty	28.87		-	
Net gain on sale of current investments	(6.92)		-	
Interest accrued on Fixed Deposits	(6.25)		-	
		426.93		18.52
Operating Profit before Working capital changes		768.52		603.98
<u>Changes in Working Capital:</u>				
Trade and other receivables	(632.36)		(1,095.97)	
Inventories	16.62		(257.05)	
Trade payables and provisions	753.50		1,197.17	
		137.76		(155.85)
Cash from operations		906.28		448.13
Income taxes paid		(208.78)		(271.30)
NET CASH FLOW FROM OPERATING ACTIVITIES (A)		697.50		176.83
B. CASH FLOW FROM INVESTING ACTIVITIES:				
Capital expenditure on tangible assets		-	(16.17)	
Purchase of current investment		(1,300.00)	-	
Proceeds from sale of current investment		506.92	-	
Fixed Deposits Placed		(450.00)		
		(1,243.08)		(16.17)
NET CASH FLOW USED IN INVESTING ACTIVITIES (B)		(1,243.08)		(16.17)
C. CASH FLOW FROM FINANCING ACTIVITIES:				
Dividend paid (including Dividend Distribution Tax)		(134.30)	-	
		(134.30)		-
NET CASH FLOW USED IN FINANCING ACTIVITIES (C)		(134.30)		-
NET INCREASE IN CASH AND CASH EQUIVALENTS (A + B + C)		(679.88)		160.66
Cash and Cash equivalents at the beginning of the year		694.61		6,136.57
Less: Transferred in accordance with the scheme of arrangement (Refer Note 3 below)		-		(5,602.62)
Cash and Cash equivalents at the end of the year (Refer Note 2 below)		14.73		694.61

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2015 (Contd.)

	For the year ended 31 st March, 2015	For the year ended 31 st March, 2015	For the year ended 31 st March, 2014	For the year ended 31 st March, 2014
	Rupees Lakhs	Rupees Lakhs	Rupees Lakhs	Rupees Lakhs

Notes:

1. The above Cash Flow Statement has been prepared under the 'indirect method' as set out in Accounting Standard 3 'Cash Flow Statement'
2. Cash and bank balances:

(a) Cash and Cash Equivalents as per above	14.73	694.61
(b) Other bank balances	450.00	-
Total Cash and bank balances (Note 16)	464.73	694.61
3. Transaction arising out of demerger during the previous year is a non-cash transaction not considered in above cash flow workings.
4. Previous year's figures have been regrouped/restated wherever necessary.

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

Nilesh Shah
Partner

Place: Pune
Date: 24th April, 2015

For and on behalf of the Board

Nalin Mehta
Managing Director

Arun Mishra
Chief Financial Officer

Place: Pune
Date: 24th April, 2015

Bharat Moossaddee
Directors

Suryakant Laxman Khare
Company Secretary

NOTES FORMING PART OF FINANCIAL STATEMENTS

NOTE 1 - NATURE OF OPERATIONS

Mahindra Trucks and Buses Limited is in the business of trading in Spare Parts and accessories. It deals in parts required for the range of commercial vehicles manufactured and sold by its Holding Company Mahindra & Mahindra Limited. The Company undertakes procurement, warehousing management, logistics and sale of spare parts and accessories. It has a network of dealers spread across India to ensure timely availability of spare parts to commercial vehicle customers.

The Company had its trucks undertaking which was in the business of designing, developing, marketing and distribution of Light Commercial vehicles and Heavy commercial vehicles.

As per the scheme of arrangement approved by the Honorable High Court of Judicature at Bombay, the Trucks undertaking has been demerged into Mahindra & Mahindra Limited with effect from 1st April, 2013. (Refer Note 3)

NOTE 2 - STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(A) Basis of Accounting:

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act")/Companies Act, 1956 ("the 1956 Act"), as applicable. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

(B) Use of Estimates:

The presentation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and the estimates are recognised in the period in which the results are known/materialized.

(C) Tangible Assets:

- (a) Fixed Assets are carried at cost less depreciation.
- (b) Depreciable amount for assets is the cost of an asset less its estimated residual value.

Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets, in whose case the life of the assets has been assessed as under based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, etc :

- Vehicles – 5 years.

(D) Impairment of Assets:

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

(E) Investments:

Current investments are valued at the lower of cost and fair value, determined by category of investment. Cost of investments include acquisition charges such as brokerage, fees and duties.

(F) Inventories:

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

Stock in Trade are valued at lower of cost or net realisable value. Cost is determined on the basis of weighted average method.

Excise duty is included in the value of inventory.

(G) Foreign Exchange Transactions:

Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of transaction. Monetary items are translated at the year-end rates. The exchange difference between the rate prevailing on the date of transaction and on the date of settlement as also on translation of monetary items at the end of the year is recognised as income or expense, as the case may be.

(H) Revenue Recognition:

Sales are recognised, net of returns, trade discounts, VAT/Sales tax on transfer of risk and rewards of ownership of the products to the customers, which is generally on despatch of goods. Dividend from investments is recognised in the Statement of Profit and Loss when the right to receive payment is established.

(I) Employee Benefits:

- (i) Defined Contribution Plan

The Company's contributions paid/payable during the year to Provident Fund, Superannuation Fund are recognised in the Statement Profit and Loss as an expense based on amount of contribution required to be made and when services are rendered by the employees.

- (ii) Defined Benefit Plan/Compensated absences:

The Company's liability towards gratuity and compensated absences is determined using the projected unit credit method which considers each period of service as giving rights to an additional unit of benefit entitlement and measure each unit separately to build up the final obligation. Past services are recognised on straight line basis over the average period until the benefits become vested. Actuarial gains and losses are recognised immediately in the Statement of Profit and Loss as income or expense. Obligation is measured at the present value of estimated future cash flow using discounted rate i.e. determined by reference to the market yield at the Balance Sheet date on Government Bonds where the currency and terms of the Government Bonds are consistent with the currency and estimated terms of the defined benefit obligation.

(J) Product Warranty:

In respect of warranties given by the Company on sale of certain products, the estimated costs of these warranties are accrued at the time of sale on the basis of technical estimate. The estimates for accounting of warranties are reviewed and revisions are made as required.

(K) Taxes on Income:

Current tax is determined as the amount of tax payable in respect of taxable income for the year. Deferred tax assets are recognised for timing differences only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised.

(L) Segment Reporting:

The Company has single reportable business segment namely Automotive vehicles related spare parts. The Company has only one reportable geographical segment.

MAHINDRA TRUCKS AND BUSES LIMITED
(FORMERLY KNOWN AS MAHINDRA NAVISTAR AUTOMOTIVES LIMITED)

(M) Leases:

The Company's significant leasing arrangements are in respect of operating lease for godowns. These leasing arrangements, which are non-cancellable, range between 11 months and 5 years, and are usually renewable by mutual consent on agreed terms. The lease rentals payable are charged on a straight line basis over the lease term.

(N) Cash and cash equivalents (for purposes of Cash Flow Statement):

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

NOTE 3 - NOTE ON DEMERGER

In previous year, the Board of directors of Mahindra Trucks and Buses Limited ("the Company") in their meeting held on 13th August, 2013 approved the Scheme of Arrangement ("the Scheme") between the Company and Mahindra and Mahindra Limited ("the Holding Company") and their respective shareholders and creditors under section 391 to 394 read with section 78 and 100 to 104 of the Companies act, 1956, to demerge the Trucks undertaking of the Company (Demerged Business) into the Holding Company with effect from 1st April, 2013 (appointed date).

During the previous year, the Honourable High Court of judicature at Bombay approved the scheme vide its order dated 7th March, 2014. The said scheme became effective from 30th March, 2014 ("Effective Date") on filing the certified copy of the court order with the registrar of companies, Maharashtra.

NOTE 4 - SHARE CAPITAL

	As at 31 st March, 2015		As at 31 st March, 2014	
	No. of Shares	Rupees Lakhs	No. of Shares	Rupees Lakhs
Share Capital:				
(A) Authorised:				
Equity Shares of Rs.0.20 each	75,000,000,000	150,000.00	75,000,000,000	150,000.00
Total	75,000,000,000	150,000.00	75,000,000,000	150,000.00
(B) Issued, Subscribed and Fully paid up:				
Equity Shares of Rs.0.20 each	1,147,925,600	2,295.85	1,147,925,600	2,295.85
Total	1,147,925,600	2,295.85	1,147,925,600	2,295.85

Notes:

(a) Reconciliation of the shares and amount outstanding at the beginning and at the end of the year:

	As at 31 st March, 2015		As at 31 st March, 2014	
	No. of Shares	Rupees Lakhs	No. of Shares	Rupees Lakhs
Equity Shares				
At the beginning of the period	1,147,925,600	2,295.85	1,147,925,600	114,792.56
Reorganised during the period #	-	-	1,147,925,600	112,496.71
Outstanding at the end of the period	1,147,925,600	2,295.85	1,147,925,600	2,295.85

The issued, subscribed and paid up equity share capital of the Company had been reorganised by reducing the face value and paid up value of equity share capital of Rs. 10 each to Rs. 0.20 each, consequent to which the Company's equity share capital got revised to 1,147,925,600 equity shares of Rs. 0.20 each aggregating to Rs. 2295.85 Lakhs.

(b) Terms/rights attached to equity shares:

The Ordinary (Equity) shares of the Company rank pari-passu in all respects including voting rights and entitlement to dividend.

(c) Shares held by holding company

	As at 31 st March, 2015		As at 31 st March, 2014	
	No. of Shares	Rupees Lakhs	No. of Shares	Rupees Lakhs
Equity Shares are held by Mahindra & Mahindra Ltd., Holding Company and its nominees	1,147,925,600	2,295.85	1,147,925,600	2,295.85

(d) Details of shares held by each shareholder holding more than 5% shares, held by holding & their subsidiary:

	As at 31 st March, 2015			As at 31 st March, 2014		
	No. of Shares	% of Holding	Rupees in Lakhs	No. of Shares	% of Holding	Rupees in Lakhs
Equity Shares:						
Mahindra & Mahindra Ltd. (Holding Company) and its nominees	1,147,925,600	100%	2,295.85	1,147,925,600	100%	2,295.85

MAHINDRA TRUCKS AND BUSES LIMITED
(FORMERLY KNOWN AS MAHINDRA NAVISTAR AUTOMOTIVES LIMITED)

NOTE 5 - RESERVES AND SURPLUS

	As at 31 st March, 2015	As at 31 st March, 2014
	Rupees Lakhs	Rupees Lakhs
Securities Premium Account:		
Opening Balance	-	4,916.73
Less: Adjusted in accordance with scheme of arrangement (Refer Note 3)	-	(4,916.73)
Closing Balance	-	-
Surplus/(Deficit) in the Statement of Profit and Loss		
Opening balance	261.31	(92,019.39)
Less: Adjusted in accordance with scheme of arrangement (Refer Note 3)	-	92,019.39
Less: Depreciation on transition to Schedule II of the Companies Act, 2013 on tangible fixed assets with nil remaining useful life (Net of deferred tax) (Refer foot note to Note 10)	(0.84)	-
Add: Profit for the year	227.83	395.61
	488.30	395.61
Less: Appropriations		
Proposed Dividend Rs. 0.01 per share (2014: Rs. 0.01 per share)	114.79	114.79
Tax on Proposed Dividend	23.37	19.51
Closing Balance	138.16	134.30
	350.14	261.31
Total	350.14	261.31

NOTE 6 - LONG- TERM PROVISIONS

	As at 31 st March, 2015	As at 31 st March, 2014
	Rupees Lakhs	Rupees Lakhs
Provision for Employee Benefits:		
- Compensated absences	3.83	9.28
- Gratuity	0.12	10.10
Total	3.95	19.38

NOTE 10 - FIXED ASSETS

Description of Assets	Balance as at 1 st April, 2014	Gross Block			Accumulated Depreciation/Amortization				Net Block			
		Additions	Disposals	Adjustment on account of Demerger	Balance as at 31 st March, 2015	Balance as at 1 st April, 2014	Depreciation/Amortisation expense for the year	Eliminated on disposal of assets	Adjustment on account of Demerger	Balance as at 31 st March, 2015	Balance as at 31 st March, 2015	Balance as at 31 st March, 2014
A : Tangible Assets												
Buildings	-	-	-	-	-	-	-	-	-	-	-	-
	(65.63)	-	-	(65.63)	-	(2.76)	-	-	(2.76)	-	-	-
Plant and Equipment	-	-	-	-	-	-	-	-	-	-	-	-
	(47,928.49)	-	-	(47,928.49)	-	(9,240.11)	-	-	(9,240.11)	-	-	-
Furniture and Fittings	-	-	-	-	-	-	-	-	-	-	-	-
	(382.81)	-	-	(382.81)	-	(91.70)	-	-	(91.70)	-	-	-
Vehicles	14.03	-	-	14.03	1.42	2.75	-	-	-	4.17	9.86	12.61
	(1,122.45)	(14.03)	-	(1,122.45)	(14.03)	(321.61)	(1.42)	-	(321.61)	(1.42)	-	-
Office Equipments	-	-	-	-	-	-	-	-	-	-	-	-
	(170.63)	-	-	(170.63)	-	(33.87)	-	-	(33.87)	-	-	-

Rupees Lakhs

NOTE 7 - TRADE PAYABLES

	As at 31 st March, 2015	As at 31 st March, 2014
	Rupees Lakhs	Rupees Lakhs
Trade payables		
- Acceptances	-	12.94
- Trade Payables - Micro, Small & Medium Enterprises (Note 37)	69.29	16.24
- Trade Payables - Others	2,499.31	1,903.07
Total	2,568.60	1,932.25

NOTE 8 - OTHER CURRENT LIABILITIES

	As at 31 st March, 2015	As at 31 st March, 2014
	Rupees Lakhs	Rupees Lakhs
Other Payables:		
(i) Statutory remittances (Contributions to PF and other funds, VAT, etc.)	46.09	13.13
(ii) Deposits	2.00	-
(iii) Advance from Customers	177.56	134.11
Total	225.65	147.24

NOTE 9 - SHORT-TERM PROVISIONS

	As at 31 st March, 2015	As at 31 st March, 2014
	Rupees Lakhs	Rupees Lakhs
a. Provision for Employee benefits:		
- Compensated absences	8.92	1.05
- Gratuity	14.34	0.35
- Performance pay	30.48	21.69
b. Provision-Others:		
- Provision for Tax [Net of Advance tax Rs.208.79 Lakhs (2014: Rs. NIL)]	48.88	-
- Warranty (Note 32(a))	28.87	-
- Proposed Dividend	114.79	114.79
- Tax on proposed dividend	23.37	19.51
- Provision for loss on sales return (Note 32(d))	328.68	-
Total	598.33	157.39

MAHINDRA TRUCKS AND BUSES LIMITED
(FORMERLY KNOWN AS MAHINDRA NAVISTAR AUTOMOTIVES LIMITED)

Rupees Lakhs

Description of Assets	Gross Block				Accumulated Depreciation/Amortization					Net Block		
	Balance as at 1 st April, 2014	Additions	Disposals	Adjustment on account of Demerger	Balance as at 31 st March, 2015	Balance as at 1 st April, 2014	Depreciation/Amortisation expense for the year	Eliminated on disposal of assets	Adjustment on account of Demerger	Balance as at 31 st March, 2015	Balance as at 31 st March, 2015	Balance as at 31 st March, 2014
Computers	9.01	–	–	–	9.01	4.44	2.89	–	–	7.33	1.68	4.57
	(932.52)	(2.14)	–	(925.65)	(9.01)	(599.24)	(1.36)	–	(596.16)	(4.44)	–	–
Sub Total A	23.04	–	–	–	23.04	5.86	5.64	–	–	11.50	11.54	17.18
	(50,602.53)	(16.17)	–	(50,595.66)	(23.04)	(10,289.29)	(2.78)	–	(10,286.21)	(5.86)	–	–
B : Intangible Assets												
1. Internally Generated												
Development Expenditure	–	–	–	–	–	–	–	–	–	–	–	–
	(19,800.44)	–	–	(19,800.44)	–	(11,378.20)	–	–	(11,378.20)	–	–	–
2. Others												
Congeries of Rights	–	–	–	–	–	–	–	–	–	–	–	–
	(2,860.00)	–	–	(2,860.00)	–	(2,145.00)	–	–	(2,145.00)	–	–	–
Software Expenditure	–	–	–	–	–	–	–	–	–	–	–	–
	(1,516.33)	–	–	(1,516.33)	–	(1,383.31)	–	–	(1,383.31)	–	–	–
Technical Knowhow	–	–	–	–	–	–	–	–	–	–	–	–
	(930.00)	–	–	(930.00)	–	(930.00)	–	–	(930.00)	–	–	–
Non-Compete Fees	–	–	–	–	–	–	–	–	–	–	–	–
	(1,073.25)	–	–	(1,073.25)	–	(804.95)	–	–	(804.95)	–	–	–
Sub Total B	–	–	–	–	–	–	–	–	–	–	–	–
	(26,180.02)	–	–	(26,180.02)	–	(16,641.46)	–	–	(16,641.46)	–	–	–
C: Capital Work In Progress	–	–	–	–	–	–	–	–	–	–	–	–
	(238.16)	–	–	(238.16)	–	–	–	–	–	–	–	–
Sub Total C	–	–	–	–	–	–	–	–	–	–	–	–
	(238.16)	–	–	(238.16)	–	–	–	–	–	–	–	–
D: Intangible Assets under Development	–	–	–	–	–	–	–	–	–	–	–	–
	(1,867.81)	–	–	(1,867.81)	–	–	–	–	–	–	–	–
TOTAL (A+B+C+D)	23.04	–	–	–	23.04	5.86	5.64	–	–	11.50	11.54	17.18
<i>(Previous Year)</i>	(78,888.52)	(16.17)	–	(78,881.65)	(23.04)	(26,930.75)	(2.78)	–	(26,927.67)	(5.86)	–	–

Note-1:

Pursuant to the transition provisions prescribed in Schedule II to the Companies Act, 2013, the Company has fully depreciated the carrying value of assets, net of residual value, where the remaining useful life of the asset was determined to be nil as on April 1, 2014, and has adjusted an amount of Rs. 0.84 Lakhs/- (net of deferred tax of Rs. 0.43 Lakhs) against the opening Surplus balance in the Statement of Profit and Loss under Reserves and Surplus.

The depreciation expense in the Statement of Profit and Loss for the year is higher by Rs. 1.00 Lakhs consequent to the change in the useful life of the assets.

Note-2:

Figures in brackets are in respect of the corresponding previous year.

NOTE 11 - DEFERRED TAX ASSETS (NET)

	As at 31 st March, 2015 Rupees Lakhs	As at 31 st March, 2014 Rupees Lakhs
Deferred Tax Liability:		
(i) On fiscal allowances on fixed assets	0.40	0.02
Total	0.40	0.02
Deferred Tax Asset:		
(i) Provision for employee benefits	8.99	7.06
(ii) Provision for doubtful debt	28.43	4.28
(iii) Provision for warranty	9.55	–
(iv) Provision for loss on sales return	109.09	–
Total	156.06	11.34
Net Deferred Tax Assets	155.66	11.32

NOTE 12 - LONG TERM LOANS AND ADVANCES

	As at 31 st March, 2015 Rupees Lakhs	As at 31 st March, 2014 Rupees Lakhs
(Unsecured, considered good unless otherwise stated)		
(a) Security deposits	40.80	29.55
(b) Advance income tax [Net of provision for tax Rs. 201.17 Lakhs (2014: Rs. 201.17 Lakhs)]	70.13	70.13
Total	110.93	99.68

NOTE 13 - CURRENT INVESTMENTS

	As at 31 st March, 2015		As at 31 st March, 2014	
	Units	Rupees Lakhs	Units	Rupees Lakhs
Other Current Investments (Unquoted) (Non-Trade) (at cost and fair value whichever is lower)				

MAHINDRA TRUCKS AND BUSES LIMITED
(FORMERLY KNOWN AS MAHINDRA NAVISTAR AUTOMOTIVES LIMITED)

	As at 31 st March, 2015		As at 31 st March, 2014	
	Units	Rupees Lakhs	Units	Rupees Lakhs
Investments in Mutual funds (Refer details below)	442,725	800.00	-	-
Total	442,725	800.00	-	-

Details of Units	As at 31 st March, 2015			As at 31 st March, 2014		
	Face Value Per Unit (Rs)	Numbers	Amount Rupees Lakhs	Face Value Per Unit (Rs)	Numbers	Amount Rupees Lakhs
1. Birla Sun Life Floating Rate Fund Short Term Plan - Growth	100.00	110,813	200.00	-	-	-
2. DWS Insta Cash Plus Fund Super Institutional Plan	100.00	225,473	400.00	-	-	-
3. ICICI Pru Money Market Fund -Growth	100.00	106,439	200.00	-	-	-
		442,725	800.00			

NOTE 14 - INVENTORIES

(at cost and net realisable value whichever is lower)

	As at 31 st March, 2015			As at 31 st March, 2014		
	Closing	In-Transit	Total Rupees Lakhs	Closing	In-Transit	Total Rupees Lakhs
Stock-in-trade						
- Bought out spares	1,827.34	3.90	1,831.24	1,831.80	16.06	1,847.86
Total	1,827.34	3.90	1,831.24	1,831.80	16.06	1,847.86

NOTE 15 - TRADE RECEIVABLES

	As at 31 st March, 2015		As at 31 st March, 2014	
	Rupees Lakhs	Rupees Lakhs	Rupees Lakhs	Rupees Lakhs
(Unsecured, considered good unless otherwise stated)				
(a) Trade receivables outstanding for a period exceeding six months from the date they were due for payment				
Considered Good	143.29		277.81	
Considered Doubtful	86.00		13.16	
		229.29	290.97	
(Less): Provision for Doubtful Debts		(86.00)	(13.16)	
		143.29	277.81	
(b) Other Trade Receivables:				
Considered Good	2,338.03		1,771.28	
Considered Doubtful	-		-	
		2,338.03	1,771.28	
Total		2,481.32	2,049.09	

NOTE 16 - CASH AND BANK BALANCES

	As at 31 st March, 2015	As at 31 st March, 2014
	Rupees Lakhs	Rupees Lakhs
(A) Cash and Cash Equivalents:		
Balances with Banks:		
On Current Accounts	14.73	694.61
(B) Other bank balances		
Fixed Deposits with original maturity greater than 3 months	450.00	-
Total	464.73	694.61

NOTE 17 - SHORT TERM LOANS AND ADVANCES

	As at 31 st March, 2015	As at 31 st March, 2014
	Rupees Lakhs	Rupees Lakhs
(Unsecured, considered good unless otherwise stated)		
Loans and Advances to other than related parties:		
(a) Prepaid expenses	14.80	8.37
(b) Loans and advances others	0.20	3.30
(c) Balances with government authorities		
(i) VAT credit receivable	75.13	-
(ii) Deposit with excise, sales tax authorities	59.15	30.66
(iii) Service Tax credit receivable	8.56	42.22
	142.84	72.88
(d) Advances to suppliers	23.63	9.13
Total	181.47	93.68

NOTE 18 - OTHER CURRENT ASSETS

	As at 31 st March, 2015	As at 31 st March, 2014
	Rupees Lakhs	Rupees Lakhs
Interest accrued on Fixed Deposits	5.63	-
Total	5.63	-

NOTE 19 - REVENUE FROM OPERATIONS (GROSS)

	For the year ended 31 st March, 2015	For the year ended 31 st March, 2014
	Rupees Lakhs	Rupees Lakhs
(a) Sale of Products	10,096.01	7,817.82
(b) Other Operating revenues		
- Sale of Scrap	9.66	-
- Others	0.23	-
Total	10,105.90	7,817.82

MAHINDRA TRUCKS AND BUSES LIMITED
(FORMERLY KNOWN AS MAHINDRA NAVISTAR AUTOMOTIVES LIMITED)

NOTE 20 - OTHER INCOME

	For the year ended		For the year ended		For the year ended	For the year ended
	31 st March, 2015		31 st March, 2014		31 st March, 2015	31 st March, 2014
	Rupees Lakhs	Rupees Lakhs	Rupees Lakhs	Rupees Lakhs	Rupees Lakhs	Rupees Lakhs
(a) Net gain on sale of current investments	6.92	–	–	–	–	4,569.68
(b) Interest on Fixed Deposit	6.25	–	–	–	–	3,258.36
(c) Interest on overdue trade receivables	2.58	2.99	–	–	–	1,024.45
(d) Net gain on foreign currency transactions and translation	–	0.31	–	–	–	–
Total	15.75	3.30	–	–	1,847.86	(8,852.49)

NOTE 21 - COST OF MATERIALS CONSUMED

Particulars	For the year ended		For the year ended	
	31 st March, 2015		31 st March, 2014	
	Rupees Lakhs	Rupees Lakhs	Rupees Lakhs	Rupees Lakhs
Opening stock	–	2,520.34	–	–
Add: Purchases	–	–	–	–
	–	2,520.34	–	–
Less: Transferred in accordance with the scheme of arrangement (Refer Note 3)	–	(2,520.34)	–	–
Less: Closing stock	–	–	–	–
Cost of material consumed	–	–	–	–

NOTE 22. PURCHASES OF STOCK-IN-TRADE (TRADED GOODS)

Particulars	For the year ended		For the year ended	
	31 st March, 2015		31 st March, 2014	
	Rupees Lakhs	Rupees Lakhs	Rupees Lakhs	Rupees Lakhs
Bought out Spares	5,994.62	4,943.01	–	–
Total	5,994.62	4,943.01	–	–

NOTE 23 - CHANGES IN STOCK OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE

	For the year ended		For the year ended	
	31 st March, 2015		31 st March, 2014	
	Rupees Lakhs	Rupees Lakhs	Rupees Lakhs	Rupees Lakhs
(a) Opening stock	–	–	–	–
Finished goods	–	4,569.68	–	–
Work-in-progress	–	3,258.36	–	–
Stock in Trade	1,847.86	2,615.26	–	–
	1,847.86	10,443.30	–	–
(Less:) Transferred in accordance with the scheme of arrangement (Refer Note 3)	–	–	–	–

	For the year ended		For the year ended	
	31 st March, 2015		31 st March, 2014	
	Rupees Lakhs	Rupees Lakhs	Rupees Lakhs	Rupees Lakhs
Finished goods	–	–	–	–
Work-in-progress	–	–	–	–
Stock in Trade	–	–	–	–
(b) Closing stock	–	–	–	–
Finished goods	–	–	–	–
Work-in-progress	–	–	–	–
Stock in Trade	1,831.24	1,847.86	–	–
Total	1,831.24	1,847.86	16.62	(257.05)

NOTE 24 - EMPLOYEE BENEFITS EXPENSE

	For the year ended		For the year ended	
	31 st March, 2015		31 st March, 2014	
	Rupees Lakhs	Rupees Lakhs	Rupees Lakhs	Rupees Lakhs
(a) Salaries and wages	248.28	189.97	–	–
(b) Contribution to provident and other funds	12.42	10.65	–	–
(c) Staff welfare expenses	4.32	11.30	–	–
Total	265.02	211.92	–	–

NOTE 25 - FINANCE COSTS

	For the year ended		For the year ended	
	31 st March, 2015		31 st March, 2014	
	Rupees Lakhs	Rupees Lakhs	Rupees Lakhs	Rupees Lakhs
(a) Interest expense	–	–	–	–
(i) Interest on deferred payment of income tax	8.10	2.39	–	–
(ii) Others	5.34	0.75	–	–
Total	13.44	3.14	–	–

NOTE 26 - OTHER EXPENSES

	For the year ended		For the year ended	
	31 st March, 2015		31 st March, 2014	
	Rupees Lakhs	Rupees Lakhs	Rupees Lakhs	Rupees Lakhs
Manufacturing Charges	–	5.41	–	–
Rent including lease rental	125.77	114.95	–	–
Repairs and maintenance - Others	4.03	0.90	–	–
Advertisement and Sales Promotion Expenses	14.26	7.36	–	–
Insurance	7.21	8.82	–	–
Rates & Taxes	2.22	1.36	–	–
Travelling Expenses	22.36	6.39	–	–
Freight	447.39	381.45	–	–
Dealer Incentives	586.56	384.28	–	–

MAHINDRA TRUCKS AND BUSES LIMITED
(FORMERLY KNOWN AS MAHINDRA NAVISTAR AUTOMOTIVES LIMITED)

	For the year ended 31 st March, 2015	For the year ended 31 st March, 2014
	Rupees Lakhs	Rupees Lakhs
Warranty	78.84	-
Service Charges	391.44	335.66
Professional Fees	18.10	2.31
Provision for doubtful trade receivables	72.84	12.60
Auditors' remuneration (Note 39)	6.94	9.61
Provision for loss on sales return (Note 32(d))	328.68	-
Excise Duty (Note 33)	15.30	-
Miscellaneous expenses	29.37	37.30
Total	2,151.31	1,308.40

NOTE 27 - THE NET EXCHANGE DIFFERENCES ARISING DURING THE YEAR:

Recognised appropriately in the Statement of Profit and Loss - net loss - **Rs. 0.01 Lakhs** (2014 - net gain - Rs. 0.31 Lakhs)

NOTE 28 - DETAILS OF EMPLOYEE BENEFITS AS REQUIRED BY THE ACCOUNTING STANDARD 15 (REVISED) ARE AS UNDER:

(A) Defined Contribution Plan

The Company makes Provident Fund and Superannuation Fund contributions to defined contribution plans for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. Amount recognised as an expense in the Statement of Profit and Loss in respect of Defined Contribution Plans is **Rs. 8.36 lakhs** (2014 - Rs. 7.35 lakhs).

(B) Defined Benefit Plan

(i) The Defined Benefit Plans comprise of Gratuity

The following table sets out the funded status of the defined benefit schemes and the amount recognised in the financial statements

		(Rupees Lakhs)	
Particulars		Gratuity	
I	Changes in the present value of defined obligation representing reconciliation of opening and closing balances thereof are as follows:	As at 31st March, 2015	As at 31st March, 2014
1	Present Value of Defined Benefit Obligation at beginning of the year	10.45	652.38
	Less: Transferred in accordance with Scheme of Arrangement (Refer Note 3)	-	(645.23)
	Present Value of Defined Benefit Obligation at beginning of the year (Net)	10.45	7.15
2	Current Service cost	3.65	3.35
3	Interest Cost	0.95	0.58
4	Actuarial gains	(0.48)	(0.63)
5	Present value of Defined Benefit Obligation as at end of the year	14.57	10.45
II.	Changes in the fair value of plan assets representing reconciliation of opening and closing balances thereof are as follows:		
1	Fair value of Plan assets at beginning of the year	-	256.09
	Less: Transferred in accordance with Scheme of Arrangement (Refer Note 3)	-	(256.09)
	Fair value of Plan assets at beginning of the year (net)	-	-

(Rupees Lakhs)

Particulars		Gratuity	
2	Asset acquired on transfer in of Employees	-	-
3	Expected return on plan assets	-	-
4	Actuarial gains and losses	0.06	-
5	Actual contributions by employers.	0.05	-
6	Benefits paid	-	-
7	Plan assets at the end of the year	0.11	-

III. Reconciliation of Present Value of Defined Benefit Obligation and fair value of plan assets showing amount recognized in the Balance Sheet:

1	Present value of Defined Benefit Obligation	14.57	10.45
2	Fair value of plan assets	0.11	-
3	Funded status (Deficit)	(14.46)	(10.45)
4	Unrecognized Past Service Costs	-	-
5	Net (Liability) recognized in Balance Sheet	(14.46)	(10.45)

Particulars		For the year ended 31 st March, 2015	For the year ended 31 st March, 2014
-------------	--	--	--

IV Components of employer expenses recognized in the statement of profit and loss for the year ended.

1	Current Service cost	3.65	3.35
2	Interest cost	0.95	0.58
3	Expected return on plan assets	-	-
4	Curtailment cost/(credit)	-	-
5	Settlement cost/(credit)	-	-
6	Past Service cost	-	-
7	Actuarial Losses/(Gains)	(0.54)	(0.63)
8	Total expense recognized in the Statement of Profit and Loss under Contribution to Provident Fund and other Funds	4.06	3.30

V Category of Assets (% Allocation)

Insurer Managed Funds	100%	-
-----------------------	------	---

VI Principal Actuarial Assumptions:

		Gratuity	
1	Discount Rate (%)	7.80%	9.05%
2	Expected Return on plan assets (%)	8.50%	-
3	Salary Escalation (%)	10.00%	10.00%

Experience History		Gratuity				
		31/03/2015	31/03/2014	31/03/2013	31/03/2012	31/03/2011
1	Defined Benefit Obligation at the end of the period	14.57	10.45	652.37	384.70	319.99
2	Plan Assets at the end of the period	0.11	-	256.09	183.80	206.72
3	Funded Status	(14.46)	(10.45)	(396.28)	(200.90)	(113.27)
4	Experience adjustments on plan liabilities	(2.41)	(0.62)	25.19	12.34	17.22
5	Experience adjustments on plan assets	(0.06)	-	(13.64)	(5.75)	0.43

(ii) Basis used to determine expected rate of return on assets:

This is based on the expectation of the average long term rate of return expected on investment of the fund during the estimated terms of obligation.

(iii) The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

MAHINDRA TRUCKS AND BUSES LIMITED
(FORMERLY KNOWN AS MAHINDRA NAVISTAR AUTOMOTIVES LIMITED)

NOTE 29 - Related Party Disclosures:

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

(a) Related parties where control exist:

Holding Company : Mahindra & Mahindra Limited

(b) Other parties with whom transactions have taken place during the year

(i) Fellow Subsidiaries :

Sr. No	Name of the company
1	Mahindra Vehicle Manufacturers Limited.
2	Mahindra Logistics Limited.
3	Mahindra Heavy Engines Private Limited.
4	Mahindra Integrated Business Solutions Ltd
5	Defence Land Systems India Private Limited

(ii) Key Managerial personnel : Managing Director - Mr. Nalin Mehta

(B) Related Party Transactions:

Nature of Transactions	Rupees Lakhs		
	Holding Company (Mahindra & Mahindra Limited)	Fellow Subsidiaries	Key Management Personnel
1 Purchases:			
Goods	494.50 <i>(166.95)</i>	1,150.71 <i>(858.4)</i>	(...)
Service	447.48 <i>(416.16)</i>	461.05 <i>(...)</i>	(...)
2 Sales:			
Goods	182.44 <i>(108.84)</i>	3.73 <i>(...)</i>	(...)
3 Other Transactions			
Reimbursements made to parties (Refer Note 1 below)	72.06 <i>(1895.64)</i>	(...)	(...)
Reimbursements received from parties	-	(...)	(...)
Other Income	2.58 <i>(66.68)</i>	(...)	(...)
Interest Expense	-	(...)	(...)
Dividend Paid	114.79 <i>(-)</i>	(...)	(...)
Dividend Payable	114.79 <i>(-)</i>	(...)	(...)
4 Outstanding			
Payable	260.54 <i>(306.06)</i>	134.97 <i>(223.55)</i>	(...)
Receivable	367.72 <i>(156.4)</i>	2.33 <i>(77.36)</i>	(...)
5 Managerial Remuneration (Refer Note 1 below)	(...)	(...)	5.72 <i>(10.71)</i>

The significant related party transactions are as under:

Nature of Transactions	Rupees Lakhs	
	Fellow Subsidiaries	Amount
Purchase – Goods	Mahindra Vehicle Manufactures Limited.	311.46 <i>(334.39)</i>
	Mahindra Heavy Engines Private Limited	839.25 <i>(524.01)</i>
Purchase – Services	Mahindra Logistics Limited	456.65 <i>(241.74)</i>

The significant related party transactions are as under:

		Rupees Lakhs
Sale of Goods	Defence Land Systems of India Ltd	3.73 <i>(...)</i>

Notes:-

- Reimbursements made to parties disclosed above includes managerial remuneration of Rs. 5.72 lakhs (2014: Rs. 10.71 Lakhs)
- Figures in brackets are in respect of the corresponding previous year.

NOTE 30 - THE TOTAL OF FUTURE MINIMUM LEASE PAYMENTS UNDER NON-CANCELLABLE OPERATING LEASE:

- Lease payments recognised in the Statement of Profit and Loss for the year **Rs. 125.77 Lakhs** (2014 : Rs. 114.95 Lakhs)
- The total of future minimum lease payments under non-cancellable operating leases for each of the following period are as under:

Particulars	As at 31 st March, 2015	As at 31 st March, 2014
	Rupees Lakhs	Rupees Lakhs
(i) Not later than one year	42.37	40.36
(ii) Later than one year and not later than five years.	-	63.56
(iii) Later than five years	-	-
Total	42.37	103.92

NOTE 31 - EARNING PER SHARE

	As at 31 st March, 2015	As at 31 st March, 2014
Amount used as the numerator – Profit after tax for the year (Rs. Lakhs)	227.83	395.61
Weighted average number of equity shares used in computing Earnings per share	1,147,925,600	1,147,925,600
Basic and Diluted Earnings per share (Face value of Rs. 0.20 per share)	0.02	0.03

NOTE 32 - Details of provisions and movements in each class of provisions.

- Provision for warranty **Rs. 28.87 Lakhs** (2014: Rs. NIL Lakhs) relates to provision made in respect of sale of certain products, the estimated costs of which is accrued at the time of sale. The products are generally covered under warranty period ranging upto 6 months or 20000 kms from the date of fitment, whichever is earlier.

The movement in above provisions is as follows:

	As at 31 st March, 2015	As at 31 st March, 2014
	Rupees Lakhs	Rupees Lakhs
Carrying Amount as at 1 st April	-	2,541.89
Less: Transferred in accordance with the scheme of arrangement (Refer Note 3)	-	(2,541.89)
Additional Provision made during the year	28.87	-
Amounts Used during the year	-	-
Carrying Amounts as at 31 st March	28.87	-

- Provision for Disputed Excise Duty is in respect of show cause notices/demand notices for differential excise duty including interest thereon. The timing of the outflow is dependent on the outcome of the settlement with the appropriate authorities.

MAHINDRA TRUCKS AND BUSES LIMITED
(FORMERLY KNOWN AS MAHINDRA NAVISTAR AUTOMOTIVES LIMITED)

The movement in above provision is as follows:

	As at 31 st March, 2015	As at 31 st March, 2014
	Rupees Lakhs	Rupees Lakhs
Balance as at 1 st April	-	816.34
Less: Transferred in accordance with the scheme of arrangement (Refer Note 3A)	-	(816.34)
Add: Provision made during the year	-	-
Less: Amount paid during the year	-	-
Balance as at 31 st March	<u>-</u>	<u>-</u>

- (c) Provision for Contingencies is in respect of (i) likely lower realisation in respect of finished goods and non moving raw material with the vendor and (ii) provision for likely liability for certain furniture and fixtures taken on rent.

The movement in above provision is as follows:

	As at 31 st March, 2015	As at 31 st March, 2014
	Rupees Lakhs	Rupees Lakhs
Balance as at 1 st April	-	1,380.89
Less: Transferred in accordance with the scheme of arrangement (Refer Note 3)	-	(1,380.89)
Add: Provision made during the year	-	-
Less: Provision reversed/utilised during the year	-	-
Balance as at 31 st March	<u>-</u>	<u>-</u>

- (d) Provision for loss on sales return.

The movement in above provision is as follows:

	As at 31 st March, 2015	As at 31 st March, 2014
	Rupees Lakhs	Rupees Lakhs
Balance as at 1 st April	-	-
Add: Provision made during the year	328.68	-
Less: Provision reversed/utilised during the year	-	-
Balance as at 31 st March	<u>328.68</u>	<u>-</u>

NOTE 33 - Excise duty recovered is included in Sale of Products which comprises of Traded goods. Excise duties in respect of stock in trade are shown separately as an item of expenses and included in the valuation of Inventory.

NOTE 34 - CIF VALUE OF IMPORTS

Particulars	For the year ended 31 st March, 2015	For the year ended 31 st March, 2014
	Rupees Lakhs	Rupees Lakhs
Bought out spares	19.62	58.54
Total	<u>19.62</u>	<u>58.54</u>

Note 35 - Details of Sales and Finished Goods Stock under broad heads

Particulars	Opening stock		Less: Transferred on 1 st April, 2014 in accordance with the scheme of arrangement (Refer Note 3)	Closing stock		Sales	
	As at 1 st April, 2014 Rupees Lakhs	As at 1 st April, 2013 Rupees Lakhs		As at 31 st March, 2015 Rupees Lakhs	As at 1 st April, 2014 Rupees Lakhs	For the year ended 31 st March, 2015 Rupees Lakhs	For the year ended 31 st March, 2014 Rupees Lakhs
Manufactured Goods							
Vehicles	-	4,569.68	(4,569.68)	-	-	-	-
Traded Goods under Broad Heads							
Vehicles	-	996.09	(996.09)	-	-	-	-
Bought out spares	1,847.86	1,619.18	(28.36)	1,831.24	1,847.86	10,105.90	7,817.82
Total	<u>1,847.86</u>	<u>7,184.95</u>	<u>(5,594.13)</u>	<u>1,831.24</u>	<u>1,847.86</u>	<u>10,105.90</u>	<u>7,817.82</u>

Note:

- (i) The Company utilized the services of a third party manufacturer for assembly of certain Commercial Vehicles, which are referred above as Manufactured Goods.

MAHINDRA TRUCKS AND BUSES LIMITED
(FORMERLY KNOWN AS MAHINDRA NAVISTAR AUTOMOTIVES LIMITED)

NOTE 36 –

Details of year end foreign currency exposures that have not been hedged by a derivative instrument or otherwise:

Particulars	Amount in foreign currency USD		Equivalent amount Rupees Lakhs	
	As at 31 st March, 2015	As at 31 st March, 2014	As at 31 st March, 2015	As at 31 st March, 2014
Amounts receivable in foreign currency	12,867.46	–	8.11	–
Amounts payable in foreign currency	16,408.24	16,627.00	10.35	10.06

NOTE 37 –

Micro, Small and Medium enterprises have been identified on the basis of the information to the extent provided by the suppliers. Total outstanding dues of Micro, Small and Medium enterprises as on 31st March, 2015 which are outstanding for more than the stipulated period are given below :

Particulars	As at 31 st March, 2015 Rupees Lakhs	As at 31 st March, 2014 Rupees Lakhs
(i) Dues remaining unpaid as at the end of the accounting year		
Principal	10.64	0.45
Interest	2.01	0.21
(ii) Interest paid in terms of Section 16 of the Act.	Nil	Nil
(iii) Amount of interest due and payable for the period of delay on payments made beyond the appointed day during the year	5.34	0.75
(iv) Amount of interest accrued and remaining unpaid at the end of accounting year	6.02	1.25
(v) Further interest due and payable even in the succeeding years, until such date when the interest due as above are actually paid to the small enterprises.	–	0.28

NOTE 38 – EARNINGS IN FOREIGN EXCHANGE

Particulars	For the year ended 31 st March, 2015 Rupees Lakhs	For the year ended 31 st March, 2014 Rupees Lakhs
FOB Value of exports	11.38	–
Total	11.38	–

NOTE 39 – AUDITORS' REMUNERATION:

Particulars	For the year ended 31 st March, 2015 Rupees Lakhs	For the year ended 31 st March, 2014 Rupees Lakhs
Audit fees	6.84	6.18
Other services	–	3.37
Out of pocket expenses reimbursed	0.10	0.06
Total	6.94	9.61

NOTE 40 –

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

For and on behalf of the Board

Nalin Mehta
Managing Director

Bharat Moossaddee
Directors

Arun Mishra
Chief Financial Officer

Suryakant Laxman Khare
Company Secretary

Place: Pune
Date: 24th April, 2015

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors present their Eighth Report along with the Audited Accounts of your Company for Financial Year ended 31st March, 2015.

Financial Results and State of Company's Affairs

Particulars	(Rupees in lakhs)	
	For the year ended 31 st March, 2015	For the year ended 31 st March, 2014
Income	15,953.56	9,618.31
Profit/(Loss) before Interest and Depreciation	(1,404.26)	(2,145.79)
Less: Interest	1,357.60	1,571.76
Depreciation	2,581.48	2,058.06
Profit/(Loss) before exceptional item	(5,343.33)	(5,775.61)
Exceptional Item - Profit on Sale of Fixed asset (Net)	1.89	-
Profit/(Loss) for the year	(5,341.44)	(5,775.61)
Balance of Profit/(Loss)	(25,614.62)	(19,839.01)
Less: Transitional depreciation adjustment to reserves	(30.20)	-
Balance carried forward	(30,986.26)	(25,614.62)
Net Worth	1,922.25	546.84

No material changes and commitments have occurred after the closure of current financial year till the date of this report which would affect the financial position of the Company.

Operations

The year under review was the fourth year of full-fledged commercial operations for your Company. "On-Highway" & "Off-highway" volumes increased by 56% and 113% respectively, Import content for the current year stood at 4% against 3% in the previous year, which along with other cost reduction programs helped the Company to maintain the costs close to targeted level. Cost control initiatives rolled out by the Company helped inculcate a frugal mindset across the organization, resulting in savings in fixed costs. The Company continued its focus on lean management and has endeavored to utilize its assets better. The Company enjoyed healthy industrial relations and continued its efforts to develop its manpower.

Dividend

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

Share Capital

During the year under review, the authorised share capital of your Company was increased from Rs. 3,750,000,000 (Rupees Three Hundred and Seventy Five Crore) to Rs. 5,350,000,000 (Rupees Five Hundred and Thirty Five Crore).

During the year under review, your Company made an issue of 180,000,000 equity shares of Rs. 10 each on Rights basis and pursuant to the same the issued, subscribed and paid up capital of your company stood increased to Rs. 5,080,000,000 (Rupees Five Hundred and Eight Crore) as at the last date of the year under review.

Board of Directors

During the year under review, Mr. Pankaj Sonalkar (DIN: 02685465) resigned as Managing Director with effect from 24th April, 2015. Mr. Pankaj Sonalkar continues to be Director of the Company.

Mr. Rajan Wadhwa retires by rotation at the forthcoming Annual General Meeting and being eligible offers himself for re-appointment.

During the year under review, Mr. Shrikant Marathe (DIN: 05243645) and Ms. Neera Saggi (DIN: 00501029) were appointed as Independent Directors and they shall hold the office of directorship for a term of five years and would not be liable to retire by rotation.

Ms. Neera Saggi was appointed as an additional woman independent director by the Board of Directors with effect from March 31, 2015. Ms. Saggi hold office up to the date of the forthcoming Annual General Meeting. The Company has received a notice from a member, signifying its intention to propose Ms. Saggi as candidate for the office of director at the forthcoming Annual General Meeting.

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

Evaluation of performance

Pursuant to the provisions of the Companies Act, 2013, the Board has carried out an annual evaluation of its own performance and that of its Committees as well as performance of the Directors individually. Feedback was sought by way of

a structured questionnaire covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance and the evaluation was carried out based on responses received from the Directors.

Number of the Meetings of Board of Directors

Your Board of Directors met 5 times during the year under review on 22nd April, 2014, 27th May, 2014, 12th August, 2014, 24th November, 2014 and 4th March, 2015.

Directors' Responsibility Statement

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

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed;
- (ii) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2015 and of the Loss of the Company for the year ended on that date;
- (iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) the annual accounts have been prepared on a going concern basis;
- (v) proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Key Managerial Personnel

Mr. Sai Ganesh Iyer was appointed as Chief Financial Officer with effect from 12th August, 2014 and Mr. Kiran Bade as Company Secretary with effect from 31st March, 2014, in accordance with provisions of Section 203 of Companies Act, 2013.

Committees of the Board:

Audit Committee

The Committee was reconstituted by the Board on 31st March, 2015 pursuant to the appointment of two independent directors.

The Committee now consists of:

Mr. S. Durgashankar - Chairman
Mr. Shrikant Marathe
Ms. Neera Saggi

The Committee met three times during the year on 22nd April, 2014, 12th August, 2014 and 4th March, 2015.

Vigil Mechanism

Your Company has established vigil mechanism for directors and employees to report genuine concerns in accordance with section 177 of Companies Act, 2013. It provides for adequate safeguards against victimization of persons who use such mechanism and make provision for direct access to the Chairperson of the Audit Committee/Director nominated for this purpose.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee was reconstituted by the Board on 31st March, 2015 pursuant to the appointment of two independent directors.

The Nomination and Remuneration Committee now consists of:

Mr. S. Durgashankar - Chairman
Mr. Rajan Wadhwa
Mr. Shrikant Marathe
Ms. Neera Saggi

The Committee met once during the year under review on 4th March, 2015.

Auditors:

Statutory Auditors

At the Seventh Annual General Meeting, Messrs. Deloitte Haskins & Sells, Chartered Accountants, (ICAI registration Number 117365W) were appointed as the statutory auditors of your Company to hold office from the conclusion of the seventh Annual General Meeting till the conclusion of eighth Annual General Meeting.

Messrs. Deloitte Haskins & Sells, Chartered Accountants, have given a written consent to act as Statutory Auditor of your Company, if appointed, and have also confirmed that the said appointment would be in conformity with the provisions of Sections 139 and 141 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014.

The members are requested to appoint statutory auditors of the Company at the ensuing Annual General Meeting and fix their remuneration.

The Auditors' Report does not contain any qualification, reservation or adverse remark.

Secretarial Auditors

Your Company has appointed M/s. M. Siroya and Company, Company Secretaries as Secretarial Auditor of the Company in accordance with Section 204 of Companies Act, 2013.

In terms of provisions of sub section 1 of section 204 of Companies Act, 2013, a secretarial audit report given by the Secretarial Auditors, in prescribed form MR 3 is annexed with this Report at **Annexure I**.

Cost Auditors

The Board of Directors of your Company have upon the recommendation of the Audit Committee appointed M/s. Dhananjay V. Joshi & Associates, Cost Accountants, to audit the cost accounts of the Company for the financial year

ended 31st March, 2015. The due date of filing the cost Audit Report for the year ended 31st March, 2015 is 30th September, 2015.

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

In line with the principles of transparency and consistency and upon recommendation of the Nomination and Remuneration Committee, your Board has approved

- Policy on the appointment/removal of directors and senior management personnel, together with the criteria for determining qualifications, positive attributes and independence of directors
- Policy on the remuneration of directors, key managerial personnel and other employees

These policies are provided as **Annexure II** and form part of this report.

Risk Management Policy

Your Company has formulated Risk Management Policy including therein the elements of risk which in the opinion of Board may threaten the existence of the Company.

Your Board is hopeful that the implementation of the policy will be helpful to the Company in avoiding the risk and enabling the Company to manage the same, if confronted with.

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

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

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

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

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

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

The Company has not granted any loans, provided any securities and not made any investments pursuant to Section 186 of the Companies Act, 2013 during the year under review. Your Company has not made any loans/advances and investment which are required to be disclosed in the

annual accounts of the Company pursuant to Clause 32 of the Listing Agreement between the Parent Company, Mahindra & Mahindra Limited and the Stock Exchanges.

Internal Financial Controls

Pursuant to Rule 8 of the Companies (Accounts) Rules, 2014, based on the representation received and after due enquiry your directors confirm that they have laid down internal financial controls with reference to the Financial Statements and these controls are adequate.

Particulars of Transactions with Related Parties

Particulars of contracts or arrangements with related parties are given in the prescribed form AOC – 2 as **Annexure IV** and the same forms part of this Report.

Extract of Annual Return

Pursuant to Section 92(3) of the Companies Act, 2013 read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014 an extract of the Annual return as on 31st March, 2015 is attached herewith as **Annexure V** and forms part of this report.

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

During the year under review, no complaints were received under the sexual harassment of women at workplace (Prevention, Prohibition and Redressal) Act, 2013 for prevention of sexual harassment.

GENERAL

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

Issue of equity shares with differential rights as to dividend, voting or otherwise.

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

There were no Shares having voting rights not exercised directly by the employees and for the purchase of which or subscription to which loan was given by the Company.

Acknowledgements

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

For and on behalf of the Board

Rajan Wadhera
Chairman
(DIN: 00416429)

Pune, April 24, 2015

ANNEXURE I TO THE DIRECTORS' REPORT

Form No. MR-3

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED MARCH 31, 2015

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

To,
The Members,

Mahindra Heavy Engines Private Limited

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2015 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2015 according to the provisions of:

- (i) The Companies Act, 1956 (the Old Act) and the rules made thereunder, as may be applicable;
- (ii) The Companies Act, 2013 (the Act) and the rules made thereunder, as may be applicable; and
- (iii) Based on the representation made by the Company and its officers, the Company has proper system and process in place for compliance under the other applicable Laws, Acts, Rules, Regulations and Guidelines. Major heads/groups of Acts, laws, Rules, Regulations, Guidelines and Standards as applicable to the Company are given below:
 - (i) Labour Laws and other incidental laws related to labour and employees appointed by the Company either on its payroll or on contractual basis as related to wages, gratuity, provident fund, ESIC, compensation etc.;
 - (ii) Acts as prescribed under Direct Tax and Indirect Tax;
 - (iii) Acts prescribed under prevention and control of pollution;
 - (iv) Acts prescribed under environmental protection;
 - (v) Land Revenue laws of Maharashtra State;

- (vi) Labour Welfare Act of Maharashtra State; and
- (vii) Local laws as applicable to the factory and office of the Company.

The Company is an unlisted Company and therefore compliance with listing agreement is not applicable. The Institute of Company Secretaries of India has not prescribed any Secretarial Standards which are mandatory for the year 2014-15.

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

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

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

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

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

We further report that during the audit period the company has not undertaken any event/action having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

For M Siroya and Company Company Secretaries

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

Place: Mumbai
Date: April 24, 2015

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

‘Annexure A’

To,
The Members,

Mahindra Heavy Engines Private Limited

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

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management's representation about the compliance of laws, rules and regulations and happening of events etc.

5. The compliance of the Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the verification of the procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**For M Siroya and Company
Company Secretaries**

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

Place: Mumbai
Date: April 24, 2015

ANNEXURE II TO THE DIRECTORS' REPORT

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

Purpose

This Policy sets out the approach to Compensation of Directors, Key Managerial Personnel and other employees in Mahindra Heavy Engines Pvt. Ltd. (formerly known as Mahindra Navistar Engines Pvt. Ltd.)

Policy Statement

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

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

NON-EXECUTIVE INCLUDING INDEPENDENT DIRECTORS:

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

Executive Directors:

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

time of their appointment, the variable compensation will be determined annually by the NRC based on their performance.

Key Managerial Personnel (KMPs)

The terms of remuneration of Chief Financial Officer (CFO) and Company Secretary (CS) & other Key Management personnel, if any, shall be determined by the NRC from time to time. The remuneration shall be consistent with the competitive position of the salary for similar positions in the industry and their Qualifications, Experience, Roles and Responsibilities. Pursuant to the provisions of section 203 of the Companies Act, 2013 the Board shall approve the remuneration at the time of their appointment.

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

Employees

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

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

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

- Performance
- Potential
- Criticality
- Longevity in grade

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

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

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

DEFINITIONS

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

“**Board**” means Board of Directors of the Company.

“**Company**” means Mahindra Heavy Engines Private Limited.

“**Committee(s)**” means Committees of the Board for the time being in force.

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

“**HR**” means the Human Resource department of the Company.

“**Key Managerial Personnel**” (KMP) refers to key managerial personnel as defined under the Companies Act, 2013 and includes:

- (i) Managing Director (MD), or Chief Executive Officer (CEO); or Manager; or Whole time Director (WTD)
- (ii) Chief Financial Officer (CFO); and
- (iii) Company Secretary (CS).

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

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

I. APPOINTMENT OF DIRECTORS

- The NRC reviews and assesses Board composition and recommends the appointment of new Directors. In evaluating the suitability of individual Board member, the NRC shall take into account the following criteria regarding qualifications, positive attributes and independence of director:
 1. All Board appointments will be based on merit, in the context of the skills, experience, independence and knowledge, for the Board as a whole to be effective.
 2. Ability of the candidates to devote sufficient time and attention to his professional obligations as Independent Director for informed and balanced decision making.
 3. Adherence to the Code of Conduct and highest level of Corporate Governance in letter and in spirit by the Independent Directors.
- Based on recommendation of the NRC, the Board will evaluate the candidate(s) and decide on the selection

of the appropriate member. The Board through the Chairman & Managing Director will interact with the new member to obtain his/her consent for joining the Board. Upon receipt of the consent, the new Director will be co-opted by the Board in accordance with the applicable provisions of the Companies Act, 2013 and Rules made thereunder.

REMOVAL OF DIRECTORS

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

SENIOR MANAGEMENT PERSONNEL

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

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

II. SUCCESSION PLANNING:

Purpose

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

Board:

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

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

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

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

Senior Management Personnel:

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

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

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

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

Policy Statement

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

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

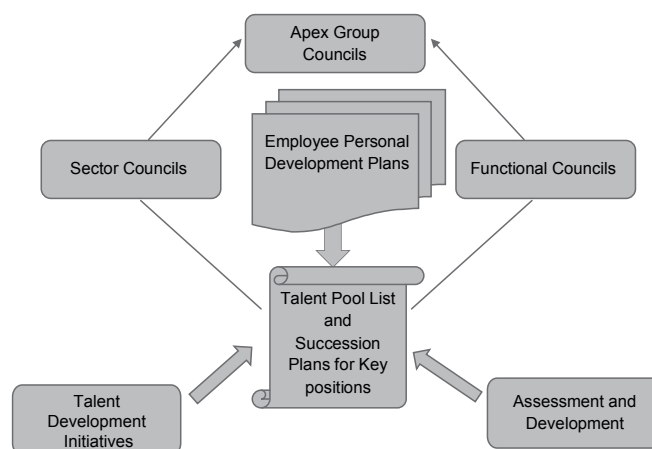
The framework lays down an architecture and processes to address these questions using the **3E** approach:

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

The Talent Management process is applicable to all employees. Over the years, the Talent Management framework has become a well-structured and process-oriented system which is driven by an interactive and collaborative network

of Talent Councils at the Group and Sector Levels. These Talent Councils, which consist mainly of Senior business leaders supported by HR, are a mix of Sector (Business) and Functional Councils coordinated by an Apex Talent Council, headed by the Group Chairman. The Apex Council reviews the work done by the Talent Councils and facilitates movement of talent across Sectors. The Sector/Functional Councils meet regularly throughout the year and the Apex Council interacts with each one of them separately once a year, and in addition conducts an integrated meeting where the Chairpersons of all the Councils are present.

The Talent Management process can be represented pictorially as under:



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

For and on behalf of the Board

Rajan Wadhwa
Chairman
(DIN: 00416429)

Pune, April 24, 2015

ANNEXURE III TO THE DIRECTORS' REPORT

PARTICULARS AS PER THE COMPANIES (ACCOUNTS) RULES, 2014 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2015.

A. CONSERVATION OF ENERGY

(a) the steps taken or impact on conservation of energy:

- Utilization of alternate source of energy i.e Solar/Heat generated from test bed for High consumption areas.
- Optimization of AC usage by timer control.
- Over all illumination light actuation by timer control.
- Optimization of energy by using drives for high HP motors.

(b) the steps taken by the company for utilizing alternate sources of energy:

- Setting up of solar power plant.
- Infrastructure for usage of test bed exhaust gases

(c) the capital investment on energy conservation equipments: NIL

B. TECHNOLOGY ABSORPTION

- i) the efforts made towards technology absorption - Local market needs transformed in engineering technology
- ii) the benefits derived like product improvement, cost reduction, product development or import substitution: It is ongoing process toward product cost reduction.
- iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year) –

(a) the details of technology imported:

Technology for manufacture of 7.2 Litre, 6 Cylinder Acteon Diesel Engines from MWM International Industria de Motoresda America do Sul Ltda of Brazil. The technology was imported in the year 2009-10.

(b) the year of import: 2009-10

(c) whether the technology been fully absorbed: Fully absorbed with local customization.

(d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof: NA

iv) the expenditure incurred on Research and Development : NIL

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

Total Foreign Exchange Earned and Used:

(Rupees in Lakhs)

	For the Financial Year Ended 31 st March, 2015	For the Financial Year Ended 31 st March, 2014
Total Foreign Exchange Earned	1322.68	963.11
Total Foreign Exchange Used	2549.17	389.67

For and on behalf of the Board

Rajan Wadhera
Chairman
(DIN: 00416429)

Pune, April 24, 2015

ANNEXURE IV TO THE DIRECTORS' REPORT

Particulars of Transactions with Related Parties

Particulars of Transactions with Related Parties for year ended 31st March, 2015

FORM NO. AOC-2

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

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

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

Sr. No.	Particulars	Details
a)	Name (s) of the related party & nature of relationship	Mahindra & Mahindra Limited - Holding Company
b)	Nature of contracts/arrangements/transaction	Sale, Purchase and supply of goods and materials
c)	Duration of the contracts/arrangements/transaction	1 st April, 2014 to 31 st March, 2015
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	Sales of engines and spares - Rs. 4161.55 lacs
e)	Date of approval by the Board	N.A.
f)	Amount paid as advances, if any	Nil

Sr. No.	Particulars	Details
a)	Name (s) of the related party & nature of relationship	Mahindra Vehicle manufacturers Limited- Fellow Subsidiary
b)	Nature of contracts/arrangements/transaction	Sale, Purchase and supply of goods and materials
c)	Duration of the contracts/arrangements/transaction	1 st April, 2014 to 31 st March, 2015
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	Sales of engines and spares- Rs. 10778.22 lacs
e)	Date of approval by the Board	N.A.
f)	Amount paid as advances, if any	Nil

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

For and on behalf of the Board

Rajan Wadhera
Chairman
(DIN: 00416429)

Pune, April 24, 2015

ANNEXURE V — TO THE DIRECTORS' REPORT

Form No. MGT-9

Extract of Annual Return

as on the financial year ended on 31st March, 2015

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

I. REGISTRATION AND OTHER DETAILS:

1.	CIN	U35914MH2007PTC169753
2.	Registration Date	9th April 2007
3.	Name of the Company	Mahindra Heavy Engines Private Limited
4.	Category/Sub-Category of the Company	Private Limited Company
5.	Address of Registered office and contact details	Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai 400018. Tel : 022-24905828
6.	Whether listed Company (Yes/No)	No
7.	Name, Address and Contact details of Registrar and Transfer Agent, if any	None

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

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

Sr. No	Name and Description of Main Product/Services	NIC Code of the Product	% to total turnover of the Company
1	Internal Combustion Engines	2911	95%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Sr. No	Name and Address of the Company	CIN/GIN	Holding/ Subsidiary of the Company	% of shares held	Applicable Section
1.	MAHINDRA & MAHINDRA LIMITED Gateway Building, Apollo Bunder, Mumbai – 400 001.	L65990MH1945PLC004558	Holding Company	100%	2(46)

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

i. Category-wise Share Holding:

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year	
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares		
A. Promoters										
1. Indian										
a. Individual/HUF	–	–	–	–	–	–	–	–	–	–
b. Central Govt.	–	–	–	–	–	–	–	–	–	–
c. State Govt.	–	–	–	–	–	–	–	–	–	–
d. Bodies Corp.	–	328000000	328000000	100%	–	508000000	508000000	100%	–	–
e. Bank/FI	–	–	–	–	–	–	–	–	–	–
f. Any Other	–	–	–	–	–	–	–	–	–	–
Sub-Total- A-(1)	–	328000000	328000000	100%	–	508000000	508000000	100%	–	–

MAHINDRA HEAVY ENGINES PRIVATE LIMITED
(FORMERLY KNOWN AS MAHINDRA NAVISTAR ENGINES PRIVATE LIMITED)

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
2. Foreign									
a. NRI-Individuals	--	--	--	--	--	--	--	--	--
b. Other Individuals	--	--	--	--	--	--	--	--	--
c. Body Corporate	--	--	--	--	--	--	--	--	--
d. Bank/Fl	--	--	--	--	--	--	--	--	--
e. Any Others	--	--	--	--	--	--	--	--	--
Sub Total- A (2)	--	--	--	--	--	--	--	--	--
Total Share Holding of Promoters (1+2)	--	328000000	328000000	100%	--	508000000	508000000	100%	--
B. Public Shareholding									
1. Institution	--	--	--	--	--	--	--	--	--
a. Mutual Funds	--	--	--	--	--	--	--	--	--
b. Bank/Fl	--	--	--	--	--	--	--	--	--
c. Cent. Govt.	--	--	--	--	--	--	--	--	--
d. State Govt.	--	--	--	--	--	--	--	--	--
e. Venture Capital	--	--	--	--	--	--	--	--	--
f. Insurance Co.	--	--	--	--	--	--	--	--	--
g. FIs	--	--	--	--	--	--	--	--	--
h. Foreign Portfolio Corporate	--	--	--	--	--	--	--	--	--
i. Foreign Venture Capital Fund	--	--	--	--	--	--	--	--	--
j. Others	--	--	--	--	--	--	--	--	--
Sub-Total-B (1)	--	--	--	--	--	--	--	--	--
2. Non- Institution	--	--	--	--	--	--	--	--	--
a. Body Corp.	--	--	--	--	--	--	--	--	--
b. Individual	--	--	--	--	--	--	--	--	--
i. Individual shareholders holding nominal share capital upto ₹ 1 lakh	--	--	--	--	--	--	--	--	--
ii. Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	--	--	--	--	--	--	--	--	--
c. Others									
NRI (Rep)	--	--	--	--	--	--	--	--	--
NRI (Non-Rep)	--	--	--	--	--	--	--	--	--
Foreign National	--	--	--	--	--	--	--	--	--
OCB	--	--	--	--	--	--	--	--	--
Trust	--	--	--	--	--	--	--	--	--
In Transit	--	--	--	--	--	--	--	--	--
Sub-Total-B (2)	--	--	--	--	--	--	--	--	--
Net Total (1+2)	--	--	--	--	--	--	--	--	--
C. Shares held by Custodian for GDRs & ADRs									
Promoter and Promoter Group	--	--	--	--	--	--	--	--	--
Public	--	--	--	--	--	--	--	--	--
Grand Total (A+B+C)	--	328000000	328000000	100%	--	508000000	508000000	100%	--

ii. Shareholding of Promoters:

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	
1	MAHINDRA & MAHINDRA LIMITED	327999999	100%	–	507999999	100%	–	–
2	MAHINDRA & MAHINDRA LIMITED jointly with Mr. Narayan Shankar*	1	–	–	1	–	–	–
	Total	328000000	100%	–	508000000	100%	–	–

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

iii. Change in Promoters' Shareholding

Sr. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No of shares	% of total shares of the Company
	Mahindra & Mahindra Limited				
	At the beginning of the year	328,000,000	100%	–	–
	Increase :- On 22 nd April, 2014 on allotment of further Shares	18,000,000	–	346,000,000	–
	Increase :- On 9 th June, 2014 on allotment of further Shares	30,000,000	–	376,000,000	–
	Increase :- On 12 th August, 2014 on allotment of further Shares	25,000,000	–	401,000,000	–
	Increase :- On 24 th November, 2014 on allotment of further Shares	69,000,000	–	470,000,000	–
	Increase :- On 24 th February, 2015 on allotment of further Shares	38,000,000	–	508,000,000	–
	At the End of the year	–	–	508,000,000	100%

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

Sr. No.	Top Ten Shareholders	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	–	–	–	–	–

v. Shareholding of Directors and Key Managerial Personnel:

Sr. No.	For Each of the Directors and KMP Name of the Director/KMP	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	–	–	–	–	–

V. INDEBTEDNESS:

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

(₹ In Crores)

Particulars	Secured Loans Excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year 01.04.2014				
1) Principal Amount	106.12	18.00	–	124.12
2) Interest due but not paid	–	–	–	–
3) Interest accrued but not due	0.47	0.05	–	0.53
Total of (1+2+3)	106.60	18.05	–	124.65
Change in Indebtedness during the financial year	–	–	–	–
+ Addition	32.67	–	–	32.67
– Reduction	30.38	18.00	–	48.38
Net change	2.30	(18.00)	–	(15.70)
Indebtedness at the end of the financial year- 31.03.2015				
1) Principal Amount	108.42	–	–	108.42
2) Interest due but not paid	–	–	–	–
3) Interest accrued but not due	0.06	–	–	0.06
Total of (1+2+3)	108.48	–	–	108.48

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

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

Sr. No	Particulars of Remuneration	Mr. Pankaj Sonalkar – MD		Total Amount (₹ In Lacs)
1.	Gross Salary		109.47	109.47
	a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	109.04	–	
	b) Value of perquisites u/s 17(2) Income Tax Act, 1961	0.43	–	
	c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	–	–	–
2.	Stock Option	–	–	–
3.	Sweat Equity	–	–	–
4.	Commission			
	– As % of Profit	–	–	–
	– Others, specify	–	–	–
5.	Others, please specify Provident Fund & other Funds		2.63	2.63
	Total (A)		112.10	112.10
	Ceiling as per the Act	As per Schedule V of the Companies Act, 2013		

B. Remuneration of other directors: NIL

I. Independent Directors:-

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

Other Non-Executive Directors:

Other Non-Executive Directors							Total Amount (₹ In Lacs)
Fee for attending board/committee meetings	–	–	–	–	–	–	–
Commission	–	–	–	–	–	–	–
Others	–	–	–	–	–	–	–
Total (2)							
Total B = (1+2)							
Ceiling as per the Act							

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

Sr. No	Particulars of Remuneration	Mr. Sai Ganesh Iyer – Chief Financial Officer	Total Amount (₹ In Lacs)
1.	Gross Salary	28.80	28.80
	a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	28.54	–
	b) Value of perquisites u/s 17(2) Income Tax Act, 1961	0.26	–
	c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	–	–
2.	Stock Option	–	–
3.	Sweat Equity	–	–
4.	Commission		
	– As % of Profit		
	– Others, specify	–	–
5.	Others, please specify Contribution to Provident Fund	1.09	1.09
	Total (C)	29.89	29.89

Sr. No	Particulars of Remuneration	Mr. Kiran Bade – Company Secretary	Total Amount (₹ In Lacs)
1.	Gross Salary	3.43	3.43
	a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	–	–
	a) Value of perquisites u/s 17(2) Income Tax Act, 1961	–	–
	a) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	–	–
2.	Stock Option	–	–
3.	Sweat Equity	–	–
4.	Commission		
	– As % of Profit	–	–
	– Others, specify	–	–
5.	Others, please specify	–	–
	Total (C)	3.43	3.43

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES (Under the Companies Act): None

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

For and on behalf of the Board

Rajan Wadhera
Chairman
(DIN: 00416429)

Pune, April 24, 2015

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MAHINDRA HEAVY ENGINES PRIVATE LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **MAHINDRA HEAVY ENGINES PRIVATE LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the Annexure a statement of the matters specified in paragraphs 3 and 4 of the Order.

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

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors as on 31st March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164(2) of the Act.
- (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigation on its financial position in its financial statements – Refer Note 25 to the financial statements.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No. 117365W)

Nilesh Shah
Partner
Membership No.49660

Pune, Dated: 24th April, 2015

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) In respect of its fixed assets:
- The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
- (ii) In respect of its inventories:
- As explained to us, the inventories of the Company including those lying with third parties were physically verified during the year by the management at reasonable intervals and substantially confirmed by third parties.
 - In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management were reasonable and adequate in relation to the size of the Company and the nature of its business.
 - In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- (iii) The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the Register maintained under Section 189 of the Companies Act.
- (iv) In our opinion and according to the information and explanations given to us, having regard to the explanations that some of the items purchased are of special nature and suitable alternative sources are not readily available for obtaining comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and the sale of goods and services. During the course of our audit, we have not observed any major weakness in such internal control system.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit from the public during the year.
- (vi) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended and prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
- The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, value added tax, Cess and other material statutory dues applicable to it with the appropriate authorities.

- There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, value added tax, Cess and other material statutory dues in arrears as at 31st March, 2015 for a period of more than six months from the date they become payable.
- As at 31st March, 2015 the following are the particulars of dues on account of Income-tax, Sales Tax, Wealth tax, Service tax, Custom duty, Excise Duty, Value Added Tax and Cess which have not been deposited on account of disputes.

Name of the Statute	Nature of Dues	Forum where the Dispute is pending	Period to which amount relates	Amount Involved (Rs. in Lacs)
Income Tax Act, 1961	Income-tax	Income- Tax Appellate Tribunal	Assessment Year 2010-11	Rs. 452.08
Sales Tax Laws	Value Added Tax (including interest and penalty)	Joint Commissioner of Sales Tax-Pune	Assessment Year 2011-12	Rs. 52.39 (Net of Rs. 3 lacs paid as deposit)
Excise Duty Laws	Central Excise Duty (including interest and penalty)	Commissioner of Central Excise- Pune	Assessment Year 2010- 11 to 2012-13	Rs. 69.49 lacs (Net of Rs. 2.17 lacs paid as deposit)

- There are no amounts that are due to be transferred to the Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and Rules made thereunder
- (viii) The accumulated losses of the Company at the end of the financial year are not less than fifty percent of its net worth and the Company has incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (ix) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to financial institutions and banks. The Company has not issued any debentures.
- (x) In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xi) In our opinion and according to the information and explanations given to us, the term loans have been applied by the Company during the year for the purposes for which they were obtained other than temporary deposit pending application.
- (xii) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No. 117365W)

Nilesh Shah
Partner
Membership No.49660

Pune, Dated: 24th April, 2015

BALANCE SHEET AS AT 31ST MARCH, 2015

Particulars	Note No.	As at	
		31 March, 2015 Rupees	31 March, 2014 Rupees
I EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital.....	2	5,080,000,000	3,280,000,000
(b) Reserves and Surplus.....	3	(3,098,626,174)	(2,561,462,012)
		1,981,373,826	718,537,988
(2) Non-Current Liabilities			
(a) Long-term borrowings.....	4	516,661,587	754,161,749
(b) Deferred tax liabilities (Net)	5	–	–
(c) Long term provisions	6	29,126,145	14,505,217
		545,787,732	768,666,966
(3) Current Liabilities			
(a) Short-term borrowings	7	230,077,078	183,328,545
(b) Trade payables.....	8	359,044,589	298,093,451
(c) Other current liabilities.....	9	449,580,969	358,210,861
(d) Short-term provisions.....	10	49,437,895	53,916,248
		1,088,140,531	893,549,105
Total		3,615,302,089	2,380,754,059
II ASSETS			
(1) Non-Current assets			
(a) Fixed assets			
(i) Tangible assets	11	2,401,309,493	1,269,987,259
(ii) Intangible assets.....	12	59,120,759	171,702,165
(iii) Capital work-in-progress.....		121,052,456	127,284,602
(iv) Intangible assets under development.....		199,935,195	198,674,679
		2,781,417,903	1,767,648,705
(b) Long term loans and advances.....	13	55,261,434	91,308,199
		55,261,434	91,308,199
(2) Current assets			
(a) Inventories	14	132,904,311	82,532,711
(b) Trade receivables	15	378,879,428	272,169,106
(c) Cash and bank balances.....	16	60,211,019	15,311,564
(d) Short-term loans and advances	17	206,627,994	151,783,774
		778,622,752	521,797,155
Total		3,615,302,089	2,380,754,059

See accompanying notes forming part of the financial statements 1 to 42

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

Sai Ganesh Iyer
CFO

Kiran Bade
Company Secretary

Nilesh Shah
Partner
Pune, Dated: 24th April, 2015

For and on behalf of the Board

Pankaj Sonalkar
Director

Bharat Moossaddee
Director

Pune, Dated: 24th April, 2015

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

Particulars	Note No.	For the year ended 31 March, 2015 Rupees	For the year ended 31 March, 2014 Rupees
I. Revenue from operations (Gross)		1,758,463,751	1,080,399,926
Less: Excise Duty		<u>(170,859,856)</u>	<u>(119,564,952)</u>
Revenue from operations (Net).....	18	1,587,603,895	960,834,974
II. Other Income	19	7,941,108	996,276
III. Total Revenue (I+II)		<u>1,595,545,003</u>	<u>961,831,250</u>
IV. Expenses:			
Cost of materials consumed	20	1,247,279,814	709,680,964
Changes in stock of finished goods and work-in-progress....	21	<u>(12,022,246)</u>	<u>25,467,660</u>
		1,235,257,568	735,148,624
Employee benefit expense.....	22	224,956,762	228,200,109
Finance costs.....	23	135,759,890	157,176,451
Depreciation and amortization expense.....	11 & 12	258,147,701	205,805,681
Other expenses.....	24	<u>275,567,174</u>	213,061,529
Total Expenses.....		<u>2,129,689,095</u>	<u>1,539,392,394</u>
V. Loss before tax (III-IV)		(534,144,092)	(577,561,144)
VI. Tax expense:			
(1) Current tax		-	-
(2) Deferred tax.....		-	-
VII. Loss after tax for the year (V-VI)		<u>(534,144,092)</u>	<u>(577,561,144)</u>
VIII. Earnings per equity share (face value Rs. 10 per share)	34		
(1) Basic		(1.29)	(1.93)
(2) Diluted		(1.29)	(1.93)
See accompanying notes forming part of the financial statements	1 to 42		

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

Nilesh Shah
Partner
Pune, Dated: 24th April, 2015

Sai Ganesh Iyer
CFO

Kiran Bade
Company Secretary

For and on behalf of the Board

Pankaj Sonalkar
Director

Bharat Moossaddee
Director

Pune, Dated: 24th April, 2015

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

Particulars	Year ended 31 st March, 2015		Year ended 31 st March, 2014	
	Rupees	Rupees	Rupees	Rupees
A CASH FLOW FROM OPERATING ACTIVITIES				
Net Loss before tax		(534,144,092)		(577,561,144)
Adjustment for:				
Depreciation/Amortisation	258,147,701		205,805,681	
Finance Costs	133,371,658		157,176,451	
(Gain)/Loss on sale of fixed assets	(189,136)		124,462	
(Gain)/Loss on sale of Investment in Mutual Funds	(705,762)		–	
Provision for doubtful advances	520,000		640,400	
Provision for inventory	4,883,854		8,470,694	
Provision for Warranty	5,021,944		3,051,777	
Interest received on Fixed Deposits	–		(996,276)	
		401,050,259		374,273,189
Operating Loss before Working Capital changes		(133,093,833)		(203,287,955)
Adjustments for changes in Working capital:				
Long term Loans and advances	(572,670)		17,278,260	
Inventories	(55,255,454)		58,908,980	
Trade Receivables	(106,710,322)		48,327,890	
Short term Loans and advances	(54,844,220)		4,764,609	
Long term Provisions	14,620,928		254,570	
Trade Payables	60,951,138		102,321,920	
Other Non Current assets	–		41,574	
Other current liabilities	(9,876,834)		(2,288,572)	
Short term Provisions	(9,500,296)		15,462,885	
		(161,187,730)		245,072,116
Cash used in operations		(294,281,563)		41,784,161
Income taxes paid		(1,044,546)		2,367,268
Net Cash used in Operating activities		(295,326,109)		44,151,429
B CASH FLOW FROM INVESTING ACTIVITIES				
Fixed Assets:				
Capital expenditure on fixed assets (including Capital Advances)	(1,167,762,268)		(306,770,781)	
Proceeds from sale of fixed assets	1,845,734		319,534	
Fixed Deposits Matured (Net)	–		3,000,500	
Fixed Deposits Placed (Net)	(28,815,136)		–	
Gain/(Loss) on Sales of Mutual Fund	705,762		–	
Interest received on Fixed Deposits	–		996,276	
Net Cash used in investing activities		(1,194,025,908)		(302,454,471)

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

Particulars	Year ended 31 st March, 2015		Year ended 31 st March, 2014	
	Rupees	Rupees	Rupees	Rupees
C CASH FLOW FROM FINANCING ACTIVITIES				
Repayment of Long Term borrowings	(203,750,162)		(202,499,894)	
Proceeds from Short Term borrowings (Net)	46,748,533		(21,484,873)	
Proceeds from Issue of Shares	1,800,000,000		630,000,000	
Interest paid	(137,562,035)		(158,340,617)	
Net Cash from financing activities		1,505,436,336		247,674,616
D NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)		16,084,319		(10,628,426)
Cash and Cash Equivalents (Opening balance).....		5,886,380		16,514,806
Cash and Cash Equivalents (Closing balance) (Refer Note 2 below)		21,970,699		5,886,380
		(16,084,319)		10,628,426

Notes:

- 1 The above Cash Flow Statement has been prepared under the 'indirect method' as set out in Accounting Standard 3 'Cash Flow Statement'.
- 2 Cash and bank balances comprise of:

	As at 31 st March, 2015 Rupees	As at 31 st March, 2014 Rupees
Cash and cash equivalents		
Cash on hand.....	92,830	107,897
Bank Balance:		
In Current Accounts	21,877,869	5,778,483
Cash and Cash Equivalents.....	21,970,699	5,886,380
Other bank balances		
In other deposit accounts	28,005,578	2,736,645
In earmarked accounts	10,234,742	6,688,539
Cash and bank balances (Note No. 16)	60,211,019	15,311,564

- 3 Figures in brackets represent outflow of cash and cash equivalents.
- 4 Previous year's figures have been regrouped/restated wherever necessary
See accompanying notes forming part of the financial statements (1 to 42)

In terms of our report attached.

For Deloitte Haskins & Sells
Chartered Accountants

Sai Ganesh Iyer
CFO

Kiran Bade
Company Secretary

Nilesh Shah
Partner

Pune, Dated: 24th April, 2015

For and on behalf of the Board

Pankaj Sonalkar
Director

Bharat Moossaddee
Director

Pune, Dated: 24th April, 2015

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES:

A. Basis of Accounting:

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act")/Companies Act, 1956 ("the 1956 Act"), as applicable. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

B. Use of estimates:

The preparation of the financial statements, in conformity with the generally accepted accounting principles, requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Differences between actual results and estimates are recognised in the period in which the results are known/materialised.

C. Fixed Assets:

i) Tangible Assets

Tangible assets are stated at cost less accumulated depreciation. Cost comprises the purchase price and other attributable costs, including borrowing costs upto the date of bringing the assets to its working condition for its intended use.

ii) Intangible Assets

Intangible assets are stated at initially incurred cost less accumulated amortisation.

iii) Capital work-in-progress

Capital work-in-progress, including projects under commissioning are carried at cost, comprising direct cost, related incidental expenses and attributable borrowing costs.

iv) Intangible assets under development

Expenditure on development eligible for capitalisation is carried as Intangible assets under development where such assets are not yet ready for their intended use.

D. Depreciation and Amortisation:

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value.

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

Plant and Machinery	5 years, 7 years and 8 years
Motor Vehicles	5 years

Leasehold land is amortised over the period of lease.

- (ii) Intangible assets are amortised on the straight line method as per the following useful life

Technical know-how	6 years
Product Development Expenditure	6 years

Software Expenditure:

The expenditure incurred is amortised over three financial years equally commencing from the year in which the expenditure is incurred.

E. Impairment:

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. Impairment loss is provided to the extent the carrying amount of assets exceeds their recoverable amount. Recoverable amount is the higher of an asset's net selling price and its value in use. Value in use is the present

value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Net selling price is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the cost of disposal.

F. Inventories:

Inventories are stated at the lower of cost and net realisable value. In determining the cost of purchased materials moving average method is used. Cost of manufactured finished goods and work-in-progress are valued on absorption costing basis.

G. Cash and cash equivalents (for purposes of Cash Flow Statement):

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition).

H. Revenue Recognition:

Sale of products is recognised on the transfer of all significant risks and rewards of ownership to the buyer. Income from services rendered is accounted for when the work is performed.

I. Excise Duty:

Excise duty payable on finished goods is accounted for upon manufacture and transfer of goods to the customers. Excise duty recovered is included in the manufacture and sale of products. Excise duties in respect of finished goods are shown separately as an item of expense and included in the valuation of finished goods.

J. Custom Duty:

Custom duty payable on imported goods is accounted for when the goods enter the Indian shores.

K. Export Benefits:

Export benefits under various schemes of Government of India are accounted on accrual basis except when there is an uncertainty in respect of the entitlement.

L. Foreign exchange transactions:

Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of transaction. Monetary items are translated at the year-end rates. The exchange difference between the rate prevailing on the date of transaction and on the date of settlement as also on translation of Monetary items at the end of the year, is recognised as income or expense, as the case may be except exchange differences relating to long term foreign currency monetary items used for financing the acquisition of fixed assets and not regarded as interest, are added to or subtracted from the cost of such fixed assets and depreciated over the balance useful life of the assets.

M. Employee Benefits:

- (i) Defined Contribution Plan

Company's contributions paid/payable during the year to Provident Fund and Superannuation Fund are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made as and when services are rendered by the employees.

- (ii) Defined Benefit Plan/Leave encashment:

Company's liability towards gratuity and leave encashment is determined using the projected unit credit method which considers each period of service as giving rights to an additional unit of benefit entitlement and measure each unit separately to build up the final obligation. Past services are recognised on straight line basis over the average period until the benefits become vested. Actuarial gains and losses are recognised immediately in the Statement of Profit and Loss as income or expense. Obligation is measured at the present value of estimated future cash flow using discounted rate i.e. determined by reference to the market yield at the Balance Sheet date on Government Bonds where the currency and terms of the Government Bonds are consistent with the currency and estimated terms of the defined benefit obligation.

- (iii) Other Benefits:

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees is recognised during the period when the employee renders the service.

MAHINDRA HEAVY ENGINES PRIVATE LIMITED
(FORMERLY KNOWN AS MAHINDRA NAVISTAR ENGINES PRIVATE LIMITED)

N. Taxes on Income:

Tax expense comprises of current tax and deferred tax. Current tax is measured at the amount expected to be paid to/recovered from the tax authorities, using the applicable tax rates. Deferred tax assets and liabilities are recognised for future tax consequences attributable to timing differences between taxable income and accounting income that are capable of reversal in one or more subsequent years and are measured using relevant enacted tax rates. Deferred tax assets are recognised only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is a virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

O. Borrowing Costs:

Borrowing costs that are attributable to the acquisition or construction of a qualifying asset are capitalised as part of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use or sale. All other borrowing costs are recognised as an expense in the period in which they are incurred.

P. Warranty:

Product warranty costs are accrued at the time of sale of products based on technical estimates made by management and is included in 'Other expenses'.

Q. Government Grants and Other Incentives:

The Company, directly or indirectly through a consortium of Mahindra Group Companies, expects to be entitled to various incentives from government authorities in respect of manufacturing units located in developing regions. The company accounts for such entitlement on accrual basis.

R. Segment Reporting:

The Company's business activity falls within a primary business segment namely manufacturing of Engines and other auto components and there is no reportable geographical segment.

S. Provisions, Contingent Liabilities and Contingent Assets:

Provision involving substantial degree of estimation in measurement is recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognised but are disclosed in the notes. Contingent assets are neither recognised nor disclosed in the financial statements.

NOTE 2 - SHARE CAPITAL

Particulars	As at		As at	
	31 st March 2015	Rupees	31 st March 2014	Rupees
Authorised:				
535,000,000 (Previous year - 375,000,000) Equity Shares of Rs.10 each	5,350,000,000		3,750,000,000	
	5,350,000,000		3,750,000,000	
Issued, Subscribed and Paid up:				
508,000,000 (Previous year - 328,000,000) Equity Shares of Rs.10 each	5,080,000,000		3,280,000,000	
[All of the above Equity Shares are held by Mahindra & Mahindra Ltd., the Holding Company]				
Total	5,080,000,000		3,280,000,000	
Reconciliation of the number of shares and amount outstanding at the end of the year:	As at 31st March 2015	As at 31st March 2015	As at 31st March 2014	As at 31st March 2014
	No. of shares	Rupees	No. of shares	Rupees
Number of Equity shares outstanding at the beginning of the year	328,000,000	3,280,000,000	265,000,000	2,650,000,000
Add: Additional Equity shares issued during the year	180,000,000	1,800,000,000	63,000,000	630,000,000
Number of Equity shares outstanding at the end of the year	508,000,000	5,080,000,000	328,000,000	3,280,000,000

Notes:

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

Particulars	Number of shares as at 31 st March, 2015	Holding in percentage as at 31 st March, 2015	Number of shares as at 31 st March, 2014	Holding in percentage as at 31 st March, 2014
	Equity Shares:			
Mahindra & Mahindra Limited (Holding Company)	508,000,000	100%	328,000,000	100%

2) The Equity Shares of the Company rank *pari-passu* in all respects including voting rights and entitlement to dividend except that equity shares issued during the year on right basis would be entitled to proportionate dividend, if declared, from the date of allotment.

NOTE 3 - RESERVES AND SURPLUS

Particulars	As at	
	31 st March 2015	As at 31 st March 2014
	Rupees	Rupees
Surplus/(Deficit) in the statement of profit and loss:		
Opening balance	(2,561,462,012)	(1,983,900,868)
Depreciation on transition to Schedule II of the Companies Act, 2013 on tangible fixed assets with nil remaining useful life (Net of deferred tax Rs. Nil)	(3,020,070)	-
Add: Loss for the year	(534,144,092)	(577,561,144)
Closing balance	(3,098,626,174)	(2,561,462,012)
Total	(3,098,626,174)	(2,561,462,012)

NOTE 4 - LONG TERM BORROWINGS

Particulars	As at	
	31 st March 2015	As at 31 st March 2014
	Rupees	Rupees
Term Loan (Secured)		
(a) from a Bank	100,000,000	-
Term Loan from a bank carrying interest rate of 10.75% is secured:		
<u>For Hypothecation</u>		
First and exclusive hypothecation charge on all movable fixed assets/plant and machinery created out of the proceeds of the facilities granted by the Bank		
<u>For Mortgage</u>		
First and exclusive charge on immovable properties being the building that is proposed to be setup using the facilities granted by the Bank at the existing plant at Chakan MIDC near Pune		
First pari passu charge with EXIM Bank on immovable properties being land situated at the Chakan MIDC plant		
(b) from Financial Institution	416,661,587	754,161,749
Term Loan from financial institution carrying interest rate of 11% to 12% is secured by first charge on entire immovable fixed assets, both present and future, relating to 7.2 litres, 6 Cylinder Aceton Diesel engine project at Chakan		
Total	516,661,587	754,161,749

MAHINDRA HEAVY ENGINES PRIVATE LIMITED
(FORMERLY KNOWN AS MAHINDRA NAVISTAR ENGINES PRIVATE LIMITED)

Kotak Mahindra Bank Ltd

Moratorium period till 30th March 2017

Door to door tenor of 6 years including moratorium of 3 years

Repayment of loan will be as follows

FY-17 (On 31 st Mar 17)	-	8% of Loan Amount
FY-18 (On 31 st Mar 18)	-	28.5% of Loan Amount
FY-19 (On 31 st Mar 19)	-	43% of Loan Amount
FY-20 (On 31 st Mar 20)	-	20.5% of Loan Amount

Export-Import Bank of India

Term loan is repayable in quarterly installments commencing at the end of 30 months from the date of first disbursement i.e. 24th June 2010.

Last date of repayment - 24th December, 2017

Quarterly repayments will be on a stepped-up basis as below:

First year	-	10%
Second year	-	20%
Third year	-	25%
Fourth year	-	25%
Fifth year	-	20%

NOTE 5 - DEFERRED TAX ASSETS/(LIABILITIES)

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

Particulars	31 st March 2015 Rupees	31 st March 2014 Rupees
Provision for Depreciation	119,741,000	108,969,000
Total	119,741,000	108,969,000

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

<u>Nature of timing difference</u>	31 st March 2015 Rupees	31 st March 2014 Rupees
Provision for leave encashment	5,144,000	4,511,000
Provision for gratuity	6,196,000	2,929,000
Carried forward tax losses*	102,616,000	96,971,000
Others	5,785,000	4,558,000
Total	119,741,000	108,969,000

(iii) Deferred tax asset/(liability) net:

Note:	-	-
* Considered to the extent that there are compensating timing differences, the reversal of which will result in sufficient income against which this can be realised.		

NOTE 6 - LONG-TERM PROVISIONS

Particulars	As at 31 st March 2015 Rupees	As at 31 st March 2014 Rupees
Provision for Employee benefits		
- Leave encashment	8,275,953	6,525,674
- Gratuity	16,050,192	6,179,543
	24,326,145	12,705,217
Provision for others		
- Provision for warranty (Refer Note 35)	4,800,000	1,800,000
Total	29,126,145	14,505,217

NOTE 7 - SHORT TERM BORROWINGS

Particulars	As at 31 st March 2015 Rupees	As at 31 st March 2014 Rupees
Loans repayable on demand		
- from a Banks		
Secured	230,077,078	3,328,545
[Secured by first charge by way of hypothecation and/or pledge of entire goods, movable and other current assets present and future (excluding Plant and Machinery and all other Fixed assets)]		
Loan from related party		
Unsecured	-	180,000,000
	230,077,078	183,328,545
Total	230,077,078	183,328,545

NOTE 8 - TRADE PAYABLES

Particulars	As at 31 st March 2015 Rupees	As at 31 st March 2014 Rupees
Trade payables (Refer Note 30)	359,044,589	298,093,451
Total	359,044,589	298,093,451

NOTE 9 - OTHER CURRENT LIABILITIES

Particulars	As at 31 st March 2015 Rupees	As at 31 st March 2014 Rupees
Current maturities of long-term borrowings *	337,500,000	303,750,000
Interest accrued but not due on borrowings	559,590	4,749,967
Other payables		
- Statutory dues (Contributions to PF and other funds, Withholding Taxes, Excise Duty, VAT, Service Tax, etc.)	10,347,336	20,095,078
- Payables on purchase of fixed assets	98,817,136	27,129,817
- Advances from Customers	164,855	2,073,455
- Others	2,192,052	412,544
	111,521,379	49,710,894
Total	449,580,969	358,210,861

* Refer Note 4 - Long Term Borrowings for details of security.

NOTE 10 - SHORT-TERM PROVISIONS

Particulars	As at 31 st March 2015 Rupees	As at 31 st March 2014 Rupees
Provision for Employee benefits		
- Leave encashment	8,371,293	8,074,625
- Gratuity	4,000,000	3,300,000
- Performance pay	24,857,470	31,071,894
	37,228,763	42,446,519
Provision others		
- Provision for warranty (Refer Note 35)	12,000,000	11,300,000
- Provision for Wealth Tax	209,132	169,729
	12,209,132	11,469,729
Total	49,437,895	53,916,248

MAHINDRA HEAVY ENGINES PRIVATE LIMITED
(FORMERLY KNOWN AS MAHINDRA NAVISTAR ENGINES PRIVATE LIMITED)

NOTE 11 - TANGIBLE ASSETS

(Rupees)

Description of Assets	Gross Block				Accumulated Depreciation					Net Block	
	Balance as at 1 st April, 2014	Additions during the year	Deductions during the year	Balance as at 31 st March, 2015	Balance as at 1 st April, 2014	For the year	On Deductions	Other adjustments/ Transition adjustment recorded against surplus balance in retained earnings	Balance as at 31 st March, 2015	Balance as at 31 st March, 2015	Balance as at 31 st March, 2014
TANGIBLE ASSETS											
Leasehold land	69,390,659	–	–	69,390,659	3,817,023	730,419	–	–	4,547,442	64,843,217	65,573,636
	(69,390,659)	(–)	(–)	(69,390,659)	(3,086,398)	(730,625)	(–)	(–)	(3,817,023)		
Buildings	463,921,315	280,332,272	–	744,253,587	59,904,303	17,537,268	–	–	77,441,571	666,812,016	404,017,012
	(463,921,315)	(–)	(–)	(463,921,315)	(44,397,612)	(15,506,691)	(–)	(–)	(59,904,303)		
Plant and machinery	918,855,216	978,244,620	–	1,897,099,836	166,184,570	94,635,746	–	1,641,876	262,462,192	1,634,637,644	752,670,646
	(902,313,001)	(16,542,215)	(–)	(918,855,216)	(108,963,006)	(57,221,564)	(–)	(–)	(166,184,570)		
Furniture and fixtures	18,883,630	1,391,156	–	20,274,786	5,692,889	2,073,602	–	–	7,766,491	12,508,295	13,190,741
	(18,380,772)	(502,858)	(–)	(18,883,630)	(4,322,044)	(1,370,845)	(–)	(–)	(5,692,889)		
Office Equipment	48,569,995	10,474,949	–	59,044,944	27,859,090	21,602,309	–	1,358,894	50,820,293	8,224,651	20,710,905
	(47,434,946)	(1,135,049)	(–)	(48,569,995)	(20,279,691)	(7,579,399)	(–)	(–)	(27,859,090)		
Motor Vehicles	19,972,896	6,614,511	2,674,193	23,913,214	6,148,577	4,479,262	1,017,595	19,300	9,629,544	14,283,670	13,824,319
	(17,574,328)	(3,178,779)	(780,211)	(19,972,896)	(3,609,836)	(2,874,956)	(336,215)	(–)	(6,148,577)		
Total	1,539,593,711	1,277,057,508	2,674,193	2,813,977,026	269,606,452	141,058,606	1,017,595	3,020,070	412,667,533	2,401,309,493	1,269,987,259
Previous year	(1,519,015,021)	(21,358,901)	(780,211)	(1,539,593,711)	(184,658,587)	(85,284,080)	(336,215)	(–)	(269,606,452)	(1,269,987,259)	–

Notes:

1) Pursuant to the transition provisions prescribed in Schedule II to the Companies Act, 2013, the Company has fully depreciated the carrying value of assets, net of residual value, where the remaining useful life of the asset was determined to be nil as on April 1, 2014, and has adjusted an amount of Rs. 3,020,070 in the opening balance in the Statement of Profit and Loss under Reserves and Surplus.

The depreciation expense in the Statement of Profit and Loss for the year is higher by Rs. 37,908,616 consequent to the change in the useful life of the assets.

2) Figures in brackets are in respect of the corresponding previous year.

NOTE 12 - INTANGIBLE ASSETS

(Rupees)

Description of Assets	Gross Block				Accumulated Depreciation					Net Block	
	Balance as at 1 st April, 2014	Additions during the year	Deductions during the year	Balance as at 31 st March, 2015	Balance as at 1 st April, 2014	For the year	On Deductions	Balance as at 31 st March, 2015	Balance as at 31 st March, 2015	Balance as at 31 st March, 2014	
INTANGIBLE ASSETS											
Internally generated											
Product Development Expenditure	108,874,825	–	–	108,874,825	85,285,280	21,774,964	–	107,060,244	1,814,581	23,589,545	
	(108,874,825)	(–)	(–)	(108,874,825)	(63,510,314)	(21,774,966)	(–)	(85,285,280)			
Other than internally generated											
Technical Know How	549,755,429	–	–	549,755,429	404,681,080	91,625,905	–	496,306,985	53,448,444	145,074,349	
	(549,755,429)	(–)	(–)	(549,755,429)	(313,055,175)	(91,625,905)	(–)	(404,681,080)			
Software Expenditure	26,826,557	4,507,689	–	31,334,246	23,788,286	3,688,226	–	27,476,512	3,857,734	3,038,271	
	(24,619,099)	(2,207,458)	(–)	(26,826,557)	(16,667,556)	(7,120,730)	(–)	(23,788,286)			
Total	685,456,811	4,507,689	–	689,964,500	513,754,646	117,089,095	–	630,843,741	59,120,759	171,702,165	
Previous year	(683,249,353)	(2,207,458)	(–)	(685,456,811)	(393,233,045)	(120,521,601)	(–)	(513,754,646)	(171,702,165)	–	

Note:

1) Figures in brackets are in respect of the corresponding previous year.

MAHINDRA HEAVY ENGINES PRIVATE LIMITED
(FORMERLY KNOWN AS MAHINDRA NAVISTAR ENGINES PRIVATE LIMITED)

NOTE 13 - LONG TERM LOANS AND ADVANCES

Particulars	As at	As at
	31 st March 2015 Rupees	31 st March 2014 Rupees
(Unsecured, considered good unless otherwise stated)		
Capital advances:		
Unsecured Considered good	45,427,115	82,571,096
Unsecured Considered doubtful	1,160,400	640,400
	<u>46,587,515</u>	<u>83,211,496</u>
Less: Provision for Doubtful Capital Advances	1,160,400	640,400
	<u>45,427,115</u>	<u>82,571,096</u>
Security deposits	1,754,395	1,754,395
Balances with government authorities		
i) Sales tax refund receivable	300,000	247,330
ii) Custom deposit receivable	5,096,762	5,096,762
	<u>5,396,762</u>	<u>5,344,092</u>
Other Loans and Advances		
– Advance income tax [net of provisions Rs. 1,000,000] (Previous year Rs. 2,285,734)]	2,683,162	1,638,616
	<u>2,683,162</u>	<u>1,638,616</u>
Total	<u>55,261,434</u>	<u>91,308,199</u>

NOTE 14 - INVENTORIES (VALUED AT LOWER OF COST AND NET REALISABLE VALUE)

Particulars	As at	As at
	31 st March 2015 Rupees	31 st March 2014 Rupees
Raw materials [including goods-in-transit Rs. Nil (Previous year - Rs. 377,169)]	101,802,186	60,073,714
Work - in - progress	12,534,632	8,648,723
Finished goods	10,831,542	2,695,205
Stores and spares	7,735,951	11,115,069
Total	<u>132,904,311</u>	<u>82,532,711</u>

NOTE 15 - TRADE RECEIVABLES

Particulars	As at	As at
	31 st March 2015 Rupees	31 st March 2014 Rupees
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Unsecured, considered good	14,535,382	1,795,829
Other Trade receivables		
Unsecured, considered good	364,344,046	270,373,277
Total	<u>378,879,428</u>	<u>272,169,106</u>

NOTE 16 - CASH AND BANK BALANCES

Particulars	As at	As at
	31 st March 2015 Rupees	31 st March 2014 Rupees
A. Cash and cash equivalents		
Cash on hand	92,830	107,897
Balances with banks		
In current accounts	21,877,869	5,778,483
In other deposit accounts		
Original maturity of 3 months or less	25,083,219	–
	<u>47,053,918</u>	<u>5,886,380</u>
B. Other bank balances		
In other deposit accounts		
– Fixed Deposits with original maturity greater than 3 months*#	2,922,359	2,736,645
In earmarked accounts		
– Balances held as margin money or security against borrowings, guarantees and other commitments*#	10,234,742	6,688,539
Total	<u>60,211,019</u>	<u>15,311,564</u>

Notes:

* Includes deposits and margin money of Rs. 7,355,000 (Previous year - Rs. 7,105,000) with maturity greater than 12 months from Balance Sheet date.

Includes Fixed Deposits and margin money of Rs. 11,255,000 (Previous year - Rs. 8,355,000) under Bank's lien.

NOTE 17 - SHORT TERM LOANS AND ADVANCES

Particulars	As at	As at
	31 st March 2015 Rupees	31 st March 2014 Rupees
Unsecured, considered good		
*Loans and advances to related parties	3,465,140	202,797
Loans and Advances to other than related parties		
Balances with government authorities		
i) Excise duty refund receivable	12,243,153	7,838,483
ii) VAT Refund Receivable	478,500	16,763,529
iii) CENVAT credit receivable	163,901,984	65,779,391
iv) Service tax credit receivable	19,756,062	57,928,391
	<u>196,379,699</u>	<u>148,309,794</u>
Other loans and Advances		
– Prepaid expenses	3,143,660	1,530,254
– Advances to suppliers	2,093,433	164,540
– Others	1,546,062	1,576,389
Total	<u>206,627,994</u>	<u>151,783,774</u>
* List of related parties:		
– Mahindra & Mahindra Limited	3,465,140	42,797
– Mahindra Logistics Limited	–	160,000
Total	<u>3,465,140</u>	<u>202,797</u>

MAHINDRA HEAVY ENGINES PRIVATE LIMITED
(FORMERLY KNOWN AS MAHINDRA NAVISTAR ENGINES PRIVATE LIMITED)

NOTE 18 - REVENUE FROM OPERATIONS - NET OF EXCISE DUTY

Particulars	For the year	For the year
	ended 31 st March 2015 Rupees	ended 31 st March 2014 Rupees
Sale of products [Refer Note 38(iii)]	1,708,181,209	1,041,498,189
Less: Excise Duty	(170,523,721)	(119,212,771)
	1,537,657,488	922,285,418
Sale of services (Refer Note 39)	9,334,114	2,035,918
Other operating revenues		
– Sale of Scrap	5,475,161	4,165,103
Less: Excise Duty	(336,135)	(352,181)
	5,139,026	3,812,922
– Government Grants and other incentives	34,040,202	31,056,243
– Duty Drawback	1,433,065	1,644,473
Total	1,587,603,895	960,834,974

NOTE 19 - OTHER INCOME

Particulars	For the year	For the year
	ended 31 st March 2015 Rupees	ended 31 st March 2014 Rupees
Interest earned (include interest on bank deposit, interest on employee loan, etc.)	3,236,956	996,276
Net gain on sale of current investments - Mutual Funds	705,762	–
Net gain on foreign currency transactions and translation	3,809,254	–
Net gain on sale of fixed assets	189,136	–
Total	7,941,108	996,276

NOTE 20 - COST OF MATERIALS CONSUMED

Particulars	For the year	For the year
	ended 31 st March 2015 Rupees	ended 31 st March 2014 Rupees
Raw material consumed [Refer Note 38(i)]	1,247,279,814	709,680,964
Total	1,247,279,814	709,680,964

NOTE 21 - CHANGES IN STOCK OF FINISHED GOODS AND WORK-IN-PROGRESS

Particulars	For the year	For the year
	ended 31 st March 2015 Rupees	ended 31 st March 2014 Rupees
Opening stock		
Work-in-progress	8,648,723	17,892,600
Finished goods	2,695,205	18,918,988
	11,343,928	36,811,588
Closing stock		
Work-in-progress	12,534,632	8,648,723
Finished goods	10,831,542	2,695,205
	23,366,174	11,343,928
Total	(12,022,246)	25,467,660

NOTE 22 - EMPLOYEE BENEFIT EXPENSE

Particulars	For the year	For the year
	ended 31 st March 2015 Rupees	ended 31 st March 2014 Rupees
Salaries and wages	186,341,619	194,931,883
Contribution to provident and other funds	18,260,473	11,648,155
Employee compensation expense on account of ESOP *	1,473,419	2,716,826
Staff welfare expenses	18,881,251	18,903,245
Total	224,956,762	228,200,109

* Represents costs reimbursed by the Company towards ESOP's granted by the holding Company, Mahindra & Mahindra Limited.

NOTE 23 - FINANCE COSTS

Particulars	For the year	For the year
	ended 31 st March 2015 Rupees	ended 31 st March 2014 Rupees
Interest expense		
– Borrowings	126,566,559	152,185,511
– Trade payables (Refer Note 30)	903,443	286,909
– Others		
– Interest on delayed payment of Excise Duty	1,484,789	3,129,711
	128,954,791	155,602,131
Other borrowing costs	6,805,099	1,574,320
Total	135,759,890	157,176,451

NOTE 24 - OTHER EXPENSES

Particulars	For the year	For the year
	ended 31 st March 2015 Rupees	ended 31 st March 2014 Rupees
Consumption of stores and spare parts	21,569,797	13,653,470
Packing material consumed	15,628,768	5,372,612
Power and fuel	11,056,622	9,387,150
Rent (Refer Note 33)	–	352,918
Testing expenses	80,000,369	69,000,259
Repairs and maintenance -		
Buildings	763,296	746,115
Machinery (Refer Note 40)	9,170,671	5,600,436
Others	2,347,391	3,708,205
	12,281,358	10,054,756
Insurance	2,608,994	2,549,301
Rates & Taxes	8,067,817	8,228,437
Excise duty: Changes in Stocks of Finished Goods	1,696,091	(2,111,877)
others	3,427,871	4,513,006
Travelling and conveyance	24,434,369	24,731,786
Freight outward (net of recoveries)	4,441,039	1,518,237
Royalty	32,446,118	18,621,046
Net loss on foreign currency transactions and translation	–	308,316
Provision for warranty (Refer Note 35)	5,021,944	3,051,777
Provision for doubtful debts/advances	520,000	640,400
Loss on sale fixed assets (net)	–	124,462
Bank charges	708,254	990,838
Professional charges	10,116,720	10,326,356
Housekeeping and security expenses	5,377,715	5,279,272
Labour Contract Charges	16,340,622	10,991,603
Miscellaneous expenses (Refer Note 41)	19,822,706	15,477,404
Total	275,567,174	213,061,529

NOTE 25 - CONTINGENT LIABILITIES AND COMMITMENTS:

1) Contingent Liabilities

Particulars	As at	As at
	31 st March 2015 Rupees	31 st March 2014 Rupees
Claims against the company not acknowledged as debt		
(i) Income Tax claims disputed by the company relating to disallowance of depreciation and amortisation on Technical Know-how.	45,207,698	–
(ii) Excise duty claims disputed by the company relating to valuation rules	6,948,686	–

It is not practicable for the company to estimate the closure of the above issues and the consequential timing of cash flows, if any.

MAHINDRA HEAVY ENGINES PRIVATE LIMITED
(FORMERLY KNOWN AS MAHINDRA NAVISTAR ENGINES PRIVATE LIMITED)

2. Commitment:	II	Changes in the fair value of plan assets representing reconciliation of opening and closing balances thereof are as follows:	As at 31st March, 2015	As at 31st March, 2014
(i) Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. 209,288,317 (Previous year - Rs. 931,948,464).	1	Fair value of Plan assets as at the beginning of the year	5,122,504	4,717,981
(ii) Other commitment:	2	Expected return on plan assets	443,865	431,695
(a) The Company has obligation under EPCG scheme to export the products worth Rs. 371,591,825 (Previous year - Rs. 232,466,418) over the period of next 5 years	3	Actuarial gains/(losses)	162,282	(27,172)
	4	Benefits paid	(124,512)	-
	5	Actual contributions by employers	25,000	-
(b) The Company has obligation to pay Rs. 60,695,250 (Previous year - Rs. 58,212,000) on account of Technical know-how fees.	6	Plan assets as at the end of the year	5,629,139	5,122,504

NOTE 26 - DETAILS OF EMPLOYEE BENEFITS AS REQUIRED BY THE ACCOUNTING STANDARD 15 (REVISED) EMPLOYEE BENEFITS ARE AS UNDER:

(A) Defined Contribution Plan

The Company makes Provident Fund and Superannuation Fund contributions to defined contribution plans for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. Amount recognised as an expense in the Statement of Profit and Loss is Rs. 7,945,742 (Previous year - Rs. 7,793,580).

(B) Defined Benefit Plan

i) Actuarial gains and losses in respect of defined benefit plans are recognised in the Statement of Profit and Loss.

ii) The Defined Benefit Plans comprise of Gratuity.

Gratuity is a benefit to an employee based on 15/26 days (depending on the grade/category of the employee and the completed years of service) last drawn salary for each completed year of service.

Particulars	Rupees	
	As at 31 st March, 2015	As at 31 st March, 2014
I Changes in the present value of defined benefit obligation representing reconciliation of opening and closing balances thereof are as follows:		
1 Present Value of Defined Benefit Obligation at the beginning of the year	14,602,047	11,110,209
2 Current Service cost	4,039,092	3,359,084
3 Interest Cost	1,327,392	907,145
4 Actuarial (gains)/losses	6,058,554	(679,460)
5 Benefits paid	(347,754)	(94,931)
6 Present value of Defined Benefit Obligation at the end of the year	25,679,331	14,602,047

VI Experience Adjustments

	As at 31 st March, 2015	As at 31 st March, 2014	As at 31 st March, 2013	As at 31 st March, 2012	As at 31 st March, 2011
1 Defined Benefit Obligation at the end of the year	25,679,331	14,602,047	11,110,209	6,673,154	4,768,053
2 Plan Assets at the end of the period	5,629,139	5,122,504	4,717,981	-	-
3 Funded Status	(20,050,192)	(9,479,543)	(6,392,228)	(6,673,154)	(4,768,053)
4 Experience adjustments on plan liabilities	3,747,269	898,999	(409,465)	(991,642)	(1,424,242)
5 Experience adjustments on plan assets	(182,573)	27,172	45,000	-	-

VII Actual Return on plan assets:

	As at 31 st March, 2015	As at 31 st March, 2014
1 Expected Return on plan assets	443,865	431,695
2 Actuarial Losses/(Gains)	162,282	(27,172)
3 Actual return on plan assets	606,147	404,523

VIII Expected contribution payable during the next financial year Rs. 4,000,000 (Previous year Rs. 3,300,000)

IX In respect of Funded Benefits with respect to gratuity, the fair value of Plan assets represents the amounts invested through "Insurer Managed Fund".

NOTE 27 -

As the Company's business activity falls within a primary business segment namely manufacturing of Engines and other auto components and there is no reportable geographical segment, the disclosure requirements of Accounting Standards (AS-17) "Segment Reporting", are not applicable.

MAHINDRA HEAVY ENGINES PRIVATE LIMITED
(FORMERLY KNOWN AS MAHINDRA NAVISTAR ENGINES PRIVATE LIMITED)

NOTE 28 - RELATED PARTY DISCLOSURES:

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

Name of Related Party	Nature of Relationship
Mahindra & Mahindra Limited	Holding Company

B) Related Party Transactions:

Name of Related Party	Description of Relationship	Nature of Transactions	Amount of Transactions (Rupees)	Amount Outstanding at the end of year		
				Credit (Rupees)	Debit (Rupees)	
Mahindra & Mahindra Ltd.	Holding Company	Sale of goods	416,155,009 (176,036,708)		125,599,483 (78,898,867)	
		Training & Seminar	959,181 (1,354,647)			
		Engines Returned	- (512,012)			
		CAS-4 Excise Duty	5,490 (-)			
		Engineering Expenses	- (75,000)			
		Rental Charges	964,463 (184,956)			
		Inter-corporate Loan	- (180,000,000)	- (180,539,753)		
		Services rendered	9,447,467 (2,366,034)			
		Inter-corporate Loan taken & repaid during the year	180,000,000 (-)			
		Interest on ICD	542,465 (599,726)			
		Subscription to share capital	1,800,000,000 (630,000,000)			
		Purchase of Capital Assets	4,473,240 (688,387)	} 7,622,443 (2,656,735)		
		Reimbursement of ESOP Cost (Refer Note 1 below)	1,473,419 (2,716,826)			
		Reimbursement received from Party	3,465,140 (-)			
		Deposit Received	100,000 (-)		100,000 (-)	
Reimbursement of expenses paid	6,414,155 (5,405,882)					
Mahindra Gears & Transmissions Pvt. Ltd. It was a fellow subsidiary of Mahindra Heavy Engines Pvt Ltd upto 9 th Dec 2014	Fellow Subsidiary	Purchase of Raw Material	12,096,588 (9,000,919)	} - (3,407,000)		
		Goods in Transit	- (424,338)			
Mahindra Logistics Ltd.	Fellow Subsidiary	Services received	27,022,856 (14,365,292)	4,151,576 (4,516,870)		
		Purchase of Capital Assets	2,616,933 (-)			
Mahindra Vehicle Manufacturers Ltd.	Fellow Subsidiary	Sale of Engines	1,077,821,851 (695,287,907)		128,254,135 (126,006,907)	
		Labour Work	126,345 (3,482,363)			
		Reimbursement of expense paid	8,906,821 (908,936)	- (473,736)		

MAHINDRA HEAVY ENGINES PRIVATE LIMITED
(FORMERLY KNOWN AS MAHINDRA NAVISTAR ENGINES PRIVATE LIMITED)

Name of Related Party	Description of Relationship	Nature of Transactions	Amount of Transactions (Rupees)	Amount Outstanding at the end of year	
				Credit (Rupees)	Debit (Rupees)
Mahindra Trucks and Buses Limited	Fellow Subsidiary	Sales of Spares	83,920,761 (52,401,112)		8,532,281 (11,972,397)
		Services rendered	- (-)		
Mahindra Integrated Business Solutions Pvt Ltd.	Fellow Subsidiary	Professional Fees	356,912 (301,011)	57,563 (29,884)	
		Manpower Cost	638,713 (609,150)		
Mahindra Intertrade Limited	Fellow Subsidiary	Interest paid on ICD	- (1,808,219)		
		Inter-corporate Loan taken & repaid during the year	- (200,000,000)		
Mahindra Yueda (Yancheng) Tractor Company Ltd.	Fellow Subsidiary	Reimbursement of Expenses Paid	- (86,916)	- (86,916)	- (992,071)
		Reimbursement received from Party	- (992,071)		
Defence Land Systems India Pvt Ltd	Fellow Subsidiary	Sale of goods	740,592 (-)		740,592 (-)
Mr. Pankaj Sonalkar	Key Management Personnel	Remuneration	10,808,415 (10,586,603)		

Notes:

- 1 Represents costs reimbursed by the Company towards ESOP's granted by the holding Company, Mahindra & Mahindra Limited.
- 2 Figures in brackets are in respect of the corresponding previous year.

MAHINDRA HEAVY ENGINES PRIVATE LIMITED
(FORMERLY KNOWN AS MAHINDRA NAVISTAR ENGINES PRIVATE LIMITED)

NOTE 29 -

a) Details of Derivative Instruments (for hedging)

None

b) Details of year end foreign currency exposures that have not been hedged by a derivative instrument or otherwise:

Particulars	Foreign Currency	Amount in foreign currency		Equivalent amount in Rs.	
		As at 31 st March, 2015 Rupees	As at 31 st March, 2014 Rupees	As at 31 st March, 2015 Rupees	As at 31 st March, 2014 Rupees
Amount payable in foreign currency	USD	398,791	625,246	24,921,009	37,814,860
	EURO	99,220	4,750	7,462,011	401,185
	JPY	100,000	-	52,500	-
Amount receivable in foreign currency	USD	679,323	722,951	42,054,900	43,116,813

NOTE 30 -

Micro, Small and Medium enterprises have been identified on the basis of the information to the extent provided by the suppliers. Total outstanding dues of Micro, Small and Medium enterprises as on 31st March, 2015 which are outstanding for more than the stipulated period are given below:

Particulars	As at 31 st March, 2015 Rupees	As at 31 st March, 2014 Rupees
(i) Dues remaining unpaid as at 31 st March, 2015		
Principal	5,416,994	2,431,879
Interest	35,962	41,243
(ii) Interest paid in terms of Section 16 of the Act.	-	1,363,789
(iii) Amount of interest due and payable for the period of delay on payments made beyond the appointed day during the year	867,481	218,600
(iv) Amount of interest accrued and remaining unpaid as at 31 st March, 2015.	1,163,286	259,843
(v) Further interest due and payable even in the succeeding years, until such date when the interest due as above are actually paid to the small enterprises.	78,477	-

"Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors."

NOTE 31 - EARNINGS IN FOREIGN EXCHANGE

Particulars	For the year ended 31 st March, 2015 Rs.	For the year ended 31 st March, 2014 Rs.
FOB Value of exports	132,267,754	96,310,898

NOTE 32 - EXPENDITURE IN FOREIGN CURRENCY

Particulars	For the year ended 31 st March, 2015 Rs.	For the year ended 31 st March, 2014 Rs.
Royalty	32,446,118	18,621,046
Travelling & Conveyance	1,246,190	887,407
Miscellaneous expenses	3,334,908	401,185

NOTE 33 - THE TOTAL OF FUTURE MINIMUM LEASE PAYMENTS UNDER NON-CANCELLABLE OPERATING LEASE:

The Company has entered into cancellable leasing arrangements for office sharing and towards which the lease rental of Rs. Nil (Previous year - Rs. 352,918) has been included in 'Rent'. Refer Note 24 of the Financial Statements.

NOTE 34 - EARNINGS PER SHARE

Particulars	For the year ended 31 st March, 2015 Rs.	For the year ended 31 st March, 2014 Rs.
Amount used as the numerator - (loss) after tax for the year	(534,144,092)	(577,561,144)
Weighted average number of equity shares used in computing earnings per share	413,024,658	299,761,644
Basic and Diluted Earnings per share (Face value of Rs. 10 per share)	(1.29)	(1.93)

NOTE 35 - Details of provisions and movements in each class of provisions as required by the Accounting Standard on Provisions, Contingent Liabilities and Contingent Assets (Accounting Standard-29)

Particulars	Warranty	Warranty
	As at 31 st March, 2015 Rupees	As at 31 st March, 2014 Rupees
Carrying Amount at the beginning of the year	13,100,000	10,123,009
Additional Provision made during the year (net of reversal)	5,021,944	3,051,777
Amounts Used during the year	1,321,944	74,786
Carrying Amounts at the end of the year	16,800,000	13,100,000

Brief description of the nature of the obligation and the expected timing of any resulting outflows of economic benefits:

Warranty Provision:

Warranty cost are accrued at the time of sale of products, based on technical estimates and past trends. The provision is discharged over the warranty period of up to 18 to 39 months from the date of sale or 1000 hours to 5000 hours of operations whichever is earlier. The estimates for accounting of warranties are reviewed and revisions are made as required.

NOTE 36 - VALUE OF IMPORTED AND INDIGENOUS RAW MATERIALS, SPARE PARTS AND COMPONENTS CONSUMED:

Particulars	For the year ended 31 st March, 2015		For the year ended 31 st March, 2014	
	Value (Rupees)	Percentage (%)	Value (Rupees)	Percentage (%)
Imported	45,769,139	4%	44,219,542	6%
Indigenous	1,201,510,675	96%	665,461,422	94%
Total	1,247,279,814	100%	709,680,964	100%

NOTE 37 - CIF VALUE OF IMPORTS

Particulars	For the year ended 31 st March, 2015 Rs.	For the year ended 31 st March, 2014 Rs.
Raw materials	26,018,353	17,450,338
Capital Goods	191,871,681	1,607,045

MAHINDRA HEAVY ENGINES PRIVATE LIMITED
(FORMERLY KNOWN AS MAHINDRA NAVISTAR ENGINES PRIVATE LIMITED)

NOTE 38 (I) - DETAILS OF RAW MATERIAL CONSUMPTION AND RAW MATERIAL STOCK UNDER BROAD HEADS

Particulars	Raw Materials Consumed		Raw Materials Stock	
	For the year ended	For the year ended	As at	As at
	31 st March, 2015	31 st March, 2014	31 st March, 2015	31 st March, 2014
	Rupees	Rupees	Rupees	Rupees
Compressor	14,003,922	8,383,792	316,940	348,800
Crankshaft	70,696,092	46,584,780	318,679	12,747
Cylinder Block	176,926,675	99,176,287	4,593,567	4,258,107
Cylinder Head	119,176,305	111,207,948	4,324,714	4,346,419
Radiator	31,732,790	21,549,296	702,240	1,942,718
Flywheel Housing	28,783,055	16,883,331	507,640	383,909
Injector Assy, Fuel	66,360,844	34,166,732	7,118,559	3,115,792
Piston	26,940,013	18,746,295	2,679,479	2,184,806
Pump Fuel Injection	111,915,033	86,474,084	9,259,859	7,953,833
Timing Case	13,570,313	14,006,039	548,413	2,806,195
Turbo Charger	28,590,862	25,155,494	1,423,001	1,170,670
Others	558,583,910	227,346,887	70,009,095	31,549,718
Total	1,247,279,814	709,680,964	101,802,186	60,073,714

Notes:

- (a) The consumption has been ascertained on the basis of opening stock plus purchases less closing stock and includes the adjustment of excess and shortages as ascertained on physical count, write-off of obsolete and unseparable raw materials and components.
- (b) The Consumption in value shown in 'others' is a balancing figure based on the total consumption.

NOTE 38 (III) - DETAILS OF SALES AND FINISHED GOODS STOCK UNDER BROAD HEADS

Particulars	Finished Goods Opening Stock		Finished Goods Closing Stock		For the year ended 31 st March, 2015	For the year ended 31 st March, 2014	Sales
	As at	As at	As at	As at			
	1 st April, 2014	1 st April, 2013	31 st March, 2015	31 st March, 2014			
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Internal Combustion Engines	2,695,205	18,918,988	10,831,542	2,695,205	1,624,796,343	960,007,909	
Blocks & Spares	-	-	-	-	83,137,453	69,094,274	
Others	-	-	-	-	247,413	12,396,006	
Total	2,695,205	18,918,988	10,831,542	2,695,205	1,708,181,209	1,041,498,189	

NOTE 39 - DETAILS OF GROSS INCOME DERIVED FROM SERVICES RENDERED/SUPPLIED UNDER BROAD HEADS

Particulars	For the year ended 31 st March 2015	For the year ended 31 st March 2014
	Rupees	Rupees
Engineering Services rendered	9,334,114	2,035,918
Total	9,334,114	2,035,918

NOTE 40 -

Repairs and maintenance- Machinery includes spares consumed Rs. 6,062,981 (Previous year - Rs. 3,432,804).

NOTE 41 - MISCELLANEOUS EXPENSES INCLUDE PAYMENT TO AUDITORS (NET OF SERVICE TAX)

Particulars	For the year ended 31 st March 2015	For the year ended 31 st March 2014
	Rupees	Rupees
Audit fees - Statutory Audit	1,150,000	1,050,000
Other services	86,500	50,000
Out of pocket expenses reimbursed	10,000	15,000
Total	1,246,500	1,115,000

NOTE 38 (II) - DETAILS OF WORK IN PROGRESS STOCK UNDER BROAD HEADS

Particulars	WIP Opening Stock		WIP Closing Stock	
	As at 1 st April, 2014	As at 1 st April, 2013	As at 31 st March, 2015	As at 31 st March, 2014
	Rupees	Rupees	Rupees	Rupees
Broad Heads of Work in Progress				
Blocks - NLB	1,873,410	11,686,669	12,387,751	1,873,410
Cylinder Block	5,632,140	1,934,198	-	5,632,140
SFG - Others	1,143,173	4,271,733	146,881	1,143,173
Total	8,648,723	17,892,600	12,534,632	8,648,723

NOTE 42 -

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

For and on behalf of the Board

Sai Ganesh Iyer
CFO

Pankaj Sonalkar
Director

Kiran Bade
Company Secretary

Bharat Moossaddee
Director

Pune, Dated: 24th April, 2015

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors present their Nineteenth Report together with the Audited Financial Statements of your Company for the year ended 31st March, 2015.

Financial Highlights and State of Company's Affairs

Particulars	(Rs. In Lakhs)	
	Financial Year Ended 31 st March, 2015	Financial Year Ended 31 st March, 2014
Revenue	18,236.98	19,213.03
Profit/(Loss) before Interest, Depreciation, Amortisation Expenses and Taxation	(180.70)	(503.68)
Less: Interest	0.09	15.52
Less: Depreciation and Amortisation Expenses	161.70	85.14
Profit/(Loss) before Taxation	(342.49)	(604.34)
Less: Provision for Taxation	-	-
Provision for Deferred Tax	(10.59)	(0.56)
Profit/(Loss) after Taxation	(331.90)	(603.78)
Profit/(Loss) brought forward from earlier years	(629.81)	(26.03)
Balance of Profit/(Loss) carried forward	(961.71)	(629.81)
Net Worth	(941.18)	(609.28)

Your Company has taken steps to increase the authorised share capital from Rs. 50 Lakhs to Rs. 10 crores and issue 95 Lakhs equity shares of Rs. 10 each to the shareholders of the company on rights basis.

Operations

The year under review saw major drop in sales across the auto industry. This led to drop in total sales volume for your Company from 2,504 vehicles in 2013-14 to 2,284 vehicles in 2014-15, a 9% drop in sales volume of vehicles as compared to the previous year. Drop was seen in both Personal and Commercial range of vehicles. Service volumes from the Company's service centre also dropped by 6% to 17,187 vehicles from 18,269 vehicles as compared to the previous year. Several initiatives were taken to build customer relationship and scale up capacity of the sales and service team throughout the year.

However the slowdown in the automotive industry in the year impacted the Company throughout the year, resulting in your Company incurring a loss of Rs. 342.49 lakh for the year, as compared to loss of Rs. 604.34 lakh in the previous year.

Due to the loss for the year, the net worth of the Company has been further eroded. However, your Company shall strive to recover profitability in the longer term.

Dividend

In view of loss for the year under review, your Directors do not recommend any dividend.

Board of Directors

Mr. Ramesh Iyer (DIN:00220759) retires by rotation and being eligible, offers himself for re-appointment at the forthcoming Annual General Meeting of the Company.

During the year under review, Mr. Rahul Asthana (DIN: 00234247) and Mr. S C Bhargava (DIN: 00020021), who, in the opinion of the Board, are persons with integrity and possess relevant expertise and experience, and who have given declarations to the effect that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013, were appointed as independent directors of the company on 23rd March, 2015. They shall hold the office of directorship for a term of five years and would not be liable to retire by rotation.

Mr. Pravin Shah (DIN: 00056173), Mr. Rajeshwar Tripathi (DIN: 06734734) and Mr. Nozar Bharucha (DIN: 03315303) were appointed as an Additional Directors after the closure of the financial year under review i.e. 2nd May, 2015. They hold office upto the ensuing annual general meeting only. Your company has received notices from a member, in accordance with the provisions of Section 160 of the Companies Act, 2013, for their appointment at the ensuing annual general meeting. Your Board recommends their appointments to the members.

During the year under review Mr. Ketan Doshi (DIN: 03083483) and Mr. Arun Malhotra (DIN: 00132951) resigned as Directors of the Company on 15/09/2014 and 03/11/2014 respectively. Mr. A. M. Choksey (DIN: 00204454) resigned as Director on 28th April, 2015 i.e after the closure of the financial year under review. Your Board takes this opportunity to thank them for their valuable services rendered by them during their association with the Company.

Number of Meetings of the Board

Your Board of Directors met five times during the year under review i.e. on 10/05/2014, 28/06/2014, 15/09/2014, 04/11/2014 and 03/02/2015.

Directors' Responsibility Statement

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

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed;
- (ii) they have, in the selection of the accounting policies, consulted the Statutory Auditors and these have been applied consistently and reasonable and prudent judgments and estimates have been made so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2015 and of the Loss of the Company for the year ended on that date;
- (iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) the annual accounts have been prepared on a going concern basis.
- (v) Proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Codes of Conduct

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

Your Company has for the year under review, received declarations from the Board Members and Senior Management Personnel and Employees affirming compliance with the code of Conduct for Directors and Senior Management Employees respectively.

Key Managerial Personnel

Mr. Vijay Nakra (DIN: 02638616) was appointed as Whole Time Director on 15th September, 2014, with effect from 16th September, 2014 in accordance with provisions of Section 203 of Companies Act, 2013.

Mr. Sudhir Shah was appointed as Chief Executive Officer on 3rd February, 2015 in accordance with provisions of Section 203 of Companies Act, 2013.

Committees of the Board:

Audit Committee

The Committee was reconstituted on 31st March, 2015 pursuant to the appointment of 2 independent directors on the Board. The Committee was further reconstituted on 2nd May, 2015 pursuant to the change in the constitution of the Board on that date.

The Audit Committee now consists of Mr. Rahul Asthana, Independent Director, Mr. S C Bhargava, Independent Director and Mr. Nozar Bharucha.

The Committee met twice during the year i.e., on 10/05/2014 and 03/02/2015 and complied with the terms of reference assigned to the Committee.

Nomination and Remuneration Committee

The Committee was reconstituted by the Board on 31st March, 2015 in pursuance to the appointment of independent directors. The Committee was subsequently reconstituted on 2nd May, 2015 pursuant to the appointment of new directors.

The Nomination and Remuneration Committee now consists of Mr. Rahul Asthana, Independent Director, Mr. S C Bhargava, Independent Director, Mr. Ramesh Iyer and Mr. Rajeshwar Tripathi.

Mr. Rajeshwar Tripathi is the Chairman of the Nomination and Remuneration Committee.

The Committee met twice during the year under review i.e., on 15th September, 2014 and 3rd February, 2015.

The Committee members at their meeting held on 9th May, 2015 carried out an evaluation of the performance of individual directors through a structured questionnaire process covering various aspects such as skills, performance, attendance, knowledge etc.

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

In line with the principles of transparency and consistency and upon recommendation of Nomination and Remuneration Committee, your Board has approved policies for remuneration of Directors, Key Managerial Personnel and other employees and for the appointment/removal of Directors and Senior Management Personnel.

These policies are furnished as Annexure I and form part of this Report.

Risk Management Policy

The Board has formulated a Risk Management Policy for the Company which identifies elements of risk if any which may threaten the existence of the Company. Implementation of the Risk Management Policy is expected to be helpful in managing the risks associated with the business of the Company.

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

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

Statutory Auditors & Audit Report

Messrs. B K Khare & Co, Chartered Accountants, (ICAI registration Number 105102W) were appointed, as Auditors of your Company, at its 18th Annual General Meeting held on 1st August, 2014 from its conclusion till the conclusion of 23rd Annual General Meeting. In terms of Section 139 (1) of Companies Act, 2013, such appointment is required to be ratified by members at every Annual General Meeting.

The members are requested to ratify the appointment of Auditors so made at the forthcoming Annual General Meeting and fix their remuneration.

As required under the provisions of section 139 of the Companies Act, 2013, your Company has obtained a written consent and certificate from the above Auditors to the effect that their appointment, if ratification made, would be in conformity with the conditions and criteria specified therein.

The Auditors' Report does not contain any qualification, reservation or adverse remark.

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

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

Corporate Social Responsibility

The provisions relating to Corporate Social Responsibility are not applicable to your Company during the year under review.

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

During the year under review, your Company has not made any investment or given loans/guarantees under section 186.

Public Deposits and Loans/Advances

Your Company has not accepted any deposits from the public, or its employees, within the meaning of Section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014 during the year under review and there is no amount which qualifies as deposit outstanding as on the date of balance sheet.

Your Company has not made any loans/advances particulars in respect of which are required to be disclosed in the annual accounts of the Company pursuant to Clause 32 of the Listing Agreement of the parent Company viz. Mahindra and Mahindra Limited, with the Stock Exchanges.

Particulars of Transactions with Related Parties

All the contracts/arrangements/transactions entered, during the year under review, with related parties referred to in sub section 1 of Section 188 of Companies Act, 2013, and Rules made thereunder, were carried out in ordinary course of business and at arm's length.

Particulars of material contracts or arrangements or transactions with related parties, required to be furnished in terms of Section 134 of companies Act, 2013 are furnished in form AOC – 2 as Annexure III and the same forms part of this Report.

Extract of Annual Return

Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014 an extract of the Annual return as on 31st March, 2015 is attached herewith as Annexure IV and forms part of this report.

Internal Financial Control

Your Company has an adequate system of internal controls and monitoring procedures as well as internal financial controls on financial statements commensurate with the size and the nature of its business. The internal control system is supplemented by

documented policies, guidelines and procedures. Besides the Company regularly conducts reviews to assess the adequacy of financial and operating controls for various businesses of the Company. Significant issues, if any, are brought to the attention of the Audit Committee. The Internal Audit function submits detailed reports periodically to the management and the Audit Committee. The Audit Committee reviews these reports with the operating management with a view to provide oversight of the internal control systems.

Safety, Health and Environmental Performance

Your Company's commitment towards safety, health and environment is strong and persons working at your Company's facilities are given training on safety and health.

Sustainability

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

General

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

1. Issue of equity shares with differential rights as to dividend, voting or otherwise.
2. Issue of Shares (Including Sweat Equity Shares) to employees of the Company under any Scheme.
3. Significant or material orders by Regulators or Courts or Tribunals which impact the going concern status and the Company's operations in future.
4. Loan by the Company to purchase or subscribe shares having voting rights and not exercised directly by the employees.
5. Particulars of employees, since the provisions of Section 197 (12) of the Companies Act, 2013 and the Rule 5 (2) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, are not applicable to an unlisted Company.

Acknowledgements

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

For and on behalf of the Board

P. N. SHAH
Chairman

Place: Mumbai
Date: 9th May, 2015

ANNEXURE I TO THE DIRECTORS' REPORT

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

Purpose

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

Policy Statement

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

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

NON-EXECUTIVE INCLUDING INDEPENDENT DIRECTORS:

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

Executive Directors:

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

Key Managerial Personnel (KMPs)

The terms of remuneration of Chief Executive officer, Chief Financial Officer (CFO) and Company Secretary (CS) shall be

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

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

Employees

We follow a differential approach based on industry benchmarking and statutory requirement, depending upon the level in the organization i.e for all employees from Technician to Senior Management Band, we benchmark with competition from the same industry.

We have a CTC (Cost to Company) concept. In Managerial and Senior Managerial band starting from Grade M3 and above CTC includes a fixed component (Guaranteed Pay) and a variable component (Performance pay). The percentage of the variable component increases with increasing hierarchy levels, as we believe employees at higher positions have a far greater impact and influence on the overall business result. The CTC is reviewed once every year and the compensation strategy for positioning of individuals takes into consideration the following elements:

- Performance
- Potential
- Criticality
- Longevity in grade

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

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

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

DEFINITIONS

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

“**Board**” means Board of Directors of the Company.

“**Company**” means NBS International Limited.

“**Committee(s)**” means Committees of the Board for the time being in force.

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

“**HR**” means the Human Resource department of the Company.

“**Key Managerial Personnel**” (KMP) refers to key managerial personnel as defined under the Companies Act, 2013 and includes:

- (i) Managing Director (MD), or Chief Executive Officer (CEO); or Manager; or Whole time Director (WTD)
- (ii) Chief Financial Officer (CFO); and
- (iii) Company Secretary (CS).

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

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

I. APPOINTMENT OF DIRECTORS

- The NRC reviews and assesses Board composition and recommends the appointment of new Directors. In evaluating the suitability of individual Board member, the NRC shall take into account the following criteria regarding qualifications, positive attributes and independence of director:
 1. All Board appointments will be based on merit, in the context of the skills, experience, independence and knowledge, for the Board as a whole to be effective.
 2. Ability of the candidates to devote sufficient time and attention to his professional obligations as Independent Director for informed and balanced decision making
 3. Adherence to the Code of Conduct and highest level of Corporate Governance in letter and in spirit by the Independent Directors
- Based on recommendation of the NRC, the Board will evaluate the candidate(s) and decide on the selection

of the appropriate member. The Board through the Chairman /Managing Director will interact with the new member to obtain his/her consent for joining the Board. Upon receipt of the consent, the new Director will be co-opted by the Board in accordance with the applicable provisions of the Companies Act 2013 and Rules made thereunder.

REMOVAL OF DIRECTORS

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

SENIOR MANAGEMENT PERSONNEL

- The NRC shall identify persons who are qualified to become directors and who may be appointed in senior management team in accordance with the criteria laid down above.
- Senior Management personnel are appointed or promoted and removed/relieved with the authority of Chairman / Managing Director based on the business need and the suitability of the candidate. The details of the appointment made and the personnel removed one level below the Key Managerial Personnel during a quarter shall be presented to the Board.

II. SUCCESSION PLANNING:

Purpose

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

Board:

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

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

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

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

Senior Management Personnel:

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

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

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

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

Policy Statement

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

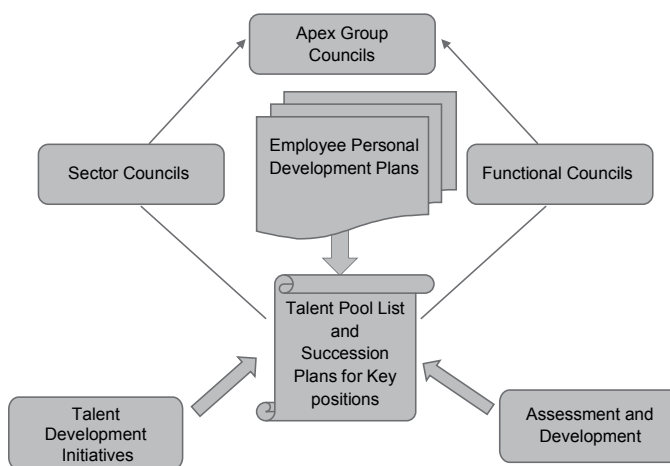
- 1) Given the strategic business plans, do we have the skills and competencies required to implement them? If not, how do we create them – by developing them internally or through lateral induction from outside?
- 2) For critical positions, what is the succession pipeline?
- 3) What are the individual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

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

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

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

The Talent Management process can be represented pictorially as under:



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

For and on behalf of the Board

P. N. SHAH
Chairman

Place: Mumbai

Date: 9th May, 2015

ANNEXURE II TO THE DIRECTORS' REPORT**PARTICULARS AS PER THE COMPANIES (ACCOUNTS) RULES, 2014 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2015.****A. CONSERVATION OF ENERGY**

- (a) the steps taken or impact on conservation of energy:

Though the activities/operations of the Company are not power intensive, necessary measures are taken to contain and bring about saving in power consumption through improved operational methods, better house-keeping and awareness programmes.

- (b) the steps taken by the Company for utilizing alternate sources of energy: Nil

- (c) the capital investment on energy conservation equipments: Nil

B. TECHNOLOGY ABSORPTION

- i) the efforts made towards technology absorption: Not Applicable

- ii) the benefits derived like product improvement, cost reduction, product development or import substitution: Nil

- iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year) – Not Applicable

- (a) the details of technology imported:

- (b) the year of import

- (c) whether the technology been fully absorbed:

- (d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof:

- iv. the expenditure incurred on Research and Development: Nil

C. FOREIGN EXCHANGE EARNINGS AND OUTGO: Nil

For and on behalf of the Board

P. N. SHAH
Chairman

Place: Mumbai

Date: 9th May, 2015

ANNEXURE III TO THE DIRECTORS' REPORT**FORM NO. AOC – 2**

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

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

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

Amount in Lakhs

Sr. No	Name (s) of the related party & Nature of Relationship		Nature of contract	Duration of the Transaction	Salient terms of the Transaction including the value, if any		Date of Approval by the Board	Amount paid as advances, if any
1	Mahindra & Mahindra Limited	Holding Co.	Purchase of Vehicles & Spares	1 st Apr 14 to 31 st Mar 15	Prevailing rates	17217.26	N.A.	–
			Sale & Repair of vehicles	14-15	Prevailing market rates	130.71	N.A.	–
			Services received	Ongoing	At cost	112.44	N.A.	–
			Services rendered	Ongoing	At prevailing rates	657.90	N.A.	–
			Rent paid	Ongoing	At Cost/ Market rate	185.23	N.A.	–
			Rent Income	Ongoing	At market rate	13.20	N.A.	–

- Note: for the purpose of materiality, the following criteria have been considered.
- 10% of turnover of the Company or Rs. one hundred crore, whichever is lower is considered as material for the purpose of disclosure in respect of Contracts/transactions/arrangements for sale, purchase, or supply of any goods or materials.
- 10% of net worth of the Company or Rs. one hundred crore, whichever is lower is considered as material for the purpose of disclosure in respect of Contracts/transactions/arrangements for selling or otherwise disposing of or buying property of any kind.
- 10% of the net worth of the Company or 10 % of turnover of the Company or Rs. one hundred crore, whichever is lower is considered as material for the purpose of disclosure in respect of Contracts/transactions/arrangements for leasing of property of any kind.
- 10% of turnover of the Company or Rs. fifty crores, whichever is lower is considered as material for the purpose of disclosure in respect of Contracts/transactions/arrangements for rendering of services.

For and on behalf of the Board

P. N. SHAH
Chairman

Mumbai, 9th May, 2015

ANNEXURE IV TO THE DIRECTORS' REPORT**Form No. MGT-9****Extract of Annual Return
as on the financial year ended on 31st March, 2015**

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

I. REGISTRATION AND OTHER DETAILS:

1.	CIN	U18101MH1995PLC095482
2.	Registration Date	19/12/1995
3.	Name of the Company	NBS International Limited
4.	Category/Sub-Category of the Company	Company Limited by shares/Indian Non-Government Company.
5.	Address of the Registered office and contact details	10, Stone Building, Shop No. 1, Opp. Chowpatty Sea Face, Mumbai - 400 007 Tel No. 022 66244666 Fax No. 022 23641981
6.	Whether listed Company (Yes/No)	No
7.	Name, Address and Contact details of Registrar and Transfer Agent, if any	None

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sr. No.	Name and Description of Main Product/Services	NIC Code of the Product	% to total turnover of the Company
1	Wholesale and retail sale of new vehicles (passenger motor vehicles, ambulances, minibuses, jeeps, trucks, trailers and semi-trailers)	45101	90.8%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

Sr. No.	Name and Address of the Company	CIN/GIN	Holding/Subsidiary of the Company	% of shares held	Applicable Section
1.	Mahindra & Mahindra Limited, Gateway Building, Apollo Bunder, Mumbai 400 001.	L65990MH1945PLC004558	Holding Company	99.98%	2 (46)

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

i. Category-wise Share Holding

Category of Shareholders	No. of shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1. Indian									
a. Individual/HUF	–	–	–	–	–	–	–	–	–
b. Central Govt.	–	–	–	–	–	–	–	–	–
c. State Govt.	–	–	–	–	–	–	–	–	–
d. Bodies Corp.	–	50500	50500	100	–	50500	50500	100	0
e. Bank/FI	–	–	–	–	–	–	–	–	–

Category of Shareholders	No. of shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
f. Any Other	-	-	-	-	-	-	-	-	-
Sub-Total A-(1)	-	50500	50500	100	-	50500	50500	100	0
2. Foreign									
a. NRI-Individuals	-	-	-	-	-	-	-	-	-
b. Other Individuals	-	-	-	-	-	-	-	-	-
c. Body Corporate	-	-	-	-	-	-	-	-	-
d. Bank/FI	-	-	-	-	-	-	-	-	-
e. Any Others	-	-	-	-	-	-	-	-	-
Sub Total- A (2)	-	-	-	-	-	-	-	-	-
Total Share Holding of Promoters (A)(1) + (A)(2)	-	50500	50500	100	-	50500	50500	100	0
B. Public Shareholding									
1. Institution	-	-	-	-	-	-	-	-	-
a. Mutual Funds	-	-	-	-	-	-	-	-	-
b. Bank/ FI	-	-	-	-	-	-	-	-	-
c. Cent. Govt.	-	-	-	-	-	-	-	-	-
d. State Govt.	-	-	-	-	-	-	-	-	-
e. Venture Capital	-	-	-	-	-	-	-	-	-
f. Insurance Co.	-	-	-	-	-	-	-	-	-
g. FIs	-	-	-	-	-	-	-	-	-
h. Foreign Venture Capital Fund	-	-	-	-	-	-	-	-	-
i. Others	-	-	-	-	-	-	-	-	-
Sub Total- (B)(1)	-	-	-	-	-	-	-	-	-
2. Non-Institution	-	-	-	-	-	-	-	-	-
a. Body Corp.	-	-	-	-	-	-	-	-	-
b. Individual	-	-	-	-	-	-	-	-	-
i. Individual shareholders holding nominal share capital upto ₹ 1 Lakh	-	-	-	-	-	-	-	-	-
ii. Individual shareholders holding nominal share capital in excess of ₹ 1 Lakh	-	-	-	-	-	-	-	-	-
c. Others	-	-	-	-	-	-	-	-	-
Sub Total (B)(2)	-	-	-	-	-	-	-	-	-
Total Public Shareholding B = (B) (1) + (B) (2)	-	-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs & ADRs									
Promoter and Promoter Group	-	-	-	-	-	-	-	-	-
Public	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	-	50500	50500	100	-	50500	50500	100	0

ii. Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged/encumbered to total shares	
1	Mahindra & Mahindra Limited	50390	99.79	–	50390	99.79	–	–
2	Mahindra & Mahindra Limited Jointly with Mr. Jayant Golgota*	1	0.00	–	1	0.00	–	–
3	Mahindra & Mahindra Limited Jointly with Mr. Ulhas N. Yargop*	1	0.00	–	1	0.00	–	–
4	Mahindra & Mahindra Limited Jointly with Mr. Narayan Shankar*	1	0.00	–	1	0.00	–	–
5	Mahindra & Mahindra Limited Jointly with Mr. A G Tawde*	1	0.00	–	1	0.00	–	–
6	Mahindra & Mahindra Limited Jointly with Mr. S. Durgashankar*	1	0.00	–	1	0.00	–	–
7	Mahindra & Mahindra Limited Jointly with A. M. Choksey*	1	0.00	–	1	0.00	–	–
8	Mahindra & Mahindra Limited Jointly with Mr. V. K. Garg*	94	0.19	–	94	0.19	–	–
9	Mahindra Holdings Limited	10	0.02	–	10	0.02	–	–

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

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

Sr. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
	At the beginning of the year	50500	100	–	–
	Date wise Increase/Decrease in Promoter's Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.):	–	–	–	–
	At the end of the year (or on the date of separation, if separated during the year)	–	–	50500	100

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

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

v. Shareholding of Directors and Key Managerial Personnel:

Sr. No.	For each of the Directors and KMP	Shareholding at the beginning of the year		During the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1	Mr. A M Choksey, Director (jointly with Mahindra and Mahindra Limited)	1	0		
	At the beginning of the year	–	–	–	–
	Date wise Increase/Decrease in Promoter's Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.):	–	–	–	–
	At the end of the year	–	–	1	0

V. INDEBTEDNES

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

(₹ in Crores)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total indebtedness
Indebtedness at the beginning of the financial year 01.04.2014				Nil
1) Principal Amount	–	–	–	–
2) Interest due but not paid	–	–	–	–
3) Interest accrued but not due	–	–	–	–
Total of (1+2+3)	–	–	–	–
Change in Indebtedness during the financial year				Nil
+ Addition	–	–	–	–
– Reduction	–	–	–	–
Net Change	–	–	–	–
Indebtedness at the end of the financial year 31.03.2015				Nil
1) Principal Amount	–	–	–	–
2) Interest due but not paid	–	–	–	–
3) Interest accrued but not due	–	–	–	–
Total of (1+2+3)				Nil

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sr. No.	Particulars of Remuneration	Mr. Arun Malhotra	Mr. Vijay Nakra	Total Amount (₹ In Lakhs)
1.	Gross Salary	–	–	–
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act	–	2.71	2.71
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	–	–	–
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	–	–	–
2.	Stock Option	–	–	–
3.	Sweat Equity	–	–	–
4.	Commission – As % of Profit – Others, specify	–	–	–
5.	Others, please specify	–	–	–
	Total (A)	NIL	2.71	2.71
	Ceiling as per the Act	Rs. 60 lakhs p.a. as per Schedule V to the Companies Act, 2013.		

B. Remuneration to other directors:

Sr. No.	Particulars of Remuneration	Name of Directors		Total Amount Rs. in Lakhs
		Mr. Rahul Asthana (ID)	Mr. S C Bhargava (ID)	
1.	Independent Directors	-	-	
	• Fee for attending board/committee meetings	-	-	-
	• Commission	-	-	-
	• Others, please specify	-	-	-
	Total (1)	-	-	-
2.	Other Non-Executive Directors	-	-	-
	• Fee for attending board/committee meetings	-	-	-
	• Commission	-	-	-
	• Others, please specify	-	-	-
	Total (2)	-	-	-
	Total B = (1+2)	-	-	
	Total Managerial Remuneration	-	-	2.71
	Over all Ceiling as per the Act	-	-	In accordance with Schedule V to the Companies Act, 2013

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

Sr. No.	Particulars of Remuneration	Name of the KMP		Total Amount (₹ In Lakhs)
		Mr. Sudhir Shah (CEO)		
1.	Gross Salary			
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act	9.45		9.45
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	-		
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	-		
2.	Stock Option	-		
3.	Sweat Equity	-		
4.	Commission - As % of Profit - Others, specify	-		
5.	Others, please specify	-		
	Total	9.45		9.45

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

Type	Section of the Companies Act	Brief Description	Details of Penalty/Punishment/Compounding fees imposed	Authority (RD/NCLT/Court)	Appeal made, if any (give Details)
Penalty			Nil		
Punishment			Nil		
Compounding			Nil		

B. Directors

Type	Section of the Companies Act	Brief Description	Details of Penalty/Punishment/Compounding fees imposed	Authority (RD/NCLT/Court)	Appeal made, if any (give Details)
Penalty			Nil		
Punishment			Nil		
Compounding			Nil		

C. Other Officers in Default

Type	Section of the Companies Act	Brief Description	Details of Penalty/Punishment/Compounding fees imposed	Authority (RD/NCLT/Court)	Appeal made, if any (give Details)
Penalty			Nil		
Punishment			Nil		
Compounding			Nil		

For and on behalf of the Board

P. N. SHAH
ChairmanPlace: Mumbai
Date: 9th May, 2015

INDEPENDENT AUDITOR'S REPORT

To

The Members of **NBS INTERNATIONAL LIMITED**,

Report on the Financial Statements

1. We have audited the accompanying standalone financial statements of **NBS INTERNATIONAL LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

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

Report on Other Legal and Regulatory Requirements

9. As required by the Companies (Auditor's Report) Order, 2015, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
10. As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (As amended);
 - (e) On the basis of the written representations received from the directors as on 31st March, 2015 taken on record by the Board of Directors, none of the directors

is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164(2) of the Act;

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

i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 8 to the financial statements;

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

iii. During the year, there were no amounts required to be transferred to the Investor Education and Protection Fund by the Company.

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

H. P. Mahajani
Partner

Place : Mumbai
Date : 9th May, 2015

Membership No. 030168

ANNEXURE TO THE AUDITOR'S REPORT

Referred to in para 9 of our report of even date:

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
 - (b) According to information and explanation given to us, the Company has adopted a phased program of physical verification of fixed assets under which all the fixed assets would be verified over a period of three years. In our opinion, the frequency of physical verification is reasonable having regard to the size of the Company and nature of its assets.
2. (a) The Inventory has been physically verified during the year by the management. On the basis of the information and explanations given to us discrepancies noticed on physical verification of inventory of spares and accessories have been properly dealt with in the books of accounts.
 - (b) *In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory of vehicles followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.*
 - (c) *The procedures followed by the management for physical verification of inventory of spares and accessories are adequate in relation to the size of the company and the nature of its business.*
3. There are no companies, firms or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii) of the said order are not applicable to the company.
4. In our opinion and according to the information and explanations given to us, the Company is having an adequate internal control system commensurate with the size and the nature of its business, for the purchase of inventory and fixed assets and sale of goods and services. On the basis of our examination of the books and records of the Company and according to the information and explanations given to us, we have neither come across nor have we been informed of any continuing failure to correct any major weaknesses in the aforesaid internal control system.
5. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public. Consequently, no order has been passed by the Company Law Board or National Company Law Commission or Reserve Bank of India or any court or any other tribunal on the Company.
6. On facts, the requirements of Para 3(vi) requiring maintenance of cost records are not applicable in case of the Company.
7. (a) According to the records of the Company and information and explanations given to us, the Company is regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State

Insurance, Income Tax, Sales Tax, Wealth Tax and Service Tax, duties of custom, duties of excise, value added tax, cess and other applicable statutory dues with the appropriate authorities.

- (b) According to the records of the company and information and explanations given to us, as on 31st March, 2015, there are following disputed dues of Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess:

Assessment Year	Appellate Authority	Disputed Tax Demand
2011-12	Appeal filed against order passed by DCIT	36,05,660
2012-13	Appeal filed against order passed by DCIT	1,43,42,530

- (c) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
8. The accumulated losses of the Company as at the end of the financial year are more than fifty percent of the net-worth. The Company has incurred cash losses during the current financial year and also in the immediately preceding financial year.
9. Based on the records examined by us and according to the information and explanations given to us, the Company has not taken any loans or advances from banks or financial institutions or has not issued any debentures and therefore clause (ix) of paragraph 3 of the Order is not applicable.
10. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
11. Based on the records examined by us and according to the information and explanations given to us, the Company has not taken any term loan and hence clause (xi) is not applicable.
12. During the course of our examination of the books and records of the Company, carried out in accordance with generally accepted accounting practices and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company were noticed or reported during the year, nor have we been informed of any such instances during the year.

For **B. K. Khare & Co.**
Chartered Accountants
Firm's Registration Number 105102W

H.P. Mahajani
Partner

Place : Mumbai
Date : 9th May, 2015

Membership No. 030168

BALANCE SHEET AS AT MARCH 31, 2015

		(Currency: Indian Rupees ₹ in Lacs)	
Particulars	Note No.	As at March 31, 2015	As at March 31, 2014
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share capital	1 (1)	5.05	5.05
(b) Reserves and surplus	1 (2)	(952.72)	(614.34)
		(947.67)	(609.29)
(2) Non-current liabilities			
(a) Deferred tax liabilities	1 (3)	-	13.93
(b) Long-term provisions	1 (4)	47.46	28.90
		47.46	42.83
(3) Current liabilities			
(a) Trade payables	1 (5)	3,880.38	3,955.45
(b) Other current liabilities	1 (6)	258.95	299.83
(c) Short-term provisions	1 (7)	163.73	126.55
		4,303.06	4,381.83
TOTAL		3,402.85	3,815.37
II. ASSETS			
(1) Non-current Assets			
(a) Fixed Assets	1 (8)		
(i) Tangible assets		583.89	697.63
(ii) Intangible assets		0.42	1.32
(iii) Capital Work-in-Progress		12.92	12.11
		597.23	711.06
(b) Long-term loans and advances	1 (9)	346.96	301.91
		944.19	1,012.97
(2) Current Assets			
(a) Inventories	1 (10)	1,472.47	1,835.18
(b) Trade receivables	1 (11)	560.70	433.59
(c) Cash and Cash Equivalents	1 (12)	281.30	212.12
(d) Short-Term Loans and Advances	1 (13)	42.39	190.10
(e) Other Current Assets	1 (14)	101.80	131.41
		2,458.66	2,802.40
TOTAL		3,402.85	3,815.37

See accompanying notes to the financial statements, as under

Significant Accounting Policies & Notes to Accounts

3

In terms of our report of even date

For B K Khare & Co.

Chartered Accountants

Firm Registration No. 105102W

H P Mahajani

Partner

Membership No. 30168

Place: Mumbai

Date: 9th May 2015For and on behalf of the Board of Directors
NBS International Ltd.**P.N. Shah**

Chairman

Ramesh Iyer

Director

Rajeshwar Tripathi

Director

Vijay Nakra

Director

Nozar Bharucha

Director

Rahul Asthana

Director

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

(Currency: Indian Rupees ₹ in Lacs)

Particulars	Note No.	Year ended March 31, 2015	Year ended March 31, 2014
I. Revenue from operations	2 (1)	17,871.91	18,955.78
II. Other operating income	2 (2)	365.07	257.25
III. Total Revenue (I + II)		18,236.98	19,213.03
IV. Expenses:			
Purchases of stock-in-trade.....	2 (3)	16,058.59	17,131.29
Changes in inventories of finished goods, work-in-progress	2 (4)	362.71	608.62
Employee benefits expense	2 (5)	771.27	674.19
Finance costs.....	2 (6)	4.72	18.87
Depreciation and amortization expense	1 (8)	161.70	85.14
Other expenses.....	2 (7)	1,220.48	1,299.25
Total Expenses		18,579.47	19,817.37
V. Profit before exceptional and extraordinary items and tax (III-IV)		(342.49)	(604.34)
VI. Exceptional items.....		-	-
VII. Profit before extraordinary items and tax (V-VI)		(342.49)	(604.34)
VIII. Extraordinary items.....		-	-
IX. Profit before tax (VII - VIII)		(342.49)	(604.34)
X. Tax Expenses:			
(1) Current Tax (Including MAT)		-	-
(2) Less : MAT Credit Entitlements		-	-
(3) Deferred Tax	2(8)	(10.59)	(0.56)
XI. Profit/(Loss) for the period from continuing operations (VII-VIII)		(331.90)	(603.78)
XII. Profit/(Loss) from discontinuing operations		-	-
XIII. Tax expense of discontinuing operations		-	-
XIV. Profit/(Loss) from discontinuing operations (after tax) (XII-XIII).....		-	-
XV. Profit/(Loss) for the year (XI + XIV)		(331.90)	(603.78)
XVI. Earnings per equity share:	2(9)		
(1) Basic & Diluted.....		(657)	(1,196)
<i>See accompanying notes to the financial statements, as under</i>			
Significant Accounting Policies & Notes to Accounts	3		

In terms of our report of even date

For and on behalf of the Board of Directors
NBS International Ltd.**For B K Khare & Co.**
Chartered Accountants
Firm Registration No. 105102W**P.N. Shah** Chairman
Ramesh Iyer Director
Rajeshwar Tripathi Director
Vijay Nakra Director
Nozar Bharucha Director
Rahul Asthana Director**H P Mahajani**
Partner
Membership No. 30168Place: Mumbai
Date: 9th May 2015

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2015

(Currency: Indian Rupees ₹ in Lacs)

	Year ended March 31, 2015	Year ended March 31, 2014
A. Cash Flow from Operating Activities		
Net Profit before taxation	(342.49)	(604.34)
<u>Adjustments for:</u>		
Depreciation on fixed assets.....	161.70	85.14
Loss on sale of fixed assets.....	9.09	3.87
Interest expense	4.72	18.87
Provision for Doubtful Debts	-	-
Provision for Doubtful Advances.....	-	18.56
Bad Debts W/off	104.95	22.06
Operating Profit before Working Capital changes	(62.03)	(455.84)
<u>Adjustments for (Increase)/Decrease in Operating Assets:</u>		
Inventories.....	362.71	608.62
Trade Receivables	(232.06)	225.61
Short Term Loans and Advances.....	147.71	102.11
Long Term Loans and Advances	10.93	(26.24)
Other Current Assets	29.61	(112.95)
Other Non Current Assets.....	-	-
<u>Adjustment for Increase/(Decrease) in Operating Assets:</u>		
Trade Payables	(75.07)	(150.60)
Other Current Liabilities.....	(40.88)	(5.52)
Other Long-Term Liabilities.....	-	-
Short Term Provisions	37.18	62.77
Long Term Provisions.....	18.56	(3.43)
CASH GENERATED FROM OPERATIONS	196.66	244.53
Income tax Paid.....	(55.98)	(19.16)
Net Cash inflow from/(outflow) from Operating activities (A)	140.68	225.37
B. Cash Flow from Investing Activities		
Purchase of fixed assets	(123.02)	(112.64)
Sale Proceeds from fixed assets	56.23	4.62
Interest received	-	-
Net Cash inflow from/(outflow) from Investing activities (B)	(66.78)	(108.02)

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2015 (Contd.)

(Currency: Indian Rupees ₹ in Lacs)

	Year ended March 31, 2015	Year ended March 31, 2014
C. Cash Flow from Financing Activities		
Repayment of Long-Term Borrowings	-	-
Repayment of Short-Term Borrowings.....	-	-
Interest paid	(4.72)	(18.88)
Net Cash inflow from/(outflow) from Financing activities (C)	(4.72)	(18.88)
Net increase/(decrease) in cash and cash equivalents	69.18	98.47
 Opening Cash and Cash Equivalents		
Cash in hand	19.94	6.32
Bank balances	192.18	107.33
	212.12	113.65
 Closing Cash and Cash Equivalents		
Cash in hand	7.97	19.94
Bank balances	273.33	192.18
	281.30	212.12

In terms of our report of even date

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

H P Mahajani
Partner
Membership No. 30168

Place: Mumbai
Date: 9th May 2015

For and on behalf of the Board of Directors
NBS International Ltd.

P.N. Shah	Chairman
Ramesh Iyer	Director
Rajeshwar Tripathi	Director
Vijay Nakra	Director
Nozar Bharucha	Director
Rahul Asthana	Director

ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

NOTE 1: Notes to the Balance Sheet

1 SHARE CAPITAL:

a. Details of authorised, issued and subscribed share capital:

(Currency: Indian Rupees ₹ in Lacs)

Particulars	As at March 31, 2015	As at March 31, 2014
Authorised Capital		
5,00,000 Equity Shares of Rs. 10/- each	50.00	50.00
Issued Capital		
50,500 Equity Shares of Rs. 10/- each	5.05	5.05
Subscribed and Paid up		
50,500 Equity Share of Rs. 10/- each (PY: 50,500 Equity Shares of Rs. 10/each.)	5.05	5.05
	<u>5.05</u>	<u>5.05</u>

b. Information on shareholders:

Name of Shareholder	Relationship	As at March 31, 2015		As at March 31, 2014	
		No of Equity shares held	Percentage	No of Equity shares held	Percentage
Mahindra & Mahindra Ltd	Holding Co	50490	99.98	50490	99.98
Mahindra Holdings Limited		10	0.02	10	0.02
		50500	100.00	50500	100.00

c. Reconciliation of number of shares:

Particulars	Equity Shares	
	Number	Rs.
Shares outstanding at the beginning of the year	50,500	5,05,000.00
Shares Issued during the year	-	-
Shares bought back during the year	-	-
Shares outstanding at the end of the year	50,500	5,05,000.00

d. Terms/Rights attached to Equity Shares

- The company has issued equity shares having par value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. The dividend proposed by Board of Directors is subject to the approval of shareholders at the Annual General Meeting.
- In the event of liquidation of the Company, the holders of equity shares shall be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of equity shares held by the Shareholders.

2 RESERVES AND SURPLUS

a. Other Reserves – General Reserve

Particulars	As at March 31, 2015	As at March 31, 2014
Opening Balance	15.48	15.48
(+) Current Year Transfer	-	-
(-) Written Back in Current Year	-	-
Closing Balance	<u>15.48</u>	<u>15.48</u>

b. Surplus

Opening balance	(629.81)	(26.03)
(+) Net Profit/(Net Loss) For the current year	(331.90)	(603.78)
(+) Transfer from Reserves	(6.48)	-
(-) Proposed Dividends	-	-
(-) Tax on Proposed Dividends	-	-
(-) Transfer to Reserves	-	-
Closing Balance	<u>(968.19)</u>	<u>(629.81)</u>
GRAND TOTAL	<u>(952.72)</u>	<u>(614.34)</u>

3 DEFERRED TAX ASSETS/LIABILITY (Net)

The major components of deferred tax liability/asset as recognised in the financial statement is as follows:

(Currency: Indian Rupees ₹ in Lacs)

Particulars	Note Ref	As at March 31, 2015	As at March 31, 2014
Deferred Tax Liability			
Excess of net block of fixed assets as per books of accounts over net block for tax purpose	3 (2) (d)	13.84	39.10
		<u>13.84</u>	<u>39.10</u>
Deferred Tax Asset			
Expenses disallowed under Sec 43B		13.84	17.61
Carry forward business loss and unabsorbed depreciation		-	-
Provision for Doubtful Debts/Advances		-	7.56
		<u>13.84</u>	<u>25.17</u>
Net		<u>-</u>	<u>13.93</u>

4 LONG-TERM PROVISIONS:

Particulars	As at March 31, 2015	As at March 31, 2014
Provision for Employee Benefits:		
Gratuity (Refer Note No.7)	32.44	17.44
Leave Encashment	15.02	11.46
TOTAL	<u>47.46</u>	<u>28.90</u>

5 TRADE PAYABLES:

Particulars	As at March 31, 2015	As at March 31, 2014
Trade Payables*		
Due to Micro and Small Enterprises	-	-
Other than Micro and Small Enterprises	3,880.38	3,955.45
	<u>3,880.38</u>	<u>3,955.45</u>

* Based on the information available with the Company, there are no parties who have been identified as micro, small and medium enterprises based on the confirmations circulated and responses received by the management.

6 OTHER CURRENT LIABILITIES:

Particulars	As at March 31, 2015	As at March 31, 2014
Customer Credit Balance	197.25	272.78
Statutory Dues Payable	19.80	16.61
Others – (Salary/Insurance/Registration)	41.90	10.44
TOTAL	<u>258.95</u>	<u>299.83</u>

7 SHORT-TERM PROVISIONS

Particulars	As at March 31, 2015	As at March 31, 2014
Provision for employee benefits:		
Salary and Reimbursement	-	-
Bonus	25.69	20.62
Gratuity	3.12	1.71
Leave encashment	3.50	3.05
Others:		
Accrued Expenses	131.42	101.17
TOTAL	<u>163.73</u>	<u>126.55</u>

8 FIXED ASSETS

(Currency: Indian Rupees ₹ in Lacs)										
PARTICULARS	Gross Block				Accumulated Depreciation			Net Block		
	As at April 1, 2014	Additions during the year	Disposal/ Adjustments during the year	As at March 31, 2015	As at April 1, 2014	Depreciation charge for the year	Disposal/ Adjustments during the year	As at March 31, 2015	As at March 31, 2015	As at March 31, 2014
Tangible Assets										
Land - Owned	-	-	-	-	-	-	-	-	-	-
Land - Leased	-	-	-	-	-	-	-	-	-	-
Leasehold Improvements	174.81	5.34	(2.05)	178.10	52.31	11.82	(2.05)	62.08	116.02	122.50
Building - (Office)	-	-	-	-	-	-	-	-	-	-
Building - (Factory)	-	-	-	-	-	-	-	-	-	-
Plant & Machinery	206.45	18.89	(1.77)	223.57	64.73	21.09	(1.26)	84.56	139.01	141.72
Furniture & Fixtures	38.33	12.21	(1.72)	48.81	13.60	5.31	(1.74)	17.17	31.64	24.73
Vehicles	389.00	77.82	(104.36)	362.46	57.44	92.65	(38.56)	111.53	250.93	331.56
Office Equipment	46.09	5.60	(3.44)	48.25	11.55	10.71	5.08	27.34	20.91	34.54
Computers	67.91	2.34	(9.97)	60.28	42.11	15.87	(8.76)	49.22	11.06	25.80
Others - Electrical Installations	20.73	-	0.49	21.22	3.95	2.96	(0.01)	6.90	14.30	16.78
Total	943.32	122.21	(122.83)	942.71	245.69	160.41	(47.30)	358.80	583.89	697.63
Previous Year.....	854.70	100.53	(11.91)	943.32	165.06	84.06	(3.43)	245.69	697.63	689.64
Intangible Assets										
Intangible - Software	2.70	3.00	-	5.70	1.29	0.90	3.09	5.28	0.42	1.41
Others - Website	3.00	(3.00)	-	-	3.09	-	(3.09)	-	-	(0.09)
Total	5.70	-	-	5.70	4.38	0.90	-	5.28	0.42	1.32
Previous Year.....	5.70	-	-	5.70	3.30	1.08	-	4.38	1.32	2.40
Capital WIP	12.11	0.81	-	12.92	-	-	-	-	12.92	12.11

9 LONG-TERM LOANS AND ADVANCES

(Currency: Indian Rupees ₹ in Lacs)

Particulars	As at March 31, 2015	As at March 31, 2014
a. Security Deposits		
Secured, considered good	-	-
Unsecured, considered good	30.19	27.35
Doubtful	-	-
Less: Provision for doubtful deposits	-	-
b. Balance with Govt Authorities:		
- Income Tax (Net of provisions)	146.49	90.51
- MAT Credit Entitlements	-	-
- Balance of Maharashtra Value Added Tax	170.28	184.05
TOTAL	346.96	301.91

10 INVENTORIES

Particulars	As at March 31, 2015	As at March 31, 2014
a. Stock-in-trade (Valued at Cost or NRV whichever is lower)	1,259.13	1,743.64
- Goods-in transit (Refer Note 3 (2) - C)	213.34	91.54
TOTAL	1,472.47	1,835.18

11 TRADE RECEIVABLES

(Currency: Indian Rupees ₹ in Lacs)

Particulars	As at March 31, 2015	As at March 31, 2014
Trade receivables outstanding for a period less than six months		
Secured, considered good	-	-
Unsecured, considered good	547.23	413.85
Doubtful	-	-
Less: Provision for doubtful debts	-	-
	547.23	413.85
Trade receivables outstanding for a period exceeding six months		
Secured, considered good	-	-
Unsecured, considered good	13.47	19.74
Doubtful	-	4.06
Less: Provision for doubtful debts	-	(4.06)
	560.70	433.59

12 CASH AND CASH EQUIVALENT

Particulars	As at March 31, 2015	As at March 31, 2014
a. Balances with banks	273.33	192.18
b. Cheques, drafts on hand	-	-
c. Cash on hand	7.97	19.94
d. Others (specify nature)	-	-
	281.30	212.12

13 SHORT-TERM LOANS AND ADVANCES*(Currency: Indian Rupees ₹ in Lacs)*

Particulars	As at March 31, 2015	As at March 31, 2014
a. Others		
Secured, considered good	-	-
Unsecured, considered good	42.39	190.10
Doubtful	-	19.24
Less: Provision for Warranty	-	(19.24)
	<u>42.39</u>	<u>190.10</u>

14 OTHER CURRENT ASSETS

Particulars	As at March 31, 2015	As at March 31, 2014
Advance to Suppliers	-	7.91
Prepaid Expenses	25.33	14.54
Balance with Govt Authorities:		
- Balance of Service Tax	7.58	7.79
- Balance of Maharashtra Value Added Tax	68.89	101.17
	<u>101.80</u>	<u>131.41</u>

NOTE 2: Notes to the Statement of Profit and Loss**1 REVENUE FROM OPERATIONS***(Currency: Indian Rupees ₹ in Lacs)*

Particulars	Year Ended March 31, 2015	Year Ended March 31, 2014
Sale of Products	16,235.22	17,437.11
Less: Excise Duty	-	-
	16,235.22	17,437.11
Sale of Services (Net of Service Tax & VAT)	1,636.69	1,518.67
Other Operating Revenues	-	-
	<u>17,871.91</u>	<u>18,955.78</u>

2 OTHER OPERATING INCOME*(Currency: Indian Rupees ₹ in Lacs)*

Particulars	Year Ended March 31, 2015	Year Ended March 31, 2014
Scrap Sales	12.56	11.28
Commission Income	27.81	63.45
Infrastructure Service Income	74.83	79.94
Interest on Sales Tax refund	3.81	-
Misc Write backs	100.47	25.84
Others	145.59	68.29
Provision for Doubtful Debts written back	-	8.45
	<u>365.07</u>	<u>257.25</u>

3 PURCHASE OF STOCK-IN-TRADE*(Currency: Indian Rupees ₹ in Lacs)*

Particulars	Year Ended March 31, 2015	Year Ended March 31, 2014
Purchases	16,058.59	17,131.29
Vehicles, Spares & Accessories	-	-
	<u>16,058.59</u>	<u>17,131.29</u>

4 CHANGES IN INVENTORY:*(Currency: Indian Rupees ₹ in Lacs)*

Particulars	Year Ended March 31, 2015	Year Ended March 31, 2014
Opening Inventory	-	-
Traded Goods	1,823.54	2,431.04
Work-In-Progress	11.64	12.76
	1,835.18	2,443.80
Closing Inventory	-	-
Traded Goods	1,457.20	1,823.54
Work-In-Progress	15.27	11.64
	1,472.47	1,835.18
	<u>362.71</u>	<u>608.62</u>

5 EMPLOYEE BENEFIT EXPENSES*(Currency: Indian Rupees ₹ in Lacs)*

Particulars	Year Ended March 31, 2015	Year Ended March 31, 2014
Salaries	674.16	594.14
Contributions to -		
Provident fund/ESIS Fund	34.35	31.48
Gratuity fund contributions (Refer note no. 7)	18.17	3.10
Staff welfare expenses	44.59	45.47
	<u>771.27</u>	<u>674.19</u>

6 FINANCE COST*(Currency: Indian Rupees ₹ in Lacs)*

Particulars	Year Ended March 31, 2015	Year Ended March 31, 2014
Interest others	0.09	15.52
Interest on Inter Company Deposits	-	-
Bank Charges	4.63	3.36
	<u>4.72</u>	<u>18.87</u>

7 OTHER EXPENSES*(Currency: Indian Rupees ₹ in Lacs)*

Particulars	Year Ended March 31, 2015	Year Ended March 31, 2014
Power and Fuel	66.81	63.39
Rent	226.82	256.77
Rates and Taxes	17.07	12.24
Repairs & Maintenance		
– Building	1.36	5.06
– Plant & Machinery	26.43	28.15
– Vehicle	3.39	12.59
– Others	15.49	19.03
Insurance	24.07	22.57
Advertisement	21.25	9.94
Sales Promotion	90.59	143.47
Discount	209.56	217.27
Sales Incentive	99.93	99.42
Travelling & Conveyance	25.68	32.32
Hire & Service Charges	174.94	258.74
Postage & Telephone	19.49	25.42
Printing & Stationery	15.48	15.24
Legal and Professional	48.88	20.16
Audit Fees – Statutory Fees	2.26	2.00
Audit Fees – Others	2.61	1.97
Provision for Doubtful Advance	–	18.56
Bad Debts W/off	104.95	22.06
Advances W/off	–	0.67
Net loss/gain on sale of fixed assets	9.09	3.87
Others	14.33	8.34
	1,220.48	1,299.25

8 EARNINGS PER EQUITY SHARES*(Currency: Indian Rupees ₹ in Lacs)*

Particulars	Year Ended March 31, 2015	Year Ended March 31, 2014
Basic & Diluted Earnings per Share:		
Profit/(Loss) attributable to Equity shareholders	(331.90)	(603.78)
Weighted average number of equity shares	50,500.00	50,500.00
Basic & Diluted Earnings Per Share	(657)	(1,196)
Face value per Share	10	10

NOTE 3: Significant Accounting Policies & Notes to accounts:**1. Nature Operations**

NBS International Limited, a wholly own subsidiary of Mahindra & Mahindra Limited engaged in the business of sales and servicing of motor vehicles.

2. Significant Accounting Policies**a) Basis of Preparation of Financial Statements**

The financial statements are prepared and presented under the historical cost convention, on the accrual basis of accounting and in accordance with the provisions of the Companies Act, 2013 (“the Act”), and the accounting principles generally accepted in India and comply with the accounting standards prescribed in the Companies (Accounting Standards) Rules, 2006 issued by the Central Government, in consultation with the National Advisory Committee on Accounting Standards, to the extent applicable.

The financial statement are prepared in accordance with the applicable accounting principles in India, the Accounting Standards referred to in Section 133, read with Rule 7 of the Companies (Accounts) Rules, 2014 & relevant provisions of the Companies Act, 2013.

These financial statements are presented in Indian rupees and rounded off to nearest lacs.

b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles in India (Indian GAAP) requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent liabilities on the date of the financial statements. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of financial statements which in management's opinion are prudent and reasonable. Actual results may differ from the estimates used in preparing the accompanying financial statements. Any revision to accounting estimates is recognised prospectively in current and future periods.

c) Inventories:

Inventories are valued at lower of cost or net realizable value. Basis of determination of goods in transits are valued inclusive of duties & taxes, where applicable.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

Spare parts & accessories are valued at moving average rate.

d) Fixed Assets:**i) Tangible Assets:**

Fixed Assets are stated on cost less accumulated depreciation. The total cost of assets comprises its purchase price, freight, duties, taxes and any other incidental expenses directly attributable to bringing the asset to the working condition for its intended use.

ii) Intangible assets:

Intangible assets are recognized if it is probable that the future economic benefits that are attributable to the assets will flow to the Company and cost of the assets can be measured reliably.

e) Depreciation:

- Leasehold Improvements are amortized over the period of lease or estimated period of useful life of such improvement, whichever is lower.

- Depreciation on other fixed assets is provided on Straight Line Method on a pro rata basis over its economic useful lives, as prescribed under Schedule II of the Companies Act, 2013.

- Assets costing less than or equal to Rs. 5,000 are depreciated fully in the year of purchase.
- Cost of intangible assets is being amortized over a period of five years on time proportion basis.

f) Revenue Recognition:

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

• *Sales of goods:*

Sale of vehicles/spares parts and accessories of vehicles (including customized) is recognized when delivery is accepted by the customer. Sales are stated net of discounts, duties and sales tax.

• *Service Income:*

Service income is recognized as per the terms of the contract when the related services are rendered. It is stated net of service tax.

• *Interest income:*

Interest income is recognized on time proportion basis.

• *Other Income:*

Income from financing vehicles, Insurance Income and other service income are accounted on accrual basis.

g) Retirement and Other Employee Benefits:

• *Short term employee benefit*

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. These benefits include short term compensated absences such as paid annual leave. The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees is recognized as an expense during the period. Benefits such as salaries and wages, etc. and the expected cost of the bonus/ex-gratia are recognized in the period in which the employee renders the related service.

• *Post employment employee benefits*

Defined Contribution schemes

Company's contributions to the Provident Fund and Employee's State Insurance Fund are charged to the Statement of Profit and Loss of the year when the contributions to the respective funds are due.

Defined benefits plans

Company's liabilities towards gratuity is determined by independent actuary, using the projected unit credit method which considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. Actuarial gain and losses are recognised in the Statement of Profit and loss as income or expense in the year in which they occur. Obligation is measured at the present value of estimated future cash flow using a discount rate that is determined by reference to market yields at the Balance Sheet date on Government Bonds where the currency and terms of the Government Bonds are consistent with the currency and estimated terms of the defined benefit obligation.

Other long term employee benefits

Company's liabilities towards compensated absences to employees are accrued on the basis of valuations, as at the Balance Sheet date, carried out by an independent actuary using Projected Unit Credit Method. Actuarial gains and losses comprise experience adjustments and the effects of changes

in actuarial assumptions and are recognized immediately in the Statement of Profit and Loss.

h) Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

Diluted earnings per share are calculated after adjusting effects of potential equity shares (PES). PES are those shares which will convert into equity shares at a later stage. Profit/loss is adjusted by the expenses incurred on such PES. Adjusted profit/loss is divided by the weighted average number of ordinary plus potential equity shares.

i) Taxation

Income-tax expense comprises current tax, deferred tax charge or credit, minimum alternative tax (MAT).

Current tax

Provision for current tax is made for the tax liability payable on taxable income after considering tax allowances, deductions and exemptions determined in accordance with the prevailing tax laws.

Deferred tax

Deferred tax liability or asset is recognized for timing differences between the profits/losses offered for income tax and profits/losses as per the financial statements. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted at the Balance Sheet date.

Deferred tax asset is recognized only to the extent there is reasonable certainty that the assets can be realized in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax asset is recognized only if there is a virtual certainty of realization of such asset. Deferred tax asset is reviewed as at each Balance Sheet date and written down or written up to reflect the amount that is reasonably/virtually certain to be realized.

Minimum alternative tax

Minimum alternative tax (MAT) obligation in accordance with the tax laws, which give rise to future economic benefits in the form of adjustment of future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal tax during the specified period. Accordingly, it is recognized as an asset in the Balance Sheet when it is probable that the future economic benefit associated with it will flow to the Company and the asset can be measured reliably.

j) Impairment of Assets

The Company assesses at each Balance Sheet date whether there is any indication that an asset or a group of assets (cash generating unit) may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset or a group of assets. The recoverable amount of the asset (or where applicable, that of the cash generating unit to which the asset belongs) is estimated as the higher of its net selling price and its value in use. If such recoverable amount of the asset or the recoverable amount of the cash-generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the Statement of Profit and Loss. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

Value in use is the present value of estimated future cash flow expected to arise from the continuing use of the assets and from its disposal at the end of its useful life.

If at the Balance Sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciable historical cost.

k) Provisions and Contingencies

A provision is recognized when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to their present values and are determined based on management estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current management estimates.

Contingent liabilities are disclosed in respect of possible obligations that have arisen from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of future events not wholly within the control of the Company.

When there is an obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

3. During the current year company has incurred cash losses amounting to INR 180.79 lacs (previous year INR 519.20 lacs). Net-worth at the end of the year is also negative amounting to INR 947.68 lacs (previous year INR 609.29 lacs).

In the opinion of the management, taking into account its business and financial plans for the foreseeable future, the company is a going concern and accordingly the financial statements have been drawn up on that basis.

4. Pursuant to the Companies Act 2013 (the "Act") becoming effective from 1st April 2014, the Company has recomputed the depreciation based on the useful life of the assets as prescribed in Schedule II of The Act. This resulted in additional charge of depreciation of Rs. 69.10 lacs for the year ended 31st March 2015. Further as per transitional provision, carrying value of the asset of Rs. 9.81 lacs (net of Deferred tax of Rs. 6.48 lacs) is adjusted in the opening balance of retained earnings in respect of assets where the remaining useful life is NIL as at 1st April 2014.

5. Information pursuant to para 5(ii) and 5(iii) of the General Instructions to the Statement of Profit and Loss

(Currency: Indian Rupees' in Lacs)

- (a) Particulars of traded goods purchases: (for trading companies)

Traded goods	Year Ended March 31, 2015	Year Ended March 31, 2014
Vehicles	15,081.34	16,197.37
Spares & Accessories	977.26	933.92
Others	-	-
TOTAL	16,058.60	17,131.29

- (b) Particulars of sales and inventory position: (for trading companies)

Traded Goods	Year Ended March 31, 2015		
	Sales	Closing Inventory	Opening Inventory
Vehicles	16,235.22 (17437.11)	1198.55 (1511.69)	1511.69 (2052.96)
Spares & Accessories (Incl. Labour Charges)	1,636.39 (1,518.67)	273.91 (323.49)	323.49 (390.84)
TOTAL	17,871.91 (18,955.78)	1,472.47 (1,835.18)	1835.17 (2443.80)

* Previous year figures are in brackets

6. Auditor Remuneration

(Currency: Indian Rupees' in Lacs)

Particulars	Year Ended March 31, 2015*	Year Ended March 31, 2014*
As Auditor	3.00	2.00
For Taxation matter	0.55	0.55
For other services	1.40	1.47
TOTAL	4.95	4.02

* Exclusive of Service Tax.

7. Disclosure pursuant to Accounting Standard – 15 'Employee Benefits'**a. The following tables set out disclosures prescribed by AS 15 in respect of company's unfunded gratuity plan.**

(Currency: Indian Rupees' in Lacs)

- (i) Changes in the present value of defined benefit obligation representing reconciliation of opening and closing balances thereof:

Particulars	Year ended March 31, 2015	Year ended March 31, 2014
Present value of obligation as at the beginning of the year:	19.15	16.92
Interest cost	2.28	2.05
Current service cost	6.26	8.33
Benefits paid	(2.43)	(0.86)
Actuarial (gain)/loss on obligation	10.30	(7.29)
Closing Present value of obligation	35.56	19.15

- (ii) The amounts recognized in the Statement of Profit and Loss are as follows:

Particulars	Year ended March 31, 2015	Year ended March 31, 2014
Current service cost	6.26	8.33
Past service cost	-	-
Interest cost	2.28	2.05
Expected return on plan assets	-	-
Net actuarial (gain)/loss recognized in the year	10.30	(7.29)
Expenses recognised in the statement of profit and loss*	18.84	3.09

* Included in Note3 (6) "Employee Benefit Expenses".

- (iii) Actuarial assumption:

Particulars	Year Ended March 31, 2015	Year Ended March 31, 2014
Salary Growth*	11% for first Four years & 7% thereafter	10% for first Five years & 7% thereafter
Discount Rate	7.90%	9.30%
Withdrawal Rate	-	-

* The estimates of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

7. Related Party disclosures

i. List of related parties

Names of related parties:

(A) Holding Company	:	Mahindra & Mahindra Limited
(B) Fellow Subsidiary companies	:	<ol style="list-style-type: none"> 1. Mahindra & Mahindra Financial Services Limited 2. Mahindra Automobile Dist Pvt. Ltd. 3. Mahindra First Choice Services Ltd. 4. Mahindra First Choice Wheels Ltd 5. Mahindra Truck & Buses Ltd 6. Mahindra Reva Electric Vehicles Ltd 7. Mahindra Intrade Ltd. 8. Mahindra Life Space Developer Ltd 9. Mahindra Integrated Business Services Ltd 10. Mahindra Rural Housing Finance Ltd. 11. Mahindra Two Wheelers Ltd 12. Mahindra Sona Ltd. 13. Mahindra EPC Services Pvt Ltd.
(C) Key Management Personnel	:	1. Mr. Sudhir Shah

ii. Related party transactions are as under:

(Rs. Lacs)

Nature of Transactions	Holding company	Fellow Subsidiary companies	Joint Venture Companies	Key Management Personnel
1) Purchases:				
Vehicles & Spares	17217.26 (18192.63)	143.76 (100.68)	-	-
Fixed Assets	- (-)	(-) (2.85)	-	-
2) Sales:				
Vehicles	8.09 (-)	63.19 (3.28)	-	-
Spares/Services	122.62 (50.07)	15.35 (16.65)	0.42	-
3) Deputation of Personnel:				
Officers Remuneration	74.18 (84.58)	-	-	-
Managerial Remuneration	- (-)	- (-)	- (-)	10 (-)
4) Other Transactions:				
Other Income				
Manpower Income	5.43 (5.52)	-	-	-
Rent Income	-	13.2 (5.62)	-	-
Incentive Income	222.75 (299.51)	6.03 (-)	-	-

In terms of our report of even date

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

H P Mahajani
Partner
Membership No. 30168

Place: Mumbai
Date: 9th May 2015

Nature of Transactions	Holding company	Fellow Subsidiary companies	Joint Venture Companies	Key Management Personnel
Warranty Income	399.27 (408.7)	1.94 (-)	-	-
FSC/PDI Income	22.47 (28.2)	0.09 (-)	- (-)	-
Brokerage Income	- (-)	7.17 (7.71)		
Other Expenses				
Rent Paid	185.23 (148.42)	-	-	-
Franchise/Variable fees	(-) (-)	7.01 (11.96)	-	-
DMS Maintenance Charges	2.59 (2.21)	-	-	-
Shared IT Expenses	18.76 (10.03)	-	-	-
Secretarial Charges	3.37 (-)	-	-	-
CMS Audit Charges	3.37 (-)	-	-	-
Security Claim	2.89 (-)	-	-	-
Fire Man Charges	- (1.63)	-	-	-
Dealers Security Deposit	- (-)	1.5 (-)	-	-
Hire & Services Charges	7.46 (6.78)	1.98 (2.18)	-	-
Sales and Promotion Expenses	- (40)	-	-	-
5) Outstanding:				
Amount Receivable	0.73 (-)	21.35 (74.54)	-	-
Amount Payable	3785.10 (3932.5)	13.71 (2.18)	-	-

(Figures in bracket are for previous year ended 31 March 2014)

9. Contingent Liabilities not provided for:

a) **Taxation Matters:** Demands against the company not acknowledged as debts and not provided for, relating to issues of taxability and deductibility, in respect of which the company is in appeal.

- Income - tax - **Rs.143.42 Lacs (2013-14: Rs.72.05 Lacs)**

9. Previous Year Comparatives

Previous year figures are regrouped, recast & reclassified wherever necessary to make them comparable with those of the current year.

In terms of our report of odd date attached

For and on behalf of the Board of Directors
NBS International Ltd.

P.N. Shah Chairman

Ramesh Iyer Director
Rajeshwar Tripathi Director
Vijay Nakra Director
Nozar Bharucha Director
Rahul Asthana Director

DIRECTORS' RESPONSIBILITIES AND APPROVAL

The directors are required in terms of the Companies Act 71 of 2008 to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the company's cash flow forecast for the year to 31 March 2015 and, in the light of this review and the current financial position, they are satisfied that the company has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the company's annual financial statements. The annual financial statements have been examined by the company's external auditors and their report is presented.

The annual financial statements which have been prepared on the going concern basis, were approved by the board on 28 April 2015 and were signed by:

Dr Pawan Goenka
(Chairman)

Kandasamy Chandrasekar
(Director)

Ramesh Iyer
(Director)

Pravin Shah
(Director)

Pretoria
28th April 2015

DIRECTORS' REPORT

The directors submit their report for the year ended 31st March 2015.

1. Review of activities

Main business and operations

The company is engaged to pursue business opportunities in the automobile, automobile spare parts and other related sections and operates principally in South Africa.

The operating results and state of affairs of the company are fully set out in the attached annual financial statements and do not in our opinion require any further comment.

2. Going concern

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

3. Events after the reporting period

The directors are not aware of any matter or circumstance arising since the end of the financial year.

4. Authorised and issued share capital

There were no changes in the authorised or issued share capital of the company during the year under review.

5. Dividends

The dividends already declared and paid to shareholder during the year are as reflected in the attached statement of changes in equity.

6. Directors

The directors of the company during the year and to the date of this report are as follows:

Name	Nationality	Changes
Dr Pawan Goenka (Chairman)	United States of America	
Kandasamy Chandrasekar	Indian	
Ramesh Iyer	Indian	
Ruzbeh Irani	Indian	Resigned 23 May 2014
Pravin Shah	Indian	Appointed 29 April 2014

7. Secretary

The Secretary of the Company is P Cilliers of:

Business address	434 Atterbury Road Menlo Park Pretoria 0081
Postal address	PO Box 35510 Menlo Park 0102

8. Holding company

The company's holding company is Mahindra & Mahindra Limited incorporated in India.

9. Auditors

Deloitte & Touché will continue in office in accordance with section 90 of the Companies Act 71 of 2008.

Dr Pawan Goenka (Chairman)	Kandasamy Chandrasekar (Director)
Ramesh Iyer (Director)	Pravin Shah (Director)
Pretoria 28 th April, 2015	

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDER OF MAHINDRA AND MAHINDRA SOUTH AFRICA PROPRIETARY LIMITED

We have audited the financial statements of Mahindra and Mahindra South Africa Limited set out on pages 160 to 172, which comprise the statement of financial positions as at 31st March 2015 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes comprising a summary of significant accounting policies and other explanatory information.

Director's Responsibility for the Financial Statements

The directors of the company are responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We have conducted our Audit in accordance with International Standards on Auditing. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not

for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our Opinion, the financial statements fairly, in all material respects, the financial positions of Mahindra & Mahindra South Africa Proprietary limited at 31st March 2015 and its financial performance and its cash flows for the year ended in accordance with International Financial Reporting Standards and the requirement of the companies Act of South Africa.

Other reports required by the companies Act

As part of our audit of the financial statements for the year ended 31st March 2015 we have read the Director's Report for the purpose of identifying whether there are material inconsistencies between this report and the audited financial statements.

This report is the responsibility of the respective preparers. Based on reading this report we have not identified material inconsistencies between this report and the audited financial statements. However, we have not audited this report and accordingly do not express an opinion on this report.

Deloitte & Touche
Registered Auditor
Per: JC vd Walt
Partner

28th April, 2015

STATEMENT OF FINANCIAL POSITION

	Note(s)	2015		2014	
		Rs	ZAR	Rs	ZAR
ASSETS					
Non-Current Assets					
Property, plant and equipment	3	24,316,206	4,712,443	23,790,706	4,610,602
Deferred tax	5	84,355,381	16,347,942	81,266,558	15,749,333
		108,671,587	21,060,385	105,057,265	20,359,935
Current Assets					
Inventories.....	7	835,797,419	161,976,244	950,836,791	184,270,696
Current tax receivable		–	–	7,299,898	1,414,709
Trade and other receivables	8	414,099,561	80,251,853	330,596,757	64,069,139
Cash and cash equivalents.....	9	274,188,070	53,137,223	222,178,485	43,057,846
		1,524,085,050	295,365,320	1,510,911,932	292,812,390
Total Assets		1,632,756,637	316,425,705	1,615,969,197	313,172,325
EQUITY AND LIABILITIES					
Equity					
Share capital.....	10	268,320,000	52,000,000	268,320,000	52,000,000
Retained income.....		506,147,903	98,090,679	358,026,523	69,384,985
		774,467,903	150,090,679	626,346,523	121,384,985
Liabilities					
Non-Current Liabilities					
Deferred income	11	100,000,119	19,379,868	123,698,477	23,972,573
Provisions.....	12	138,526,134	26,846,150	81,811,516	15,854,945
		238,526,253	46,226,018	205,509,993	39,827,518
Current Liabilities					
Current tax payable		3,311,982	641,857	–	–
Trade and other payables	13	179,989,562	34,881,698	322,101,509	62,422,773
Deferred income	11	145,834,159	28,262,434	136,541,340	26,461,500
Provisions.....	12	290,626,778	56,323,019	325,469,833	63,075,549
		619,762,481	120,109,008	784,112,682	151,959,822
Total Liabilities		858,288,734	166,335,026	989,622,674	191,787,340
Total Equity and Liabilities.....		1,632,756,637	316,425,705	1,615,969,197	313,172,325

STATEMENT OF COMPREHENSIVE INCOME

	Note(s)	2015		2014	
		Rs	ZAR	Rs	ZAR
Revenue	15	3,535,990,325	685,269,443	3,627,445,701	702,993,353
Cost of sales	16	(2,994,695,040)	(580,367,256)	(3,118,469,194)	(604,354,495)
Gross profit		541,295,285	104,902,187	508,976,507	98,638,858
Other income		6,194,208	1,200,428	10,751,309	2,083,587
Operating expenses		(259,426,554)	(50,276,464)	(256,718,421)	(49,751,632)
Operating profit	17	288,062,939	55,826,151	263,009,395	50,970,813
Investment revenue	18	15,393,725	2,983,280	4,554,144	882,586
Finance paid	19	(4,713,820)	(913,531)	(10,085,793)	(1,954,611)
Profit before taxation		298,742,844	57,895,900	257,477,746	49,898,788
Taxation	20	(83,541,463)	(16,190,206)	(72,117,507)	(13,976,261)
Profit for the year		215,201,381	41,705,694	185,360,239	35,922,527
Other comprehensive income		–	–	–	–
Total comprehensive income		215,201,381	41,705,694	185,360,239	35,922,527

STATEMENT OF CHANGES IN EQUITY

	Share capital	Retained income	Total equity
Rupee			
Balance at 1st April, 2013	268,320,000	226,330,283	494,650,283
Changes in equity			
Total comprehensive income for the year	–	185,360,239	185,360,239
Dividends	–	(53,664,000)	(53,664,000)
Total changes	–	131,696,239	131,696,239
Balance at 1st April, 2014	268,320,000	358,026,522	626,346,522
Changes in equity			
Total comprehensive income for the year	–	215,201,381	215,201,381
Dividends	–	(67,080,000)	(67,080,000)
Total changes	–	148,121,381	148,121,381
Balance at 31st March, 2015	268,320,000	506,147,903	774,467,903
Note(s)	10		
Rand			
Balance at 1st April, 2013	52,000,000	43,862,458	95,862,458
Changes in equity			
Total comprehensive income for the year	–	35,922,527	35,922,527
Dividends	–	(10,400,000)	(10,400,000)
Total changes	–	25,522,527	25,522,527
Balance at 1st April, 2014	52,000,000	69,384,985	121,384,985
Changes in equity			
Total comprehensive income for the year	–	41,705,694	41,705,694
Dividends	–	(13,000,000)	(13,000,000)
Total changes	–	28,705,694	28,705,694
Balance at 31st March, 2015	52,000,000	98,090,679	150,090,679
Note(s)	10		

STATEMENT OF CASH FLOWS

	Note(s)	2015		2014	
		Rs	ZAR	Rs	ZAR
Cash flows from operating activities					
Cash receipts from customers.....		3,438,081,983	666,294,958	3,778,643,258	732,295,205
Cash paid to suppliers and employees.....		(3,245,528,580)	(628,978,407)	(3,367,389,540)	(652,594,872)
Cash generated from operations.....	22	192,553,403	37,316,551	411,253,718	79,700,333
Interest received		15,393,725	2,983,280	4,554,144	882,586
Finance paid		(4,713,820)	(913,531)	(10,085,793)	(1,954,611)
Tax paid.....		(76,018,405)	(14,732,249)	(85,521,195)	(16,573,875)
Net cash from operating activities		127,214,903	24,654,051	320,200,584	62,054,433
Cash flows from investing activities					
Purchase of property, plant and equipment.....	3	(14,478,021)	(2,805,818)	(23,441,318)	(4,542,891)
Sale of property, plant and equipment.....	3	6,352,703	1,231,144	8,419,025	1,631,594
Net cash from investing activities		(8,125,318)	(1,574,674)	(15,022,293)	(2,911,297)
Cash flows from financing activities					
Dividends paid		(67,080,000)	(13,000,000)	(53,664,000)	(10,400,000)
Total cash movement for the year		52,009,585	10,079,377	251,514,582	48,743,136
Cash at the beginning of the year.....		222,178,485	43,057,846	(29,336,096)	(5,685,290)
Total cash at end of the year	9	274,188,070	53,137,223	222,178,485	43,057,846

NOTES TO FINANCIAL STATEMENTS

ACCOUNTING POLICIES

1. Presentation of Financial Statements

The annual financial statements have been prepared in accordance with International Financial Reporting Standards, and the Companies Act 71 of 2008. The financial statements have been prepared on the historical cost basis, except for the measurement of certain financial instruments at fair value, and incorporate the principal accounting policies set out below. They are presented in South African Rands.

These accounting policies are consistent with the previous period.

1.1 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

Deferred revenue

The fair value of deferred revenue from service plans is management's best estimate of the company's future income and cost based on the estimated service cost that would occur for the selected models over a period of three to five years adjusted for inflation and possible price increases in parts and labour used in the service of the selected model.

Provision for warranties

Warranty provisions are management's best estimate of the company's liability (after the expected reimbursement from the manufacturer) on vehicles under two, three or five year warranties based on the three years actual historical sales and warranty claims occurred. The cost per day calculated on those claims is used to estimate the future cost for the remaining warranty days under consideration.

1.2 Fair value measurement

The company measures financial instruments at fair value at each reporting date.

The fair values of financial instruments measured at amortised cost are disclosed should it be determined that the carrying value of these instruments do not reasonably approximate their value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or;
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. At fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in the highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximizing the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy,

described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities; or
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; or
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

1.3 Property, plant and equipment

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits associated with the item will flow to the company; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Average useful life
Plant and machinery	3 years
Furniture and fixtures	3 years
Motor vehicles	4 years
Office equipment	6 years
IT equipment	4 years
Computer software	5 years
Leasehold improvements	3 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting period. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each period is recognised in profit or loss.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.4 Financial instruments

Initial recognition and measurement

Financial instruments are recognised initially when the company becomes a party to the contractual provisions of the instruments.

Financial assets and liabilities are initially recognized at fair value.

The company classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

NOTES TO FINANCIAL STATEMENTS (Contd.)

Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in profit or loss.

Trade and other receivables are classified as loans and receivables.

Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents

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

Bank overdraft and borrowings

Bank overdrafts and borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the company's accounting policy for borrowing costs.

Other financial liabilities are measured initially at fair value and subsequently at amortised cost, using the effective interest rate method.

Derivatives

Derivative financial instruments, which are not designated as hedging instruments, consisting of foreign exchange contracts and interest rate swaps, are initially measured at fair value on the contract date, and are re measured to fair value at subsequent reporting dates.

Changes in the fair value of derivative financial instruments are recognised in profit or loss as they arise.

Derivatives are classified as financial assets at fair value through profit or loss – held for trading.

1.5 Tax

Current tax assets and liabilities

Current tax is based on taxable profit for the year.

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial

recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

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

Tax expenses

Income tax expenses represents the sum of the tax currently payable and the movement in deferred tax.

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income, or
- a transaction or event which is recognised, in the same or a different period, directly in equity, or
- a business combination.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

1.6 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset. This liability is not discounted.

1.7 Inventories

Inventories are measured at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs (towards rebates or incentives) necessary to make the sale.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the entity.

1.8 Impairment of assets

The company assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the group estimates the recoverable amount of the asset.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash generating unit to which the asset belongs is determined.

NOTES TO FINANCIAL STATEMENTS (Contd.)

The recoverable amount of an asset or a cash generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.9 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Ordinary shares are classified as inventory.

1.10 Employee benefits

Short term employee benefits

The cost of short term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

1.11 Provisions and contingencies

Provisions are recognised when:

- the company has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating losses.

If an entity has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

Contingent assets and contingent liabilities are not recognised.

1.12 Revenue

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

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

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognized by reference to the stage of completion of the transaction at the end of the reporting period.

The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the company;
- the stage of completion of the transaction at the end of the reporting period can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue shall be recognised only to the extent of the expenses recognized that are recoverable.

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates, and value added tax.

Revenue from the sale of service plans is deferred over the term of the service plan.

Interest is recognised, in profit or loss, using the effective interest rate method.

1.13 Cost of sales

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write down or loss occurs. The amount of any reversal of any write down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The related cost of providing services recognised as revenue in the current period is included in cost of sales.

1.14 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.15 Translation of foreign currencies

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Rands, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

NOTES TO FINANCIAL STATEMENTS (Contd.)

At the end of the reporting period:

- foreign currency monetary items are translated using the closing rate;
- non monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognised in profit or loss in the period in which they arise.

Cash flows arising from transactions in a foreign currency are recorded in Rands by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of the cash flow.

2 New Standards and Interpretations

At the date of approval of these annual financial statements, certain new accounting standards, amendments and interpretations to existing standards have been published but are not yet effective, and have not been adopted early by the entity.

Management anticipates that all of the pronouncements will be adopted in the entity's accounting policies for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the entity's financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the entity's financial statements.

2.1 Standards and interpretations not yet effective and adopted in the current year

In the current year, the company has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

IFRS 13 Fair Value Measurement

The following amendments have been implemented: amendments to clarify the measurement requirements for those short-term receivable and payables and amendments to clarify that the portfolio exception applies to all contracts within the scope of, and in accordance with, IAS 39 and IFRS 9.

The effective date of the amendment is for years beginning on or after 1 July 2014.

The company has adopted the amendment for the first time in the 2015 annual financial statements.

The impact of the amendment is not material.

IAS 16 Property, Plant and Equipment

Amendments to the revaluation method will be implemented relating to proportionate restatement of accumulated depreciation.

The effective date of the amendment is for years beginning on or after 01 July 2014.

The company has adopted the amendment for the first time in the 2015 annual financial statements.

The impact of the amendment is not material.

IAS 36: Impairment assets

The amendments to IAS 36 clarified the required disclosures of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.

The effective date of the amendment is for years beginning on or after 1 January 2014.

The company has adopted the amendment for the first time in the 2015 annual financial statements.

The impact of the amendment is not material.

2.2 Standards and interpretations not yet effective

The company has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the company's accounting periods beginning on or after 01 April 2015 or later periods:

IFRS 9 Financial Instruments

The IASB aims to replace IAS 39 'Financial Instruments: Recognition and Measurement' (IAS 39) in its entirety with IFRS 9. To date, the chapters dealing with recognition, classification, measurement, derecognition of financial assets and liabilities and hedge accounting have been issued. Chapters dealing with impairment methodology are still being developed. Further, in November 2011, the IASB tentatively decided to consider making limited modifications to IFRS 9's financial asset classification model to address application issues.

The effective date of the amendment is for years beginning on or after 01 January 2018.

The adoption of this standard is not expected to impact on the results of the company, but may result in more disclosure than is currently provided in the annual financial statements.

IFRS 15: Revenue from Contracts with Customers

This standard provides guidance on recognition of revenue that requires recognition of revenue in a manner that depicts the transfer of goods or services to customers at an amount that reflects the consideration the entity expects to be entitled to in exchange for those goods or services.

The effective date of standard is for years beginning on or after 1 January 2017.

The adoption of this standard is not expected to impact on the results of the company, but may result in more disclosure than is currently provided in the annual financial statements.

3. Property, plant and equipment

Rupee	2015		2014			
	Cost/ Valuation	Accumulated depreciation	Carrying value	Cost/ Valuation	Accumulated depreciation	Carrying value
Computer software	5,314,289	(4,259,972)	1,054,317	5,243,091	(2,877,809)	2,365,282
Furniture and fixtures	6,950,979	(3,912,972)	3,038,007	3,961,972	(2,863,263)	1,098,708
IT equipment	5,818,261	(4,575,248)	1,243,013	5,489,997	(3,999,119)	1,490,879
Leasehold improvements	1,921,538	(1,914,840)	6,698	1,921,538	(1,539,656)	381,881
Motor vehicles	22,784,558	(4,995,654)	17,788,904	19,307,631	(2,226,452)	17,081,179
Office equipment	4,402,966	(3,436,926)	966,040	4,221,458	(3,410,027)	811,431
Plant and machinery	1,325,036	(1,105,809)	219,227	1,293,354	(736,008)	561,346
Total	48,517,627	(24,201,421)	24,316,206	41,439,042	(17,652,334)	23,790,706

Rand	2015		2014			
	Cost/ Valuation	Accumulated depreciation	Carrying value	Cost/ Valuation	Accumulated depreciation	Carrying value
Computer software	1,029,901	(825,576)	204,325	1,016,103	(557,715)	458,388
Furniture and fixtures	1,347,089	(758,328)	588,761	767,824	(554,896)	212,928
IT equipment	1,127,570	(886,676)	240,894	1,063,953	(775,023)	288,930
Leasehold improvements	372,391	(371,093)	1,298	372,391	(298,383)	74,008
Motor vehicles	4,415,612	(968,150)	3,447,462	3,741,789	(431,483)	3,310,306
Office equipment	853,288	(666,071)	187,217	818,112	(660,858)	157,254
Plant and machinery	256,790	(214,304)	42,486	250,650	(141,862)	108,788
Total	9,402,641	(4,690,198)	4,712,443	8,030,822	(3,420,220)	4,610,602

NOTES TO FINANCIAL STATEMENTS (Contd.)
Reconciliation of property, plant and equipment - Rupee – 2015

	Opening balance	Additions	Disposals	Depreciation	Total
Computer software	2,365,282	71,198	–	(1,382,163)	1,054,317
Furniture and fixtures	1,098,708	2,989,007	–	(1,049,709)	3,038,006
IT equipment.....	1,490,879	477,166	(64,546)	(660,485)	1,243,014
Leasehold improvements	381,881	–	–	(375,184)	6,697
Motor vehicles	17,081,179	10,301,914	(5,107,342)	(4,486,847)	17,788,904
Office equipment.....	811,431	607,054	(198,046)	(254,398)	966,041
Plant and machinery	561,346	31,682	–	(373,801)	219,227
	23 790 706	14 478 021	(5 369 934)	(8 582 587)	(24 316 206)

Reconciliation of property, plant and equipment - Rupee – 2014

	Opening balance	Additions	Disposals	Depreciation	Total
Computer software	43,055	2,637,457	–	(315,230)	2,365,282
Furniture and fixtures	603,839	907,180	(119,681)	(292,629)	1,098,708
IT equipment.....	1,123,662	10,06,663	(53,504)	(579,943)	1,490,879
Leasehold improvements...	855,972	–	–	(474,090)	381,881
Motor vehicles	7,344,584	18,780,831	(6,768,444)	(2,277,201)	17,081,179
Office equipment.....	934,626	106,373	–	(229,568)	811,431
Plant and machinery	945,002	7,405	–	(391,061)	561,346
	11,850,740	23,441,317	(6,941,629)	(4,559,722)	23,790,706

Reconciliation of property, plant and equipment - Rand – 2015

	Opening balance	Additions	Disposals	Depreciation	Total
Computer software	458,388	13,798	–	(267,861)	204,325
Furniture and fixtures	212,928	579,265	–	(203,432)	588,761
IT equipment.....	288,930	92,474	(12,509)	(128,001)	240,894
Leasehold improvements...	74,008	–	–	(72,710)	1,298
Motor vehicles	3,310,306	1,996,495	(989,795)	(869,544)	3,447,462
Office equipment.....	157,254	117,646	(38,381)	(49,302)	187,217
Plant and machinery	108,788	6,140	–	(72,442)	42,486
	4,610,602	2,805,818	(1,040,685)	(1,663,292)	4,712,443

Reconciliation of property, plant and equipment - Rand – 2014

	Opening balance	Additions	Disposals	Depreciation	Total
Computer software	8,344	511,135	–	(61,091)	458,388
Furniture and fixtures	117,023	175,810	(23,194)	(56,711)	212,928
IT equipment.....	217,764	193,927	(10,369)	(112,392)	288,930
Leasehold improvements .	165,886	–	–	(91,878)	74,008
Motor vehicles	1,423,369	3,639,969	(1,311,714)	(441,318)	3,310,306
Office equipment.....	181,129	20,615	–	(44,490)	157,254
Plant and machinery	183,140	1,435	–	(75,787)	108,788
	2,296,655	4,542,891	(1,345,277)	(883,667)	4,610,602

Pledged as security

The property, plant and equipment have been encumbered per note 24.

4. Financial assets by category

The accounting policies for financial instruments have been applied to the line items below. The carrying amounts of the financial assets in each category are as follows:

	Loans and receivables	Total
2015		
Rupee		
Cash and cash equivalents	274,188,070	274,188,070
Trade and other receivables	362,500,851	362,500,851
	636,688,921	636,688,921
2014		
Rupee		
Cash and cash equivalents	222,178,485	222,178,485
Trade and other receivables	323,360,709	323,360,709
	545,539,194	545,539,194
2015		
Rand		
Cash and cash equivalents	53,137,223	53,137,223
Trade and other receivables	70,252,103	70,252,103
	123,389,326	123,389,326
2014		
Rand		
Cash and cash equivalents	43,057,846	43,057,846
Trade and other receivables	62,666,804	62,666,804
	105,724,650	105,724,650

5. Deferred tax
Deferred tax asset

	2015		2014	
	Rs	ZAR	Rs	ZAR
Accelerated capital allowances for tax purposes	568,813	110,235	197,886	38,350
Provisions.....	83,778,260	16,236,097	81,024,245	15,702,373
Provision for doubtful accounts.....	8,308	1,610	8,307	1,610
Unrealised foreign exchange losses with connected persons	–	–	36,120	7,000
	84,355,381	16,347,942	81,266,558	15,749,333

Reconciliation of deferred tax asset (liability)

	2015		2014	
	Rs	ZAR	Rs	ZAR
At beginning of the year....	81,266,558	15,749,333	67,282,809	13,039,304
Originating/(Reversing) temporary difference on tangible fixed assets	370,927	71,885	120,605	23,373
Originating/(Reversing) temporary difference on provisions	2,754,016	533,724	13,619,510	2,639,440
Originating/(Reversing) temporary difference on provision for doubtful accounts.....	–	–	21,729	4,211
(Reversing)/Originating temporary difference on unrealised foreign exchange losses with connected persons	(36,120)	(7,000)	221,906	43,005
	84,355,381	16,347,942	81,266,558	15,749,333

NOTES TO FINANCIAL STATEMENTS (Contd.)
6. Retirement benefits
Defined contribution plan

It is the policy of the company to provide retirement benefits to all its employees. A defined contribution provident fund which is subject to the Pensions Fund Act exists for this purpose. The scheme is funded by company and employee contributions only, which are charged to the income statement as they are incurred. The total company contributions to such scheme in 2015 was Rs 3 023 481, ZAR 585 946 (2014: Rs 2 859 569, ZAR 554 180).

The company is under no obligation to cover any unfunded benefits.

7. Inventories

	2015		2014	
	Rs	ZAR	Rs	ZAR
Motor vehicles	658,672,199	127,649,651	794,714,696	154,014,476
Spares	138,028,762	26,749,760	123,801,661	23,992,570
Goods-in-transit	101,628,568	19,695,459	111,603,834	21,628,650
	<u>898,329,529</u>	<u>174,094,870</u>	<u>1,030,120,191</u>	<u>199,635,696</u>
Provision for write down of inventories to net releasable value	(62,532,110)	(12,118,626)	(79,283,400)	(15,365,000)
	<u>835,797,419</u>	<u>161,976,244</u>	<u>950,836,791</u>	<u>184,270,696</u>

8. Trade and other receivables

Deposits	844,841	163,729	790,708	153,238
Other receivable	60,820,378	11,786,895	28,486,033	5,520,549
Trade receivables	300,835,632	58,301,479	294,083,968	56,993,017
VAT	51,598,710	9,999,750	7,236,049	1,402,335
	<u>414,099,561</u>	<u>80,251,853</u>	<u>330,596,757</u>	<u>64,069,139</u>

Trade and other receivables pledged as security

Trade and other receivables were pledged as security for overdraft facilities of the company. Refer to note 24 for full details on the facilities granted to the company.

Fair value of trade and other receivables

All amounts are short term. The carrying value of trade receivables is considered by management to approximate their fair values and is deemed as Level 3, as defined by IFRS 13 Fair Value Measurements.

There were no transfers between Levels 1, 2 and 3 during the financial year.

Trade and other receivables past due but not impaired

The ageing of amounts past due but not impaired is as follows:

	INR	ZAR	INR	ZAR
Not more than 3 months	49,602,967	9,612,978	21,307,054	4,129,274
More than 3 months but not more than 6 months	33,287	6,451	8,749,172	1,695,576
More than 6 months but not more than 1 year	8,032,386	1,556,664	–	–
More than 1 year	39,613	7,677	46,621	9,035
	<u>57,708,253</u>	<u>11,183,770</u>	<u>30,102,847</u>	<u>5,833,885</u>

Trade and other receivables impaired

As of 31 March 2015, trade and other receivables of Rs 39 572, ZAR 7 669 (2013: Rs 43 483, ZAR 7 669) were impaired and provided for.

All trade and other receivables have been reviewed for indicators of impairment and accordingly adequate provisions were raised.

9. Cash and cash equivalents

Cash and cash equivalents consist of:

	2015		2014	
	Rs	ZAR	Rs	ZAR
Cash on hand	42,750	8,285	7,549	1,463
Bank balances	274,145,320	53,128,938	222,170,936	43,056,383
	<u>274,188,070</u>	<u>53,137,223</u>	<u>222,178,485</u>	<u>43,057,846</u>

10. Share capital
Authorised

70 000 000 (2014: 70 000 000) Ordinary shares with no par value	361,200,000	70,000,000	361,200,000	70,000,000
---	-------------	------------	-------------	------------

Reconciliation of number of shares issued:

Issue of shares – ordinary shares	268,320,000	52,000,000	268,320,000	52,000,000
---	-------------	------------	-------------	------------

Issued

52 000 000 Ordinary shares with a par value of R1 each	268,320,000	52,000,000	268,320,000	52,000,000
--	-------------	------------	-------------	------------

11. Deferred income

Service plans	245,834,278	47,642,302	260,239,817	50,434,073
---------------------	-------------	------------	-------------	------------

Nature: Certain vehicles are sold with a service plan. This service plan then covers certain services for a predetermined number of years and kilometers travelled. The income from these service plans is deferred and recognised as these services are performed.

Assumptions: The deferred revenue from service plans is management's best estimate of the company's future income and cost based on the estimated service cost that would occur for the selected models over a period of three to five years adjusted for inflation and possible price increases in parts and labour used in the service of the selected model.

Non-current liabilities	100,000,119	19,379,868	123,698,477	23,972,573
Current liabilities	145,834,159	28,262,434	136,541,340	26,461,500
	<u>245,834,278</u>	<u>47,642,302</u>	<u>260,239,817</u>	<u>50,434,073</u>

12. Provisions
Reconciliation of provisions - Rupee – 2015

	Opening balance	Additions	Utilised during the year	Total
Provision for advalorem duty	32,690,731	113,776,911	(122,153,913)	24,313,729
Provision for customs duty	144,836,262	704,818,771	(732,672,378)	116,982,655
Provision for emission tax	23,073,972	58,586,614	(67,969,739)	13,690,847
Provision for extended warranty	7,126,739	45,465,880	(51,227,278)	1,365,341
Provision for warranty claims	199,553,645	315,104,610	(241,857,915)	272,800,340
	<u>407,281,349</u>	<u>1,237,752,786</u>	<u>(1,215,881,223)</u>	<u>429,152,912</u>

NOTES TO FINANCIAL STATEMENTS (Contd.)
Reconciliation of provisions - Rupee – 2014

	Opening balance	Additions	Utilised during the year	Total
Provision for advalorem duty ..	26,846,149	111,927,010	(106,082,428)	32,690,731
Provision for customs duty	132,752,352	543,791,641	(531,707,731)	(144,836,262)
Provision for emission tax	19,497,086	60,373,517	(56,796,631)	23,073,972
Provision for extended warranty	-	7,126,739	-	7,126,739
Provision for warranty claims..	156,709,200	239,140,288	(196,295,843)	199,553,645
	335,804,787	962,359,195	(890,882,633)	407,281,349

Reconciliation of provisions - Rand – 2015

	Opening balance	Additions	Utilised during the year	Total
Provision for advalorem duty...	6,335,413	22,049,789	(23,673,239)	4,711,963
Provision for customs duty.....	28,069,043	136,592,785	(141,990,771)	22,671,057
Provision for emission tax	4,471,700	11,353,995	(13,172,430)	2,653,265
Provision for extended warranty..	1,381,151	8,811,217	(9,927,767)	264,601
Provision for warranty claims ..	38,673,187	61,066,785	(46,871,689)	52,868,283
	78,930,494	239,874,571	(235,635,896)	83,169,169

Reconciliation of provisions - Rand – 2014

	Opening balance	Additions	Utilised during the year	Total
Provision for advalorem duty	5,202,742	21,691,281	(20,558,610)	6,335,413
Provision for customs duty.....	25,727,200	105,385,977	(103,044,134)	28,069,043
Provision for emission tax	3,778,505	11,700,294	(11,007,099)	4,471,700
Provision for extended warranty..	-	1,381,151	-	1,381,151
Provision for warranty claims ...	30,370,000	46,345,017	(38,041,830)	38,673,187
	65,078,447	186,503,720	(172,651,673)	78,930,494

	2015		2014	
	Rs	ZAR	Rs	ZAR
Non-current liabilities	138,526,134	26,846,150	81,811,516	15,854,945
Current liabilities	290,626,778	56,323,019	325,469,833	63,075,549
	429,152,912	83,169,169	407,281,349	78,930,494

Warranty Provision

Nature: This provision is raised due to the fact that certain vehicles sold are sold under a warranty, thus this provision estimates cost that would occur in the future for vehicles repairs under warranties.

Assumptions: Warranty provisions are management's best estimate of the companies liability (after the expected reimbursement from the manufacturer) on vehicles under two or three year warranties based on three years actual historical sales and warranty claims occurred.

Extended warranty

Nature: This provision is raised due to the fact that certain vehicles sold are sold under extended warranty (beyond the standard factory warranty), thus the provision estimates the cost that would occur in future for vehicles repairs under extended warranties.

Assumptions: Extended Warranty provision are managements best estimate of the company liability (after the expected reimbursement from the manufacturer) on vehicles eligible under the extended warranty program and is based on the incremental cost charged by the manufacturer or third party service provider for this specific purpose.

Advalorem, customs duty and emissions tax provisions

Nature: the provisions for ad valorem, customs duty and emissions tax is the estimated future costs payable on vehicles already imported into South Africa but is only payable once these vehicles have been removed from the bonded store or have been sold.

Assumptions: Ad valorem, customs duty and emissions tax provisions is calculated based on the latest tax rates based on the value of the vehicles imported and the fuel efficiency of the specific models.

13. Trade and other payables

	2015		2014	
	Rs	ZAR	Rs	ZAR
Accrued expense.....	53,225,751	10,315,068	30,932,549	5,994,680
Accrued leave pay.....	5,378,547	1,042,354	3,408,531	660,568
Sundry payables.....	1,236,300	239,593	636,867.84	123,424
Trade payables.....	120,148,964	23,284,683	287,123,561	55,644,101
	179,989,562	34,881,698	322,101,509	62,422,773

All amounts are short term. The carrying amount of the trade and other payables is considered by management to approximate their fair values and is deemed as Level 3, as defined by IFRS 13 Fair Value Measurements. There were no transfer between Levels 1, 2 & 3 during the financial year.

14. Financial liabilities by category

The accounting policies for financial instruments have been applied to the line items below. The carrying amounts of the financial assets in each category are as follows:

	2015	Financial liabilities at amortised cost	Total
Rupee			
Trade and other payables	179,989,562	179,989,562	
2014			
Rupee			
Trade and other payables	322,101,509	322,101,509	
2015			
Rand			
Trade and other payables	34,881,698	34,881,698	
2014			
Rand			
Trade and other payables	62,422,773	62,422,773	

NOTES TO FINANCIAL STATEMENTS (Contd.)
15. Revenue

	2015		2014	
	Rs	ZAR	Rs	ZAR
Sale of goods	3,535,990,325	685,269,443	3,627,445,701	702,993,353
The amount included in revenue arising from exchanges of goods or services included in revenue are as follows:				
Sale of spares	453,456,486	87,879,164	398,645,181	77,256,818
Sale of vehicles	2,906,974,277	563,367,108	3,100,820,591	600,934,223
Sale of service plan..	174,913,154	33,897,898	127,889,403	24,784,768
Sale of accessories ..	646,408	125,273	90,527	17,544
	3,535,990,325	685,269,443	3,627,445,701	702,993,353

16. Cost of sales

Sale of goods				
Cost of goods sold..	3,057,227,150	592,485,882	3,197,752,594	619,719,495
Write down of inventories to net realisable value	(62,532,110)	(12,118,626)	(79,283,400)	(15,365,000)
	2,994,695,040	580,367,256	3,118,469,194	604,354,495

17. Operating profit

Operating profit for the year is stated after accounting for the following:

Operating lease charges				
Premises				
• Contractual amounts.....	5,931,116	1,149,441	5,869,928	1,137,583
Profit on sale of property plant and equipment.....	(982,768)	(190,459)	1,477,396	286,317
(Profit)/Loss on exchange differences.....	(1,147,522)	(222,388)	(2,028,417)	(393,104)
Depreciation on property, plant and equipment.....	8,582,587	1,663,292	4,559,722	883,667
Employee costs	84,786,829	16,431,556	71,952,975	13,944,375

18. Investment revenue

Interest revenue				
Other interest.....	15,393,725	2,983,280	4,554,144	882,586
	15,393,725	2,983,280	4,554,144	882,586

19. Finance paid

	2015		2014	
	Rs	ZAR	Rs	ZAR
Bank and other	1,268,612	245,855	934,316	181,069
Holding company for vehicle purchase credit	3,344,975	648,251	9,034,319	1,750,837
Interest to SARS	100,233	19,425	117,158	22,705
	4,713,820	913,531	10,085,793	1,954,611

20. Taxation
Major components of the tax expense
Current

Local income tax – current period	86,630,285	16,788,815	86,101,256	16,686,290
---	------------	------------	------------	------------

Deferred

Deferred tax.....	(3,088,822)	(598,609)	(13,983,750)	(2,710,029)
	83,541,463	16,190,206	72,117,507	13,976,261

Reconciliation of the tax expense

Reconciliation between accounting profit and tax expense.

Accounting profit	298,742,844	57,895,900	257,477,751	49,898,789
-------------------------	-------------	------------	-------------	------------

Tax at the applicable tax rate of 28% (2013: 28%) ...	83,647,996	16,210,852	72,093,771	13,971,661
---	------------	------------	------------	------------

Tax effect of adjustments on taxable income

Fines and penalties	60,903	11,803	23,736	4,600
Prior period adjustment.	(167,436)	(32,449)	–	–
	83,541,463	16,190,206	72,117,507	13,976,261

21. Auditors' remuneration

Fees.....	1,680,096	325,600	2,608,380	505,500
	1,680,096	325,600	2,608,380	505,500

22. Cash generated from operations

Profit before taxation.....	298,742,844	57,895,900	257,477,751	49,898,788
-----------------------------	-------------	------------	-------------	------------

Adjustments for:

Depreciation.....	8,582,587	1,663,292	4,559,721	883,667
Profit on sale of assets...	(982,768)	(190,459)	(1,477,396)	(286,317)
Interest received	(15,393,725)	(2,983,280)	(4,554,144)	(882,586)
Finance costs	4,713,819	913,531	10,085,793	1,954,611

Movements in provisions.....	21,871,563	4,238,675	71,476,563	13,852,047
------------------------------	------------	-----------	------------	------------

Changes in working capital:

Inventories	115,039,372	22,294,452	(9,734,660)	(1,886,562)
Trade and other receivables.....	(83,502,804)	(16,182,714)	74,838,999	14,503,682
Trade and other payables..	(142,111,947)	(27,541,075)	(67,777,462)	(13,135,167)
Deferred income	(14,405,538)	(2,791,771)	76,358,557	14,798,170
	192,553,403	37,316,551	411,253,718	79,700,333

23. Commitments
Operating leases – as lessee (expense)

	2015		2014	
	Rs	ZAR	Rs	ZAR
Minimum lease payments due				
within one year.....	5,405,807	1,047,637	4,271,985	827,904
in second to fifth year inclusive.....	4,054,351	785,727	–	–
	9,460,158	1,833,364	4,271,985	827,904

Operating lease payments represent rentals payable by the company for certain of its premises (residential and office properties). The non cancellable leasing arrangements range from between two and three years and are usually renewable by mutual consent on agreed terms. No contingent rent is payable.

NOTES TO FINANCIAL STATEMENTS (Contd.)

The company's management considers that all the financial assets are not impaired for each of the reporting dates under review is of good credit quality, including those that are past due. See note 8 for further information on impairment or financial assets that are past due.

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

The credit risk for liquid funds is considered negligible, since the counterparties are reputable banks with quality external credit ratings.

Foreign exchange risk

Foreign currency exposure at the end of the reporting period

Most of the company's transactions are carried out in Rands. Exposure to currency exchange rates arise from the company's overseas purchases and sea freight, which are primarily denominated in US Dollars. To mitigate the company's exposure to foreign currency risk, non Rand cash flows are monitored and forward exchange contracts are entered into in accordance with our risk management policies. Forward exchange contracts are generally entered into when the rate is more favourable than the budgeted rate.

Foreign currency denominated financial assets and liabilities, translated in Rands at the closing rate, are as follows:

	2015		2014	
	Rs	ZAR	Rs	ZAR
Assets				
Mahindra and Mahindra Limited (2015: USD 6 040; 2014: USD 23 000)	378,362	73,326	1,254,303	243,082
Bank balance (2015: USD 88 417; 2014: USD 68 349).....	5,538,651	1,073,382	3,727,414	722,367
SsangYong Motor Company (2014:USD 110 167).....	-	-	6,007,958	1,164,333
	5,917,013	1,146,708	10,989,675	2,129,782
Liabilities				
Hoegh Autoliners (2014: USD 170 378)	-	-	9,291,560	1,800,690
Mahindra and Mahindra Limited (2015: USD 68 625; 2014: USD 60 850).....	4,298,837	833,108	3,318,453	643,111

	2015		2014	
	Rs	ZAR	Rs	ZAR
SsangYong Motor Company (2015: USD 5 800)	-	-	316,303	61,299
	4,298,837	833,108	12,926,316	2,505,100

Foreign currency sensitivity

The following table illustrates the sensitivity of the net result for the year and equity in regards to the company's financial assets and financial liabilities and the US Dollar Rand exchange rate.

It assumes a +5% and -10% change of the Rand/US Dollar exchange rate for the year ended 31 March 2015 (2014: +5% and -10%). This has been determined based on the average market volatility in exchange rates in the previous 12 months. The sensitivity analysis is based on the company's foreign currency financial instruments held at balance sheet date and also takes into account forward exchange contracts that offset effects from changes in currency exchange rates.

If the Rand had strengthened against the US Dollar by 5% (2014: 5%) then this would have had the following impact:

	2015		2014	
	Rs	ZAR	Rs	ZAR
Net results for the year	80,909	15,680	69,717	13,511

If the Rand had weakened against the US Dollar by 12% (2014: 10%) then this would have had the following impact:

	2015		2014	
	Rs	ZAR	Rs	ZAR
Net results for the year	(194,181)	(37,632)	(139,439)	(27,023)

Exposure to foreign exchange rates varies during the year depending on the volumes of overseas transactions. Nonetheless the analysis above is considered to be representative of the company's exposure to currency risk.

29 Convenience Translation

The exchange rate of ZAR 1 = INR 5.17 has been used across the financial statements.

DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 31st MARCH 2015

Your directors present their report on the company for the financial year ended 31 March 2015:

Directors

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

Ruzbeh Irani (Resigned 15 May 2014)

Michael Thomas Tynan

Ajay Mansukhlal Choksey (Resigned 30 September 2014)

Pradeep Kumar

Pravin Kumar Shah (Appointed 15 May 2014)

Carlo Lacota (Appointed 11 August 2014)

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

Retirement and Appointment of Directors

During the year Ajay Mansukhlal Choksey and Ruzbeh Irani retired as directors on 30th September 2014 and 15 May 2014 respectively. Pravin Kumar Shah and Carlo Lacota were appointed as directors on 15 May 2014 and 11 August 2014 respectively.

Principal Activities

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

Review of Operations

The profit for the current year amounted to \$515,889 (2014: \$935,221 loss).

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

Subsequent Events

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

Likely Developments

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

Significant Changes in State of Affairs

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

Auditors Independence Declaration

The lead auditors independence declaration for the year ended 31 March 2015 has been received and can be found on page 3 of the financial report.

Dividends

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

Environmental Issues

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

No Indemnities

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

No Leave or Proceedings

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

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

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

Pravin Kumar Shah
Pradeep Kumar
Michael Thomas Tynan
Carlo Lacota
Date : 30th April 2015
Place: Mumbai, India

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

We have audited the accompanying financial report, being a special purpose financial report, of Mahindra Automotive Australia Pty Limited, which comprises the statement of financial position as at 31 March 2015, and the statement of profit or loss and other comprehensive income, the statement of cash flows and the statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration as set out on pages 3 to 18.

Directors' Responsibility for the Financial Report

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

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We have conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Auditor's Independence Declaration

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors Mahindra Automotive Australia Pty Limited would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion, the financial report of Mahindra Automotive Australia Pty Limited is in accordance with the Corporations Act 2001, including:

- (a) giving a true and fair view of the company's financial position as at 31 March 2015 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards to the extent described in Note 1, and the Corporations Regulations 2001.

Basis of Accounting

Without modifying our opinion, we draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the Corporations Act 2001. As a result, the financial report may not be suitable for another purpose.

DELOITTE TOUCHE TOHMATSU

Mark Weaver

Partner

Chartered Accountants

Sydney

Date : 30th April 2015

Deloitte Touche Tohmatsu
ABN 74 490 121 060

Grosvenor Place
225 George Street
Sydney NSW 2000
PO Box N250 Grosvenor Place
Sydney NSW 1219 Australia

Tel: +61 (0) 2 9322 7000
Fax: +61 (0) 2 9322 7001

The Board of Directors
Mahindra Automotive Australia Pty Limited
4/20 Buttonwood Place
Willawong Queensland 4110

Dear Board Members

Mahindra Automotive Australia Pty Limited

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

As lead audit partner for the audit of the financial statements of Mahindra Automotive Australia Pty Limited for the financial year ended 31 March 2015, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

DELOITTE TOUCHE TOHMATSU

Mark Weaver
Partner
Chartered Accountants
Sydney
Date : 30th April 2015

**STATEMENT OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015**

	Note	2015 \$	2015 ₹	2014 \$	2014 ₹
Sales revenue	2	20,016,194	956,173,587	18,257,130	1,017,104,712
Other revenue	2	368,884	17,621,589	703,254	39,178,336
Finance costs.....		(22,415)	(1,070,765)	(16,008)	(891,806)
Expenses.....	3	(19,846,774)	(948,080,394)	(19,879,597)	(1,107,492,349)
Profit/(loss) before income tax.....		515,889	24,644,017	(935,221)	(52,101,107)
Income tax expense.....	4	-	-	-	-
Profit/(loss) for the year.....		515,889	24,644,017	(935,221)	(52,101,107)
Other Comprehensive Income		-	-	-	-
Total comprehensive income/(loss) for the year		515,889	24,644,017	(935,221)	(52,101,107)

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2015

	Note	2015 \$	2015 ₹	2014 \$	2014 ₹
ASSETS					
Current assets					
Cash and cash equivalents.....	5	171,046	8,170,867	472,034	26,297,014
Trade and other receivables	6	3,331,079	159,125,643	944,290	52,606,396
Inventories.....	7	5,888,221	281,280,318	5,712,178	318,225,436
Total current assets		9,390,346	448,576,828	7,128,502	397,128,846
Non-current assets					
Plant and equipment	8	265,092	12,663,445	197,339	10,993,756
Net deferred tax.....	4	-	-	-	-
Total non-current assets		265,092	12,663,445	197,339	10,993,756
TOTAL ASSETS		9,655,438	461,240,273	7,325,841	408,122,602
LIABILITIES					
Current liabilities					
Trade and other payables	9	7,740,018	369,740,660	5,942,265	331,043,583
Provisions.....	10	66,628	3,182,819	50,673	2,822,993
Total current liabilities		7,806,646	372,923,479	5,992,938	333,866,576
TOTAL LIABILITIES		7,806,646	372,923,479	5,992,938	333,866,576
NET ASSETS		1,848,792	88,316,794	1,332,903	74,256,026
EQUITY					
Issued capital.....	11	4,575,000	218,547,750	4,575,000	254,873,250
Reserves.....		-	-	-	-
Accumulated losses		(2,726,208)	(130,230,956)	(3,242,097)	(180,617,224)
TOTAL EQUITY		1,848,792	88,316,794	1,332,903	74,256,026

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

	Issued Capital \$	Foreign Currency Translation Reserve \$	Accumulated Losses \$	Total \$
Balance at 1 April 2013.....	4,575,000	12,255	(2,306,876)	2,280,379
Total comprehensive income for the year	-	-	(935,221)	(935,221)
Foreign currency translation reserve	-	(12,255)	-	(12,255)
Balance at 31 March 2014.....	4,575,000	-	(3,242,097)	1,332,903
Balance at 1 April 2014.....	4,575,000	-	(3,242,097)	1,332,903
Foreign currency transfer.....	-	-	-	-
Total comprehensive income for the year	-	-	515,889	515,889
Balance at 31 March 2015.....	4,575,000	-	(2,726,208)	1,848,792

	Issued Capital ₹	Foreign Currency Translation Reserve ₹	Accumulated Losses ₹	Total ₹
Balance at 1 April 2013.....	218,547,750	585,421	(110,199,467)	108,933,704
Total comprehensive income for the year	-	-	(44,675,507)	(44,675,507)
Foreign currency translation reserve	-	(585,421)	-	(585,421)
Balance at 31 March 2014.....	218,547,750	-	(154,874,974)	63,672,776
Balance at 1 April 2014.....	218,547,750	-	(154,874,974)	63,672,776
Foreign currency transfer.....	-	-	-	-
Total comprehensive income for the year	-	-	24,644,017	24,644,017
Balance at 31 March 2015.....	218,547,750	-	(130,230,956)	88,316,794

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

		2015	2015	2014	2014
	Note	\$	₹	\$	₹
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash receipts from sale of goods and rendering of service		19,832,698	947,407,983	21,507,012	1,198,155,639
Cash payments to suppliers and employees.....		(19,997,075)	(955,260,273)	21,709,532	1,209,438,028
Interest received		-	-	80	4,457
Finance costs.....		(22,415)	(1,070,765)	(16,008)	(891,806)
Net cash provided by operating activities.....	13	(186,792)	(8,923,055)	(218,448)	(12,169,738)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase/(sale) of plant & equipment.....		(114,196)	(5,455,143)	12,183	678,715
Net cash provided by investing activities.....		(114,196)	(5,455,143)	12,183	678,715
Net increase in cash and cash equivalents		(300,988)	(14,378,198)	(206,265)	(11,491,023)
Cash and cash equivalents at beginning of year ..		472,034	22,549,065	678,299	37,788,037
Cash and cash equivalents at end of year	5	171,046	8,170,867	472,034	26,297,014

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

1. Statement of significant accounting policies

General information

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

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

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

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

Basis of preparation

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

AASB 101: Presentation of Financial Statements

AASB 107: Cash Flow Statements

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

AASB 1054: Australian Additional Disclosures

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

Adoption of new and revised accounting standards

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

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

Standard	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 9 'Financial Instruments', and the relevant amending standards ¹	1 January 2018	31 December 2018
AASB 2014-1 'Amendments to Australian Accounting Standards' – Part A: 'Annual Improvements 2010–2012 and 2011–2013 Cycles' – Part B: 'Defined Benefit Plans: Employee Contributions (Amendments to AASB 119)' – Part C: 'Materiality'	1 January 2014	31 December 2015
AASB 2014-4 'Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation'	1 January 2016	31 December 2016
AASB 15 'Revenue from Contracts with Customers' and AASB 2014-5 'Amendments to Australian Accounting Standards arising from AASB 15'	1 January 2017	31 December 2017

Standard	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 2015-1 'Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle'	1 January 2016	31 December 2016
AASB 2015-2 'Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101'	1 January 2016	31 December 2016
AASB 2015-3 'Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality'	1 July 2015	31 December 2016
AASB 2015-4 'Amendments to Australian Accounting Standards – Financial Reporting Requirements for Australian Groups with a Foreign Parent'	1 July 2015	31 December 2016

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

(a) Assessment of Going Concern

The financial report of the Company shows a working Capital Surplus of \$1,583,700 (2014 \$135,564). This financial report was prepared on a going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The directors are confident of the company's ability to continue as a going concern, which is dependent upon the company:

- Generating sufficient cash flows from operations to meet its financial obligations;
- Achieving future profitable trading operations
- Receiving continued support by its shareholders, in the next 12 months by extending credit as and when required in order to meet ongoing obligations to creditors as and when they fall due.

(b) Inventories

Stock on hand has been valued as follows:

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

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

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

(c) Financial instruments

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

i) Trade receivables

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

ii) Cash and cash equivalents

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

iii) Trade payables

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

(d) Income tax

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

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

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is recognised in the income statement except where it relates to items which are recognised directly in equity, in which case the deferred tax is recognised directly in equity.

Deferred tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences and tax losses can be utilised.

(e) Revenue recognition
i) Sales revenue

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

ii) Goods and Services Tax

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

(f) Plant and equipment
i) Plant and equipment

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

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

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

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

ii) Depreciation

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

The depreciable amount is the carrying value of the asset less estimated residual amounts. The residual amount is based

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

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

(g) Employee benefits

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

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

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

Deferred tax

Deferred tax assets for timing differences and tax losses carried forward have not been recognised in the current year, and will only be recognised until such time that it is possible that future tax profits will be available.

	2015	2015	2014	2014
	\$	₹	\$	₹
2 Revenue				
Operating activities				
– Sales revenue	20,016,194	956,173,587	18,257,130	1,017,104,712
– Other revenue	368,884	17,621,589	703,254	39,178,336
Total Revenue	<u>20,385,078</u>	<u>973,795,176</u>	<u>18,960,384</u>	<u>1,056,283,048</u>
3 Expenses				
Cost of sales	15,329,417	732,286,250	15,021,267	836,834,785
Depreciation	57,294	2,736,934	55,247	3,077,810
Employee benefits expense	1,558,307	74,440,325	1,471,418	81,972,697
Consulting and professional fees	46,011	2,197,945	81,156	4,521,201
Advertising	1,213,094	57,949,500	1,334,899	74,367,223
Freight and cartage	343,933	16,429,679	400,182	22,294,139
Travel	146,938	7,019,228	121,826	6,786,926
Other expenses from ordinary activities	1,151,780	55,020,533	1,393,602	77,637,568
	<u>19,846,774</u>	<u>948,080,394</u>	<u>19,879,597</u>	<u>1,107,492,349</u>
4 Income tax				
i) Prima facie tax on profit from ordinary activities				
Prima facie tax payable on profit from ordinary activities before income tax at 30% (2014: 30%)	154,767	7,393,220	(280,566)	(15,630,332)
Tax effect of:				
– un-utilised tax losses	(154,767)	(7,393,220)	–	–
– tax losses to be carried forward	–	–	280,566	15,630,332
Income tax benefit	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>

	2015	2015	2014	2014
	\$	₹	\$	₹
5 Cash and cash equivalents				
Cash at bank	171,046	8,170,867	471,854	26,286,986
Cash on hand	–	–	180	10,028
	<u>171,046</u>	<u>8,170,867</u>	<u>472,034</u>	<u>26,297,014</u>
6 Trade and other receivables				
Amounts due from franchised dealers	3,106,739	148,408,922	876,652	48,838,283
Provision for impairment of receivables	(6,732)	(321,588)	(35,512)	(1,978,374)
Other receivables	231,072	11,038,309	103,150	5,746,487
	<u>3,331,079</u>	<u>159,125,643</u>	<u>944,290</u>	<u>52,606,396</u>
7 Inventories				
New vehicles and tractors - on hand	1,990,860	95,103,382	3,117,248	173,661,886
New vehicles and tractors - in transit	1,401,490	66,949,177	211,626	11,789,684
Demonstrator vehicles	94,941	4,535,332	189,621	10,563,786
Spare parts and accessories	2,400,930	114,692,427	2,193,683	122,210,080
	<u>5,888,221</u>	<u>281,280,318</u>	<u>5,712,178</u>	<u>318,225,436</u>
8 Plant and equipment				
Plant and equipment at cost	52,425	2,504,342	53,040	2,954,858
Less: accumulated depreciation	(12,634)	(603,526)	(9,911)	(552,142)
	<u>39,791</u>	<u>1,900,816</u>	<u>43,129</u>	<u>2,402,716</u>
Furniture and fixtures at cost	236,380	11,291,873	249,124	13,878,698
Less: accumulated depreciation	(118,240)	(5,648,325)	(103,846)	(5,785,261)
	<u>118,140</u>	<u>5,643,548</u>	<u>145,278</u>	<u>8,093,437</u>
Motor vehicles at cost	152,072	7,264,479	30,533	1,700,993
Less: accumulated depreciation	(50,712)	(2,422,512)	(30,533)	(1,700,993)
	<u>101,360</u>	<u>4,841,967</u>	<u>–</u>	<u>–</u>
Computer equipment at cost	39,380	1,881,183	41,105	2,289,961
Less: accumulated depreciation	(33,579)	(1,604,069)	(32,173)	(1,792,358)
	<u>5,801</u>	<u>277,114</u>	<u>8,932</u>	<u>497,603</u>
Total plant and equipment	<u>265,092</u>	<u>12,663,445</u>	<u>197,339</u>	<u>10,993,756</u>
9 Trade and other payables				
CURRENT				
Unsecured liabilities				
Trade payables	1,235,318	59,011,141	482,155	26,860,855
Other payables and accruals	1,515,883	72,413,731	982,290	54,723,376
Related party payables	4,988,817	238,315,788	4,477,820	249,459,352
	<u>7,740,018</u>	<u>369,740,660</u>	<u>5,942,265</u>	<u>331,043,583</u>

	2015	2015	2014	2014
	\$	₹	\$	₹
10 Provisions				
CURRENT				
Employee benefits	66,628	3,182,819	50,673	2,822,993
	<u>66,628</u>	<u>3,182,819</u>	<u>50,673</u>	<u>2,822,993</u>
11 Issued capital				
4,575,000 Ordinary shares fully paid (2014: 4,575,000)	4,575,000	218,547,750	4,575,000	254,873,250
	<u>4,575,000</u>	<u>218,547,750</u>	<u>4,575,000</u>	<u>254,873,250</u>

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

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

	2015	2015	2014	2014
	\$	₹	\$	₹
12 Auditors' remuneration				
Auditing services	38,700	1,848,699	37,800	2,105,838
Other services	2,500	119,425	2,500	139,275
	<u>41,200</u>	<u>1,968,124</u>	<u>40,300</u>	<u>2,245,113</u>

13 Cash flow information

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

Net profit for the year	515,889	24,644,017	(935,221)	(52,101,175)
Non-cash flows in profit from ordinary activities				
Depreciation	57,294	2,736,934	55,247	3,077,809
Net (gain)/loss on disposal of PPE	–	–	13,645	760,163
Changes in assets and liabilities				
Decrease/(increase) in trade and other receivables	(2,397,640)	(114,535,264)	592,142	32,988,244
(Increase)/decrease in inventories	(176,043)	(8,409,574)	2,984,069	166,242,484
(Decrease)/increase in trade payables and accruals	1,797,753	85,878,709	(2,921,945)	(162,781,556)
(Decrease)/increase in provisions	15,955	762,123	(6,385)	(355,708)
	<u>(186,792)</u>	<u>(8,923,055)</u>	<u>(218,448)</u>	<u>(12,169,738)</u>

14 Subsequent events

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

15 Company details

Registered office

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

Mahindra Automotive Australia Pty Limited

Unit 4/20 Buttonwood Place

Willawong, QLD 4110

16 Convenience Translation

The exchange rate of \$1 AUD = INR 47.77 has been used across the financial statements.

DIRECTORS' DECLARATION FOR THE FINANCIAL YEAR ENDED 31st MARCH 2015

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

The directors declare that:

- (a) Notwithstanding Note 1(a) in the directors opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
- (b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the company.

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

On behalf of the Directors

Michael Thomas Tynan

Pradeep Kumar

Pravin Kumar Shah

Carlo Lacota

Date : 30th April 2015

Place: Mumbai, India

DIRECTORS' REPORT

Your directors present their Nineteenth Report, together with the audited financial statements of your Company for the year ended 31st March 2015.

FINANCIAL HIGHLIGHTS AND STATE OF COMPANY'S AFFAIRS

	(Rs. in Lakhs)	
	For the year ended 31st March	
	2015	2014
Income		
Revenue from Operations (Gross)	4,164.27	3,761.10
Less: Excise Duty	328.11	232.95
Revenue from Operations (Net)	3,836.16	3,528.15
Other Income	139.45	167.29
Total Income	3,975.61	3,695.44
Expenses		
Cost of Raw Material and Components Consumed	3,317.35	2,689.06
(Increase)/decrease in inventories	(100.72)	62.24
Employee Benefit Expenses	2,920.84	2,542.14
Other Expenses	3,298.30	2,635.54
Depreciation and Amortisation Expenses	3,288.83	3,146.17
Finance Costs	659.27	671.23
Total Expenses	13,383.88	11,746.39
Loss Before Tax	9,408.28	8,050.95
Provision for Tax	0.00	0.00
Loss for the year from Continuing Operations	9,408.28	8,050.95
Net Worth	3,364.84	8,786.19

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

YEAR UNDER REVIEW

Your Company's total income from operations (net) is higher by 8.73% mainly due to increase in sales volume.

During the year, your Company had added "Power Steering" feature in the product which helps to increase the sales volume. Currently, your Company is working on various initiatives and new products to increase the sales in next year. Your Company continued to invest in Research & Development and development of new EV models, which consumed a significant part of your Company's financial resources.

DIVIDEND

In view of the losses, your Directors do not recommend any dividend for the year under review.

SHARE CAPITAL

The authorised share capital of your Company as on 31st March 2015 stood at Rs. 1,35,48,26,528/- divided into 13,54,82,650 equity shares of Rs. 10/- each and 1 class A preference share of Rs. 28/-.

During the year under review, your Company allotted 3,076,924 equity shares to Mahindra and Mahindra Limited at a premium of Rs. 120/- per share under two separate rights issues. Evolution of equity shares of your Company is as under:

Shareholder	Equity shares on 1 st April 2014	Equity shares allotted on 28 th April 2014	Equity shares allotted on 1 st August 2014	Shareholding as on 31 st March 2015	% to capital
Mahindra and Mahindra Limited	2,39,43,542	15,38,462	15,38,462	2,70,20,466	75.72
S. K. Maini	38,93,335	-	-	38,93,335	10.91
Chetan Maini	11,62,766	-	-	11,62,766	3.26
Reva Maini/S. K. Maini (Jointly)	4,01,187	-	-	4,01,187	1.12
Sandeep Maini	3,32,476	-	-	3,32,476	0.93
Gautham Maini	2,87,012	-	-	2,87,012	0.80

Shareholder	Equity shares on 1 st April 2014	Equity shares allotted on 28 th April 2014	Equity shares allotted on 1 st August 2014	Shareholding as on 31 st March 2015	% to capital
Reva Maini	2,51,468	–	–	2,51,468	0.70
Technology Development Board	1,07,798	–	–	1,07,798	0.30
AEV LLC	22,30,561	–	–	22,30,561	6.25
Total	3,26,10,145	15,38,462	15,38,462	3,56,87,069	100.00

The paid-up share capital of your Company as on 31st March 2015 stood at Rs. 35,68,70,690 divided into 3,56,87,069 equity shares of Rs. 10/- each.

BUSINESS OUTLOOK AND FUTURE PROSPECTS

Your Company had launched its new model “e2o” in March, 2013. The product feedback from consumers has been positive. During the year, your Company had delivered 4 Electric Maxximos for Agra Corridor. Your Company is also working on electrification of Mahindra Platforms: Verito and Maxximo. With the demand incentive announced by Govt. of India, your Company is hopeful of increasing its sales volume substantially in the current year.

With global EV markets growing rapidly, your Company has also started exploring global market opportunities. During the year, it has also commenced exports to Nepal, Bhutan and Bahamas.

Investments made this year on new products for the domestic and global markets will place your Company well to expand its product line as well as markets in the near future.

BOARD OF DIRECTORS

Composition:

Composition of the Board of Directors is follows: -

Director (DIN)	Designation	Executive/Non-Executive Director	Independent/Non-Independent Director
Dr. Pawan Kumar Goenka (00254502)	Chairman	Non-Executive Director	Non-Independent Director
Pravin Shah (00056173)	Director	Non-Executive Director	Non-Independent Director
V S Parthasarathy (00125299)	Director	Non-Executive Director	Non-Independent Director
Sandeep Kumar Maini (01568787)	Director	Non-Executive Director	Non-Independent Director
Gautam Kumar Maini (00667616)	Director	Non-Executive Director	Non-Independent Director
Dr. Lon Bell (01554635)	Director	Non-Executive Director	Non-Independent Director
Prof. Ashok Jhunjunwala (00417944)	Director	Non-Executive Director	Independent Director
Sonali Kulkarni (00203701)	Director	Non-Executive Director	Independent Director

Prof. Ashok Jhunjunwala and Ms. Sonali Kulkarni who are, in the opinion of the Board, persons with integrity and possess relevant expertise and experience, and who have given declarations to the effect that they meet the criteria of independence as laid down under Section 149 of the Companies Act, 2013, have been appointed as independent directors with effect from 22nd September 2014 and 31st March 2015 respectively, pursuant to Section 149 the Companies Act, 2013, for a period of five consecutive years and they would not be liable to retire by rotation.

Your directors have wide experience in business related to automobile, electric and other engineering, finance and general corporate management.

Mr. V S Parthasarathy and Dr. Lon Bell retire by rotation at the forthcoming Annual General Meeting, and being eligible, have offered themselves for re-appointment.

Meetings:

The Board met five times during the year under review, i.e., on 28th April 2014, 1st August 2014, 28th October 2014, 28th January 2015 and 24th March 2015. The gap between two consecutive Board Meetings did not exceed 120 days.

Evaluation of Performance:

The Board has carried out an annual evaluation of its performance, as well as the performance of directors individually and committees of the Board, viz., Audit Committee and Nomination and Remuneration Committee, through a structured questionnaire process covering various aspects such as performance, attendance, et al. The Nomination and Remuneration Committee has also carried out an evaluation of the performance of directors on individual basis.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- in the preparation of the annual financial statements for the year ended 31st March 2015 the applicable accounting standards have been followed;
- they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year on 31st March 2015 and of the loss of the Company for the financial year ended on that date;
- they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- they have prepared the annual accounts on a going concern basis; and,
- they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

CODES OF CONDUCT

Your Company has adopted Codes of Conduct for its directors, and senior management and employees (“the Codes”). These

Codes enunciate the underlying principles governing the conduct of the Company's business and seek to reiterate the fundamental precept that good governance must and would always be an integral part of the Company's ethos.

The Company has, for the year under review, received declarations from directors and senior management and employees, affirming compliance with the respective Codes.

POLICY FOR REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES AND CRITERIA FOR APPOINTMENT/REMOVAL OF DIRECTORS AND SENIOR MANAGEMENT PERSONNEL

Your Board has, on the recommendation of the Nomination and Remuneration Committee approved policies for the appointment/removal of directors and senior management personnel together with the criteria for determining qualifications, positive attributes and independence of directors, and remuneration of directors, key managerial personnel and other employees.

These policies are provided as Annexure I and form part of this Report.

VIGIL MECHANISM

Your Company has established a vigil mechanism for directors and employees to facilitate reporting of genuine concerns/ make protected disclosures to the Chairman of the Audit Committee in respect of actual or suspected fraud or violation of the Company's Codes or Policies or genuine grievances or concerns or any improper activity. The mechanism also provides for adequate safeguards against victimization of persons reporting/disclosing, and makes a provision for direct access to the Chairman of the Audit Committee.

COMMITTEES OF THE BOARD

Audit Committee

The composition of Audit Committee is follows: -

Director	Designation
V S Parthasarathy	Chairman
Prof. Ashok Jhunjhunwala	Member
Sonali Kulkarni	Member

Pursuant to Section 177 of the Companies Act, 2013 read with Companies (Meetings of Board and its Powers) Rules, 2014, the Audit Committee was re-constituted for induction of Prof. Ashok Jhunjhunwala and Ms. Sonali Kulkarni as its members, and withdrawal of nomination of Mr. Pravin Shah.

Audit Committee met thrice during year under review, i.e., on 28th April 2014, 28th October 2014 and 28th January 2015.

Nomination and Remuneration Committee

The composition of Nomination and Remuneration Committee is follows: -

Director	Designation
Prof. Ashok Jhunjhunwala	Chairman
Dr. Pawan Kumar Goenka	Member
V S Parthasarathy	Member
Sonali Kulkarni	Member

Pursuant to Section 178 of the Companies Act, 2013 read with Companies (Meetings of Board and its Powers) Rules, 2014, the Nomination and Remuneration Committee was re-constituted for induction of Prof. Ashok Jhunjhunwala and Ms. Sonali Kulkarni as its members, and withdrawal of nominations of Mr. Pravin Shah and Mr. Sandeep Kumar Maini.

Nomination and Remuneration Committee met four times during year under review, i.e., on 28th April 2014, 1st August 2014, 28th October 2014 and 28th January 2015.

KEY MANAGERIAL PERSONNEL

Pursuant to Section 203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, Key Managerial Personnel of your Company are as below:

1. A Narayana Swamy as Manager (with effect from 1st April 2014)
2. Ajay Patel as Chief Financial Officer (with effect from 1st April 2014), and
3. Ameya Paranjape as Company Secretary (with effect from 28th October 2014)

The Board has appointed Mr. Arvind Mathew as Chief Executive Officer of your Company, to be a Key Managerial Personnel with effect from 1st May, 2015.

AUDITORS

At the Eighteenth Annual General Meeting, M/s. S. R. Batliboi & Associates, LLP, Chartered Accountants, (ICAI registration number 101049W) were appointed as the Statutory Auditors of your Company to hold office from the conclusion of the Eighteenth Annual General Meeting till the conclusion of Nineteenth Annual General Meeting.

Pursuant to the first proviso of Section 139(2) of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, members are requested to re-appoint Statutory Auditors at the Nineteenth Annual General Meeting and fix their remuneration. If re-appointed, Statutory Auditors would hold office till the conclusion of the Twentieth Annual General Meeting.

As required under the provisions of Sections 139 and 141 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, your Company has obtained a written consent and certificate from Statutory Auditors to the effect that their re-appointment, if made, would be in conformity with the conditions, limits and criteria specified therein.

Your directors confirm that the Auditors' Report does not contain any qualification, reservation or adverse remark.

INTERNAL CONTROLS

Your Company has implemented a system of internal controls and monitoring procedures as well as internal financial controls on financial statements and the same is in the opinion of the Board, commensurate with the Company's size and operations. Your Company conducts internal audit through an independent agency to assess the adequacy of financial and operating controls for the business of the Company. Significant issues, if any, are brought to the attention of the Audit Committee. Statutory Auditors and Internal Auditors are invited to attend Audit Committee meetings.

RISK MANAGEMENT POLICY

Your Company is exposed to a variety of risks which may impact its operations. These risks are mitigated by using an integrated risk management approach which covers the full range of risks.

Your Company has formulated a risk management policy which addresses risks which, in the opinion of the Board, may threaten the existence of the Company.

HUMAN RESOURCES

Keeping employees happy and enthused is one of the strategic goals of your Company as reflected in its employee engagement interventions. Your Company continues to invest in capability building of its people and creating a future-ready talent pool.

STOCK OPTIONS

Pursuant to the authority of the Shareholders vide Special Resolution passed on 22nd September, 2014, 3,76,519 options under Employees Stock Option Scheme (ESOS) were granted to Mr. Chetan Maini, a Senior Employee of your Company. Details of ESOS are attached as Annexure II and form part of this Report.

PARTICULARS OF PUBLIC DEPOSITS, LOANS, GUARANTEES OR INVESTMENTS

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

Particulars of loans given, investments made, and guarantees and securities provided pursuant to Section 186 of the Companies Act, 2013 are given under the notes to the financial statement and the same form part of this Report.

Your Company has not made any loans/advances which are required to be disclosed in the annual accounts of the Company pursuant to Clause 32 of the Listing Agreement between the parent Company, Mahindra and Mahindra Limited and stock exchanges.

PARTICULARS OF TRANSACTIONS WITH RELATED PARTIES

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

Particulars of material contracts or arrangements or transactions with related parties, referred to under Section 188(1) of the Companies Act, 2013, are furnished in Form AOC-2 as Annexure III and form part of this Report.

EXTRACT OF ANNUAL RETURN

Pursuant to Section 92(3) of the Companies Act, 2013 read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return as on March 31, 2015 is annexed as Annexure IV and forms part of this Report.

POLICY ON PREVENTION OF SEXUAL HARASSMENT

Your Company has put in place a policy for prevention of sexual harassment. Your Company has also constituted an "Internal Complaints Committee" to which employees can address their complaints. During the year, no complaints were received by the said Committee.

SAFETY, HEALTH AND ENVIRONMENTAL PERFORMANCE

Your Company subscribes to guidelines on safety, health and environment and encourages involvement of all its employees in activities related to safety, including promotion of safety standards. Employees across facilities were trained in behavioural safety at work. Statutory requirements relating to various environmental legislations, and environment protection, have been duly complied with by your Company.

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

Your Company continues to look at Research and Development as an effective tool for meeting its business objectives. Your Company continued to undertake a number of Research & Development projects to upgrade the technology and quality of the product during the year under review. Details of specific area in which Research & Development activities are carried out by your Company in the area of technology absorption, adaptation and innovations etc. and the particulars relating to conservation of energy, technology absorption and foreign exchange earnings and outgo, as required under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 are provided in Annexure V and form part of this Report.

GENERAL DISCLOSURE

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

- a) Issue of equity shares with differential rights as to dividend, voting or otherwise.
- b) Issue of shares (including sweat equity shares) to employees of the Company under any scheme other than under ESOP scheme as mentioned elsewhere in this Report.
- c) Particulars of employees as required under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.
- d) Provisions relating to CSR enumerated under Section 135 of the Companies Act, 2013

No significant or material orders were passed by regulators, courts or tribunals which impact the Company's going concern status and operations in future.

ACKNOWLEDGEMENT

Your Directors would like to place on record their sincere thanks for the cooperation and support received from your Company's bankers, stakeholders, business associates and various agencies of the Central and State Governments.

For and on behalf of the Board

Dr. Pawan Kumar Goenka
Chairman

Mumbai, 29th April 2015

ANNEXURE I TO THE DIRECTORS' REPORT

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

DEFINITIONS

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

“**Board**” means Board of Directors of the Company.

“**Company**” means Mahindra & Mahindra Limited.

“**Committee(s)**” means Committees of the Board for the time being in force.

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

“**HR**” means the Human Resource department of the Company.

“**Key Managerial Personnel**” (KMP) refers to key managerial personnel as defined under the Companies Act, 2013 and includes:

- (i) Managing Director (MD), or Chief Executive Officer (CEO); or Manager; or Whole time Director (WTD)
- (ii) Chief Financial Officer (CFO); and
- (iii) Company Secretary (CS).

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

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

I. APPOINTMENT OF DIRECTORS

- The NRC reviews and assesses Board composition and recommends the appointment of new Directors. In evaluating the suitability of individual Board member, the NRC shall take into account the following criteria regarding qualifications, positive attributes and independence of director:
 1. All Board appointments will be based on merit, in the context of the skills, experience, independence and knowledge, for the Board as a whole to be effective.
 2. Ability of the candidates to devote sufficient time and attention to his professional obligations as Independent Director for informed and balanced decision making.
 3. Adherence to the Code of Conduct and highest level of Corporate Governance in letter and in spirit by the Independent Directors.

- Based on recommendation of the NRC, the Board will evaluate the candidate(s) and decide on the selection of the appropriate member. The Board through the Chairman/Managing Director will interact with the new member to obtain his/her consent for joining the Board. Upon receipt of the consent, the new Director will be co-opted by the Board in accordance with the applicable provisions of the Companies Act 2013 and Rules made thereunder.

REMOVAL OF DIRECTORS

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

SENIOR MANAGEMENT PERSONNEL

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

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

II. SUCCESSION PLANNING:

Purpose

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

Board:

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

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

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

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

Senior Management Personnel:

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

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

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

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

Policy Statement

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

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

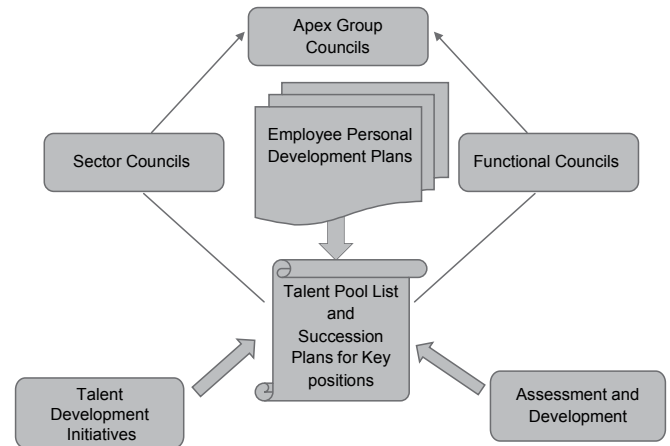
The framework lays down an architecture and processes to address these questions using the **3E** approach :

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

The Talent Management process is applicable to all employees. Over the years, the Talent Management framework has become a well-structured and process-oriented system which is driven by an interactive and collaborative network of Talent Councils at the Group and Sector Levels. These Talent Councils, which consist mainly of Senior business leaders supported by HR, are a mix of Sector (Business) and Functional Councils coordinated by an Apex Talent Council, headed by the Group Chairman. The Apex Council reviews the work done by the Talent Councils and facilitates movement

of talent across Sectors. The Sector/Functional Councils meet regularly throughout the year and the Apex Council interacts with each one of them separately once a year, and in addition conducts an integrated meeting where the Chairpersons of all the Councils are present.

The Talent Management process can be represented pictorially as under:



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

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

Purpose

This Policy sets out the approach to Compensation of Directors, Key Managerial Personnel and other employees in Mahindra Reva Electric Vehicles Private Limited.

Policy Statement

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

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

NON-EXECUTIVE INCLUDING INDEPENDENT DIRECTORS:

The Nomination and Remuneration Committee (NRC) shall decide the basis for determining the compensation, both

Fixed and variable, to the Non Executive Directors, including Independent Directors, whether as commission or otherwise. The NRC shall take into consideration various factors such as director's participation in Board and Committee meetings during the year, other responsibilities undertaken, such as membership or Chairmanship of committees, time spent in carrying out their duties, role and functions as envisaged in Schedule IV of the Companies Act 2013 and Clause 49 of the Listing Agreement with Stock Exchanges and such other factors as the NRC may consider deem fit for determining the compensation. The Board shall determine the compensation to Non-Executive Directors within the overall limits specified in the Shareholders resolution.

Executive Directors/Managing Director/Manager:

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

Key Managerial Personnel (KMPs)

The terms of remuneration of Chief Executive Officer (CEO), Chief Financial Officer (CFO), and the Company Secretary shall be determined by any director or such other person as may be authorised by the Nomination and Remuneration Committee (NRC) from time to time. The remuneration shall be consistent with the competitive position of the salary for similar positions in the industry and their Qualifications, Experience, Roles and Responsibilities. Pursuant to the provisions of section 203 of the Companies Act 2013 the Board shall approve the remuneration at the time of their appointment.

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

Employees

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

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

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

- Performance
- Potential
- Criticality
- Longevity in grade

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

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

For and on behalf of the Board

Dr. Pawan Kumar Goenka
Chairman

Mumbai, 29th April 2015

ANNEXURE II TO THE DIRECTORS' REPORT

Details of the Employees Stock Option Scheme:

(a)	options granted	3,76,519
(b)	options vested	–
(c)	options exercised	–
(d)	the total number of shares arising as a result of exercise of option	–
(e)	options lapsed	–
(f)	the exercise price	Exercise Price determined under various ESOP Schemes: Reva ESOP II: Rs. 144.88 Reva ESOP II: Rs. 144.88 ESOS 2012: Rs. 10 ESOS 2013: Rs. 149 ESOS 2014: Rs. 130
(g)	variation of terms of options	–
(h)	money realized by exercise of options	–
(i)	total number of options in force	809,822
(g)	employee wise details of options granted to	–
	(i) key managerial personnel	–
	(ii) any other employee who receives a grant of options in any one year of option amounting to five percent or more of options granted during that year	–
	(iii) identified employees who were granted option, during any one year, equal to or exceeding one percent of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant	Mr. Chetan Maini (as per above details)

For and on behalf of the Board

Dr. Pawan Kumar Goenka
Chairman

Mumbai, 29th April 2015

ANNEXURE III TO THE DIRECTORS' REPORT**FORM NO. AOC.2**

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

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

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

Sr. No.	Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Justification for entering into such contracts or arrangements or transactions	Date(s) of approval by the Board	Amount paid as advances, if any:	Date on which the special resolution was passed in general meeting as required under first proviso to Section 188
-	-	-	-	-	-	-	-	-

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

Sr. No.	Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Date(s) of approval by the Board, if any	Amount paid as advances, if any
1	Mahindra & Mahindra Ltd	Sale of goods and services	01-04-2014 to 31-03-2015	Rs. 6,04,90,802	Not Applicable	Nil
2	Mahindra & Mahindra Ltd	Purchase of goods and services	01-04-2014 to 31-03-2015	Rs. 1,89,11,944	Not Applicable	Nil
3	Mahindra & Mahindra Ltd	Reimbursement of expenses by Company	01-04-2014 to 31-03-2015	Rs. 1,00,40,297	Not Applicable	Nil
4	Mahindra & Mahindra Ltd	Crosscharge of expenses to others	01-04-2014 to 31-03-2015	Rs. 36,639	Not Applicable	Nil
5	Mahindra Automobile Distributor Pvt Ltd	Loans repaid	01-04-2014 to 31-03-2015	Rs. 5,00,00,000	Not Applicable	Nil
6	Mahindra Automobile Distributor Pvt Ltd	Interest paid	01-04-2014 to 31-03-2015	Rs. 1,36,986	Not Applicable	Nil
7	Maini Plastics & Composites Pvt Ltd	Purchase of goods and services	01-04-2014 to 31-03-2015	Rs. 3,77,67,668	Not Applicable	Nil
8	Maini Plastics & Composites Pvt Ltd	Sale of goods and services	01-04-2014 to 31-03-2015	Rs. 46,30,044	Not Applicable	Nil

For and on behalf of the Board

Dr. Pawan Kumar Goenka
Chairman

Mumbai, 29th April 2015

ANNEXURE IV TO THE DIRECTORS' REPORT**Form No. MGT-9****Extract of Annual Return
as on the financial year ended on 31st March, 2015***[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies
(Management and Administration) Rules, 2014]***I. REGISTRATION AND OTHER DETAILS:**

i.	Corporate Identification Number (CIN):	:	U34101KA1996PTC020195
ii.	Registration Date:	:	2 nd April, 1996
iii.	Name of the Company:	:	Mahindra Reva Electric Vehicles Private Limited
iv.	Category/Sub-Category of the Company:	:	Indian Non-Government Company Limited by shares
v.	Address of the Registered office and contact details:	:	122E, Bommasandra Industrial Area, Bommasandra, Bangalore 560099 Tel.: +91-22-24935185/86 Fax: +91-22-24951236 Contact: JUVEKAR.ABHISHEK@mahindra.com
vi.	Whether listed company Yes/No:	:	No
vii.	Name, Address and Contact details of Registrar and Transfer Agent, if any:	:	–

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

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

Sr. No.	Name and Description of main products/services	NIC Code of the Product/ service	% to total turnover of the company
1	Manufacture of Electric Vehicles	27103	100

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES :

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Mahindra and Mahindra Limited Gateway Building, Apollo Bunder, Colaba, Mumbai - 400001	L65990MH1945PLC004558	Holding Company	88.90	2 (46)

IV. SHAREHOLDING PATTERN (Equity Share Capital Break-up as percentage of Total Equity)**i) Category-wise Share Holding**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	59,94,043	3,34,201	63,28,244	19.41	59,94,043	3,34,201	63,28,244	17.73	(1.68)
b) Central Govt.	–	–	–	–	–	–	–	–	–
c) State Govt (s)	–	–	–	–	–	–	–	–	–
d) Bodies Corp.	–	–	–	–	–	–	–	–	–
e) Bank/FI	–	–	–	–	–	–	–	–	–

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
f) Any Other...	-	-	-	-	-	-	-	-	-
Sub-total (A)(1):	59,94,043	3,34,201	63,28,244	19.41	59,94,043	3,34,201	63,28,244	17.73	(1.68)
2. Foreign									
a) NRI-Individuals	-	-	-	-	-	-	-	-	-
b) Other Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks/FI	-	-	-	-	-	-	-	-	-
e) Any Others...	-	-	-	-	-	-	-	-	-
Sub-total (A)(2):	-	-	-	-	-	-	-	-	-
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	59,94,043	3,34,201	63,28,244	19.41	59,94,043	3,34,201	63,28,244	17.73	(1.68)
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks/FI	-	-	-	-	-	-	-	-	-
c) Central Govt	-	1,07,798	1,07,798	0.33	-	1,07,798	1,07,798	0.30	(0.03)
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):	-	1,07,798	1,07,798	0.33	-	1,07,798	1,07,798	0.30	(0.03)
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	1,16,72,409	1,22,71,133	2,39,43,542	73.42	1,16,72,409	1,53,48,057	2,70,20,466	75.72	2.29
ii) Overseas	-	22,30,561	22,30,561	6.84	-	22,30,561	22,30,561	6.25	(0.59)
b. Individual									
i. Individual shareholders holding nominal share capital upto Rs. 1 lakh	-	-	-	-	-	-	-	-	-
ii. Individual shareholders holding nominal share capital in excess of Rs 1 lakh	-	-	-	-	-	-	-	-	-
c. Others (specify)									
Sub-total (B)(2):	1,16,72,409	1,45,01,694	2,61,74,103	80.26	1,16,72,409	1,75,78,618	2,92,51,027	81.97	1.71
Total Public Shareholding (B)=(B)(1) + (B)(2)	1,16,72,409	1,46,09,492	2,62,81,901	80.59	1,16,72,409	1,76,86,416	2,93,58,825	82.27	1.68
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	1,76,66,452	1,49,43,693	3,26,10,145	100	1,76,66,452	1,80,20,617	3,56,87,069	100	-

(ii) Shareholding of Promoters:

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	
1.	Dr. Sudarshan Kumar Maini	38,93,335	11.94	–	38,93,335	10.91	–	(1.03)
2.	Sandeep Kumar Maini	3,32,476	1.02	–	3,32,476	0.93	–	(0.09)
3.	Chetan Kumar Maini	1,162,766	3.57	–	1,162,766	3.26	–	(0.31)
4.	Reva Maini Jtly. Dr. S. K. Maini	401,187	1.23	–	401,187	1.12	–	(0.11)
5.	Reva Maini	251,468	0.77	–	251,468	0.70	–	(0.07)
6.	Gautam Maini	287,012	0.88	–	287,012	0.80	–	(0.08)
	Total	63,28,244	19.41	–	63,28,244	17.73	–	(1.68)

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

Sr. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	At the beginning of the year	63,28,244	19.41	63,28,244	19.41
	Date wise Increase/Decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/ sweat equity etc):	–	–	–	–
	At the End of the year	63,28,244	19.41	63,28,244	17.73

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

Sr. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Technology Development Board, Government of India:				
	At the beginning of the year	1,07,798	0.33	1,07,798	0.33
	Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):	–	–	–	(0.03)
	At the End of the year (or on the date of separation, if separated during the year)	1,07,798	0.33	1,07,798	0.30
2.	AEV LLC:				
	At the beginning of the year	22,30,561	6.84	22,30,561	6.84
	Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):	–	–	–	(0.59)
	At the End of the year (or on the date of separation, if separated during the year)	22,30,561	6.84	22,30,561	6.25
3.	Mahindra & Mahindra Limited:				
	At the beginning of the year	2,39,43,542	73.42	2,39,43,542	73.42
	Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):	30,76,954	2.3	2,70,20,466	2.3
	At the End of the year (or on the date of separation, if separated during the year)	2,70,20,466	73.42	2,70,20,466	75.72

(v) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Gautam Maini				
	At the beginning of the year	287,012	0.88	287,012	0.80
	Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc):	–	–	–	–
	At the End of the year	287,012	0.88	287,012	0.80
2.	Sandeep Kumar Maini				
	At the beginning of the year	3,32,476	1.01	3,32,476	0.93
	Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc):	–	–	–	–
	At the End of the year	3,32,476	1.01	3,32,476	0.93

V. INDEBTEDNESS:

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

(Rs. in Lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	4,375.00	1,578.00	–	5,953.00
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	16.95	64.59	–	81.54
Total (i + ii + iii)	4,391.95	1,642.59	–	6,034.54
Change in Indebtedness during the financial year				
• Addition	–	7,927.23	–	7,927.23
• Reduction	1,250.00	500.00	–	1,750.00
Net Change	1,250.00	7,427.23	–	6,177.23
Indebtedness at the end of the financial year				
i) Principal Amount	3,125.00	9,005.23	–	12,130.23
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	1,695.20	64.59	–	81.54
Total (i + ii + iii)	3,141.95	9,069.82	–	12,211.77

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(Rs. in Lakhs)

Sr. No.	Particulars of Remuneration	Name of MD/WTD/Manager	Total Amount
		A Narayana Swamy	
1.	Gross salary	12.96	12.96
	a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	0.21	0.21
	b) Value of perquisites u/s 17(2) Income-tax Act, 1961	–	–
	c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	–	–
2.	Stock Option	–	–
3.	Sweat Equity	–	–
4.	Commission	–	–
	– as % of profit	–	–
	– others, specify...	–	–
5.	Others, please specify	–	–
	Total (A)	13.17	13.17
	Ceiling as per the Act	As per schedule V of the Companies Act, 2013	

B. Remuneration to other directors:

Sr. No.	Particulars of Remuneration	Name of Directors	(Rs. in Lakhs)	
				Total Amount
		Prof. Ashok Jhunjunwala		
1	Independent Directors			
	• Fee for attending board/committee meetings		2.50	2.50
	• Commission		–	–
	• Others, please specify		–	–
	Total (1)		2.50	2.50
2	Other Non-Executive Directors		–	–
	• Fee for attending board/committee meetings		–	–
	• Commission		–	–
	• Others, please specify		–	–
	Total (2)		–	–
	Total (B)=(1+2)		2.50	2.50
	Total Managerial Remuneration		–	13.17
	Overall Ceiling as per the Act	As per schedule V of the Companies Act, 2013		

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

(Rs. in Lakhs)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel			Total Amount
		CEO	Company Secretary	CFO	
		–	Ameya Paranjape	Ajay Patel	
1.	Gross salary	–	–	–	–
	a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	–	–	–	–
	b) Value of perquisites u/s 17(2) Income-tax Act, 1961	–	–	–	–
	c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	–	–	–	–
2.	Stock Option	–	–	–	–
3.	Sweat Equity	–	–	–	–
4.	Commission	–	–	–	–
	– as % of profit	–	–	–	–
	– others, specify...	–	–	–	–
5.	Others, please specify	–	2.86	26.86	29.72
	Total	–	2.86	26.86	29.72

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES: Nil

For and on behalf of the Board

Dr. Pawan Kumar Goenka
 Chairman

 Mumbai, 29th April 2015

ANNEXURE V TO THE DIRECTORS' REPORT

PARTICULARS AS PER THE COMPANIES (ACCOUNTS) RULES, 2014

A CONSERVATION OF ENERGY

The Company has always been conscious of the need to conserve energy. Your Company's manufacturing facility is having platinum rating from IGBC and significant portion of the energy generated from solar park. These measures are aimed at effective management and utilization of energy resources and have resulted in sustainable cost savings for the company.

(a) the steps taken or impact on conservation of energy:

Your company is using 100% LED lights at its Manufacturing facility.

(b) the steps taken by the company for utilizing alternate sources of energy:

Your Company is having Solar Park in its manufacturing facility. Total power Generated 76,487 units in FY15

(c) the capital investment on energy conservation equipments: **Nil**

B TECHNOLOGY ABSORPTION:

i) the efforts made towards technology absorption:

- Successful completion of Design, Development and production of e2o T01 Low Cost Variant with Value Engineering and Feature Optimization
- Successful Implementation of New Electric Power Steering (EPS) with 120 Km Range on e2O-P1A as per the aggressively set targets by the Management.
- Successful completion of Frontal and Side Crash Test of P2 (e2O Export Model) and cleared ECE regulation at IDIADA-Spain & confirmed by VCA. All design changes worked out First Time Right
- Filed PCT applications in the fields of Electric Vehicles on Method of determining distance to empty & Charging of electric vehicles using non-conventional energy sources and filed National Phase Application in Germany & China for Efficient Thermal Management of Battery Packs for Electric Vehicles.

- Two Chinese Patent Application titled "Antilock Braking for Vehicles" and Estimating and Enhancing Residual Performance in An Energy Storage Systems from Chinese Patent Office.

ii) the benefits derived like product improvement, cost reduction, product development or import substitution:

Due to its sustained R&D efforts, the Company continued to maintain its leadership in the electric vehicle technology in India. As the overall market for Electric Vehicles significantly expands both in India and abroad, your Company will be one of the major beneficiaries.

iii) During the year, your Company did not imported any technology.

iv) the expenditure incurred on Research and Development :

Description	(Rs. in Lakhs)	
	Current Year	Previous Year
a) Capital	113.24	249.00
b) Recurring	2036.33	1,663.33
c) Total	2149.57	1,912.33
Total R&D expenditure as a percentage of total turnover	51.89%	51.49%

C FOREIGN EXCHANGE EARNINGS AND OUTGO:

Total Foreign exchange used and earned (on accrual basis)

	(Rs. in Lakhs)	
	Current Year	Previous Year
Foreign Exchange used	245.69	331.36
Foreign Exchange Earned	237.98	92.03

For and on behalf of the Board

Dr. Pawan Kumar Goenka
Chairman

Mumbai, 29th April 2015

INDEPENDENT AUDITOR'S REPORT

To the Members of Mahindra Reva Electric Vehicles Private Limited

Report on the Financial Statements

We have audited the accompanying financial statements of **Mahindra Reva Electric Vehicles Private Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2015, we give in the Annexure 1 a statement on the matters specified in paragraphs 3 and 4 of the Order;
2. As required by section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - (e) On the basis of written representations received from the directors as on March 31, 2015, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015, from being appointed as a director in terms of section 164 (2) of the Act;
 - (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 36 to the financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year.

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration Number: 101049W

per Chandra Rampuria
Partner
Membership Number: 55729

Place of Signature: Bangalore
Date: April 29, 2015

Annexure referred to in paragraph 1 of our report of even date

Re: Mahindra Reva Electric Vehicles Private Limited ('the Company')

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such verification.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory. Discrepancies noticed on physical verification of inventories were not material, and have been properly dealt with in the books of accounts.
- (iii) (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a) and (b) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, having regard to the explanation and specific management representation that some of the items of fixed assets and inventory are of a special and proprietary nature for which alternative quotations are not necessarily available or may not have been obtained, there are adequate internal control systems commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the Company in respect of these areas.
- (v) The Company has not accepted any deposits from the public.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013 related to the manufacture of electrically powered vehicles, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
- (vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty cess, value added tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the records of the Company, the dues outstanding of income tax, sales-tax, wealth tax, service tax, customs duty, excise duty and cess on account of any dispute, are as follows:

Name of the Statute	Nature of dues	Amount of demand* (Rs)	Period to which the amount relates	Forum where dispute is pending
Central Excise Act, 1944	Penalty and Interest	51,725,658	Feb 2008 to Feb 2010	CESTAT
Finance Act, 1994	Service Tax including penalty and interest	15,089,037	2005-2008	CESTAT
	Total	66,814,695		

Against the above, amount already paid/adjusted under protest – Rs. 25,000,000.

- (vii) (d) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder.
- (viii) The Company's accumulated losses at the end of the financial year are more than fifty percent of its net worth. The Company has incurred cash losses during the current year and in the immediately preceding financial year.
- (ix) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- (x) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xi) Based on information and explanations given to us by management, term loans were applied for the purpose for which loans were obtained.
- (xii) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W

per Chandra Rampuria
Partner
Membership Number: 55729

Place of Signature: Bangalore

Date: April 29, 2015

BALANCE SHEET AS AT 31 MARCH 2015

	Notes	As at March 31, 2015 Rs.	As at March 31, 2014 Rs.
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital.....	4	356,870,690	326,101,450
Reserves and surplus.....	5	(14,731,772)	552,687,493
		<u>342,138,918</u>	<u>878,788,943</u>
Non-current liabilities			
Long-term borrowings.....	6	340,970,502	409,520,000
Other long-term liabilities.....	7	69,886,015	54,099,517
Long-term provisions.....	8	64,953,221	54,629,860
		<u>475,809,738</u>	<u>518,249,377</u>
Current liabilities			
Short-term borrowings.....	9	730,000,000	50,000,000
Trade payables.....	10	257,193,682	107,185,165
Other current liabilities.....	10	336,389,169	402,619,061
Short-term provisions.....	8	13,646,929	7,275,404
		<u>1,337,229,780</u>	<u>567,079,630</u>
TOTAL.....		<u>2,155,178,436</u>	<u>1,964,117,950</u>
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets.....	11	663,287,756	617,983,251
Intangible assets.....	12	415,776,301	638,236,394
Capital work-in-progress.....		22,256,534	11,088,754
Intangible assets under development.....		426,958,403	234,258,091
Long-term loans and advances.....	13	170,138,055	81,309,846
		<u>1,698,417,049</u>	<u>1,582,876,336</u>
Current assets			
Current investments.....	15	33,339,228	1,752,845
Inventories.....	16	204,865,245	155,613,988
Trade receivables.....	14	36,627,281	28,281,755
Cash and bank balances.....	17	56,530,700	85,775,541
Short-term loans and advances.....	13	125,148,929	108,323,474
Other current assets.....	18	250,004	1,494,011
		<u>456,761,387</u>	<u>381,241,614</u>
TOTAL.....		<u>2,155,178,436</u>	<u>1,964,117,950</u>
Summary of significant accounting policies	2.1		

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

As per our report of even date

For and on behalf of the Board of Directors of

For S.R. BATLIBOI & ASSOCIATES LLP

Mahindra Reva Electric Vehicles Private Limited

Firm registration number: 101049W

Chartered Accountants

Dr. Pawan Kumar Goenka
Chairman

V.S. Parthasarthy
Director

Pravin N. Shah
Director

per Chandra Rampuria

Partner
Membership No.: 55729

Ajay Patel
Chief Financial Officer

Sandeep K. Maini
Director

Dr. Ashok Jhunjunwala
Director

Ameya Paranjape
Company Secretary

Place: Bangalore
Date: April 29, 2015

Place: Mumbai
Date: April 29, 2015

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

	Notes	For the year ended March 31, 2015 Rs.	For the year ended March 31, 2014 Rs.
Income			
Revenue from operations (net)	19	383,615,553	352,815,204
Other income	20	13,944,942	16,728,710
Total Income		<u>397,560,495</u>	<u>369,543,914</u>
Expenses			
Cost of raw material and components consumed.....	21	331,735,469	268,906,492
(Increase)/decrease in inventories	22	(10,072,128)	6,223,819
Employee benefits expense	23	292,084,365	254,214,302
Other expenses.....	24	329,830,266	263,553,977
Depreciation and amortisation	25	328,882,914	314,617,152
Finance costs.....	26	65,927,387	67,123,144
Total		<u>1,338,388,273</u>	<u>1,174,638,886</u>
Loss before tax		940,827,778	805,094,972
Provision for tax		-	-
Loss for the year		<u>940,827,778</u>	<u>805,094,972</u>
Loss per equity share (Basic and Diluted)	27	(26.84)	(29.29)
Nominal value of share Rs.10 (2014 - Rs 10)			
Summary of significant accounting policies	2.1		

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

As per our report of even date

For S.R. BATLIBOI & ASSOCIATES LLP

Firm registration number: 101049W

Chartered Accountants

per Chandra Rampuria

Partner

Membership No.: 55729

Place: Bangalore

Date: April 29, 2015

For and on behalf of the Board of Directors of

Mahindra Reva Electric Vehicles Private Limited

Dr. Pawan Kumar Goenka
Chairman

V.S. Parthasarthy
Director

Pravin N. Shah
Director

Ajay Patel
Chief Financial Officer

Sandeep K. Maini
Director

Dr. Ashok Jhunjunwala
Director

Ameya Paranjape
Company Secretary

Place: Mumbai

Date: April 29, 2015

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2015

	For the year ended March 31, 2015	For the year ended March 31, 2014
	Rs.	Rs.
Cash flow from operating activities		
Loss before tax	(940,827,778)	(805,094,972)
Non-cash adjustment to reconcile loss before tax to net cash flows		
Depreciation/amortisation	328,882,914	314,617,152
Loss/(profit) on sale of fixed assets, net	1,785,251	1,234,195
Employee Stock Option Outstanding	5,485,488	169,695
Provision for doubtful debts and advances	1,158,544	431,426
Provisions no longer required written back	(7,422,163)	(2,655,692)
Unrealized foreign exchange (gain)/loss	(15,894)	(8,809,006)
Net gain on sale of current investments	(2,184,165)	(3,852,919)
Settlement/Provision for claims	10,604,363	-
Interest expense	65,434,399	66,732,728
Interest income	(3,367,517)	(8,677,192)
Operating loss before working capital changes	(540,466,558)	(445,904,585)
Movements in working capital :		
Increase/(decrease) in trade payables	114,410,049	(97,887,301)
Increase/(decrease) in long-term provisions	5,077,694	23,561,901
Increase/(decrease) in short-term provisions	6,371,525	(14,082,696)
Increase/(decrease) in other long-term liabilities	19,166,667	(19,166,667)
Increase/(decrease) in other current liabilities	(18,076,520)	(25,059,061)
Decrease/(increase) in trade receivables	(8,136,286)	(15,178,967)
Decrease/(increase) in inventories	(49,251,257)	60,439,134
Decrease/(increase) in long-term loans and advances	(1,340,914)	913,094
Decrease/(increase) in short-term loans and advances	(16,825,455)	9,925,997
Cash generated from/(used in) operations	(489,071,055)	(522,439,151)
Direct taxes (paid)/received, net of refunds	(395,475)	3,830,810
Net cash flow from/(used in) operating activities (A)	(489,466,530)	(518,608,341)
Cash flows from investing activities		
Purchase of fixed assets/intangibles	(455,208,396)	(218,076,447)
Proceeds on assets sold/discarded	542,305	2,656,779
Purchase of current investments	(390,499,999)	(308,316,597)
Proceeds from sale/maturity of current investments	361,097,781	329,565,893
Investments in bank deposits (original maturity of more than 3 months)	-	(79,803,386)
Redemption of bank deposits (original maturity of more than 3 months)	79,803,385	98,631,622
Interest received	4,611,524	9,857,123
Net cash flow used in investing activities (B)	(399,653,400)	(165,485,013)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2015

	For the year ended March 31, 2015	For the year ended March 31, 2014
	Rs.	Rs.
Cash flows from financing activities		
Proceeds from issuance of share capital.....	399,600,118	729,270,049
Proceeds from long-term borrowings.....	52,118,417	35,000,000
Repayment of long-term borrowings.....	(125,000,000)	(62,500,000)
Proceeds from short-term borrowings.....	730,000,000	630,000,000
Repayment of short-term borrowings.....	(50,000,000)	(580,000,000)
Interest paid.....	(67,040,061)	(66,172,696)
Net cash flow from financing activities (C).....	939,678,474	685,597,353
Net increase/(decrease) in cash and cash equivalents (A + B + C).....	50,558,544	1,503,999
Cash and cash equivalents at the beginning of the year.....	5,972,156	4,468,157
Cash and cash equivalents at the end of the year.....	56,530,700	5,972,156
Components of cash and cash equivalents		
Cash on hand.....	23,998	21,588
Balance with banks -		
Current account.....	5,606,702	2,450,568
Deposit account.....	50,900,000	3,500,000
Total cash and cash equivalents.....	56,530,700	5,972,156

Summary of significant accounting policies

As per our report of even date

For S.R. BATLIBOI & ASSOCIATES LLP

Firm registration number: 101049W

Chartered Accountants

per Chandra Rampuria

Partner

Membership No.: 55729

Place: Bangalore

Date: April 29, 2015

For and on behalf of the Board of Directors of

Mahindra Reva Electric Vehicles Private Limited

Dr. Pawan Kumar Goenka
Chairman

V.S. Parthasarthy
Director

Pravin N. Shah
Director

Ajay Patel
Chief Financial Officer

Sandeep K. Maini
Director

Dr. Ashok Jhunjhunwala
Director

Ameya Paranjape
Company Secretary

Place: Mumbai

Date: April 29, 2015

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

1. Corporate information

Mahindra Reva Electric Vehicles Private Limited (formerly Reva Electric Car Company Private Limited) ('the Company' or 'REVA') is engaged in design, manufacture, assembly, testing, marketing and selling of electrically powered vehicles and licensing of technology. The marketing of the car is done through a network of dealers in India and abroad.

2. Basis of preparation

The financial statements of the Company have been prepared in accordance with the generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014. The financial statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

2.1 Summary of significant accounting policies

a. Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

b. Tangible fixed assets

Fixed assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

Gains or losses arising from de recognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

c. Depreciation on tangible fixed assets

Depreciation on fixed assets is calculated on a straight-line basis over the useful lives of assets estimated by the management. The Company has used the following rates to provide depreciation on its fixed assets.

Type of asset	Estimated Life (SLM)	Schedule II Estimated Life (SLM)
Plant and Equipment	15	15
Factory Building	30	30
Furniture & Fixtures	10	10
Computer Equipment	3	3
Vehicles	5	8
Batteries	8	Not defined
Tools and fixtures	8	Not defined
Office Equipment	5	5

Leasehold improvements at leased premises are depreciated over the unexpired lease period or 10 years useful life, whichever is less. Fixed assets individually having an original cost of Rs 5,000 or less are fully depreciated in the year of purchase.

d. Intangible assets

Technical Know-how

Technical know-how is amortised using the straight-line method over a period not exceeding five years from the date of purchase/licensing.

Development expenditure

Research costs are expensed as incurred. Development expenditure incurred on individual products is capitalised as an intangible asset, when its future recoverability can reasonably be regarded as assured. Intangibles representing capitalised product development costs are amortised, on a straight line basis over a period not exceeding five years from the date of commercial production, based on the estimation of future economic life of the product by the management.

Computer Software

The expenditure incurred is amortised, on a straight line basis over a period of four years.

e. Operating Leases

Leases of assets under which all the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Lease payments under operating leases are recognized as an expense on a straight-line basis over the lease term.

f. Borrowing costs

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

g. Impairment of tangible and intangible assets

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital. After impairment, depreciation is provided on the revised carrying amount of the assets over its remaining useful life.

h. Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

i. Inventories

Inventories are valued as follows:

Raw materials, components, stores and spares

Lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on a weighted average basis. Customs duty on materials in bonded warehouses is considered for valuation of inventories, as applicable.

Work-in-progress and finished goods

Lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and to make the sale. Obsolete or slow moving inventories are adequately provided for on a specific identification basis.

j. Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Sale of Products

Sale of cars, accessories and spares, are recognised on despatch of goods to customers and are shown net of trade discounts and returns, Sales Tax and Value Added Tax. Excise duty deducted from Sales (Gross) is the amount that is included in the amount of Sales (Gross) and not the entire amount of liability that arose during the year.

Income from services

Revenue relating to licensing of technology is recognized upon completion of performance obligations under the terms of agreement with the customer. Revenue relating to development of technology is recognized on the basis of proportionate completion method.

Revenues from maintenance contracts are recognized pro-rata over the period of the contract as and when services are rendered. The Company collects service tax on behalf of the government and, therefore, it is not an economic benefit flowing to the Company. Hence, it is excluded from revenue.

Interest

Revenue is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

k. Foreign currency translation

Foreign currency transactions and balances

(i) Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

(ii) Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

(iii) Exchange Differences

Exchange differences arising on the settlement of monetary items or on reporting Company's monetary items at rates different from those at which they were initially recorded during the year, or

reported in previous financial statements, are recognised as income or as expenses in the year in which they arise.

(iv) Forward exchange contracts not intended for trading or speculation purposes

The premium or discount arising at the inception of forward exchange contracts is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or as expense for the year.

l. Retirement and other employee benefits

Defined Contribution Plan (Provident fund)

Retirement benefit in the form of provident fund is a defined contribution scheme. The contributions to the provident fund are charged to the statement of profit and loss for the year when the contributions are due. The Company has no obligation, other than the contribution payable to the provident fund.

Defined Benefit Plan (Gratuity)

Gratuity liability is provided for based on the actuarial valuation on projected unit credit method made at end of each financial year. The gratuity plan is funded with insurance companies, in the form of qualifying insurance policies. Actuarial gains/losses are immediately taken to profit and loss account and are not deferred.

Leave Encashment

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date. The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred.

m. Income taxes

Tax expense comprises current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India. Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised on carry forward of unabsorbed depreciation and tax losses only if there is virtual certainty that such deferred tax assets can be realised against future taxable profits. Unrecognised deferred tax assets of earlier years are re-assessed and recognised to the extent that it has become reasonably certain that future taxable income will be available against which such deferred tax assets can be realised. As at March 31, 2015, the Company has carry forward loss and unabsorbed depreciation but no deferred tax assets have been recognised in absence of virtual certainty of profits in the near future.

n. Employee stock compensation cost

Measurement and disclosure of the employee share-based payment plans is done in accordance with the Guidance Note on Accounting for Employee Share-based Payments, issued by the Institute of Chartered Accountants of India. The Company measures compensation cost relating to employee stock options using the intrinsic value method. Compensation expense is amortized over the vesting period of the option on a straight line basis.

Compensation expense means the excess of the intrinsic value of the underlying shares as at the date of grant of the options over the exercise price of the options.

o. Segment reporting

The Company is engaged in design, manufacture, assembly, testing, marketing and selling of electrically powered vehicles and licensing of technology. The risks and returns of the Company are predominantly determined by its principal product i.e. battery operated electric cars and accordingly the Company operates in single business segment. The geographical segment information is disclosed based on the location of the customer. There are no fixed assets located outside India.

p. Earnings/(Loss) Per Share

Basic earnings/(loss) per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they were entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events of bonus issue; bonus element in a rights issue to existing shareholders; share split; and reverse share split (consolidation of shares).

For the purpose of calculating diluted earnings/(loss) per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares. Potential equity shares are anti-dilutive since their conversion to equity shares would decrease loss per share from continuing ordinary activities. Accordingly, the effects of anti-dilutive potential equity shares are ignored in calculating dilutive earnings per share.

q. Provisions

A provision is recognized when the Company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

r. Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

s. Cash and cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

3. During the year, the Company continued to incur substantial losses i.e. Rs. 940.83 million (2014 – Rs. 805.09 million) and has accumulated losses of Rs. 3,544.64 million (2014 – Rs. 2,602.90 million) as at March 31, 2015. However, owing to the continued support from the holding company and based on the future growth as per the business plans, the Company is confident of funding its operating and capital expenditure and continue business operations in the foreseeable future. Accordingly, these financial statements have been prepared on a going concern basis.

As at
**March 31,
2015**
Rs.

As at
March 31,
2014
Rs.

4. Share capital

Authorised:

135,482,650 (2014 - 135,482,650) Equity Shares of Rs. 10 each	1,354,826,500	1,354,826,500
1 (2014 - 1) Class A Preference Shares of Rs. 28 each	28	28

Issued, subscribed and fully paid-up

35,687,069 (2014 - 32,610,145) Equity Shares of Rs 10 each	356,870,690	326,101,450
---	--------------------	-------------

**Total issued, subscribed and fully
paid-up share capital**

	356,870,690	326,101,450
--	--------------------	--------------------

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

Equity shares	March 31, 2015		March 31, 2014	
	No.	Rs.	No.	Rs.
At the beginning of the period	32,610,145	326,101,450	26,994,760	269,947,600
Issued during the period	3,076,924	30,769,240	5,615,385	56,153,850
Outstanding at end of the period	35,687,069	356,870,690	32,610,145	326,101,450

b. Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c. Shares held by holding company

March 31, 2015 March 31, 2014
Rs. Rs.

Mahindra & Mahindra Limited 27,020,466 (2014: 23,943,542) equity shares of Rs. 10 each fully paid	270,204,660	239,435,420
---	--------------------	-------------

d. Details of shareholders holding more than 5% shares in the company

	March 31, 2015		March 31, 2014	
	No.	% holding in the class	No.	% holding in the class
Equity shares of Rs.10 each fully paid				
Mahindra & Mahindra Limited, holding company	27,020,466	75.72%	23,943,542	73.42%
Sudarshan Kumar Maini	3,893,335	10.91%	3,893,335	11.94%
AEV LLC	2,230,561	6.25%	2,230,561	6.84%
	33,144,362	93%	30,067,438	92%

e. Aggregate number of shares issued for consideration other than cash during the period of five years immediately preceding the reporting date:

The Company has not issued shares for consideration other than cash or under employee stock option plan in the current year or during the period of five years immediately preceding the reporting date.

f. Shares reserved for issue under options

For details of shares reserved for issue under the employee stock option plan of the Company, please refer note 29.

5. Reserves and surplus

	As at March 31, 2015 Rs.	As at March 31, 2014 Rs.
Securities premium account		
Balance, beginning of the year	3,155,425,195	2,482,308,996
Add: Received on issue of shares	368,830,878	673,116,199
Closing Balance	3,524,256,073	3,155,425,195
Employee Stock Option Outstanding		
Gross employee stock compensation for options granted	8,001,600	8,001,600
Less: Deferred employee stock compensation	2,346,417	7,831,905
Closing Balance	5,655,183	169,695
Surplus/(deficit) in the statement of profit and loss		
Balance as per last financial statements	(2,602,907,397)	(1,797,812,425)
Depreciation adjustment (Refer Note 30)	(907,853)	-
Loss for the year	(940,827,778)	(805,094,972)
Net deficit in the statement of profit and loss	(3,544,643,028)	(2,602,907,397)
Total	(14,731,772)	552,687,493

6. Long-term borrowings

	As at March 31, 2015 Rs.	As at March 31, 2014 Rs.
Rupee term loans		
<u>Secured</u>		
From Export-Import Bank of India	187,500,000	312,500,000
<u>Unsecured</u>		
From Council of Scientific and Industrial Research	153,470,502	97,020,000
	340,970,502	409,520,000

Notes:

Secured loans

EXIM Bank loan is secured by a first pari passu charge on the land and immovable properties and hypothecation of entire movable fixed assets, both present and future, repayable in 16 equal quarterly instalments commencing from January 1, 2014. Loan carries interest at 8.5% for first three years and 12% for next four years.

Unsecured loans

Loan from CSIR is for development of next generation electric car with interest at 3% p.a and repayable in 10 years from Oct 01, 2015 in equal annual instalments. Royalty upto Rs 50 lakhs is also payable over a period of 10 years from the sale of such car.

7. Other long-term liabilities

	As at March 31, 2015 Rs.	As at March 31, 2014 Rs.
Deferred interest	5,138,315	10,921,837
Interest accrued and not due	7,247,700	4,844,347
Deferred revenue	57,500,000	38,333,333
	69,886,015	54,099,517

8. Provisions

	Long-term		Short-term	
	As at March 31, 2015 Rs.	As at March 31, 2014 Rs.	As at March 31, 2015 Rs.	As at March 31, 2014 Rs.
Provision for employee benefits				
Provision for leave benefits	14,156,306	10,556,261	3,825,657	2,982,645
Provision for Gratuity benefits	-	-	6,756,993	3,011,985
	14,156,306	10,556,261	10,582,650	5,994,630
Other provisions				
Provision for warranties	3,064,279	1,280,774	3,064,279	1,280,774
Provision for litigations/contingencies	18,500,000	18,500,000	-	-
Provision for indirect tax disputes	29,232,636	24,292,825	-	-
	50,796,915	44,073,599	3,064,279	1,280,774
	64,953,221	54,629,860	13,646,929	7,275,404

Provision for warranties

Provision for warranty-related costs are recognized based on historical experience, when the product is sold or service provided.

The estimate of such warranty-related costs is revised annually.

	As at March 31, 2015 Rs.	As at March 31, 2014 Rs.
At the beginning of the year	2,561,548	3,018,840
Arising during the year	9,256,433	5,311,777
Utilized during the year	(5,689,423)	(5,769,069)
At the end of the year	6,128,558	2,561,548

9. Short-term borrowings

Unsecured

12.5% Inter Corporate Deposit (repayable on demand)	-	50,000,000
Rupee loan from banks*	730,000,000	-
	730,000,000	50,000,000

* Rupee loan from banks are repayable within a period of maximum one year from the date of loan and carries interest at 10.40% to 11.50% p.a.

10. Trade payables and Other current liabilities

	March 31, 2015 Rs.	March 31, 2014 Rs.		March 31, 2015 Rs.	March 31, 2014 Rs.
Trade payables	257,193,682	107,185,165			
(Refer note 41 for details of dues to micro and small enterprises)					
	<u>257,193,682</u>	<u>107,185,165</u>			
			Other current liabilities		
			Current maturities of long-term borrowings	142,052,278	135,780,000
			Interest accrued but not due on borrowings	2,591,900	3,309,990
			Interest free deposits from Dealers	-	2,477,700
			Deferred Interest	5,345,805	7,046,661
			Advance from customers	26,137,208	38,986,465
			Deferred revenue	88,701,862	158,486,038
			Other Payables	54,724,991	46,269,514
			Other liabilities (Statutory)	16,835,125	10,262,693
				<u>336,389,169</u>	<u>402,619,061</u>

11. Tangible assets

	Freehold Land	Factory Buildings	Computer Equipments	Plant and equipment	Tools and Fixtures	Office Equipments	Furniture and fixtures	Vehicles	Batteries	Leasehold improvements	Total
(Rs.)											
Cost or valuation											
At March 31, 2013	5,180,637	165,693,764	32,861,481	136,879,084	333,975,291	10,833,985	12,305,822	66,867,201	2,160,000	23,988,249	790,745,514
Additions	10,000,000	-	3,672,760	9,984,461	15,752,377	1,717,692	1,080,977	14,499,168	2,687,432	-	59,394,867
Disposals	-	-	(695,704)	-	-	-	(52,900)	(7,463,959)	-	(391,944)	(8,604,507)
At March 31, 2014	<u>15,180,637</u>	<u>165,693,764</u>	<u>35,838,537</u>	<u>146,863,545</u>	<u>349,727,668</u>	<u>12,551,677</u>	<u>13,333,899</u>	<u>73,902,410</u>	<u>4,847,432</u>	<u>23,596,305</u>	<u>841,535,874</u>
Additions	-	-	4,847,467	25,555,580	26,080,814	793,554	2,475,099	14,766,192	61,919,243	2,196,123	138,634,072
Disposals	-	-	(4,025,142)	-	-	-	-	(5,465,403)	-	(1,001,575)	(10,492,120)
At March 31, 2015	<u>15,180,637</u>	<u>165,693,764</u>	<u>36,660,862</u>	<u>172,419,125</u>	<u>375,808,482</u>	<u>13,345,231</u>	<u>15,808,998</u>	<u>83,203,199</u>	<u>66,766,675</u>	<u>24,790,853</u>	<u>969,677,826</u>
Depreciation											
At March 31, 2013	-	5,955,432	19,334,430	26,975,827	54,523,618	5,384,086	7,339,678	20,160,394	2,159,970	14,338,027	156,171,462
Charge for the year	-	5,538,307	5,598,480	7,913,683	36,987,535	1,782,737	738,863	11,014,989	34,210	2,485,893	72,094,697
Disposals	-	-	(343,359)	-	-	-	(52,899)	(3,925,335)	-	(391,943)	(4,713,536)
At March 31, 2014	-	<u>11,493,739</u>	<u>24,589,551</u>	<u>34,889,510</u>	<u>91,511,153</u>	<u>7,166,823</u>	<u>8,025,642</u>	<u>27,250,048</u>	<u>2,194,180</u>	<u>16,431,977</u>	<u>223,552,623</u>
Charge for the year	-	5,521,513	7,020,321	10,408,041	42,594,424	2,055,647	1,519,301	15,284,536	3,415,942	2,298,913	90,118,638
Adjustment (Refer Note 30)	-	-	907,853	-	-	-	-	-	-	-	907,853
Disposals	-	-	(4,010,555)	-	-	-	-	(3,176,914)	-	(1,001,575)	(8,189,044)
At March 31, 2015	-	<u>17,015,252</u>	<u>28,507,170</u>	<u>45,297,551</u>	<u>134,105,577</u>	<u>9,222,470</u>	<u>9,544,943</u>	<u>39,357,670</u>	<u>5,610,122</u>	<u>17,729,315</u>	<u>306,390,070</u>
Net Block											
At March 31, 2014	<u>15,180,637</u>	<u>154,200,025</u>	<u>11,248,986</u>	<u>111,974,035</u>	<u>258,216,515</u>	<u>5,384,854</u>	<u>5,308,257</u>	<u>46,652,362</u>	<u>2,653,252</u>	<u>7,164,328</u>	<u>617,983,251</u>
At March 31, 2015	<u>15,180,637</u>	<u>148,678,512</u>	<u>8,153,692</u>	<u>127,121,574</u>	<u>241,702,905</u>	<u>4,122,761</u>	<u>6,264,055</u>	<u>43,845,529</u>	<u>61,156,553</u>	<u>7,061,538</u>	<u>663,287,756</u>

- Vehicles and Batteries as on March 31, 2015 includes self generated assets aggregating to Rs. 71,351,834 (2014 - Rs. 68,331,233).
- Tools and Fixtures includes tools aggregating to Rs. 371,058,997 (2014 - Rs 346,625,355) lying with third party vendors.
- Batteries includes such assets given on operating lease: Gross block Rs 66,766,675 and Net Block Rs 61,156,553 (2014 - Gross block Rs 4,847,432 and Net Block Rs 2,653,252).

12. Intangible assets

	Product development expenditure	Technical know now	Computer software	(Rs.) Total
Gross block				
At March 31, 2013	865,985,564	312,454,338	32,616,060	1,211,055,962
Additions	–	–	6,550,246	6,550,246
At March 31, 2014	865,985,564	312,454,338	39,166,306	1,217,606,208
Additions	10,582,487	–	5,746,175	16,328,662
Disposals	–	–	(1,718,217)	(1,718,217)
At March 31, 2015	876,568,051	312,454,338	43,194,264	1,232,216,653
Amortisation				
At March 31, 2013	195,173,572	116,968,227	24,705,560	336,847,359
Charge for the year	143,812,681	93,833,333	4,876,441	242,522,455
At March 31, 2014	338,986,253	210,801,560	29,582,001	579,369,814
Deletion				
Charge for the year	139,864,659	93,833,333	5,066,283	238,764,275
Disposals	–	–	(1,693,737)	(1,693,737)
At March 31, 2015	478,850,912	304,634,893	32,954,547	816,440,352
Net block				
At March 31, 2014	526,999,311	101,652,778	9,584,305	638,236,394
At March 31, 2015	397,717,139	7,819,445	10,239,717	415,776,301

13. Loans and advances

	Non-current		Current	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
	Rs.	Rs.	Rs.	Rs.
(A) Unsecured, Considered Good				
Capital advances	122,909,953	34,450,349	–	–
Security deposits	1,026,156	1,053,026	–	–
Loan and advances to related parties	–	–	–	2,394,570
Advances recoverable in cash or kind	–	–	16,925,334	26,903,783
Other loans and advances				
Advance income-tax (net of provision for taxation)	46,201,946	45,806,471	–	–
Prepaid expenses	–	–	5,297,434	8,269,378

	Non-current		Current	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
	Rs.	Rs.	Rs.	Rs.
Loans to employees	–	–	2,325,436	1,528,778
Balances with statutory/ government authorities	–	–	100,600,725	69,226,965
	170,138,055	81,309,846	125,148,929	108,323,474
(B) Unsecured, Considered Doubtful				
Security deposits	843,993	817,593	–	–
Advances recoverable in cash or kind	6,715,099	5,373,715	–	–
Balances with statutory/ government authorities	48,001,052	48,001,052	–	–
Provision for doubtful balances	(55,560,144)	(54,192,360)	–	–
	–	–	–	–
Total (A+B)	170,138,055	81,309,846	125,148,929	108,323,474

14. Trade receivables

	Non-current		Current	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
	Rs.	Rs.	Rs.	Rs.
Unsecured, considered good unless stated otherwise				
Outstanding for a period exceeding six months from the date they are due for payment	–	–	4,286,444	532,724
Unsecured, considered good	–	–	4,286,444	532,724
Doubtful	3,974,877	4,184,117	–	–
	3,974,877	4,184,117	4,286,444	532,724
Provision for doubtful receivables	(3,974,877)	(4,184,117)	–	–
(A)	–	–	4,286,444	532,724
Other receivables				
Unsecured, considered good (B)	–	–	32,340,837	27,749,031
Total (A + B)	–	–	36,627,281	28,281,755

15. Current investments

	As at March 31, 2015 Rs.	As at March 31, 2014 Rs.		As at March 31, 2015 Rs.	As at March 31, 2014 Rs.
Current investments (valued at lower of cost and fair value, unless stated otherwise)					
Unquoted mutual funds					
1,625 units (2014 - Nil units) of Tata Money Market Fund Plan A - Growth Market Value Rs 3,574,827 (2014 - Nil)	3,516,369	-			
9500 units (2014 - 9,500 units) of ICICI Prudential Flexible Income - Growth* Market Value Rs 2,499,456 (2014 - Rs 2,286,456)	1,752,845	1,752,845			
7,787 units (2014 - Nil units) of ICICI Money Market Fund - Cash - Growth Market Value Rs 1,504,869 (2014 - Nil)	1,500,000	-			
600 units (2014 - Nil units) of IDFC Cash Fund - Growth Market Value Rs 1,019,261 (2014 - Nil)	1,006,164	-			
16,911 (2014 - Nil units) units of Taurus Liquid Fund - Growth Market Value Rs 25,576,729 (2014 - Nil)	25,563,850	-			
	<u>33,339,228</u>	<u>1,752,845</u>			
Aggregate market value of unquoted investments	34,175,142	2,286,456			

*Pledged with CITI Bank N.A. for availing cash credit facility.

16. Inventories (valued at lower of cost and net realizable value)

	As at March 31, 2015 Rs.	As at March 31, 2014 Rs.
Raw materials and components [Includes in transit Rs 22,080,957 (2014 -Rs 6,956,648)]	180,427,927	141,248,798
Work-in-progress (Electric cars)	-	3,716,256
Finished goods (Electric cars)	24,437,318	10,648,934
	<u>204,865,245</u>	<u>155,613,988</u>
Details of inventory		
Raw materials and components		
Battery	16,561,371	31,702,796
Others	163,866,556	109,546,002
	<u>180,427,927</u>	<u>141,248,798</u>

17. Cash and bank balances

	As at March 31, 2015 Rs.	As at March 31, 2014 Rs.
Cash and cash equivalents		
Balances with banks:		
On current accounts	5,606,702	2,450,568

Deposits with original maturity for less than three months	50,900,000	3,500,000
Cash on hand	23,998	21,588
	<u>56,530,700</u>	<u>5,972,156</u>

Other bank balances

Deposits with original maturity for more than 3 months but less than 12 months	-	38,613,293
Deposits with original maturity for more than 12 months	-	41,190,092
	<u>-</u>	<u>79,803,385</u>
	<u>56,530,700</u>	<u>85,775,541</u>

18. Other Current Assets

	As at March 31, 2015 Rs.	As at March 31, 2014 Rs.
Interest accrued on deposits	250,004	1,494,011
	<u>250,004</u>	<u>1,494,011</u>

19. Revenue from operations

	For the year ended March 31, 2015 Rs.	For the year ended March 31, 2014 Rs.
Sale of products		
Finished goods (Cars, Accessories and Spares)	339,836,758	304,862,946
Less: Excise duty	(32,811,156)	(23,294,990)
	<u>307,025,602</u>	<u>281,567,956</u>
After sales service	2,354,801	4,081,460
Development & Engineering Service income	66,837,106	64,858,449
Lease Income	6,436,160	1,348,850
Scrap Sale	961,884	958,489
Revenue from operations (net)	<u>383,615,553</u>	<u>352,815,204</u>

20. Other income

	For the year ended March 31, 2015 Rs.	For the year ended March 31, 2014 Rs.
Interest income on		
Bank deposits	3,367,517	8,677,192
Others	47,116	366,464
Net gain on sale of current investments	2,184,165	3,852,919
Net foreign exchange gain	-	827,952
Provisions no longer required written back	7,422,163	2,655,692
Miscellaneous income	923,981	348,491
	<u>13,944,942</u>	<u>16,728,710</u>

21. Cost of raw material and components consumed

	For the year ended March 31, 2015	For the year ended March 31, 2014
	Rs.	Rs.
Inventory at the beginning of the year	141,248,798	195,464,113
Add: Purchases	393,907,065	228,232,415
	<u>535,155,863</u>	<u>423,696,528</u>
Less: Inventory at the end of the year	180,427,927	141,248,798
Less: Issued for product development	22,992,467	13,541,238
Cost of raw material and components consumed	<u>331,735,469</u>	<u>268,906,492</u>

Details of raw material and components consumed (includes capitalised)

Battery	106,404,930	69,455,794
Others	248,323,006	212,991,936
	<u>354,727,936</u>	<u>282,447,730</u>

Imported and indigenous raw materials, components and spare parts consumed

	31-Mar-2015		31-Mar-2014	
	% of total consumption	Value * (Rs.)	% of total consumption	Value * (Rs.)
Imported	51%	179,187,388	48%	136,193,454
Indigenously obtained	49%	175,540,548	52%	146,254,277
	<u>100%</u>	<u>354,727,936</u>	<u>100%</u>	<u>282,447,731</u>

* Includes prototype development expenditure of Rs. 18,281,671 (2014 - Rs. 13,541,238)

22. (Increase)/decrease in inventories

	For the year ended March 31, 2015	For the year ended March 31, 2014
	Rs.	Rs.
Inventories at the end of the year		
Work-in-progress	-	3,716,256
Finished goods	24,437,318	10,648,934
	<u>24,437,318</u>	<u>14,365,190</u>
Inventories at the beginning of the year		
Work-in-progress	3,716,256	-
Finished goods	10,648,934	20,589,009
	<u>14,365,190</u>	<u>20,589,009</u>
(Increase)/decrease in inventories	<u>(10,072,128)</u>	6,223,819

23. Employee benefit expense

	For the year ended March 31, 2015	For the year ended March 31, 2014
	Rs.	Rs.
Salaries, wages and bonus	249,537,097	222,105,887
Contribution to provident and other fund	25,326,979	21,024,575
Stock Option cost	5,485,488	169,695
Staff welfare expenses	11,734,801	10,914,145
	<u>292,084,365</u>	<u>254,214,302</u>

24. Other expenses

	For the year ended March 31, 2015	For the year ended March 31, 2014
	Rs.	Rs.
Power and fuel	8,898,671	7,744,232
Freight and forwarding charges	5,297,836	5,084,758
Rent	14,677,765	12,369,892
Rates and taxes	2,946,268	3,367,273
Insurance	2,141,481	1,780,501
Repairs and maintenance		
Plant and machinery	9,325,400	4,982,209
Buildings	842,872	642,806
Others	5,904,342	2,676,302
Sub-contracting expenses	20,085,650	18,170,081
Excise duty on finished goods inventory	1,720,957	830,675
Advertising and sales promotion [Includes discount given to customers Rs. 14,035,497 (2014 - Rs. 3,627,170)]	98,819,480	105,134,610
Research and Development Expenses	5,650,201	4,502,802
Travelling and conveyance	29,262,204	29,051,160
Communication costs	3,892,363	3,561,317
Legal and professional fees	65,782,709	40,530,123
Payment to auditor (Refer details below)	1,556,584	1,400,472
Provision for warranties (net of reversals)	9,256,433	5,311,777
Settlement/Provision for claims	10,604,363	-
Provision for doubtful debts and advances	1,158,544	431,426
Exchange differences (net)	4,771,034	-
Loss on assets sold/discarded (net)	1,785,251	1,234,195
Security Charges	4,156,129	4,367,291
Recruitment Expenses	6,220,773	2,758,564
Miscellaneous Expenses	15,072,956	7,621,511
	<u>329,830,266</u>	<u>263,553,977</u>

	For the year ended March 31, 2015	For the year ended March 31, 2014
	Rs.	Rs.

Payment to auditor (Excluding Service Tax)

As auditor:		
Audit fee	1,250,000	1,250,000
Other services	150,000	75,000
Reimbursement of expenses	156,584	75,472
	<u>1,556,584</u>	<u>1,400,472</u>

25. Depreciation and amortisation expense

	For the year ended March 31, 2015	For the year ended March 31, 2014
	Rs.	Rs.
Depreciation of tangible assets	90,118,639	72,094,697
Amortisation of intangible assets	238,764,275	242,522,455
	<u>328,882,914</u>	<u>314,617,152</u>

26. Finance costs

	For the year ended March 31, 2015	For the year ended March 31, 2014
	Rs.	Rs.
Interest on borrowings	60,188,732	66,040,682
Interest on indirect tax disputes	5,245,667	692,046
Bank charges	492,988	390,416
	<u>65,927,387</u>	<u>67,123,144</u>

27. Earnings per share (EPS)

	For the year ended March 31, 2015	For the year ended March 31, 2014
	Rs.	Rs.
Loss and share data used in basic and diluted EPS computations:		
Net loss for calculation of basic and diluted EPS	940,827,778	805,094,972
Weighted average number of equity shares in calculating basic and diluted EPS (No.)	<u>35,059,039</u>	<u>27,487,068</u>

28. Gratuity and other post-employment benefit plans

The Company operates one defined plan, viz., gratuity, for its employees. Under the gratuity plan, every employee who has completed atleast five years of service gets a gratuity on departure at 15 days of last drawn salary for each completed year of service. The scheme is funded with an insurance company in the form of qualifying insurance policy.

The following tables summarize the components of net benefit expense recognized in the statement of profit and loss and the funded status and amounts recognized in the balance sheet for the respective plans.

Statement of profit and loss

Net employee benefit expense recognized in the employee cost

	Gratuity	
	March 31, 2015	March 31, 2014
	Rs.	Rs.
Current service cost	6,082,995	4,112,036
Interest cost on benefit obligation	1,682,084	1,193,417
Expected return on plan assets	(1,600,351)	(1,183,848)
Net actuarial(gain)/loss recognized in the year	980,280	1,319,333
Net benefit expense	<u>7,145,008</u>	<u>5,440,938</u>
Actual return on plan assets	<u>2,832,267</u>	<u>740,589</u>

Balance sheet

Benefit asset/liability		
Present value of defined benefit obligation	28,113,261	18,550,674
Fair value of plan assets	(21,356,268)	(15,538,689)
Plan asset/(liability)	<u>(6,756,993)</u>	<u>(3,011,985)</u>

Changes in the present value of the defined benefit obligation are as follows:

Opening defined benefit obligation	18,550,674	13,659,570
Current service cost	6,082,995	4,112,036
Interest cost	1,682,084	1,193,417
Benefits paid	(414,688)	(1,290,422)
Actuarial (gains)/losses on obligation	2,212,196	876,073
Closing defined benefit obligation	<u>28,113,261</u>	<u>18,550,674</u>

Gratuity

	March 31, 2015	March 31, 2014
	Rs.	Rs.

Changes in the fair value of plan assets are as follows:

Opening fair value of plan assets	15,538,689	14,798,100
Expected return	1,600,351	1,183,848
Contributions by employer	3,400,000	1,290,422
Benefits paid	(414,688)	(1,290,422)
Actuarial gains/(losses)	1,231,916	(443,259)
Closing fair value of plan assets	<u>21,356,268</u>	<u>15,538,689</u>

The Company expects to contribute Rs. 7,000,000 to gratuity in the next year. The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

Investments with insurer	<u>100%</u>	<u>100%</u>
--------------------------	-------------	-------------

The principal assumptions used in determining gratuity for the company's plan are shown below:

	March 31, 2015	March 31, 2014
Discount rate	7.85%	9.17%
Expected rate of return on assets	8%	8%
Employee turnover	<u>12%</u>	<u>10%</u>

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market. The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

Amount for the current and previous four periods are as follows:

	2015	2014	2013	2012	2011
	Rs.	Rs.	Rs.	Rs.	Rs.
Gratuity					
Defined benefit obligation	28,113,261	18,550,674	13,659,570	9,933,270	7,871,854
Plan assets	21,356,268	15,538,689	14,798,100	10,534,806	7,087,786
Surplus/(deficit)	(6,756,993)	(3,011,985)	1,138,530	601,536	(784,068)
Experience adjustments on plan liabilities	2,212,196	876,073	(501,352)	(150,305)	(719,086)
Experience adjustments on plan assets	1,231,916	(443,259)	258,510	(240,003)	(214,516)

29. Employee stock option plans

The Company has share-based schemes for its employees and directors. The Company follows intrinsic method of accounting for stock compensation cost pursuant to the Guidance Note on "Accounting for Employee Share-based Payments" issued by the Institute of Chartered Accountants of India.

The details of the plans and options are given below :

Particulars	Reva ESOP 2008	Reva ESOP 2008 – II September 2008	Reva ESOS 2012 September 2013	Reva ESOS 2013 September 2013	Reva ESOS 2014 September 2014
Date of scheme	June 2008	September 2008	September 2013	September 2013	September 2014
Number of options allocated for grant	750,000	250,000	66,680	126,286	376,519
Number of options granted	6,900	233,437	66,680	126,286	376,519
Method of settlement (Cash/Equity)	Equity	Equity	Equity	Equity	Equity
Vesting period	4 years	3 years 6 months	1 to 7 years	1 to 7 years	1 year

The details of activity under Reva ESOP 2008, 2008 II, 2012, 2013 and 2014 have been summarized below:

	31-Mar-2015				
	Reva ESOP 2008	Reva ESOP 2008 – II	Reva ESOP 2012	Reva ESOP 2013	Reva ESOP 2014
Outstanding at the beginning of the year	13,800	233,437	66,680	126,286	–
Granted during the year	–	–	–	–	376,519
Forfeited during the year	6,900	–	–	–	–
Outstanding at the end of the year	6,900	233,437	66,680	126,286	376,519
Exercisable at the end of the year	6,900	233,437	66,680	126,286	–
Weighted average of remaining contractual life (in years)	–	–	6.00	6.00	5.02

	31-Mar-2014			
	Reva ESOP 2008	Reva ESOP 2008 – II	Reva ESOP 2012	Reva ESOP 2013
Outstanding at the beginning of the year	34,510	233,437	–	–
Granted during the year	–	–	66,680	126,286
Forfeited during the year	20,710	–	–	–
Outstanding at the end of the year	13,800	233,437	66,680	126,286
Exercisable at the end of the year	13,800	233,437	66,680	126,286
Weighted average of remaining contractual life (in years)	0.11	–	7.00	7.00

The weighted average exercise price of all the options is Rs 127.50 (2014 - Rs 125.63) and weighted average fair value of options granted on the date of the grant is Rs 52.35 (2014 - Rs 58.25). The fair value of the option at date of grant had been arrived using Black- Scholes Pricing Model, by applying exercise price on the date of grant, average interest rate of 7.5% and expected life of the options of 4 to 7 years.

30. Pursuant to the requirement of the Companies Act, 2013, the useful life of tangible fixed assets have been revised as of 1st April 2014. Accordingly, the depreciation for the year is higher by Rs 6,636,982. Further based on transitional provision of schedule II of the Companies Act, 2013 an amount of Rs 907,853 has been adjusted with the retained earnings.

31. Leases

Finance lease: Company as lessee

The Company has not entered into any finance lease arrangement.

Operating lease: Company as lessee

The Company has taken office and other facilities under cancellable and non-cancellable operating leases with lock in periods, which are renewable on a periodic basis and are cancellable, at the option of both the lessee and the lessor. The future rental commitments for non-cancellable period (including notice period) are as follows:

	March 31, 2015 Rs.	March 31, 2014 Rs.
Lease payments for the year*	17,584,056	15,864,976
Minimum lease payments		
Not later than one year	14,395,798	13,717,760
Later than one year but not later than five years	–	6,945,750
More than five years	–	–
	14,395,798	20,663,510

* Includes amount capitalised - Rs 2,906,291 (2014 - Rs 3,495,084).

Operating lease commitments - Company as lessor

The Company has leased out power pack batteries on operating lease for a period of 5 years and such assets are to be returned to the Company at the end of lease term. There are no uncollectible minimum lease receivables at the balance sheet date.

Future minimum rentals receivable under non-cancellable operating leases are as follows:

	March 31, 2015 Rs.	March 31, 2014 Rs.
Within one year	14,148,012	675,834
After one year but not more than five years	50,375,731	2,556,104
More than five years	–	–
	64,523,743	3,231,938

32. Product development expenditure

- a) Expenses incurred during the year *

	March 31, 2015 Rs.	March 31, 2014 Rs.
Raw Material and Components	22,992,467	13,541,238
Salaries and Wages	142,208,743	102,292,033
Professional Charges	18,961,010	42,391,856
Rent	2,906,291	3,495,084
Testing Charges	10,709,786	4,209,300
Subcontracting charges	3,101,379	403,037
Interest expenses	2,753,070	–
	203,632,746	166,332,548

* Expenses disclosed under the respective notes are net of above amounts.

- b) Movement of Intangible assets under development during the year

	March 31, 2015 Rs.	March 31, 2014 Rs.
At the beginning of the year	234,258,091	67,925,563
Incurred during the year	203,632,746	166,332,548
Capitalised during the year*	(10,932,434)	–
Reversed during the year	–	–
At the end of the year	426,958,403	234,258,111

* Includes tools capitalised Rs 349,820.

33. Segment information

The Company currently operates in a single Business segment i.e. battery operated electric cars and development of technology thereof. The Geographical segment information is disclosed based on the location of customers. The operations of the Company comprise export sales to Europe and other foreign countries. The management views the Indian market and export market as distinct geographical segments.

Year ended	(Rs.)			
	India	Europe	Others	Total
31 March 2015				
Revenue				
Sales to external customers	342,019,659	9,121,688	32,474,206	383,615,553
Other segment information				
Segment assets	2,108,995,653	22,089,667	24,093,116	2,155,178,436
31 March 2014				
Revenue				
Sales to external customers	325,625,481	1,117,034	26,072,689	352,815,204
Other segment information				
Segment assets	1,936,961,270	1,623,019	25,533,661	1,964,117,950

34. Related party disclosures

Names of related parties and related party relationship

Related parties where control exists

Holding company Mahindra & Mahindra Limited

Related parties with whom transactions have taken place during the year

Fellow subsidiaries
 Mahindra Automobile Distributor Private Limited
 Mahindra Vehicles Manufacturers Limited
 Mahindra Integrated Business Solutions Limited (erstwhile Mahindra BPO Services Private Limited)
 Mahindra Logistics Limited
 NBS International Limited
 Lords Freight India Pvt Ltd
 Mahindra Racing UK Ltd

Associate companies

Tech Mahindra Limited (erstwhile Mahindra Engineering Services Limited)
 Mahindra CIE Automotive Limited (erstwhile Mahindra Composites Limited)

Key management personnel

Mr. Chetan Maini (CEO)
 Mr. Sandeep K Maini (Director from January 20,2014)
 Mr. Gautam Maini (Director from January 20,2014)

Relatives of key management personnel

Mrs. Reva Maini
 Mr. Sudarshan.K. Maini

Enterprises owned or significantly influenced by key management personnel or their relatives

Bangalore Transport Finance Corporation
 Maini Sadan
 Maini Materials Movement Private Limited
 Maini Precision Products Private Limited
 Maini Plastics and Composites Pvt Ltd
 Maini Industries

34. Related party disclosures (Contd)

Particulars	Mahindra Vehicle Manufacturers Ltd		Mahindra Racing UK LTD	NBS International	Mahindra Automobile Distributor Pvt Ltd		Mahindra Swaraj Engines Ltd	Maini Plastics & Composites Pvt Ltd	Maini Materials Movement Pvt Ltd.	Maini Precision Products Pvt Ltd.	Maini Sadan	Chetan Maini	Others	Total
	Mahindra & Mahindra Ltd	Manufacturers Ltd			Forgings Ltd	Forgings Ltd								
Sale of goods and services	3,168,553 (3,387,183)	- (1,208,366)		9,367,309 (5,755,001)				4,630,044 (559,642)	637,507 (805,450)	4,741,277 (3,265,861)			8,666 (2,234,082)	22,553,356 (17,215,585)
Technology license fee														-
Development Fee	57,322,248 (64,858,449)		8,238,858 (-)						1,276,000 (-)					66,837,106 (64,858,449)
Purchase of goods and services	17,697,243 (27,229,345)	823,102 (309,434)				- (184,600)		36,535,700 (47,639,272)	16,215,264 (11,220,712)	8,820,231 (8,085,420)			23,543,466 (15,417,683)	103,635,006 (110,086,466)
Purchase of fixed assets	839,879 (-)							615,984 (3,600,000)		825,846 (-)			- (705,325)	2,281,709 (4,305,325)
Loans taken														-
Loans repaid														50,000,000 (400,000,000)
Interest paid														136,986 (11,363,150)
Rent paid	374,821 (-)								13,560,750 (12,915,000)	204,115 (204,115)	1,418,904 (1,268,100)			15,558,590 (14,387,215)
Reimbursement of expenses by Company	10,040,297 (16,371,337)			823,164 (-)						580,065 (703,980)	557,905 (400,697)			12,001,431 (17,476,014)
Crosscharge of expenses to others	36,639 (304,178)		3,170,150 (-)											3,206,789 (304,178)
Advances received	20,248,033 (28,028,443)													20,248,033 (28,028,443)
Advances Paid													9,176,000 (2,642,000)	9,176,000 (2,642,000)
Deferred Revenue	146,201,863 (196,819,371)													146,201,863 (196,819,371)
Amount receivables	1,875,398 (1,479,771)		11,409,008 (-)										- (723,800)	13,284,406 (3,903,458)
Amount payable	15,647,667 (12,736,003)			304,037 (349,986)		- (50,000,000)		6,373,190 (6,692,027)	8,061,567 (3,027,975)	2,014,153 (1,072,334)			10,185,138 (160,959)	42,585,752 (74,039,285)
Allotment of equity shares (including premium)	400,000,120 (730,000,050)													400,000,120 (730,000,050)
Remuneration to key management personnel													26,008,088 (23,663,672)	26,008,088 (23,663,672)

Note:
 Figures in brackets represent amounts for previous year ended March 31, 2014.

35. Capital and other commitments

	March 31, 2015 Rs.	March 31, 2014 Rs.
a) Estimated amount of contracts remaining to be executed on capital account and not provided for	98,486,489	104,208,795
b) For commitments relating to lease arrangements, please refer note 30		

36. Contingent liabilities not provided for*

	March 31, 2015 Rs.	March 31, 2014 Rs.
Central Excise/Service tax matters under dispute	42,524,949	41,902,102
Claims against the company not acknowledged as debts	6,003,190	-

One of the overseas dealers had claimed damages/ compensation for termination of dealership without adequate notice by the Company. Pending settlement of the claim through legal process/negotiations, based on consultation with the legal advisors, the Company had provided for Rs. 18.5 million towards such claims under litigation.

* The Company is contesting the demands and the management believes that its position will likely be upheld in the various appellate authorities/ courts and the ultimate outcome will not have a material adverse effect on the Company's financial position and results of operations.

37. Foreign currency exposures

The Company has significant receivable/(payable) in foreign currency as at March 31, 2015 which has not been hedged. The details of unhedged balances are as below:

	Amount (Rs)	Equivalent Foreign Currency		
		EURO	USD	GBP
Sundry Creditors				
2015	(20,916,371)	(7,457)	(324,248)	-
2014	(1,348,613)	(4,635)	(15,858)	-
Sundry Debtors, Gross				
2015	11,878,374	830	12,874	124,525
2014	844,372	830	12,874	-
Dealer Deposits				
2015	-	-	-	-
2014	(2,477,700)	(30,000)	-	-
Advance from customers				
2015	(177,615)	(2,579)	(76)	-
2014	(231,482)	(2,803)	-	-
Advance to Suppliers				
2015	34,304,409	142,969	440,540	2,983
2014	26,312,308	19,055	410,432	2,983

38. Value of imports calculated on CIF basis

	March 31, 2015 Rs.	March 31, 2014 Rs.
Raw materials and components	184,595,184	72,398,843
Capital goods	4,787,554	4,366,746
	<u>189,382,738</u>	<u>76,765,589</u>

39. Expenditure in foreign currency (accrual basis)

	March 31, 2015 Rs.	March 31, 2014 Rs.
Royalty	188,400	145,481
Travelling and conveyance	2,847,523	2,346,909
Marketing Expenses	6,688,129	9,907,536
Legal and professional fees	9,788,601	16,584,010
Warranty/Liquidated damages	-	333,811
Others	5,056,398	3,807,985
	<u>24,569,051</u>	<u>33,125,732</u>

40. Earnings in foreign currency (accrual basis)

	March 31, 2015 Rs.	March 31, 2014 Rs.
Exports at F.O.B. Value	10,194,017	8,114,448
Others (Freight, Insurance, Packing, Service Income, Dealer settlements)	13,603,916	1,088,724
	<u>23,797,933</u>	<u>9,203,172</u>

41. Details of dues to micro and small enterprises as defined under the MSMED Act, 2006

The Company has amounts due to Micro and Small Enterprises under The Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) as at March 31, 2015

i) The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
Principal amount	4,376,219	678,885
Interest	115,914	91,762
ii) The amount of interest paid by the Company along with the amounts of payment to the supplier beyond the appointed day for the year ending March 31, 2015		
Principal amount	-	-
Interest	-	-
iii) The amount of interest due and payable for the period of delay in making payment (beyond the appointed day during the year)	24,152	-
iv) The amount of interest accrued and remaining unpaid for the year ending March 31, 2015	24,152	4,200
v) The amount of further interest remaining due and payable for the earlier years.	91,762	87,562

42. Previous year figures

Previous year's figures have been regrouped where necessary to conform to this year's classification.

For and on behalf of the Board of Directors of

For S.R. BATLIBOI & ASSOCIATES LLP

Firm registration number: 101049W

Chartered Accountants

per Chandra Rampuria

Partner

Membership No.: 55729

Place: Bangalore

Date: April 29, 2015

Mahindra Reva Electric Vehicles Private Limited

Dr. Pawan Kumar Goenka
Chairman

V.S. Parthasarthy
Director

Pravin N. Shah
Director

Ajay Patel
Chief Financial Officer

Sandeep K. Maini
Director

Dr. Ashok Jhunjunwala
Director

Ameya Paranjape
Company Secretary

Place: Mumbai

Date: April 29, 2015

DIRECTORS' REPORT

1. Company Overview

Located in Pyeongtaek near Seoul, South Korea, SYMC is a manufacturer of vehicles and automotive parts with a line-up of models below.

- a) SUVs – Rexton, Kyron, Actyon, Korando C and Tivoli;
- b) Pick up – Korando Sports (Sports Utility Truck; SUT);
- c) MPV – Korando Turismo; and
- d) Luxury sedans – Chairman

The Company also manufactures gasoline and diesel engines at its Changwon plant. The Company has over 170 domestic dealers, and exports through distributors to more than 100 countries.

The Company has 2 subsidiaries, namely, Ssangyong Motor (Shanghai) Company Limited in China, and Ssangyong European Parts Center B.V. in the Netherlands.

2. Operation Overview

SYMC's total sales revenue of 2014 decreased by 4.6% to KRW 3,314.9 bn (INR 190.6 bn) and total sales in 2014 slightly decreased by 3.2% to 141,047 units.

The domestic sales in 2014 increased by 7.9% to 69,036 units compared to that in 2013. SYMC has seen sales increase in the domestic market for 5 consecutive years. Also, SYMC recorded the highest domestic sales volume since 2005. However, exports in 2014 decreased by 11.8% to 72,011 (including CKD) mainly due to volume decrease in the major export markets such as Russia.

3. Profit and Loss

In spite of proactive cost reduction activities and sales expansion of profitable cars, company's net loss increased from KRW 3.8bn (INR 0.2bn) in 2013 to KRW 50.6bn (INR 2.9bn) in 2014. Also, company's operating loss increased from KRW 10.6bn (INR 0.6bn) in 2013 to KRW 77.8bn (INR 4.5bn) in 2014. This was mainly due to the expanded application of ordinary wage and the volume decrease in the major export markets including Russia.

4. Financial Status

Total asset decreased by KRW 150 bn (INR 8.6 bn) to KRW 1,973.8 bn (INR 113.5 bn) at the end of 2014, from KRW 2,123.8 bn (INR 124.8 bn) at the end of the preceding fiscal year. Total liabilities decreased by KRW 43 bn (INR 2.5 bn) to KRW 1,190.7 bn (INR 68.5 bn) at the end of 2014 from KRW 1,233.8 bn (INR 72.5 bn) at the end of the preceding fiscal year. Total capital decreased by KRW 106.9 bn (INR 6.1 bn) to KRW 783.1 bn (INR 45.0 bn) at the end of 2014 from KRW 890bn (INR 52.3 bn) at the end of the preceding fiscal year, and debt ratio (total liabilities to total capital) increased to 152.1% from 138.6% at the end of the preceding fiscal year.

The decrease in assets is primarily due to the decrease in cash and cash equivalents by KRW 210 bn (INR 12.1 bn) resulting from operating loss, increased working capital, capital expenditure and loan repayment. The main cause for

the decrease in liabilities is the repayment of corporate bond KRW 95.4 bn (INR 5.5 bn) which was issued at the time of Mahindra's acquisition of SYMC in 2011.

Share capital at the end of 2014 is KRW 686.1 bn (INR 40.3 bn). There has not been a change after the issuance of 14,545,455 shares through a third party allotment, total value of KRW 80bn (INR 4.7 bn) (Including premium of KRW 7.3bn (INR 0.4bn) on stock issued in 2013.

5. Future Business Plan

SYMC's 2015 business plan is to target 156,000 units of global sales volume.

SYMC plans to expand global sales by proactively responding to the growth in SUV sectors both in the domestic and the export markets. By launching one new model every year and improving cost structure and profitability, SYMC plans to strengthen the company's financial condition.

SYMC will launch various line up including 'Tivoli' gasoline, diesel and long-body models. The gasoline model was launched in January, 2015 and during the 1st quarter, 8037 units were sold achieving a market share of 55.4% in the domestic SUV B-segment.

In particular, SYMC plans to make best efforts to make 'Tivoli' the main driving engine for the company towards its aim to be known as a global SUV expert.

6. Corporate Governance

1) Board of Directors (as of Mar. 31st, 2015)

i. Composition of BOD and other board committee

Name	BOD	Status	Other Board Committee
Pawan Kumar Goenka	Chairman (Director)	Non-standing	Chairman of Management Committee Member of Outside Director Candidate Recommendation Committee
Johng-Sik Choi	Director (CEO)	Standing	Member of Management Committee
Rajeev Dubey	Director	Non-standing	–
Yoon-Suk Suh	Outside Director	Non-standing	Chairman of Audit Committee Chairman of Outside Director Candidate Recommendation Committee
Ki-Hwan Kim	Outside Director	Non-standing	Member of Audit Committee
Dominic DiMarco	Outside Director	Non-standing	Member of Audit Committee Member of Outside Director Candidate Recommendation Committee
Dae-Ryun Chang	Outside Director	Non-standing	Member of Audit Committee

At the 53rd Annual Shareholders Meeting held on March 24, 2015, CEO Yoo-Il, Lee retired upon the completion of his term of office, and Mr. Johng-sik Choi was appointed as new director (CEO).

2) Annual Shareholders' Meetings

- i. Date, Time and Location of the last three ASMs held.

	2015	2014	2013
Date & time	Mar 24, 2015 09:30 am	Mar 26, 2014 09:30 am	March 27, 2013 09:30 am
Special resolutions	Revision of the Articles of Incorporation	–	Revision of the Articles of Incorporation
Location	455-12, Dongsak-ro, Pyeongtaek-si, Gyeonggi-do, Seminar room of Mirae-dong dormitory		

3) Disclosure

- i. Details of non-compliance by the company and penalties imposed by administrative agencies during the last three years.
- Date: September, 2014
 - Details: Administrative penalties – KRW 1 bn (INR 58 mn)

		Dec	Nov	Oct	Sep	Aug	Jul	Jun	May	Apr	Mar	Feb	Jan
High	KRW	9,740	9,200	7,610	7,510	7,930	8,510	9,240	10,050	11,750	8,740	8,700	8,250
	INR	560	529	438	432	456	489	531	578	676	503	500	474
Low	KRW	8,230	7,090	6,520	6,590	7,430	7,710	8,070	9,590	8,980	7,750	8,260	7,110
	INR	473	408	375	379	427	443	464	551	516	446	475	409

- viii. Registrar and Transfer Agents : Korea Securities Depository
- ix. Plant Locations;
- Pyeongtaek plant: 455-12, Dongsak-ro, Pyeongtaek-si, Gyeonggi-do, Korea
 - Changwon plant: 79, Seongsan-dong, Seongsan-gu, Changwon-si, Gyeongsangnam-do, Korea
- x. Address for correspondence: Ssangyong Motor Company, 455-12, Dongsak-ro, Pyeongtaek-si, Gyeonggi-do, Korea

- Reason: 'Korando C (AMY-SY-14-60)' fitted with OBD which is different from that permitted in the certification was sold for the period between Aug.01, 2013 and Mar. 25, 2014. (13,200 units in total).

4) General Shareholder information

- i. Date, time and venue of General Shareholders Meeting;
- Mar 24, 2015, 9:30 am, 455-12, Dongsak-ro, Pyeongtaek-si, Gyeonggi-do, Seminar room of Mirae-dong dormitory
- ii. Financial year: Jan 1 – Dec 31
- iii. Date of Book closure: Dec 31
- iv. Dividend Payment Date: N/A
- v. Listing on Stock Exchanges: Korea Exchange (KRX)
- vi. Stock Code: 003620 (KOSPI)
- vii. Market Price Data of 2014

For and on behalf of the Board

Dr. Pawan Kumar Goenka

Chairman

Pyeongtaek, South Korea, 24th March, 2015

INDEPENDENT AUDITORS' REPORT

English Translation of Independent Auditors' Report Originally Issued in Korean on March 9, 2015

To the Shareholders and Board of Directors of Ssangyong Motor Company:

Report on the Financial Statements

We have audited the accompanying separate financial statements of **SSANGYONG MOTOR COMPANY** (the "Company"), which comprise the separate statements of financial position as of December 31, 2014 and December 31, 2013, respectively, and the separate statements of comprehensive income, separate statements of changes in stockholders' equity and separate statements of cash flows, for the years ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Separate Financial Statements

Management is responsible for the preparation and fair presentation of these separate financial statements in accordance with Korean International Financial Reporting Standards ("K-IFRS") and for such internal control as management determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an audit opinion on these financial statements based on our audit. We conducted our audit in accordance with Korean Standards on Auditing ("KSAs"). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the separate financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2014, and December 31, 2013, respectively and its financial performance and its cash flows for the years then ended in accordance with K-IFRS.

Others

We conducted our audit of separate financial statements of the Company as of December 31, 2013 in accordance with the former KSAs, known as auditing standards generally accepted in Korea.

Our audit also comprehended the translation of Korean Won amounts into Indian rupee amounts and, in our opinion, such translation has been made in conformity with the basis in Note 2. Such Indian rupee amounts are presented solely for the convenience of readers.

Deloitte Anjin LLC

March 9, 2015

Notice to Readers

This report is effective as of March 9, 2015, the auditor's report date. Certain subsequent events or circumstances may have occurred between the auditor's report date and the time the auditor's report is read. Such events or circumstances could significantly affect the separate financial statements and may result in modifications to the auditor's report.

SEPARATE STATEMENTS OF FINANCIAL POSITION AS OF DECEMBER 31, 2014, AND DECEMBER 31, 2013

	Korean won		Indian-Rupee	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
	(In thousands)		(In thousands)	
ASSETS				
CURRENT ASSETS:				
Cash and cash equivalents (Notes 4, 5 and 34)	₩ 149,091,232	₩ 359,712,082	Rs. 8,572,746	Rs. 20,683,445
Trade and other receivables, net (Notes 7, 33 and 34)	178,789,880	234,067,459	10,280,418	13,458,879
Derivatives assets (Notes 26 and 34).....	1,232,649	28,984,560	70,877	1,666,611
Inventories, net (Notes 8 and 25).....	257,522,706	277,070,948	14,807,556	15,931,580
Other current assets (Note 10).....	7,716,268	7,145,375	443,685	410,859
Total current assets	<u>594,352,735</u>	<u>906,980,424</u>	<u>34,175,282</u>	<u>52,151,374</u>
NON-CURRENT ASSETS:				
Non-current financial instruments (Notes 5 and 34).....	6,000	6,000	345	345
Non-current available-for-sale financial assets (Notes 6 and 34).....	560,000	560,000	32,200	32,200
Non-current other receivables, net (Note 7 and 34).....	48,163,339	36,564,470	2,769,392	2,102,457
Property, plant and equipment, net (Note 11)...	1,173,658,635	1,084,035,359	67,485,371	62,332,033
Intangible assets (Note 12)	150,915,434	89,480,141	8,677,637	5,145,108
Investments in subsidiaries (Note 9).....	5,829,056	5,829,056	335,171	335,171
Other non-current assets (Note 10)	360,473	357,350	20,727	20,548
Total non-current assets	<u>1,379,492,937</u>	<u>1,216,832,376</u>	<u>79,320,843</u>	<u>69,967,862</u>
TOTAL ASSETS	<u><u>1,973,845,672</u></u>	<u><u>2,123,812,800</u></u>	<u><u>113,496,125</u></u>	<u><u>122,119,236</u></u>

LIABILITIES AND SHAREHOLDERS' EQUITY

CURRENT LIABILITIES:

Trade and other payables (Notes 33 and 34)	625,003,152	723,397,173	35,937,681	41,595,337
Short-term borrowings (Notes 13, 18 and 34)...	99,540,013	51,608,036	5,723,551	2,967,462
Derivatives liabilities (Notes 26 and 34)	14,974,250	–	861,019	–
Current long-term borrowings (Notes 13 and 34)	–	95,404,765	–	5,485,774
Provision for product warranties (Note 15).....	57,556,475	48,780,982	3,309,497	2,804,906
Long-term employee benefits obligation.....	1,770,267	1,648,815	101,790	94,807
Other current liabilities (Note 16)	22,463,040	26,718,121	1,291,625	1,536,292
Total current liabilities.....	<u>821,307,197</u>	<u>947,557,892</u>	<u>47,225,163</u>	<u>54,484,578</u>

(Continued)

**SEPARATE STATEMENTS OF FINANCIAL POSITION (CONTINUED)
AS OF DECEMBER 31, 2014, AND DECEMBER 31, 2013**

	Korean won		Indian-Rupee	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
	(In thousands)		(In thousands)	
NON-CURRENT LIABILITIES:				
Long-term borrowing (Note 13)	₩ 25,000,000	₩ –	Rs. 1,437,500	Rs. –
Other non-current payables (Note 34)	1,064,969	20,223,465	61,236	1,162,849
Other Long-term debt	2,469,724	–	142,009	–
Retirement benefit obligation (Note 17)	246,748,389	174,656,118	14,188,032	10,042,727
Other long-term employee benefits obligation ..	13,849,312	14,632,801	796,335	841,386
Provision for long-term product warranties (Note 15)	80,309,564	76,698,999	4,617,800	4,410,192
Total non-current liabilities	<u>369,441,958</u>	<u>286,211,383</u>	<u>21,242,912</u>	<u>16,457,154</u>
TOTAL LIABILITIES	<u>1,190,749,155</u>	<u>1,233,769,275</u>	<u>68,468,075</u>	<u>70,941,732</u>
SHAREHOLDERS' EQUITY:				
Capital stock (Note 19)	686,100,480	686,100,480	39,450,778	39,450,778
Other capital surplus (Note 20)	129,383,402	129,383,402	7,439,546	7,439,546
Other capital adjustments (Note 21)	(14,167,300)	26,833,680	(814,620)	1,542,937
Retained earnings (accumulated deficit) (Notes 22 and 23)	(18,220,065)	47,725,963	(1,047,654)	2,744,243
TOTAL SHAREHOLDERS' EQUITY	<u>783,096,517</u>	<u>890,043,525</u>	<u>45,028,050</u>	<u>51,177,504</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>₩ 1,973,845,672</u>	<u>₩ 2,123,812,800</u>	<u>Rs. 113,496,125</u>	<u>Rs. 122,119,236</u>

(Concluded)

See accompanying notes to separate financial statements.

**SEPARATE STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

	Korean Won		Indian-Rupee	
	Year ended December 31, 2014	Year ended December 31, 2013	Year ended December 31, 2014	Year ended December 31, 2013
	(In thousands)		(In thousands)	
SALES (Notes 33 and 34).....	₩ 3,314,895,562	₩ 3,475,185,983	Rs. 190,606,495	Rs. 199,823,194
COST OF SALES (Notes 25 and 34).....	<u>2,867,898,570</u>	<u>2,980,409,595</u>	<u>164,904,168</u>	<u>171,373,552</u>
GROSS PROFIT.....	446,996,992	494,776,388	25,702,327	28,449,642
SELLING AND ADMINISTRATIVE EXPENSES (Notes 25 and 27).....	<u>524,842,382</u>	<u>505,389,333</u>	<u>30,178,437</u>	<u>29,059,887</u>
OPERATING INCOME	(77,845,390)	(10,612,945)	(4,476,110)	(610,245)
NON-OPERATING INCOME (Note 28)	47,614,038	45,925,201	2,737,807	2,640,699
NON-OPERATING EXPENSES (Note 28).....	54,096,404	61,686,540	3,110,543	3,546,976
FINANCIAL INCOME (Note 29).....	50,717,417	42,211,867	2,916,251	2,427,182
FINANCIAL COST (Note 29)	<u>17,025,454</u>	<u>19,615,628</u>	<u>978,964</u>	<u>1,127,899</u>
INCOME BEFORE INCOME TAX	(50,635,793)	(3,778,045)	(2,911,559)	(217,239)
INCOME TAX EXPENSE (Note 24)	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
NET INCOME.....	(50,635,793)	(3,778,045)	(2,911,559)	(217,239)
OTHER COMPREHENSIVE INCOME	<u>(56,311,215)</u>	<u>6,583,567</u>	<u>(3,237,895)</u>	<u>378,555</u>
TOTAL COMPREHENSIVE INCOME.....	₩ <u>(106,947,008)</u>	₩ <u>2,805,522</u>	Rs. <u>(6,149,454)</u>	Rs. <u>161,316</u>
INCOME PER SHARE (Note 30) Basic and diluted income per share	₩ <u>(369)</u>	₩ <u>(29)</u>	Rs. <u>(21)</u>	Rs. <u>(2)</u>

See accompanying notes to separate financial statements.

SEPARATE STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	Korean won in thousands									
	Other capital surplus									Total
	Capital stock	Paid-in capital in excess of par value	Gain on capital reduction	Debt to be swapped for equity	Treasury stock	Other capital surplus	Other capital adjustments	Retained earnings (accumulated deficit)		
	(In thousands)									
Balance at January 1, 2013.....	₩ 613,373,205	₩ 4,545,756	₩ 120,351,580	₩ 931,508	₩ -	₩ (3,243,869)	₩ 18,999,750	₩ 52,754,371	₩ 807,712,301	
Net loss	-	-	-	-	-	-	-	(3,778,045)	(3,778,045)	
Actuarial losses	-	-	-	-	-	-	-	(1,250,363)	(1,250,363)	
Paid-in capital increase.....	72,727,275	7,272,728	-	-	-	-	-	-	80,000,003	
Costs of stock issuance	-	(365,771)	-	-	-	-	-	-	(365,771)	
Increase in treasury stock.....	-	-	-	-	(108,530)	-	-	-	(108,530)	
Gains on valuation of derivatives	-	-	-	-	-	-	7,833,930	-	7,833,930	
Balance at December 31, 2013 ..	₩ 686,100,480	₩ 11,452,713	₩ 120,351,580	₩ 931,508	₩ (108,530)	₩ (3,243,869)	₩ 26,833,680	₩ 47,725,963	₩ 890,043,525	
Balance at January 1, 2014.....	₩ 686,100,480	₩ 11,452,713	₩ 120,351,580	₩ 931,508	₩ (108,530)	₩ (3,243,869)	₩ 26,833,680	₩ 47,725,963	₩ 890,043,525	
Net loss	-	-	-	-	-	-	-	(50,635,793)	(50,635,793)	
Actuarial losses	-	-	-	-	-	-	-	(15,310,235)	(15,310,235)	
Increase in treasury stock.....	-	-	-	-	(1,081,290)	-	-	-	(1,081,290)	
Loss on valuation of derivatives..	-	-	-	-	-	-	(41,000,980)	-	(41,000,980)	
Others.....	-	-	(2,162,579)	-	-	3,243,869	-	-	1,081,290	
Balance at December 31, 2014 ..	₩ 686,100,480	₩ 11,452,713	₩ 118,189,001	₩ 931,508	₩ (1,189,820)	₩ -	₩ (14,167,300)	₩ (18,220,065)	₩ 783,096,517	

	Indian rupee in thousands									
	Other capital surplus									Total
	Capital stock	Paid-in capital in excess of par value	Gain on capital reduction	Debt to be swapped for equity	Treasury stock	Other capital surplus	Other capital adjustments	Retained earnings (accumulated deficit)		
Balance at January 1, 2013...	Rs. 35,268,960	Rs. 261,381	Rs. 6,920,216	Rs. 53,562	Rs. -	Rs. (186,522)	Rs. 1,092,486	Rs. 3,033,378	Rs. 46,443,461	
Net loss	-	-	-	-	-	-	-	(217,239)	(217,239)	
Actuarial losses	-	-	-	-	-	-	-	(71,896)	(71,896)	
Paid-in capital increase.....	4,181,818	418,182	-	-	-	-	-	-	4,600,000	
Costs of stock issuance	-	(21,032)	-	-	-	-	-	-	(21,032)	
Increase in treasury stock.....	-	-	-	-	(6,241)	-	-	-	(6,241)	
Gains on valuation of derivatives	-	-	-	-	-	-	450,451	-	450,451	
Balance at December 31, 2013.....	Rs. 39,450,778	Rs. 658,531	Rs. 6,920,216	Rs. 53,562	Rs. (6,241)	Rs. (186,522)	Rs. 1,542,937	Rs. 2,744,243	Rs. 51,177,504	
Balance at January 1, 2014...	Rs. 39,450,778	Rs. 658,531	Rs. 6,920,216	Rs. 53,562	Rs. (6,241)	Rs. (186,522)	Rs. 1,542,937	Rs. 2,744,243	Rs. 51,177,504	
Net loss	-	-	-	-	-	-	-	(2,911,559)	(2,911,559)	
Actuarial losses	-	-	-	-	-	-	-	(880,338)	(880,338)	
Increase in treasury stock.....	-	-	-	-	(62,174)	-	-	-	(62,174)	
Loss on valuation of derivatives	-	-	-	-	-	-	(2,357,557)	-	(2,357,557)	
Others.....	-	-	(124,348)	-	-	186,522	-	-	62,174	
Balance at December 31, 2014.....	Rs. 39,450,778	Rs. 658,531	Rs. 6,795,868	Rs. 53,562	Rs. (68,415)	Rs. -	Rs. (814,620)	Rs. (1,047,654)	Rs. 45,028,050	

See accompanying notes to separate financial statements.

STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2014 AND 2013

	Korean won		Indian-Rupee	
	Year ended December 31, 2014	Year ended December 31, 2013	Year ended December 31, 2014	Year ended December 31, 2013
	(In thousands)		(In thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net loss.....	₩ (50,635,793)	₩ (3,778,045)	Rs. (2,911,559)	Rs. (217,239)
Adjustment (Note 32).....	182,028,912	203,175,972	10,466,662	11,682,618
Changes in net working capital (Note 30)	(66,252,128)	76,101,512	(3,809,497)	4,375,837
	65,140,991	275,499,439	3,745,606	15,841,216
Interests received	6,041,293	7,249,544	347,374	416,849
Interests paid	(3,618,200)	(8,721,307)	(208,047)	(501,475)
Dividend income received	738,010	1,100,280	42,436	63,266
Net cash (used in) provided by operating activities	68,302,094	275,127,956	3,927,369	15,819,856
CASH FLOWS FROM INVESTING ACTIVITIES:				
Cash inflows from investing activities:				
Decrease in other receivables	–	2,268,422	–	130,434
Disposal of property, plant and equipment...	1,364,573	495,195	78,463	28,474
Disposal of intangible assets	587,760	–	33,796	–
Disposal of Subsidiaries stock.....	–	1,759,872	–	101,193
Decrease in other assets	2,124	37,261	123	2,143
	1,954,457	4,560,750	112,382	262,244
Cash outflows from investing activities:				
Increase in other receivables.....	3,151,174	4,970,362	181,193	285,796
Acquisition of property, plant and equipment	183,663,377	152,239,552	10,560,644	8,753,774
Acquisition of intangible assets	72,703,278	57,611,817	4,180,438	3,312,679
Investment in subsidiaries.....	–	4,048,680	–	232,799
	259,517,829	218,870,411	14,922,275	12,585,048
Net cash used in investing activities	(257,563,372)	(214,309,661)	(14,809,893)	(12,322,804)
CASH FLOWS FROM FINANCING ACTIVITIES:				
Cash inflows from financing activities:				
Increase in borrowings.....	73,998,949	21,754,957	4,254,940	1,250,910
Increase in government grants.....	46,244	–	2,659	–
Paid-in capital increase	–	80,000,003	–	4,600,000
	74,045,193	101,754,960	4,257,599	5,850,910

(Continued)

**SEPARATE STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2014 AND 2013**

	Korean won		Indian-Rupee	
	Year ended December 31, 2014	Year ended December 31, 2013	Year ended December 31, 2014	Year ended December 31, 2013
	(In thousands)		(In thousands)	
Cash outflows for financing activities:				
Redemption of borrowings	₩ 95,404,765	₩ –	Rs. 5,485,774	Rs. –
Costs of stock issuance.....	–	365,771	–	21,032
	<u>95,404,765</u>	<u>365,771</u>	<u>5,485,774</u>	<u>21,032</u>
Net cash (used in) provided by financing activities.....	<u>(21,359,572)</u>	<u>101,389,189</u>	<u>(1,228,175)</u>	<u>5,829,878</u>
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS.....	–	(265,257)	–	(15,252)
NET INCREASE IN CASH AND CASH EQUIVALENTS	<u>(210,620,850)</u>	<u>161,942,227</u>	<u>(12,110,699)</u>	<u>9,311,678</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR.....	<u>359,712,082</u>	<u>197,769,855</u>	<u>20,683,445</u>	<u>11,371,767</u>
CASH AND CASH EQUIVALENTS, END OF THE YEAR.....	<u>₩ 149,091,232</u>	<u>₩ 359,712,082</u>	<u>Rs. 8,572,746</u>	<u>Rs. 20,683,445</u>

(Concluded)

See accompanying notes to separate financial statements.

NOTES TO FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

1. GENERAL:**(1) Company overview and recent changes in business environment**

Ssangyong Motor Company (the "Company") was incorporated on December 6 in the Republic of Korea, 1962, and listed its stocks on the Korea Stock Exchange in May of 1975. The Company is headquartered in Dongsak-ro, Pyungtaek and its factories are located in Pyungtaek, Kyeonggi-do and Changwon, Kyeongsangnam-do, Republic of Korea. The Company manufactures and distributes motor vehicles and parts.

(2) Major shareholders

The Company's shareholders as of December 31, 2014, are as follows:

Name of shareholder	Number of shares owned	Percentage of ownership (%)
Mahindra & Mahindra Ltd.	99,964,502	72.85
Treasury stock	21,706	0.02
Others	37,233,888	27.13
	137,220,096	100.00

2. SIGNIFICANT ACCOUNTING POLICIES:

The Company maintains its official accounting records in Korean won and prepares separate financial statements in conformity with Korean International Reporting Standards ("K-IFRS"), in the Korean language (Hangul). Accordingly, these separate financial statements are intended for use by those who are informed about K-IFRS and Korean practices. The accompanying separate financial statements have been condensed, restructured and translated into English with certain expanded descriptions from the Korean language financial statements. Certain information included in the Korean language financial statements, but not required for a fair presentation of the Company's financial position, comprehensive income, changes in stockholders' equity or cash flows, is not presented in the accompanying separate financial statements.

The Indian rupee amounts presented in these financial statements were computed by translating the Korean Won into Indian rupees based on the Bank of Korea Basic Rate (₩-1 to Rs. 0.057500 at December 31, 2014), solely for the convenience of the reader. These convenience translations into Indian rupees should not be construed as representations that the Korean won amounts have been, could have been, or could in the future be, converted at this or any other rate of exchange.

The financial statements as of and for the year ended December 31, 2014, to be submitted at the ordinary shareholders' meeting were authorized for issuance at the board of directors' meeting on February 11, 2015.

(1) Basis of preparation

The Company has prepared its financial statements in accordance with the Korean International Financial Reporting Standards ("K-IFRS") for the annual period beginning on January 1, 2011.

The Company's financial statements are separate financial statements prepared in accordance with the requirements of K-IFRS 1027 Separate Financial Statements, in which a parent, or an investor with joint control of, or significant influence over, an investee accounts for the investments on the basis of the direct equity interest rather than on the basis of the underlying results and net assets of the investees.

The accompanying financial statements have been prepared on the historical cost basis except for certain properties/non-current assets and financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given.

(1) First-time adoption of IFRSs and its description (change in accounting policy) as follows:**Amendments to K-IFRS 1019 – Employee Benefits**

The amendments permits the Company to recognize amount of contributions as a reduction in the service cost in which the related service is rendered if the amount of the contributions are independent of the number of years of service. The amendments are effective for the annual periods beginning on or after July 1, 2014.

Amendments to K-IFRS 1032 – Financial Instruments: Presentation

The amendments to K-IFRS 1032 clarify the requirement for the offset presentation of financial assets and financial liabilities: the right to offset must not be conditional upon the occurrence of future events and can be exercised anytime during the contract periods. The right to offset is executable even in the case of default or insolvency. As the Company does not have any financial assets and financial liabilities that qualify for offset based on the criteria set out in the amendments and concluded that the application of the amendments has no significant impact on the Company's financial statements.

Amendments to K-IFRS 1110, 1112 and 1027 – Investment Entities

The amendments introduced an exception to the principle in K-IFRS 1110 Consolidated financial statement that all subsidiaries shall be consolidated. The amendments define an investment entity and require a reporting entity that meets definition of an investment entity not to consolidate its subsidiaries but instead to measure its subsidiaries at fair value through profit or loss in its consolidated and separate financial statements. Also, the Consequential amendments have been made to K-IFRS 1112, Disclosure of Interests in Other Entities and K-IFRS 1027, Separate Financial Statements to introduce new disclosure requirements for investment entities. As the Company is not an investment entity, the application of the amendments has no significant impact on the Company's separate financial statements.

Amendments to K-IFRS 1036 – Impairment of Assets

The amendments introduced disclosure requirements of recoverable amount when the recoverable amount of an asset or CGU is measured at fair value less costs of disposal. The application of these amendments has no impact on the disclosure in the Company's financial statements.

Amendments to K-IFRS 1039 – Financial Instruments: Recognition and Measurement

The amendments permits the Company to use hedge accounting when, as a consequence of laws or regulations or the introduction of laws or regulations, the original counterparty to the hedging instrument is replaced by a central counterparty or an entity which is acting as counterparty in order to effect clearing by a central counterparty. The adoption of the amendments has no significant impact on the Company's separate financial statements.

Enactment of K-IFRS 2121 – Levies

The enactment defines that the obligating event giving rise to the recognition of a liability to pay a levy is the activity that triggers the payment of the levy in accordance with the related legislation. The enactment no significant impact on the Company's separate financial statements.

The list above does not include some other amendments such as the Amendments to K-IFRS 1036 related to recoverable amount disclosures for non-financial assets, and the amendments do not have an impact on the interim financial statement.

Annual Improvements to K-IFRS 2010-2012 Cycle

The amendments to K-IFRS 1002 (i) changes the definitions of 'vesting condition' and 'market condition'; and (ii) add definition for 'performance condition' and 'service condition' which were previously included within the definition of 'vesting condition'. The amendments to K-IFRS 1103 clarify the classification and measurement of the contingent consideration in business combination. The amendments to K-IFRS 1108 clarify that a reconciliation of the total of the reportable segments' assets should only be provided if the segment assets are regularly provided to the chief operating decision maker. The amendments are effective for the annual periods beginning on or after July 1, 2014.

Annual Improvements to K-IFRS 2011-2013 Cycle

The amendments to K-IFRS 1103 clarify the scope of the portfolio exception for measuring the fair values of the Company of financial assets and financial liabilities on a net basis includes all contracts that are within the scope the standard does not apply to the accounting for the formation of all types of joint arrangement in the financial statements of

the joint arrangement itself. The amendments to K-IFRS 1113 Fair values Measurements and K-IFRS 1040 Investment Properties exist and these amendments are effective to the annual periods beginning on or after July 1, 2014.

2) New and revised IFRSs issued but not yet effective

The Company has not applied the following new and revised IFRSs that have been issued but are not yet effective.

Amendments to K-IFRS 1016 – Property, plant and Equipments

The amendments to K-IFRS 1016 prohibits the Company from using a revenue-based depreciation method for items of property, plant and equipments. The amendments are effective for the annual periods beginning on or after January 1, 2016.

Amendments to K-IFRS 1038 Intangible Assets

The amendments apply prospectively for annual periods beginning on or after January 1, 2016. The amendments to K-IFRS 38 rebuts presumption that revenue is not an appropriate basis for the amortisation of an intangible assets, which the presumption can only be rebutted when the intangible asset expressed as a measure of revenue or when it can be demonstrated that revenue and consumption of the economic benefits of the intangible asset are highly correlated,

Amendments to K-IFRS 1111 Accounting for Acquisitions of Interests in Joint Operations

The amendments to K-IFRS 1111 provides guidance on how to account for the acquisition of joint operation that constitute a business as defined in K-IFRS 1103 Business Combinations. A joint operator is also required to disclose the relevant information required by K-IFRS 1103 and other standards for business combinations. The amendments to K-IFRS 1111 are effective for the annual periods beginning on or after January 1, 2016.

Amendments to K-IFRS 1027 – Separate Financial Statements

The following amendments discusses accounting for investment in subsidiaries, related parties, and joint ventures at cost basis, and as well as allowing application of K-IFRS 1039 Financial Instruments: Recognition and Measurement methods and application of equity method accounting under K-IFRS 1028 Investment in Associates and Joint Ventures. The amendments are effective for the annual periods beginning on or after January 1, 2016.

The Company does not anticipate that these amendments referred above will have a significant effect on the Company's separate financial statements and disclosures.

Major accounting policies used for the preparation of the separate financial statements are stated below. Unless stated otherwise, these accounting policies have been applied consistently to the financial statements for the current period and accompanying comparative period.

(2) Accounting for investments in subsidiaries

The Company in accordance with the K-IFRS 1027 '*Consolidated and Separate financial statements*', is a parent company and it has subsidiaries of which Ssangyong Motor (Shanghai) Co., Ltd and Ssangyong European Parts Center B.V. When the Company prepares separate statements, the investments in subsidiaries are accounted for at cost basis by the direct investment proportion. And also the Company recognize a dividend from a subsidiary in profit or loss in the separate financial statements when its right to receive the dividend is established.

(3) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances. The Company recognizes revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Company's activities, as described below.

1) *Sale of goods*

Revenue from the sale of goods is recognized when the Company has transferred to the buyer the significant risks and rewards of ownership of the goods.

2) *Rendering of services*

Revenue from a contract to provide services is recognized by reference to the stage of completion of the contract. Depending on the nature of

the transaction, the Company determines the stage of completion by reference to surveys of work performed, services performed to date as a percentage of total services to be performed, or the proportion that costs incurred to date bear to the estimated total costs of the transaction, as applicable.

3) *Dividend and interest income*

Dividend income from investments is recognized when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).

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

(4) Foreign currencies

The individual financial statements of each entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the financial statements, the results and financial position of each entity are expressed in Korean Won, which is the functional currency of the entity and the presentation currency for the consolidated financial statements.

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

Exchange differences are recognized in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into in order to hedge certain foreign currency risks (see Note 2 (25) below for hedging accounting policies); and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the net investment.

For the purpose of presenting financial statements, the assets and liabilities of the Company's foreign operations are expressed in Korean Won using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the accumulated exchange differences in respect of that operation attributable to the owners of the Company are reclassified to profit or loss. Any exchange differences that have previously been attributed to non-controlling interests are derecognized, but they are not reclassified to profit or loss.

In the case of a partial disposal (i.e. no loss of control) of a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests in equity and are not recognized in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in

the Company losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate. Exchange differences arising are recognized in other comprehensive income.

(5) Financial instruments

Financial assets and financial liabilities are recognized when a an entity becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

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

Financial assets are classified into the following specified categories: 'financial assets at fair value through profit or loss (FVTPL)', 'held-to-maturity investments', 'available-for-sale (AFS) financial assets' and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

1) Effective interest method

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

Income is recognized on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

2) Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

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

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a Company of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and K-IFRS 1039 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item in the statement of comprehensive income.

3) Held-to-maturity investments

Non-derivatives financial assets with fixed or determinable payments and fixed maturity dates that the Company has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are measured at amortized cost using the effective interest method less any impairment, with revenue recognized on an effective yield basis.

4) AFS financial assets

AFS financial assets are non-derivatives that are either designated as AFS or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through profit or loss.

They are subsequently measured at fair value at the end of each reporting period. Changes in the carrying amount of AFS monetary financial assets relating to changes in foreign currency rates (see below), interest income calculated using the effective interest method and dividends on AFS equity investments are recognized in profit or loss. Other changes in the carrying amount of AFS financial assets are recognized in other comprehensive income (as investments revaluation reserve). When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in other comprehensive income is reclassified to profit or loss.

Dividends on AFS equity instruments are recognized in profit or loss when the Company's right to receive the dividends is established.

The fair value of AFS monetary financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate prevailing at the end of the reporting period. The foreign exchange gains and losses that are recognized in profit or loss are determined based on the amortized cost of the monetary asset. Other foreign exchange gains and losses are recognized in other comprehensive income.

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment losses at the end of each reporting period.

5) Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortized cost using the effective interest method, less any impairment. Interest income is recognized by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

6) Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For AFS equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organization; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of [xx] days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortized cost, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets that are carried at cost, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss in the period.

For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

In respect of AFS equity securities, impairment losses previously recognized in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income. In respect of AFS debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

7) Derecognition of financial assets

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

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulated gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.

On derecognition of a financial assets other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset, or it retains a residual interest and such an retained interest indicates that the transferor has neither transferred nor retained substantially all the risks and rewards of ownership and has retained control of the transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognize under continuing involvement, and the part it no longer recognizes on the basis of the relative fair value of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognized and the sum of the consideration received for the part that is no longer recognized and any cumulative gain or loss allocated to it that had been recognized in other comprehensive income is recognized in profit or loss. A cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is no longer recognized on the basis of the relative fair value of those parts.

(6) Financial liabilities and equity instruments

1) Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement and the definitions of financial liability and an equity instrument.

2) Equity instruments

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

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

3) Financial liabilities

Financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments. Financial liabilities are initially measured at fair value. Transaction cost that are directly attributable to the issue of financial liabilities are deducted from the fair value of the financial liabilities on initial recognition. Transaction cost directly attributable to acquisition of financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

4) Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as FVTPL.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a Company of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and K-IFRS 1039 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in other gains and losses line item in the statement of comprehensive income.

5) Other financial liabilities

Other financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

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

6) Derecognition of financial liabilities

The Company derecognize financial liabilities when the Company's obligation are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

(7) Derivative financial instruments

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

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

A derivative with a positive fair value is recognized as a financial asset; a derivative with a negative fair value is recognized as a financial liability. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realized or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

1) Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately in other gains and losses line item.

Amounts previously recognized in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item is recognized in profit or loss, in the same line of the statement of comprehensive income as the recognized hedged item. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously accumulated in equity are transferred from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

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

(8) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost of inventories, except for those in in-transit, are measured under the weighted average method and consists of the purchase price, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognized as an expense (cost of sales) in the period in which the related revenue is recognized. The amount of any write-down of inventories to net realizable value and all losses of inventories is recognized as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realizable value, is recognized as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs.

(9) Property, plant and equipment

Property, plant and equipment are stated at cost less subsequent accumulated depreciation and accumulated impairment losses. The cost of an item of property, plant and equipment is directly attributable to their purchase or construction, which includes any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. It also includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Subsequent costs are recognized in carrying amount of an asset or as a separate asset if it is probable that future economic benefits associated with the assets will flow into the Company and the cost of an asset can be measured reliably. Routine maintenance and repairs are expensed as incurred.

The Company does not depreciate land. Depreciation expense is computed using the straight-line method based on the estimated useful lives of the assets as follows:

	Useful lives (Years)
Buildings	24~50
Structures	13~30
Machinery and Equipment	10
Vehicles	6~10
Other	6~10

If each part of an item of property, plant and equipment has a cost that is significant in relation to the total cost of the item, it is depreciated separately.

The Company reviews the depreciation method, the estimated useful lives and residual values of property, plant and equipment at the end of each annual reporting period. If expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognized.

(10) Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

2) Internally-generated intangible assets - research and development expenditure

Expenditure on research activities is recognized as an expense in the period in which it is incurred.

Expenditure arising from development (or from the development phase of an internal project) is recognized as an intangible asset if, only if, the development project is designed to produce new or substantially improved products, and the Company can demonstrate the technical and economical feasibility and measure reliably the resources attributable to the intangible asset during its development.

The amount initially recognized for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria. Where no internally-generated intangible asset can be recognized, development expenditure is recognized in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

3) Intangible assets acquired in a business combination

Intangible assets that are acquired in a business combination are recognized separately from goodwill and are initially recognized at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

4) Derecognition of intangible assets

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from its use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognized in profit or loss when the asset is derecognized.

(11) Impairment of property, plant and equipment

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

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired. Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or the cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

(12) Retirement benefit costs and termination benefits

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of each reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognized in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are composed of service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements), net interest expense (income), and remeasurement.

The Company presents the service cost and net interest expense (income) components in profit or loss, and the remeasurement component in other comprehensive income. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognized in the statement of statement of financial position represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

A liability for a termination benefit is recognized at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognizes any related restructuring costs.

(13) Provisions

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

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material). The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage is recognized in profit or loss as borrowing cost.

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

At the end of each reporting period, the remaining provision balance is reviewed and assessed to determine if the current best estimate is being recognized. If the existence of an obligation to transfer economic benefit is no longer probable, the related provision is reversed during the period.

(14) Lease

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

1) The Company as lessor

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

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

2) The Company as lessee

Assets held under finance leases are initially recognized as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognized immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on borrowing costs (see Note 2. (12)). Contingent rentals are recognized as expenses in the periods in which they are incurred.

Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognized as a liability. The aggregate benefit of incentives is recognized as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed

(15) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

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

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

(16) Government grants

Government grants are not recognized until there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

Government grants related to assets are presented in the statement of financial position by deducting the grant from the carrying amount of the asset. The related grant is recognized in profit or loss over the life of a depreciable asset as a reduced depreciation expense.

Government grants related to income are recognized in profit or loss on a systematic basis over the periods in which the Company recognizes as expenses the related costs for which the grants are intended to compensate. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognized in profit or loss in the period in which they become receivable

(17) Taxation

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

1) Current tax

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

2) Deferred tax

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

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

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

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

Deferred tax assets and liabilities are offset if, and only if the Company has a legally enforceable right to set off current tax assets against current tax liabilities, and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

For the purpose of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale.

3) Current and deferred tax for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

(18) Fair Value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of K-IFRS 1102 Share-based payment, leasing transactions that are within the scope of K-IFRS 1017 Leases, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in K-IFRS 1002 Inventories or value in use in K-IFRS 1036 Impairment of Assets.

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

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

(19) Segment information

Segment information is presented in the same format as the reporting material presented to the Company's management. The Company's management is liable for the assessment of the resources to be allocated to the business segments and the performance results of the business segments.

3. **CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS:**

In the application of the Company accounting policies, which are described in Note 2, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are

not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(1) Provision for product warranties

The Company provides warranties for its products at recognition of sale and establishes a provision for product warranties at the end of each reporting period based on the best estimate of the expenses necessary to provide present and future warranty obligations.

5. **RESTRICTED FINANCIAL ASSETS:**

Restricted financial assets as of December 31, 2014, and 2013, are as follows:
(Unit: Korean won in thousands)

	Financial institution		December 31, 2014		December 31, 2013	Notes
Cash and cash equivalents	Shinhan Bank and others	₩	405,689	₩	1,092,081	Government subsidies and others Unconfirmed reorganization debt pledged as collateral
	Woori Bank and others		14,147,553		15,030,192	
Long-term financial instruments	Shinhan Bank and others		6,000		6,000	Overdraft deposit
		₩	14,559,242	₩	16,128,273	

(Unit: Indian rupee in thousands)

	Financial institution		December 31, 2014		December 31, 2013	Notes
Cash and cash equivalents	Shinhan Bank and others	Rs.	23,327	Rs.	62,795	Government subsidies and others Unconfirmed reorganization debt pledged as collateral
	Woori Bank and others		813,484		864,236	
Long-term financial instruments	Shinhan Bank and others		345		345	Overdraft deposit
		Rs.	837,156	Rs.	927,376	

6. **LONG-TERM AVAILABLE-FOR-SALE FINANCIAL ASSETS:**

The Company's long-term available-for-sale financial assets as of December 31, 2014, and December 31, 2013, are as follows:
(Unit: Korean won in thousands)

Classification	Ownership (%)	December 31, 2014			December 31, 2013
		Acquisition Cost	Net asset Value	Book value	Book value
Kihyup Technology Banking Corporation (*).....	1.72%	₩ 500,000	₩ 670,364	₩ 500,000	₩ 500,000
Korea Management Consultants Association (*)	1.50%	60,000	459,230	60,000	60,000
		₩ 560,000	₩ 1,129,594	₩ 560,000	₩ 560,000

(Unit: Indian-Rupee in thousands):

Classification	Ownership (%)	December 31, 2014			December 31, 2013
		Acquisition Cost	Net asset Value	Book value	Book value
Kihyup Technology Banking Corporation (*).....	1.72%	Rs. 28,750	Rs. 38,546	Rs. 28,750	Rs. 28,750

(2) Retirement benefit obligation

The retirement benefit obligation recognized in the statements of financial position represents the present value of the defined benefit obligation as adjusted for unrecognized actuarial gains and losses and unrecognized past service cost, and as reduced by the fair value of plan assets. For defined benefit retirement benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of each reporting period. The present value of defined benefit obligations is expressed in a currency in which retirement benefits will be paid and is calculated by discounting expected future cash outflows with the interest rate of high quality corporate bonds which maturity is similar to the payment date of retirement benefit obligations. Other significant assumptions related to defined benefit obligation are partly based on the current market situation.

4. **CASH AND CASH EQUIVALENTS:**

Cash and cash equivalents include cash on hand and in banks and highly liquid short-term financial instruments that may be easily converted into cash and whose risk of value fluctuation is not material.

Classification	Ownership (%)	December 31, 2014			December 31, 2013
		Acquisition Cost	Net asset Value	Book value	Book value
Korea Management Consultants Association (*)	1.50%	3,450	26,406	3,450	3,450
		Rs. 32,200	Rs. 64,952	Rs. 32,200	Rs. 32,200

(*) Because the market prices from an active market are not available and the fair values cannot be reliably measured, AFS financial assets are measured at their acquisition costs.

7. TRADE AND OTHER RECEIVABLES:

All current trade and other receivables are due within 1 year from December 31, 2014, and because the present value discount effect is not material, the fair value of the aforementioned receivables is equal to the book value.

(1) Details of current portion of trade and other receivables as of December 31, 2014, and December 31, 2013, are as follows:

(Unit: Korean won in thousands)

Financial assets	December 31, 2014			
	Trade Receivables	Non-trade Receivables	Other Receivables	Other long-term Receivables
Receivables – general	W 157,769,207	W 18,734,369	W 2,777,863	W 48,312,977
Less: Allowance for doubtful accounts.....	(87,169)	(393,336)	(11,054)	(149,638)
	W 157,682,038	W 18,341,033	W 2,766,809	W 48,163,339

Financial assets	December 31, 2013			
	Trade Receivables	Non-trade Receivables	Other Receivables	Other long-term Receivables
Receivables – general	W 199,783,257	W 31,995,275	W 2,988,667	W 36,805,929
Less: Allowance for doubtful accounts.....	(208,701)	(491,039)	–	(241,459)
	W 199,574,556	W 31,504,236	W 2,988,667	W 36,564,470

(Unit: Indian-Rupee in thousands):

Financial assets	December 31, 2014			
	Trade Receivables	Non-trade Receivables	Other Receivables	Other long-term Receivables
Receivables – general	Rs. 9,071,729	Rs. 1,077,226	Rs. 159,728	Rs. 2,777,996
Less: Allowance for doubtful accounts.....	(5,012)	(22,617)	(636)	(8,604)
	Rs. 9,066,717	Rs. 1,054,609	Rs. 159,092	Rs. 2,769,392

Financial assets	December 31, 2013			
	Trade Receivables	Non-trade Receivables	Other Receivables	Other long-term Receivables
Receivables – general	Rs. 11,487,537	Rs. 1,839,728	Rs. 171,849	Rs. 2,116,341
Less: Allowance for doubtful accounts.....	(12,000)	(28,235)	–	(13,884)
	Rs. 11,475,537	Rs. 1,811,493	Rs. 171,849	Rs. 2,102,457

(2) Credit risk and allowance for doubtful accounts

The above-mentioned trade and non-trade receivables and other receivables are classified as loans and receivables and measured at amortized cost.

If a credit risk occurs with respect to a dealership sale, which is a major type of the Company's sales, the respective dealership bears all of the

risk; the Company manages credit risk on product sales using two management indexes, agreed liability rate and agreed excess rate, and when the management index exceeds the agreed rate, it imposes a release restriction on the respective dealership and transfers a credit risk arising from product sales.

The Company's trade receivables are usually collected within 30 days but some of the notes receivable are collected within 75 days. Based on the past experience, receivables that are overdue for more than one year are usually not collected, and the Company reserves the full amount of those receivables as an allowance for doubtful accounts. The Company estimates an allowance for the receivables that are overdue for more than 90 days but less than one year through an individual analysis based on each transacting party; for receivables that are not subject to individual analysis, the Company estimates an allowance based on the historical loss rates.

Some of the trade receivables that are overdue for more than 90 days are not included in the above-mentioned trade receivables (refer to the aging analysis below); the Company did not reserve an allowance for the aforementioned receivables since their credit ratings did not change materially and they are expected to be collected. The Company has no collaterals pledged or credit enforcement provided for the aforementioned receivables and does not have a legal right to offset those receivables with the debt of the transacting parties.

Aging analysis of the trade and non-trade receivables that are overdue but are not impaired as of December 31, 2014, and 2013, are as follows:

Classification	December 31, 2014			
	3-6 months	6-12 months	More than 1 year	Total
Trade receivables	W 1,819,742	W 44,594	W 2,719,299	W 4,583,635
Non-trade receivables	580,975	7,435	4,734,672	5,323,082

Classification	December 31, 2014			
	3-6 months	6-12 months	More than 1 year	Total
Other long-term receivables	2,121,889	4,207,765	107,179	6,436,833
	<u>₩ 4,522,606</u>	<u>₩ 4,259,794</u>	<u>₩ 7,561,150</u>	<u>₩ 16,343,550</u>

Classification	December 31, 2013			
	3-6 months	6-12 months	More than 1 year	Total
Trade receivables	₩ 1,831,255	₩ 3,769,935	₩ 3,331,927	₩ 8,933,117
Non-trade receivables	3,692,761	102,000	2,322,844	6,117,605
Other long-term receivables	-	-	103,250	103,250
	<u>₩ 5,524,016</u>	<u>₩ 3,871,935</u>	<u>₩ 5,758,021</u>	<u>₩ 15,153,972</u>

(Unit: Indian-Rupee in thousands):

Classification	December 31, 2014			
	3-6 months	6-12 months	More than 1 year	Total
Trade receivables	Rs. 104,635	Rs. 2,564	Rs. 156,360	Rs. 263,559
Non-trade receivables	33,406	428	272,244	306,078
Other long-term receivables	122,009	241,946	6,163	370,118
	<u>Rs. 260,050</u>	<u>Rs. 244,938</u>	<u>Rs. 434,767</u>	<u>Rs. 939,755</u>

Classification	December 31, 2013			
	3-6 months	6-12 months	More than 1 year	Total
Trade receivables	Rs. 105,297	Rs. 216,771	Rs. 191,586	Rs. 513,654
Non-trade receivables	212,334	5,865	133,564	351,763
Other long-term receivables	-	-	5,937	5,937
	<u>Rs. 317,631</u>	<u>Rs. 222,636</u>	<u>Rs. 331,087</u>	<u>Rs. 871,354</u>

(3) Aging analysis of the trade, non-trade receivables and other long-term receivables that are overdue but are impaired as of December 31, 2014, and 2013, are as follows:

(Unit: Korean won in thousands)

Classification	December 31, 2014			
	3-6 months	6-12 months	More than 1 year	Total
Non-trade receivables	₩ -	₩ -	₩ 388,237	₩ 388,237
Other long-term receivables	-	-	47,349	47,349
	<u>₩ -</u>	<u>₩ -</u>	<u>₩ 435,586</u>	<u>₩ 435,586</u>

Classification	December 31, 2013			
	3-6 months	6-12 months	More than 1 year	Total
Non-trade receivables	₩ -	₩ -	₩ 473,952	₩ 473,952
Other long-term receivables	-	-	44,250	44,250
	<u>₩ -</u>	<u>₩ -</u>	<u>₩ 518,202</u>	<u>₩ 518,202</u>

(Unit: Indian-Rupee in thousands)

Classification	December 31, 2014			
	3-6 months	6-12 months	More than 1 year	Total
Non-trade receivables	Rs. -	Rs. -	Rs. 22,324	Rs. 22,324
Other long-term receivables	-	-	2,723	2,723
	<u>Rs. -</u>	<u>Rs. -</u>	<u>Rs. 25,047</u>	<u>Rs. 25,047</u>

Classification	December 31, 2013			
	3-6 months	6-12 months	More than 1 year	Total
Non-trade receivables	Rs. -	Rs. -	Rs. 27,252	Rs. 27,252
Other long-term receivables	-	-	2,544	2,544
	<u>Rs. -</u>	<u>Rs. -</u>	<u>Rs. 29,796</u>	<u>Rs. 29,796</u>

(4) Changes in allowance for trade and other receivables as of December 31, 2014, and December 31, 2013, are as follows:

(Unit: Korean won in thousands)

Classification	Year ended December 31, 2014			
	Trade Receivables	Non-trade Receivables	Other Receivables	Other long-term Receivables
Beginning balance	₩ 208,701	₩ 491,039	₩ -	₩ 241,459
Bad debt expense (*)	(121,532)	(97,703)	11,054	(91,821)
Ending balance	<u>₩ 87,169</u>	<u>₩ 393,336</u>	<u>₩ 11,054</u>	<u>₩ 149,638</u>

Classification	Year ended December 31, 2013			
	Trade Receivables	Non-trade Receivables	Other Receivables	Other long-term Receivables
Beginning balance	₩ 1,061,540	₩ 965,595	₩ 330	₩ 169,932
Bad debt expense (*)	(852,839)	(12,457)	(16)	71,213
Write-offs	-	(462,099)	-	-
Transfer	-	-	(314)	314
Ending balance	<u>₩ 208,701</u>	<u>₩ 491,039</u>	<u>₩ -</u>	<u>₩ 241,459</u>

(Unit: Indian-Rupee in thousands):

December 31, 2014				
Classification	Trade Receivables	Non-trade Receivables	Other Receivables	Other long-term Receivables
Beginning balance	Rs. 12,000	Rs. 28,235	Rs. –	Rs. 13,884
Bad debt expense (*)	(6,988)	(5,618)	636	(5,280)
Ending balance	Rs. 5,012	Rs. 22,617	Rs. 636	Rs. 8,604

December 31, 2013				
Classification	Trade Receivables	Non-trade Receivables	Other Receivables	Other long-term Receivables
Beginning balance	Rs. 61,039	Rs. 55,522	Rs. 19	Rs. 9,771
Bad debt expense (*)	(49,039)	(716)	(1)	4,095
Write-offs	–	(26,571)	–	–
Transfer	–	–	(18)	18
Ending balance	Rs. 12,000	Rs. 28,235	Rs. –	Rs. 13,884

(*) Difference due to the reversal of allowance for advance payments in the statement comprehensive of income.

The Company estimates allowances for doubtful accounts through individual analysis, and an allowance for the receivables that are not subject to separate individual analysis is estimated based on the historical collection rates. For troubled receivables (default, liquidation, bankruptcy, court receivership, workout, disappearance, full-scale capital erosion, etc.), the Company assesses collectability of each receivable through an individual analysis and reserves

9. INVESTMENTS IN SUBSIDIARIES:

(1) Details of investments in subsidiaries

Details of investments in subsidiaries accounted for using the equity method as of December 31, 2014, and 2013, are as follows:

(Unit: Korean won in thousands)

Name of subsidiary	Location	Ownership %	December 31, 2014		December 31, 2013
			Acquisition cost	Book value	Book value
Ssangyong Motor (Shanghai) Co., Ltd.	China	100	₩ 5,338,097	₩ 5,829,056	₩ 5,829,056
Ssangyong European Parts Center B.V.	Netherlands	100	835,695	–	–
			₩ 6,173,792	₩ 5,829,056	₩ 5,829,056

(Unit: Indian-Rupee in thousands)

Name of subsidiary	Location	Ownership %	December 31, 2014		December 31, 2013
			Acquisition cost	Book value	Book value
Ssangyong Motor (Shanghai) Co., Ltd.	China	100	Rs. 306,941	Rs. 335,171	Rs. 335,171
Ssangyong European Parts Center B.V.	Netherlands	100	48,052	–	–
			Rs. 354,993	Rs. 335,171	Rs. 335,171

100% allowance. For the receivables that are not subject to individual analysis, the allowance is estimated by applying the average loss rate for the past three years to the remaining balance of the receivables at the end of a reporting period; the three-year average loss rate is calculated by dividing the amount of actual loss occurred in the past three years by the average balance of the receivables.

8. INVENTORIES:

Details of inventories as of December 31, 2014, and 2013, are as follows:
(Unit: Korean won in thousands)

	December 31, 2014		December 31, 2013	
Merchandises	₩	52,417,962	₩	52,685,259
Finished goods		43,801,591		47,989,259
Work-in-process		29,184,732		24,764,484
Raw materials		51,686,249		65,752,519
Sub-materials		601,473		510,850
Supplies		3,821,023		4,233,041
Goods in transit		76,009,676		81,135,536
Total	₩	257,522,706	₩	277,070,948

(Unit: Indian-Rupee in thousands)

	December 31, 2014		December 31, 2013	
Merchandises	Rs.	3,014,033	Rs.	3,029,402
Finished goods		2,518,591		2,759,382
Work-in-process		1,678,122		1,423,958
Raw materials		2,971,959		3,780,770
Sub-materials		34,585		29,374
Supplies		219,710		243,401
Goods in transit		4,370,556		4,665,293
Total	Rs.	14,807,556	Rs.	15,931,580

The Company uses the "lower of cost or market method" on the balance sheet in case inventories' market value decreases under the acquisition cost. On the other hand, loss on valuation of inventories, which was added to "cost of sales" during the current period due to the application of "lower of cost or market method," amounted to ₩ 4,202,306 thousand (Rs. 241,633 thousand).

(2) Summarized financial information of subsidiaries

The summarized financial information of the Company's subsidiaries as of and for the year ended December 31, 2014, is as follows:

(Unit: Korean won in thousands)

Companies	Assets	Liabilities	Sales	Net income
Ssangyong Motor (Shanghai) Co., Ltd	₩ 7,017,149	₩ 842,529	₩ 6,512,641	₩ 491,881
Ssangyong European Parts Center B.V.	₩ 7,158,932	₩ 11,129,549	₩ 14,118,627	₩ 116,206

(Unit: Indian-Rupee in thousands)

Companies	Assets	Liabilities	Sales	Net income
Ssangyong Motor (Shanghai) Co., Ltd	Rs. 403,486	Rs. 48,445	Rs. 374,477	Rs. 28,283
Ssangyong European Parts Center B.V.	Rs. 411,639	Rs. 639,949	Rs. 811,821	Rs. 6,682

10. OTHER ASSETS:

Carrying amounts of other assets as of December 31, 2014, and 2013, are as follows:

(Unit: Korean won in thousands)

Account	December 31, 2014	December 31, 2013
Other current assets		
Advance payments	₩ 2,190,288	₩ 2,035,601
Less: Allowance for doubtful accounts	(10,298)	(1,147)
Prepaid expenses	4,741,584	4,127,302
Income tax refundable	794,694	983,619
	<u>7,716,268</u>	<u>7,145,375</u>
Other non-current assets		
Other non-current assets	360,473	357,350
	<u>₩ 360,473</u>	<u>₩ 357,350</u>

(Unit: Indian-Rupee in thousands)

Account	December 31, 2014	December 31, 2013
Other current assets		
Advance payments	Rs. 125,942	Rs. 117,047
Less: Allowance for doubtful accounts	(592)	(66)
Prepaid expenses	272,641	237,320
Other current assets	45,694	56,558
	<u>443,685</u>	<u>410,859</u>
Other non-current assets		
Other non-current assets	20,727	20,548
	<u>Rs. 20,727</u>	<u>Rs. 20,548</u>

11. PROPERTY, PLANT AND EQUIPMENT:

(1) Carrying amounts of property, plant and equipment as of December 31, 2014, and 2013, are as follows:

(Unit: Korean won in thousands)

	December 31, 2014				
	Acquisition Cost	Government Subsidies	Depreciation	Loss on Valuation	Carrying Amount
Land	₩ 475,531,313	₩ -	₩ -	₩ -	₩ 475,531,313
Buildings	530,841,465	1,650,125	186,171,422	148,371,913	194,648,005
Structures	105,440,373	156,164	59,172,283	29,156,377	16,955,549
Machinery	1,255,831,372	593,294	1,008,322,247	98,853,953	148,061,878
Vehicles	9,555,846	-	6,773,531	1,194,962	1,587,353
Tools and molds	891,332,596	14,909	550,255,759	162,637,822	178,424,106
Equipment	67,042,627	15,571	37,958,542	4,542,664	24,525,850
Construction in progress	131,569,206	-	-	-	131,569,206
Machinery in transit	2,355,375	-	-	-	2,355,375
	<u>₩ 3,469,500,173</u>	<u>₩ 2,430,063</u>	<u>₩ 1,848,653,784</u>	<u>₩ 444,757,691</u>	<u>₩ 1,173,658,635</u>
	December 31, 2013				
	Acquisition Cost	Government Subsidies	Depreciation	Loss on Valuation	Carrying Amount
Land	₩ 475,305,570	₩ -	₩ -	₩ -	₩ 475,305,570
Buildings	520,204,787	1,696,822	176,446,878	148,371,912	193,689,175
Structures	103,715,045	176,520	57,532,368	29,156,376	16,849,781
Machinery	1,229,675,167	789,603	1,030,309,009	99,310,297	99,266,258
Vehicles	9,989,170	-	6,895,721	1,243,655	1,849,794
Tools and moulds	873,276,231	31,508	507,905,818	163,823,074	201,515,831
Equipment	62,680,485	26,413	33,950,667	4,924,001	23,779,404
Construction in progress	70,917,106	-	-	-	70,917,106
Machinery in transit	862,440	-	-	-	862,440
	<u>₩ 3,346,626,001</u>	<u>₩ 2,720,866</u>	<u>₩ 1,813,040,461</u>	<u>₩ 446,829,315</u>	<u>₩ 1,084,035,359</u>

(Unit: Indian-Rupee in thousands)

		December 31, 2014				
	Rs.	Acquisition Cost	Government Subsidies	Depreciation	Loss on Valuation	Carrying Amount
Land	Rs.	27,343,050	Rs. -	Rs. -	Rs. -	Rs. 27,343,050
Buildings		30,523,384	94,882	10,704,857	8,531,385	11,192,260
Structures		6,062,821	8,979	3,402,406	1,676,492	974,944
Machinery		72,210,304	34,114	57,978,529	5,684,102	8,513,559
Vehicles		549,461	-	389,478	68,710	91,273
Tools and moulds		51,251,624	857	31,639,706	9,351,675	10,259,386
Equipment		3,854,951	895	2,182,616	261,203	1,410,237
Construction in progress		7,565,228	-	-	-	7,565,228
Machinery in transit		135,434	-	-	-	135,434
	Rs.	<u>199,496,257</u>	Rs. <u>139,727</u>	Rs. <u>106,297,592</u>	Rs. <u>25,573,567</u>	Rs. <u>67,485,371</u>

		December 31, 2013				
	Rs.	Acquisition Cost	Government Subsidies	Depreciation	Loss on Valuation	Carrying Amount
Land	Rs.	27,330,070	Rs. -	Rs. -	Rs. -	Rs. 27,330,070
Buildings		29,911,775	97,567	10,145,696	8,531,385	11,137,127
Structures		5,963,615	10,150	3,308,111	1,676,492	968,862
Machinery		70,706,322	45,402	59,242,767	5,710,342	5,707,811
Vehicles		574,377	-	396,504	71,510	106,363
Tools and molds		50,213,383	1,812	29,204,584	9,419,827	11,587,160
Equipment		3,604,128	1,519	1,952,163	283,130	1,367,316
Construction in progress		4,077,734	-	-	-	4,077,734
Machinery in transit		49,590	-	-	-	49,590
	Rs.	<u>192,430,994</u>	Rs. <u>156,450</u>	Rs. <u>104,249,825</u>	Rs. <u>25,692,686</u>	Rs. <u>62,332,033</u>

- (2) Changes in the carrying amounts of property, plant and equipment for the year ended December 31, 2014 and 2013, are as follows:
(Unit: Korean won in thousands)

		Year ended December 31, 2014					
	Beginning Balance	Acquisition	Disposal	Other(**)	Depreciation(*)	Ending balance	
Land	W 475,305,570	W 225,139	W -	W 604	W -	W 475,531,313	
Buildings	193,689,175	735,337	-	9,901,340	9,677,847	194,648,005	
Structures	16,849,781	260,922	1	1,472,405	1,627,558	16,955,549	
Machinery	99,266,258	1,127,365	108,685	75,018,432	27,241,492	148,061,878	
Vehicles	1,849,794	160,767	24	85,354	508,538	1,587,353	
Tools and molds	201,515,831	5,871,711	3,743	20,788,506	49,748,199	178,424,106	
Equipment	23,779,404	4,020,927	31,523	2,600,522	5,843,480	24,525,850	
Construction in progress	70,917,106	157,588,772	97,167	(96,839,505)	-	131,569,206	
Machinery in transit	862,440	13,672,439	-	(12,179,504)	-	2,355,375	
	W <u>1,084,035,359</u>	W <u>183,663,379</u>	W <u>241,143</u>	W <u>848,154</u>	W <u>94,647,114</u>	W <u>1,173,658,635</u>	

(*) Depreciation cost of suspended assets' amount of W 20,066 (Rs. 1,154 thousand) in thousands is included from the depreciation cost.

(**) Capitalization cost that has flowed into Construction in progress and other accounts is W-910,576 (Rs.52,358 thousand) in thousands in this period.

		Year ended December 31, 2013					
	Beginning Balance	Acquisition	Disposal	Other	Depreciation*	Ending balance	
Land	W 469,644,702	W 19,360	W 154,021	W 5,795,529	W -	W 475,305,570	
Buildings	200,432,599	1,335,708	129,642	1,447,294	9,396,784	193,689,175	
Structures	17,632,819	93,830	120,297	835,011	1,591,582	16,849,781	
Machinery	111,035,013	4,401,773	91,672	20,116,918	36,195,774	99,266,258	
Vehicles	2,142,714	351,060	97,319	8,996	555,657	1,849,794	
Tools and molds	196,280,440	28,206,687	41,641	42,669,046	65,598,701	201,515,831	
Equipment	16,868,667	10,384,065	59,809	1,237,289	4,650,808	23,779,404	
Construction in progress	37,322,042	106,584,628	134,907	(72,854,657)	-	70,917,106	
Machinery in transit	-	862,440	-	-	-	862,440	
	W <u>1,051,358,996</u>	W <u>152,239,551</u>	W <u>829,308</u>	W <u>(744,574)</u>	W <u>117,989,306</u>	W <u>1,084,035,359</u>	

(Unit: Indian-Rupee in thousands)

Year ended December 31, 2014

	Beginning Balance	Acquisition	Disposal	Other	Depreciation (*)	Ending balance
Land	Rs. 27,330,070	Rs. 12,945	Rs. -	Rs. 35	Rs. -	Rs. 27,343,050
Buildings	11,137,127	42,282	-	569,327	556,476	11,192,260
Structures	968,862	15,004	-	84,663	93,585	974,944
Machinery	5,707,811	64,823	6,249	4,313,560	1,566,386	8,513,559
Vehicles	106,363	9,244	1	4,908	29,241	91,273
Tools and molds	11,587,160	337,623	215	1,195,339	2,860,521	10,259,386
Equipment	1,367,316	231,204	1,813	149,530	336,000	1,410,237
Construction in progress	4,077,734	9,061,354	5,587	(5,568,273)	-	7,565,228
Machinery in transit	49,590	786,165	-	(700,321)	-	135,434
	Rs. <u>62,332,033</u>	Rs. <u>10,560,644</u>	Rs. <u>13,865</u>	Rs. <u>48,768</u>	Rs. <u>5,442,209</u>	Rs. <u>67,485,371</u>

Year ended December 31, 2013

	Beginning Balance	Acquisition	Disposal	Other	Depreciation (*)	Ending balance
Land	Rs. 27,004,570	Rs. 1,113	Rs. 8,856	Rs. 333,243	Rs. -	Rs. 27,330,070
Buildings	11,524,874	76,803	7,454	83,219	540,315	11,137,127
Structures	1,013,887	5,395	6,917	48,013	91,516	968,862
Machinery	6,384,513	253,102	5,271	1,156,723	2,081,257	5,707,810
Vehicles	123,206	20,186	5,596	517	31,950	106,363
Tools and molds	11,286,125	1,621,885	2,394	2,453,470	3,771,925	11,587,161
Equipment	969,948	597,084	3,439	71,144	267,421	1,367,316
Construction in progress	2,146,017	6,128,616	7,757	(4,189,143)	-	4,077,733
Machinery in transit	-	49,591	-	-	-	49,591
	Rs. <u>60,453,140</u>	Rs. <u>8,753,775</u>	Rs. <u>47,684</u>	Rs. <u>(42,814)</u>	Rs. <u>6,784,384</u>	Rs. <u>62,332,033</u>

(*) Depreciation cost of suspended assets' amount of ₩ 37,502 (Rs. 2,156 thousand) in thousands is included from the depreciation cost.

(3) The assets pledged as collateral for the Company's borrowings as of December 31, 2014, are as follows:

(Unit: Korean won in thousands)

Assets pledged as Collaterals	Details	Book value	Maximum amount
Land	Chilgoe-dong Pyeongtaek, Gyeonggi-do	₩ 340,071,778	2,310 billion Korean won
Buildings	150-3 (factory site) and others	65,378,681	
Machinery and others	Pyeongtaek plant production facilities	9,659,386	
		₩ <u>415,109,845</u>	

(Unit: Indian-Rupee in thousands)

Assets pledged as Collateral	Details	Book value	Maximum amount
Land	Chilgoe-dong Pyeongtaek, Gyeonggi-do	Rs. 19,554,127	133 billion rupees
Buildings	150-3 (factory site) and others	3,759,274	
Machinery and others	Pyeongtaek plant production facilities	555,415	
		Rs. <u>23,868,816</u>	

(4) Borrowing costs and capitalized interest, which is the capital of the fiscal year and electrical are as follows.

(Unit: Korean won in thousands)

Account	December 31, 2014	December 31, 2013
Capitalized interest expenses(*)	₩ 1,667,679	₩ -
Capitalization interest rate	4.72%	-

(Unit: Indian rupee in thousands)

Account	December 31, 2014	December 31, 2013
Capitalized interest expenses(*)	Rs. 95,892	Rs. -
Capitalization interest rate	4.72%	-

(*) Borrowing costs that have been capitalized during the year in development costs is ₩ 757,103 (Rs. 43,533 thousand) thousand won.

12. INTANGIBLE ASSETS:

(1) Details of intangible assets as of December 31, 2014, and 2013, are as follows:

(Unit: Korean won in thousands)

December 31, 2014					
	Acquisition Cost	Government Subsidies	Accumulated Depreciation	Accumulated Impairment loss	Book value
Development cost	₩ 28,564,573	₩ -	₩ 14,341,540	₩ -	₩ 14,223,033
Patents	1,873,286	21,966	756,331	31,378	1,063,611
Other intangible assets	146,823,238	26,563	10,578,849	589,036	135,628,790
	₩ 177,261,097	₩ 48,529	₩ 25,676,720	₩ 620,414	₩ 150,915,434

December 31, 2013					
	Acquisition Cost	Government Subsidies	Accumulated Depreciation	Accumulated Impairment loss	Book value
Development cost	₩ 14,478,684	₩ -	₩ 9,371,382	₩ -	₩ 5,107,302
Patents	1,217,210	5,802	475,150	-	736,258
Other intangible assets	88,692,583	21,609	4,347,597	686,796	83,636,581
	₩ 104,388,477	₩ 27,411	₩ 14,194,129	₩ 686,796	₩ 89,480,141

(Unit: Indian-Rupee in thousands)

December 31, 2014					
	Acquisition Cost	Government Subsidies	Accumulated Depreciation	Accumulated Impairment loss	Book value
Development cost	Rs. 1,642,463	Rs. -	Rs. 824,639	Rs. -	Rs. 817,824
Patents	107,714	1,263	43,489	1,804	61,158
Other intangible assets	8,442,336	1,527	608,284	33,870	7,798,655
	Rs. 10,192,513	Rs. 2,790	Rs. 1,476,412	Rs. 35,674	Rs. 8,677,637

December 31, 2013					
	Acquisition Cost	Government Subsidies	Accumulated Depreciation	Accumulated Impairment loss	Book value
Development cost	Rs. 832,524	Rs. -	Rs. 538,854	Rs. -	Rs. 293,670
Patents	69,990	334	27,321	-	42,335
Other intangible assets	5,099,824	1,242	249,988	39,491	4,809,103
	Rs. 6,002,338	Rs. 1,576	Rs. 816,163	Rs. 39,491	Rs. 5,145,108

(2) Changes in intangible assets for the year ended December 31, 2014 and 2013, are as follows:

(Unit: Korean won in thousands)

Year ended December 31, 2014								
	Beginning balance	Acquisition (*)	Transfer	Disposal	Depreciation	Impairment loss	Other (**)	Ending balance
Development cost	₩ 5,107,302	₩ -	₩ 14,012,691	₩ -	₩ 4,970,159	₩ -	₩ 73,199	₩ 14,223,033
Patents	736,258	638,336	-	-	279,605	31,378	-	1,063,611
Other intangible assets	83,636,581	72,018,698	(14,012,691)	587,760	6,207,702	(97,760)	683,904	135,628,790
	₩ 89,480,141	₩ 72,657,034	₩ -	₩ 587,760	₩ 11,457,466	₩ (66,382)	₩ 757,103	₩ 150,915,434

Year ended December 31, 2013								
	Beginning balance	Acquisition	Transfer	Disposal	Depreciation	Impairment loss	Other	Ending balance
Development cost	₩ 47,996,313	₩ -	₩ (21,240,402)	₩ -	₩ 21,648,609	₩ -	₩ -	₩ 5,107,302
Patents	658,066	344,860	-	-	231,598	35,070	-	736,258
Other intangible assets	7,868,979	57,266,957	21,240,402	-	3,456,886	5,194	722,323	83,636,581
	₩ 56,523,358	₩ 57,611,817	₩ -	₩ -	₩ 25,337,093	₩ 40,264	₩ 722,323	₩ 89,480,141

(*) Of the acquisition amount of other intangible assets, the amount that you obtained in government subsidy is ₩ 46,244 (Rs. 2,659 thousands) in thousands.

(**) Of the current year development costs, the amount that has flowed into the capital of the cost is ₩ 757,103 (Rs. 43,533) thousand won including difference of change of exchange rate

(Unit: Indian-Rupee in thousands)

Year ended December 31, 2014								
	Beginning balance	Acquisition	Transfer	Disposal	Depreciation	Impairment loss	Other	Ending balance
Development cost	Rs. 293,670	Rs. -	Rs. 805,730	Rs. -	Rs. 285,784	Rs. -	Rs. 4,208	Rs. 817,824
Patents	42,335	36,704	-	-	16,077	1,804	-	61,158
Other intangible assets	4,809,103	4,141,075	(805,730)	33,796	356,943	(5,621)	39,325	7,798,655
	Rs. 5,145,108	Rs. 4,177,779	Rs. -	Rs. 3,796	Rs. 58,804	Rs. 3,817	Rs. 3,533	Rs. 8,677,637

Year ended December 31, 2013								
	Beginning balance	Acquisition	Transfer	Disposal	Depreciation	Impairment loss	Other	Ending balance
Development cost	Rs. 2,759,788	Rs. -	Rs. (1,221,323)	Rs. -	Rs. 1,244,795	Rs. -	Rs. -	Rs. 2,736,316
Patents	37,839	19,829	-	-	13,317	2,017	-	46,334
Other intangible assets	452,466	3,292,850	1,221,323	-	198,771	299	41,535	2,366,458
	Rs. 3,250,093	Rs. 3,312,679	Rs. -	Rs. -	Rs. 1,456,883	Rs. 2,316	Rs. 41,535	Rs. 5,145,108

(3) Amortization of the intangible assets for the year ended December 31, 2014 and 2013, is as follows:

Account	Korean Won in thousands		Indian-Rupee in thousands	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
Cost of goods manufactured	₩ 4,696,440	₩ 21,307,066	Rs. 270,045	Rs. 1,225,156
Selling and administrative expenses	6,761,026	4,030,027	388,759	231,727
	₩ 11,457,466	₩ 25,337,093	Rs. 658,804	Rs. 1,456,883

13. BORROWINGS:

(1) The Company's short-term borrowings as of December 31, 2014, and 2013, consist of the following:

(Unit: Korean won in thousands)

Creditor	Type	Interest rate	December 31, 2014	December 31, 2013
Korea Development Bank	Operating fund	CD 2.26%	₩ 30,000,000	₩ 30,000,000
Woori Bank	Operating fund	CD 2.0%	5,000,000	-
Besides BOA	Banker's usance	0.49% ~ 1.27%	64,540,013	21,608,036
			₩ 99,540,013	₩ 51,608,036

(Unit: Indian-Rupee in thousands):

Creditor	Type	Interest rate (%)	December 31, 2014	December 31, 2013
Korea Development Bank	Operating fund	CD 2.26%	Rs. 1,725,000	Rs. 1,725,000
Woori Bank	Operating fund	CD 2.0%	287,500	-
Besides BOA	Banker's usance	0.49% ~ 1.27%	3,711,051	1,242,462
			Rs. 5,723,551	Rs. 2,967,462

(2) The Company's long-term borrowings as of December 31, 2014, and December 31, 2013, consist of the following:

(Unit: Korean won in thousands)

Creditor	Type	Interest rate	December 31, 2014	December 31, 2013
Woori Bank	Operating fund	CD 2.0%	₩ 30,000,000	₩ -
Net: within one year arrival worth			5,000,000	-
			₩ 25,000,000	₩ -

(Unit: Indian rupee in thousands)

Creditor	Type	Interest rate	December 31, 2014	December 31, 2013
Woori Bank	Operating fund	CD 2.0%	Rs. 1,725,000	Rs. -
Net: within one year arrival worth			287,500	-
			Rs. 1,437,500	Rs. -

(3) The Company's bonds and current portion of long-term borrowings as of December 31, 2014, and December 31, 2013, consist of the following:

(Unit: Korean won in thousands)

Type	Issue date	Maturity date	Interest rate	December 31, 2014	December 31, 2013
Private non-guaranteed bonds	2011-02-09	2014-02-09	7.00%	₩ -	₩ 95,404,765

(Unit: Indian-Rupee in thousands):

Type	Issue date	Maturity date	Interest rate (%)	December 31, 2014	December 31, 2013
Private non-guaranteed bonds	2011-02-09	2014-02-09	7.00%	Rs. -	Rs. 5,485,774

Private non-guaranteed bonds is reimbursed current year.

(4) The Company provided the following collateral in relation to its borrowings:

Creditor	Assets pledged as collaterals	Pledged date	Maximum credit amount
Korea Development Bank	Land, buildings and machinery	2009-08-13	195 billion Korean won (11 billion Rupee)
Woori Bank	Land, buildings and machinery	2014-10-29	36 billion Korean won (2 billion Rupee)

14. OTHER FINANCIAL LIABILITIES:

Carrying amounts of other financial liabilities as of December 31, 2014, and December 31, 2013, are as follows:

Classification	Korean won in thousands		Indian rupee in thousands	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
Other current financial liabilities:				
Accrued expenses	₩ 29,715,325	₩ 20,352,993	Rs. 1,708,631	Rs. 1,170,297

15. PROVISION FOR PRODUCT WARRANTIES:

The Company provides warranties for the sale of its products and establishes a provision for product warranties for the amount of expected warranty costs. Provisions for product warranties as of December 31, 2014, and 2013, are as follows:

(Unit: Korean won in thousands)

Dec. 31,	Beginning Balance			Ending Balance		
	Increase	Decrease	Current	Non-current		
2014	₩ 125,479,981	₩ 113,075,513	₩ 100,689,455	₩ 137,866,039	₩ 57,556,475	₩ 80,309,564
2013	₩ 118,598,929	₩ 82,634,200	₩ 75,753,148	₩ 125,479,981	₩ 48,780,982	₩ 76,698,999

(Unit: Indian-Rupee in thousands):

Dec. 31,	Beginning Balance			Ending Balance		
	Increase	Decrease	Current	Non-current		
2014	Rs. 7,215,099	Rs. 6,501,842	Rs. 5,789,644	Rs. 7,927,297	Rs. 3,309,497	Rs. 4,617,800
2013	Rs. 6,819,438	Rs. 4,751,466	Rs. 4,355,806	Rs. 7,215,098	Rs. 2,804,906	Rs. 4,410,192

16. OTHER LIABILITIES:

Carrying amounts of other liabilities as of December 31, 2014, and 2013, are as follows:

Classification	Korean won in thousands		Indian-Rupee in thousands	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
Advances from customers	₩ 2,982,710	₩ 5,689,992	Rs. 171,506	Rs. 327,175
Deposits received	763,400	1,507,995	43,896	86,710
Withholdings	18,716,930	19,520,134	1,076,223	1,122,407
	₩ 22,463,040	₩ 26,718,121	Rs. 1,291,625	Rs. 1,536,292

17. RETIREMENT BENEFIT OBLIGATION:

(1) Defined benefit plans and related liabilities arising from the Company's separate financial statements' configuration items as of December 31, 2014, and 2013, are as follows:

Classification	Korean won in thousands		Indian-Rupee in thousands	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
Present value of defined benefit obligation	₩ 248,189,001	₩ 176,130,156	Rs. 14,270,867	Rs. 10,127,484
Fair value of plan assets	(1,440,612)	(1,474,038)	(82,835)	(84,757)
	₩ 246,748,389	₩ 174,656,118	Rs. 14,188,032	Rs. 10,042,727

(2) Changes in the Company's defined benefit obligation for the year ended December 31, 2014 and 2013, are as follows:

(Unit: Korean won in thousands)

	Year ended December 31, 2014		
	Present value of defined benefit obligations	Fair value of scheme Assets	Total
Beginning balance	₩ 176,130,156	₩ (1,474,038)	₩ 174,656,118
Net current service cost	31,645,593	-	31,645,593
Interest cost(income) on DBO	7,853,867	(64,185)	7,789,682
Past service cost	26,353,104	-	26,353,104
Subtotal	241,982,720	(1,538,223)	240,444,497
Remeasurements			
Asset (Gain)/Loss	-	34,064	34,064
DBO (Gain)/Loss due to Experience	(14,629,891)	-	(14,629,891)
DBO (Gain)/Loss due to Changes in Financial Assumptions	32,480,964	-	32,480,964
DBO (Gain)/Loss due to Changes in Demographic Assumptions	(2,574,903)	-	(2,574,903)
Total remeasurements recognised in other comprehensive income	15,276,170	34,064	15,310,234
Payments			
Benefit payment from plan assets	(63,547)	63,547	-
Benefit payment from company	(6,958,637)	-	(6,958,637)
Replaced with accounts payable.	(2,047,705)	-	(2,047,705)
Ending balance	₩ 248,189,001	₩ (1,440,612)	₩ 246,748,389

	Year ended December 31, 2013		
	Present value of defined benefit obligations	Fair value of scheme Assets	Total
Beginning balance	₩ 144,823,054	₩ (1,524,841)	₩ 143,298,213
Net current service cost	28,664,682	-	28,664,682
Interest cost(income) on DBO	5,629,710	(59,122)	5,570,588
Past service cost	1,689,737	-	1,689,737
Subtotal	180,807,183	(1,583,963)	179,223,220
Remeasurements			
Asset (Gain)/Loss	-	23,883	23,883
DBO (Gain)/Loss due to Experience	9,191,487	-	9,191,487
DBO (Gain)/Loss due to Changes in Demographic Assumptions	2,767,538	-	2,767,538
DBO (Gain)/Loss due to Changes in Financial Assumptions	(10,732,545)	-	(10,732,545)
Total remeasurements recognised in other comprehensive income	1,226,480	23,883	1,250,363
Payments			
Benefit payment from plan assets	(86,042)	86,042	-
Benefit payment from company	(5,817,465)	-	(5,817,465)
Ending balance	₩ 176,130,156	₩ (1,474,038)	₩ 174,656,118

(Unit: Indian-Rupee in thousands):

	Year ended December 31, 2014		
	Present value of defined benefit obligations	Fair value of scheme assets	Total
Beginning balance	Rs. 10,127,484	Rs. (84,757)	Rs. 10,042,727
Net current service cost	1,819,622	-	1,819,622
Interest cost (income) on DBO	451,597	(3,691)	447,906
Past service cost	1,515,303	-	1,515,303
Subtotal	13,914,006	(88,448)	13,825,558
Remeasurements			

	Year ended December 31, 2014		
	Present value of defined benefit obligations	Fair value of scheme assets	Total
Asset (Gain)/Loss	-	1,959	1,959
DBO (Gain)/Loss due to Experience	(841,219)	-	(841,219)
DBO (Gain)/Loss due to Changes in Financial Assumptions	1,867,655	-	1,867,655
DBO (Gain)/Loss due to Changes in Demographic Assumptions	(148,056)	-	(148,056)
Total remeasurements recognised in other comprehensive income	878,380	1,959	880,339
Payments			
Benefit payment from plan assets	(3,654)	3,654	-
Benefit payment from company	(400,122)	-	(400,122)
Replaced with accounts payable	(117,743)	-	(117,743)
Ending balance	Rs. 14,270,867	Rs. (82,835)	Rs. 14,188,032

	Year ended December 31, 2013		
	Present value of defined benefit obligations	Fair value of scheme assets	Total
Beginning balance	Rs. 8,327,326	Rs. (87,678)	Rs. 8,239,648
Net current service cost	1,648,219	-	1,648,219
Interest cost (income) on DBO	323,708	(3,400)	320,308
Past service cost	97,160	-	97,160
Subtotal	10,396,413	(91,078)	10,305,335
Remeasurements			
Asset (Gain)/Loss	-	1,373	1,373
DBO (Gain)/Loss due to Experience	528,511	-	528,511
DBO (Gain)/Loss due to Changes in Demographic Assumptions	159,133	-	-
DBO (Gain)/Loss due to Changes in Financial Assumptions	(617,121)	-	(617,121)
Total remeasurements recognised in other comprehensive income	70,523	1,373	71,896
Payments			
Benefit payment from plan assets	(4,948)	4,948	-
Benefit payment from company	(334,504)	-	(334,504)
Ending balance	Rs. 10,127,484	Rs. (84,757)	Rs. 10,042,727

(3) Actuarial assumptions used as of December 31, 2014, and 2013, are as follows:

	December 31, 2014	December 31, 2013
Discount rate (%)	3.41	4.39
Expected rate of salary increase (%)	5.31	5.32

(4) As of December 31, 2014, if the significant actuarial assumption changes reasonably and acceptably while the others remain unchanged, the defined benefit obligation will be affected as follows:

Classification	Korean won in thousands		Indian-Rupee in thousands	
	Increase	Decrease	Increase	Decrease
Change 1% in Discount rate	₩ (31,873,113)	₩ 38,082,514	Rs. (1,832,704)	Rs. 2,189,745
Changes 1% in Expected rate of salary increase	₩ 35,905,880	₩ (30,718,978)	Rs. 2,064,588	Rs. (1,766,341)

As the actuarial assumptions are correlated and not changed independently, the sensitivity analysis does not indicate the actual change in the amounts of defined benefit obligation. The present value of defined benefit obligations on the sensitivity analysis is measured by the same method as the projected unit credit method used in calculating net defined benefit liability recognized in the statements of financial position.

18. CONTINGENCIES AND COMMITMENTS:

The following are the major commitments and contingent liabilities as of December 31, 2014.

- (1) The Company carries product liability insurance for all products which it sells.
- (2) As of December 31, 2014, the Company has been providing guarantees from Korea Development Bank, etc., amounting to USD 268 million (amount execution USD101 million) related to import L/C.
- (3) The following are the major loan arrangements with the financial institutions as of December 31, 2014.

(Unit: Korean won in thousands)

Financial institution	Classification	Limit	Exercise price
KDB	Operating purpose loans	₩ 30,000,000	₩ 30,000,000
Woori Bank	Operating purpose loans	₩ 30,000,000	₩ 30,000,000
JP Morgan	Current purpose loans	₩ 50,000,000	₩ -
Nonghyup Bank	Limit purpose loans	₩ 15,000,000	₩ -
Total		₩ 125,000,000	₩ 60,000,000

(Unit: Indian-Rupee in thousands)

Financial institution	Classification	Limit	Exercise price
KDB	Operating purpose loans	Rs. 1,725,000	Rs. 1,725,000
Woori Bank	Operating purpose loans	Rs. 1,725,000	Rs. 1,725,000
JP Morgan	Current purpose loans	Rs. 2,875,000	Rs. -
Nonghyup Bank	Limit purpose loans	Rs. 862,500	Rs. -
Total		Rs. 7,187,500	Rs. 3,450,000

(4) Pending litigations

As of December 31, 2014, the Company has 5 pending litigations as a plaintiff with claims amounting to ₩ 6,069 million (Rs. 349 million) and 29 pending litigations as a defendant with claims amounting to ₩ 23,277 million (Rs. 1,338 million). The Company recognized other payables amounting to ₩ 25,424 million (Rs. 1,462 million) that are expected to be a probable loss and can be reasonably estimated as of December 31, 2014.

19. CAPITAL STOCK:

As of December 31, 2014, and December 31, 2013, the number of authorized shares is 3 billion shares. Details of capital stock are as follows:

(Unit: Korean won in thousands except for par value)

Classification	No. of shares		Par value	Capital stock
	Authorized	Shares outstanding		
December 31, 2014	3,000,000,000	137,220,096	₩ 5,000	₩ 686,100,480
December 31, 2013	3,000,000,000	137,220,096	₩ 5,000	₩ 686,100,480

(Unit: Rupee in thousands except for par value):

Classification	No. of shares		Par value	Capital stock
	Authorized	Shares outstanding		
December 31, 2014	3,000,000,000	137,220,096	₩ 288	₩ 39,450,778
December 31, 2013	3,000,000,000	137,220,096	₩ 288	₩ 39,450,778

20. OTHER CAPITAL SURPLUS AND RETAINED EARNINGS:

Details of other capital surplus and retained earnings as of December 31, 2014, and 2013, are as follows:

	Year ended December 31, 2014		Year ended December 31, 2013	
	(Korean won in thousands)	(Korean won in thousands)	(Indian-Rupee in thousands)	(Indian-Rupee in thousands)
Other capital surplus				
Paid-in capital in excess of par value	₩ 11,452,713	₩ 11,452,713	Rs. 658,531	Rs. 658,531
Gain on retirement of capital stock(*)	118,189,001	120,351,580	6,795,868	6,920,216
Debt converted to equity	931,508	931,508	53,562	53,562
Treasury stock(*)	(1,189,820)	(108,530)	(68,415)	(6,241)
Consideration for conversion rights(*)	-	(3,243,869)	-	(186,522)
	₩ 129,383,402	₩ 129,383,402	Rs. 7,439,546	Rs. 7,439,546

(*) The Company, during the year, to reflect the results of the investigation final and binding decision of equity swap debt based on the 2009 regeneration plan, has been adjusted recorded a treasury stock and capital reduction gains.

21. OTHER CAPITAL ADJUSTMENTS

- (1) Detail of the Company's other capital adjustments as of December 31, 2014, and 2013, are as follows:

(Unit: Korean won in thousands)

Classification	December 31, 2014	December 31, 2013
Other capital adjustments	₩ (14,167,300)	₩ 26,833,680

(Unit: Indian Rupee in thousands)

Classification	December 31, 2014	December 31, 2013
Other capital adjustments	Rs. (814,620)	Rs. 1,542,937

- (2) Changes in the Company's gains (losses) on valuation of derivatives as for the year ended December 31, 2014 and 2013 are as follows:

	Korean Won in thousands		Indian Rupee in thousands	
	Year ended December 31, 2014	Year ended December 31, 2013	Year ended December 31, 2014	Year ended December 31, 2013
Beginning balance	₩ 26,833,680	₩ 18,999,750	Rs. 1,542,937	Rs. 1,092,486
Gains (losses) on valuation of derivatives	(14,167,300)	26,833,680	(814,620)	1,542,937
Reclassified to net income	₩ (26,833,680)	₩ (18,999,750)	Rs. (1,542,937)	Rs. (1,092,486)
Ending balance	₩ (14,167,300)	₩ 26,833,680	Rs. (814,620)	Rs. 1,542,937

22. RETAINED EARNINGS (DEFICIT):

- (1) Details of retained earnings(deficit) as of December 31, 2014, and 2013, are as follows:

(Unit: Won in thousands)

	December 31, 2014	December 31, 2013
Retained earnings(deficit)	₩ (18,220,065)	₩ 47,725,963

(Unit: Indian Rupee in thousands)

	December 31, 2014	December 31, 2013
Retained earnings(deficit)	Rs. (1,047,654)	Rs. 2,744,243

- (2) Changes in retained earnings(deficit) for the year ended as of December 31, 2014, and 2013, are as follows:

(Unit: Korean won in thousands)

	December 31, 2014	December 31, 2013
Beginning balance	₩ 47,725,963	₩ 52,754,371
Net loss	(50,635,793)	(3,778,045)
Actuarial losses	(15,310,235)	(1,250,363)
Ending balance	₩ (18,220,065)	₩ 47,725,963

(Unit: Indian Rupee in thousands)

	December 31, 2014	December 31, 2013
Beginning balance	Rs. 2,744,244	Rs. 3,033,376
Net loss	(2,911,559)	(217,239)
Actuarial losses	(880,339)	(71,894)
Ending balance	Rs. (1,047,654)	Rs. 2,744,243

23. STATEMENT OF DISPOSITION OF DEFICIT (RETAINED EARNINGS):

Detail of the Company's statement of disposition of deficit (retained earnings) for the years ended December 31, 2014 and 2013 are as follows:

SSANGYONG MOTOR COMPANY
STATEMENT OF DISPOSITION OF DEFICIT (RETAINED EARNINGS FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

Expected disposition date: 2015.03.25
Disposal fixed date: 2014. 03. 26

Accounts	(Unit: Korean won)	
	Year ended December 31, 2014	Year ended December 31, 2013
Unappropriated retained earnings(deficit)	W (18,220,064,486)	W 47,725,963,330
Undisposed retained earnings carried over from prior year	47,725,963,330	52,754,371,403
Current net loss	(50,635,793,202)	(3,778,044,742)
Actuarial losses	(15,310,234,614)	(1,250,363,331)
Appropriation retained earning	-	-
Unappropriated retained earnings(deficit) to be carried forward to subsequent year	W (18,220,064,486)	W 47,725,963,330

Accounts	(Unit: Indian rupee)	
	Year ended December 31, 2014	Year ended December 31, 2013
Unappropriated retained earnings(deficit)	Rs. (1,047,653,708)	Rs. 2,744,242,891
Undisposed retained earnings carried over from prior year	2,744,242,891	3,033,376,356
Current net loss	(2,911,558,109)	(217,237,573)
Actuarial losses	(880,338,490)	(71,895,892)
Appropriation retained earning	-	-
Unappropriated retained earnings(deficit) to be carried forward to subsequent year	Rs. (1,047,653,708)	Rs. 2,744,242,891

24. INCOME TAX:

(1) Composition of income tax expense for the years ended December 31, 2014 and 2013 are as follows:

	Korean won in thousands		Indian-Rupee in thousands	
	Years ended December 31, 2014	Years ended December 31, 2013	Years ended December 31, 2014	Years ended December 31, 2013
Current income tax payable	W -	W -	W -	W -
Income tax expense directly reflected to shareholders' equity	-	-	-	-
Income tax expense	W -	W -	W -	W -

(2) Changes in temporary differences and deferred income tax assets

The changes in temporary differences and deferred income tax assets for the year ended December 31, 2014 and 2013 are as follows (Unit: Korean Won in thousands):

Description	Beginning balance	Decrease	Year ended December 31, 2014	
			Increase	Ending balance
(Temporary differences)				
Allowance for doubtful accounts	W -	W -	W -	W -
Government subsidies	4,560,013	2,085,976	1,090,789	3,564,826
Provision for product warranties	125,479,981	125,479,981	137,866,039	137,866,039
Accrued severance indemnities	207,848,904	51,994,890	91,771,157	247,625,171
Loss on revaluation of property, plant and equipment	145,782,462	17,557,676	56,182	128,280,968
Development cost	60,050,587	14,900,531	-	45,150,056
Depreciation	14,675,862	3,800,285	5,398,227	16,273,804
Other payables	75,439,294	75,501,755	50,428,684	50,366,223
Accrued expenses	19,385,586	19,385,586	29,561,974	29,561,974
Investment in subsidiaries	4,184,519	-	-	4,184,519
Gain (loss) on foreign currency translation	26,620	26,620	-	-
Gain (loss) on valuation of derivatives	(31,488,313)	(30,255,663)	14,974,250	13,741,600
Other long-term employee benefit	16,281,616	16,281,616	15,619,578	15,619,578
Land	(260,707,239)	-	(6,289)	(260,713,528)
Others	(512,276)	(1,039,267)	309,826	836,817
Deficit carried over	1,056,127,630	-	48,816,458	1,104,944,088
Total	1,437,135,246	-	-	1,537,302,135
Not recognized as deferred tax assets	1,437,135,246	-	-	1,537,302,135
Recognized as deferred tax assets	-	-	-	-
Statutory tax rate	22%	-	-	22%
Deferred tax assets resulting from temporary differences	-	-	-	-
Tax credit carry forwards	16,186,266	4,434,622	-	11,751,644

SSANGYONG MOTOR COMPANY

Description	Year ended December 31, 2014			
	Beginning balance	Decrease	Increase	Ending balance
Not recognized as deferred tax assets	16,186,266	4,434,622		11,751,644
Recognized as deferred tax assets	-			-
Deferred tax assets resulting from tax credit carry forwards	-			-
Total deferred income tax	W		W	

(Unit: Indian rupee in thousands)

Description	Year ended December 31, 2014			
	Beginning balance	Decrease	Increase	Ending balance
(Temporary differences)				
Allowance for doubtful accounts	Rs. -	Rs. -	Rs. -	Rs. -
Government subsidies	262,201	119,944	62,720	204,977
Provision for product warranties	7,215,099	7,215,099	7,927,297	7,927,297
Accrued severance indemnities	11,951,312	2,989,706	5,276,842	14,238,447
Loss on revaluation of property, plant and equipment	8,382,492	1,009,566	3,230	7,376,156
Development cost	3,452,909	856,781	-	2,596,128
Depreciation	843,862	218,516	310,398	935,744
Other payables	4,337,759	4,341,351	2,899,649	2,896,058
Accrued expenses	1,114,671	1,114,671	1,699,814	1,699,814
Investment in subsidiaries	240,610	-	-	240,610
Gain (loss) on foreign currency translation	1,531	1,531	-	-
Gain (loss) on valuation of derivatives	(1,810,578)	(1,739,701)	861,019	790,142
Other long-term employee benefit	936,193	936,193	898,126	898,126
Land	(14,990,666)	-	(362)	(14,991,028)
Others	(29,456)	(59,758)	17,815	48,117
Deficit carried over	60,727,339		2,806,946	63,534,285
Total	82,635,277			88,394,873
Not recognized as deferred tax assets	82,635,277			88,394,873
Recognized as deferred tax assets	-			-
Statutory tax rate	22%			22%
Deferred tax assets resulting from temporary differences	-			-
Tax credit carry forwards	930,710	254,991	-	675,720
Not recognized as deferred tax assets	930,710	254,991	-	675,720
Recognized as deferred tax assets	-			-
Deferred tax assets resulting from tax credit carry forwards	-			-
Total deferred income tax	Rs.		Rs.	

The Company did not recognize deferred income tax assets related to the temporary differences, deficit carried forward and tax credit carried forward since it could not estimate the income tax effect resulting from future taxable income.

Description	Year ended December 31, 2013			
	Beginning balance	Decrease	Increase	Ending balance
(Temporary differences)				
Allowance for doubtful accounts	W 48,289	W -	W (48,289)	W -
Government subsidies	4,312,255	1,222,435	1,470,193	4,560,013
Provision for product warranties	118,598,929	118,598,929	125,479,981	125,479,981
Accrued severance indemnities	133,641,815	17,264,982	91,472,071	207,848,904
Loss on revaluation of property, plant and equipment	161,756,602	23,470,585	7,496,445	145,782,462
Development cost	60,725,467	10,344,539	9,669,659	60,050,587
Depreciation	10,416,303	292,063	4,551,622	14,675,862
Other payables	16,669,524	33,171,381	91,941,151	75,439,294
Accrued expenses	15,439,413	15,439,413	19,385,586	19,385,586
Investment in subsidiaries	2,863,690	(1,320,829)	-	4,184,519
Gain (loss) on foreign currency translation	(2,220)	(28,840)	-	26,620
Gain (loss) on valuation of derivatives	(18,999,750)	-	(12,488,563)	(31,488,313)
Other long-term employee benefit	13,107,758	13,107,758	16,281,616	16,281,616
Land	(260,707,239)	-	-	(260,707,239)
Others	(834,260)	(772,950)	(450,966)	(512,276)
Deficit carried over	1,313,655,359		(257,527,729)	1,056,127,630
Total	1,570,691,935			1,437,135,246
Not recognized as deferred tax assets	1,570,691,935			1,437,135,246
Recognized as deferred tax assets	-			-
Statutory tax rate	22%			22%
Deferred tax assets resulting from temporary differences	-			-

Description	Year ended December 31, 2013			
	Beginning balance	Decrease	Increase	Ending balance
Tax credit carry forwards	17,263,892	1,077,626	-	16,186,266
Not recognized as deferred tax assets	17,263,892	1,077,626	-	16,186,266
Recognized as deferred tax assets	-	-	-	-
Deferred tax assets resulting from tax credit carry forwards	-	-	-	-
Total deferred income tax	₩ -	-	₩ -	-

(Unit: Indian-Rupee in thousands)

Description	Year ended December 31, 2013			
	Beginning balance	Decrease	Increase	Ending balance
(Temporary differences)				
Allowance for doubtful accounts	Rs. 2,777	Rs. -	Rs. (2,777)	Rs. -
Government subsidies	247,955	70,290	84,536	262,201
Provision for product warranties	6,819,438	6,819,438	7,215,099	7,215,099
Accrued severance indemnities	7,684,404	992,736	5,259,644	11,951,312
Loss on revaluation of property, plant and equipment	9,301,005	1,349,559	431,046	8,382,492
Development cost	3,491,714	594,811	556,005	3,452,909
Depreciation	598,937	16,794	261,718	843,862
Other payables	958,498	1,907,354	5,286,616	4,337,759
Accrued expenses	887,766	887,766	1,114,671	1,114,671
Investment in subsidiaries	164,662	(75,948)	-	240,610
Gain (loss) on foreign currency translation	(128)	(1,658)	-	1,531
Gain (loss) on valuation of derivatives	(1,092,486)	-	(718,092)	(1,810,578)
Other long-term employee benefit	753,696	753,696	936,193	936,193
Land	(14,990,666)	-	-	(14,990,666)
Others	(47,970)	(44,445)	(25,931)	(29,456)
Deficit carried over	75,535,183	-	(14,807,844)	60,727,339
Total	90,314,785	-	-	82,635,277
Not recognized as deferred tax assets	90,314,785	-	-	82,635,277
Recognized as deferred tax assets	-	-	-	-
Statutory tax rate	-	-	-	-
Deferred tax assets resulting from temporary differences	-	-	-	-
Tax credit carry forwards	992,674	61,963	-	930,710
Not recognized as deferred tax assets	992,674	61,963	-	930,710
Recognized as deferred tax assets	-	-	-	-
Deferred tax assets resulting from tax credit carry forwards	-	-	-	-
Total deferred income tax	Rs. -	-	Rs. -	-

25. EXPENSES BY CATEGORY:

Details of expenses classified by category for the year ended December 31, 2014 and 2013 are as follows:

	Korean won in thousands		Indian-rupee in thousands	
	Year ended December 31, 2014	Year ended December 31, 2013	Year ended December 31, 2014	Year ended December 31, 2013
Changes in inventories:	₩ 34,717	₩ (22,474,362)	Rs. 1,996	Rs. (1,292,276)
Raw materials and Merchandise goods used	2,374,551,894	2,513,588,345	136,536,734	144,531,330
Employee benefits	481,438,860	410,037,805	27,682,734	23,577,174
Depreciation	94,647,114	117,989,306	5,442,209	6,784,385
Amortization	11,457,466	25,337,093	658,804	1,456,883
Other	430,610,901	441,320,741	24,760,127	25,375,943
	₩ 3,392,740,952	₩ 3,485,798,928	Rs. 195,082,604	Rs. 200,433,439

26. DERIVATIVE FINANCIAL INSTRUMENTS:

The Company has a derivative contract with financial institutions such as Korea Development Bank to avoid the risks of exchange rate fluctuation by fitting the amount and period of expected foreign currency sales (hedged items). Gain on valuation of derivatives for ₩1,328,350 thousand (Rs. 76,380 thousand) and Loss on valuation of derivatives for ₩15,495,650 thousand (Rs. 89,105 thousand) applied to cash flow risk aversion accounting treatment is recognized as other capital components, and gain on valuation of derivatives for ₩425,700 thousand (Rs. 24,478 thousand) which is an inefficient part is recognized as current income for the year ended December 31, 2014.

27. SELLING AND ADMINISTRATIVE EXPENSES:

(1) Selling expenses for the years ended December 31, 2013 and 2012 are as follows:

	Korean won in thousands		Indian-rupee in thousands	
	2014	2013	2014	2013
Warranty expenses	W 76,721,685	W 62,874,460	Rs. 4,411,497	Rs. 3,615,281
Sales commissions	168,109,296	151,138,511	9,666,285	8,690,464
Advertising expenses	17,436,678	19,407,649	1,002,609	1,115,940
Export expenses	61,419,389	74,705,679	3,531,615	4,295,577
Other sales expenses	36,462,002	37,346,915	2,096,565	2,147,448
	<u>W 360,149,050</u>	<u>W 345,473,214</u>	<u>Rs. 20,708,571</u>	<u>Rs. 19,864,710</u>

(2) Administrative expenses for the years ended December 31, 2014 and 2013 are as follows:

	Korean won in thousands		Indian-rupee in thousands	
	2014	2013	2014	2013
Salaries	W 46,982,723	W 46,890,174	Rs. 2,701,507	Rs. 2,696,185
Post-employment benefits	6,892,145	6,125,022	396,298	352,189
Employee benefits	12,261,123	12,690,914	705,015	729,728
Rent expense	10,441,378	10,385,156	600,379	597,146
Service fees	23,580,133	21,311,172	1,355,858	1,225,392
Depreciation	7,342,449	5,712,570	422,191	328,473
R&D expenses	19,898,965	18,321,478	1,144,190	1,053,485
Amortization	6,761,026	4,030,027	388,759	231,727
Bad debt expenses	(121,532)	(852,839)	(6,988)	(49,038)
Other administrative expenses	30,654,922	35,302,445	1,762,657	2,029,890
	<u>W 164,693,332</u>	<u>W 159,916,119</u>	<u>Rs. 9,469,866</u>	<u>Rs. 9,195,177</u>

28. NON-OPERATING INCOME (EXPENSES):

(1) Details of the Company's non-operating income for the years ended December 31, 2014 and 2013 are as follows:

	Korean won in thousands		Indian-rupee in thousands	
	2014	2013	2014	2013
Commission income	W 1,989,428	W 14,797,763	Rs. 114,392	Rs. 850,871
Gain on foreign currency transactions	12,819,814	12,868,034	737,139	739,912
Gain on foreign currency translation	869,419	389,131	49,992	22,375
Gain on disposal of property, plant and equipment	1,208,168	248,334	69,470	14,280
Others	30,727,209	17,621,939	1,766,814	1,013,262
	<u>W 47,614,038</u>	<u>W 45,925,201</u>	<u>Rs. 2,737,807</u>	<u>Rs. 2,640,699</u>

(2) Details of the Company's non-operating expense for the years ended December 31, 2014 and 2013 are as follows:

	Korean won in thousands		Indian-rupee in thousands	
	2014	2013	2014	2013
Loss on foreign currency transactions	W 10,620,978	W 13,234,225	Rs. 610,706	Rs. 760,968
Loss on foreign currency translation	782,062	753,724	44,969	43,339
Loss on disposal of property, plant and equipment	84,731	447,538	4,872	25,733
Loss on disposal of trade receivables	13,469,988	12,682,235	774,524	729,229
Others	29,138,645	34,568,818	1,675,472	1,987,707
	<u>W 54,096,404</u>	<u>W 61,686,540</u>	<u>Rs. 3,110,543</u>	<u>Rs. 3,546,976</u>

29. FINANCIAL INCOME AND COST:

(1) Details of the Company's financial income for the years ended December 31, 2014 and 2013 are as follows:

	Korean won in thousands		Indian-rupee in thousands	
	2014	2013	2014	2013
Interest income	W 4,931,275	W 7,644,866	Rs. 283,549	Rs. 439,580
Dividend income	738,010	726,318	42,436	41,763
Gain on foreign currency transactions	6,244,857	5,776,888	359,079	332,171
Gain on foreign currency translation	1,354,470	264,050	77,882	15,183
Gain on disposal of derivatives	36,832,905	25,648,865	2,117,892	1,474,810
Gain on valuation of derivatives	615,900	2,150,880	35,413	123,675
	<u>W 50,717,417</u>	<u>W 42,211,867</u>	<u>Rs. 2,916,251</u>	<u>Rs. 2,427,182</u>

(2) Details of the Company's financial cost for the years ended December 31, 2014 and 2013 are as follows:

	Korean won in thousands		Indian-rupee in thousands	
	2014	2013	2014	2013
Interest expense	W 1,136,466	W 8,718,983	Rs. 65,347	Rs. 501,342
Loss on foreign currency translation	6,752,914	6,237,205	388,293	358,639
Loss on foreign currency translation	287,498	382,542	16,531	21,996
Loss on disposal of AFS financial assets	9,576	-	551	-
Loss on disposal of derivatives	8,648,800	4,276,898	497,306	245,922
Loss on valuation of derivatives	190,200	-	10,936	-
	<u>W 17,025,454</u>	<u>W 19,615,628</u>	<u>Rs. 978,964</u>	<u>Rs. 1,127,899</u>

(3) Details of the Company's financial net profit for the years ended December 31, 2014 and 2013 are as follows

	Korean won in thousands		Indian-rupee in thousands	
	2014	2013	2014	2013
Loan and receivables	₩ 4,353,724	₩ 367,463	Rs. 250,339	Rs. 21,129
Available-for-sale financial assets	728,434	6,000	41,885	345
Other financial liabilities	28,609,805	22,222,776	1,645,063	1,277,809
	₩ 33,691,963	₩ 22,596,239	Rs. 1,937,287	Rs. 1,299,283

30. INCOME(LOSS) PER SHARE:

(1) Basic income (loss) per share for the years ended December 31, 2014 and 2013 is calculated as follows (Unit: Won in thousands, except for earnings per share):

	Korean won in thousands		Indian-rupee in thousands	
	2014	2013	2014	2013
Net loss	₩ (50,635,793)	₩ (3,778,045)	Rs. (2,911,559)	Rs. (217,239)
Preferred stock dividends	-	-	-	-
Loss contributed to common stocks	(50,635,793)	(3,778,045)	(2,911,559)	(217,239)
Number of common stocks outstanding	137,193,650	131,584,991	137,193,650	131,584,991
Basic and diluted loss per share(*)	₩ (369)	₩ (29)	Rs. (21)	Rs. (2)

(*) Basic and diluted losses per share for the years ended December 31, 2014 and 2013 are identical since there are no dilutive potential common shares.

(2) The numbers of shares outstanding for the year ended December 31, 2014 and 2013 are calculated as follows:

	December 31, 2014					
	Time interval	Outstanding	Accumulated outstanding	Weighted average impact	Outstanding	
Common stock	2014-01-01	2014-12-31	137,220,096	137,220,096	365/365	137,220,096
Treasury stock	2014-01-01	2014-12-31	(21,706)	(21,706)	365/365	(21,706)
Increase in treasury stock	2014-12-24	2014-12-31	(216,258)	(216,258)	8/365	(4,740)
Total						137,193,650

	December 31, 2013					
	Time interval	Outstanding	Accumulated outstanding	Weighted average impact	Outstanding	
Common stock	2013-01-01	2013-04-03	122,674,641	122,674,641	93/365	31,256,826
Additional Share	2013-04-04	2013-05-21	(21,706)	122,652,935	48/365	16,129,701
Additional Share	2013-05-22	2013-12-31	14,545,455	137,198,390	224/365	84,198,464
Total						131,584,991

31. CASH FLOWS FROM OPERATING ACTIVITIES:

(1) Details of cash flows from operating activities for the year ended December 31, 2014 and 2013, are as follows:

	Korean won in thousands		Indian-rupee in thousands	
	2014	2013	2014	2013
1) Net loss	₩ (50,635,793)	₩ (3,778,045)	Rs. (2,911,559)	Rs. (217,239)
2) Adjustments	182,028,913	203,175,972	10,466,662	11,682,618
Postemployment benefits	42,130,935	35,925,008	2,422,529	2,065,688
Depreciation	94,627,047	117,951,804	5,441,055	6,782,229
Amortization	11,457,466	25,337,092	658,804	1,456,883
Loss on disposal of trade receivables	13,469,988	12,682,235	774,524	729,229
Gain / Loss on foreign currency translation	(1,154,329)	483,086	(66,374)	27,777
Gain / Loss on disposal of property, plant and equipment	(1,123,437)	199,204	(64,598)	11,454
Interest income / expense	(3,794,809)	1,074,117	(218,202)	61,762
Gain on dividends	(738,010)	(726,318)	(42,436)	(41,763)
Loss on valuation of inventories	4,202,306	11,102,920	241,633	638,418
Others	22,951,756	(853,176)	1,319,727	(49,059)
3) Changes in working capital	(66,252,128)	76,101,512	(3,809,497)	4,375,836
Decrease (increase) in trade receivables, net	19,262,188	(15,338,393)	1,107,577	(881,958)
Decrease (increase) in non-trade receivables, net	13,467,147	(7,836,579)	774,361	(450,603)
Decrease (increase) in inventories	15,345,936	(23,800,513)	882,391	(1,368,529)
Increase (decrease) in other assets	874,020	(1,204,707)	50,256	(69,271)
Decrease (increase) in trade payables	(88,464,591)	75,754,592	(5,086,714)	4,355,888
Decrease (increase) in other payables	(39,893,243)	43,686,890	(2,293,861)	2,511,996
Increase in accrued charges	10,176,388	3,946,173	585,142	226,905
Increase in provision of product warranties	12,386,059	6,881,052	712,198	395,660
Payment of severance indemnities	(6,958,637)	(5,817,466)	(400,122)	(334,504)
Increase in other assets	(2,447,395)	(169,537)	(140,725)	(9,748)
Net cash (used in) provided by operating activities	₩ 65,140,991	₩ 275,499,439	Rs. 3,745,606	Rs. 15,841,217

32. SEGMENT INFORMATION:

- (1) The Company determined itself as a single reportable segment in light of nature of goods or service creating operating income and trait of assets providing service. Therefore, writing disclosure according to reportable segment's operating income, income before income tax and its assets and liabilities is omitted.
- (2) Information of each sales region for the year ended December 31, 2014 and 2013, is as follows:

(Unit: Korean won and Indian rupee in thousands):

Sales region	Year ended December 31, 2014			
Republic of Korea	₩	1,993,511,258	Rs.	114,626,897
Europe		634,160,768		36,464,244
Asia Pacific		276,876,574		15,920,403
Others		410,346,962		23,594,951
	₩	3,314,895,562	Rs.	190,606,495

Sales region	Year ended December 31, 2013			
Republic of Korea	₩	1,920,660,629	Rs.	110,437,986
Europe		848,652,565		48,797,522
Asia Pacific		265,835,844		15,285,561
Others		440,036,945		25,302,125
	₩	3,475,185,983	Rs.	199,823,194

Non-current assets are not separately disclosed as all are located in Korea, and main customer information is not disclosed as most of the Company sales are generated through contracting with individuals and foreign authorized agencies.

- (3) Information of each sales product and service for the year ended December 31, 2014 and 2013, is as follows (Unit: Korean won and Indian rupee in thousands):

Sales	December 31, 2014			
Automobile	₩	2,945,297,419	Rs.	169,354,602
Products		351,655,616		20,220,198
Others		17,942,527		1,031,695
	₩	3,314,895,562	Rs.	190,606,495

Sales	December 31, 2013			
Automobile	₩	3,053,604,697	Rs.	175,582,270
Products		403,155,070		23,181,417
Others		18,426,216		1,059,507
	₩	3,475,185,983	Rs.	199,823,194

33. RELATED PARTY TRANSACTIONS:

- (1) Details of related parties as of December 31, 2014, are as follows:

	Related parties
Controlling company	Mahindra & Mahindra Ltd.
Subsidiary company	Ssangyong Motor (Shanghai) Co., Ltd. Ssangyong European Parts Center B.V.
Other affiliates company	Mahindra Vehicle Manufacturing Ltd. Mahindra & Mahindra South Africa Ltd.

- (2) Major transactions with related parties for the year ended December 31, 2014 and 2013, are as follows:

(Unit: Korean won in thousands)

Related Party	Company	Description	Year ended December 31, 2014	Year ended December 31, 2013
Transactions with controlling company	Mahindra & Mahindra Ltd.	Sales	₩ 1,409,962	₩ 2,773,104
		Other income	81,738	135,921
		Purchases	302,048	-
		Intangible asset purchases	-	566,867
		Other expenses	2,239,024	7,643,541
Transactions with subsidiaries	SSsangyong Motor (Shanghai) Co., Ltd. Ssangyong European Parts Center B.V.	Sales	₩ 8,930,422	₩ 7,975,518
		Other income	1,110,871	717,819
		Purchases	-	-
		Intangible asset purchases	-	-
		Other expenses	6,981	393,647

Related Party	Company	Description	Year ended December 31, 2014	Year ended December 31, 2013
Transaction with other affiliates	Mahindra Vehicle Manufacturing Ltd. Mahindra & Mahindra South Africa Ltd.	Sales	₩ 13,641,777	₩ 60,765,429
		Other income	77,504	1,162,203
		Purchases	-	-
		Intangible asset purchases	-	-
		Other expenses	101,928	161,017

(Unit: Indian-Rupee in thousands)

Related Party	Company	Description	Year ended December 31, 2014	Year ended December 31, 2013
Transactions with controlling company	Mahindra & Mahindra Ltd.	Sales	Rs. 81,073	Rs. 159,453
		Other income	4,700	7,815
		Purchases	17,368	-
		Intangible asset purchases	-	32,595
		Other expenses	128,744	439,504
Transactions with subsidiaries	SSsangyong Motor (Shanghai) Co., Ltd. Ssangyong European Parts Center B.V.	Sales	Rs. 513,499	Rs. 458,592
		Other income	63,875	41,275
		Purchases	-	-
		Intangible asset purchases	-	-
		Other expenses	401	22,635
Transaction with other affiliates	Mahindra Vehicle Manufacturing Ltd. Mahindra & Mahindra South Africa Ltd.	Sales	Rs. 784,402	Rs. 3,494,012
		Other income	4,456	66,827
		Purchases	-	-
		Intangible asset purchases	-	-
		Other expenses	5,861	9,258

The bad debt expense recognized for the year ended December 31, 2014 and 2013 does not exist.

- (3) Outstanding receivables and payables from transactions with related parties as of December 31, 2014, and December 31, 2013, are as follows:

(Unit: Korean won in thousands)

	December 31, 2014	December 31, 2013
Receivables from and payables to controlling company:		
Trade Receivables	₩ 40,507	₩ 63,646
Non-trade Receivables	159,510	698,142
Trade Payables	205,628	-
Non-trade Payables	982,293	972,916
Receivables from and payables to subsidiaries:		
Trade Receivables	₩ 11,277,388	₩ 10,663,342
Non-trade Receivables	383,861	2,314,426
Trade Payables	-	-
Non-trade Payables	871,324	943,407
Receivables from and payables to affiliates:		
Trade Receivables	₩ 1,459,978	₩ 460,182
Non-trade Receivables	23,435	6,118
Trade Payables	-	-
Non-trade Payables	125,892	47,315

(Unit: Indian-Rupee in thousands)

	December 31, 2014	December 31, 2013
Receivables from and payables to controlling company:		
Trade Receivables	Rs. 2,329	Rs. 3,660
Non-trade Receivables	9,172	40,143
Trade Payables	11,824	-
Non-trade Payables	56,482	55,943
Receivables from and payables to subsidiaries:		
Trade Receivables	Rs. 648,450	Rs. 613,142
Non-trade Receivables	22,072	133,079
Trade Payables	-	-
Non-trade Payables	50,101	54,246
Receivables from and payables to affiliates:		
Trade Receivables	Rs. 83,949	Rs. 26,460
Non-trade Receivables	1,348	352
Trade Payables	-	-
Non-trade Payables	7,239	2,721

The Company did not recognize allowance for the above-mentioned receivables, and no bad debt expense was recognized for the year ended December 31, 2014.

(4) Loan and borrowing transactions with related parties for year ended December 31, 2014 and for the year ended December 31, 2013 are as follows:

(Unit: Korean won in thousands)

Year ended December 31, 2014	Beginning balance	Increase	Decrease	Ending balance
Controlling company				
Mahindra & Mahindra Ltd	Bonds ₩ 95,404,765	₩ -	₩ 95,404,765	₩ -
Year ended December 31, 2013				
Controlling company				
Mahindra & Mahindra Ltd	Bonds ₩ 95,404,765	₩ -	₩ -	₩ 95,404,765

(Unit: Indian rupee in thousands)

Year ended December 31, 2014	Beginning balance	Increase	Decrease	Ending balance
Controlling company				
Mahindra & Mahindra Ltd	Bonds Rs. 5,485,774	Rs. -	Rs. 5,485,774	Rs. -
Year ended December 31, 2013				
Controlling company				
Mahindra & Mahindra Ltd	Bonds Rs. 5,485,774	Rs. -	Rs. -	Rs. 5,485,774

(5) Stock trading with the related parties for the year ended December 31, 2014 and 2013 is as follows:

(Unit: Korean won in thousands)

	Company	Description	Year ended December 31, 2014	Year ended December 31, 2013
Controlling company	Mahindra & Mahindra Ltd.	Paid in capital increase	₩ -	₩ 79,634,232
Subsidiary companies	SSsangyong Motor (Shanghai) Co., Ltd.		₩ -	₩ 4,048,680

(3) Details of financial assets and liabilities by category as of December 31, 2014, and 2013, are as follows:

1) Financial assets

(Unit: Korean won in thousands)

Financial asset	December 31, 2014					
	Loans and Receivables	AFS financial assets	Designated to hedge item	Total	Fair value	
Cash and cash equivalents	₩ 149,091,232	₩ -	₩ -	₩ 149,091,232	₩	149,091,232
Long-term financial instruments	6,000	-	-	6,000	₩	6,000
Trade receivables and other receivables	226,953,218	-	-	226,953,218	₩	226,953,218
Long-term AFS financial assets	-	560,000	-	560,000	₩	560,000
Derivative assets	-	-	1,232,650	1,232,650	₩	1,232,650
	₩ 376,050,450	₩ 560,000	₩ 1,232,650	₩ 377,843,100	₩	377,843,100

(Unit: Indian rupee in thousands)

	Company	Description	Year ended December 31, 2014	Year ended December 31, 2013
Controlling company	Mahindra & Mahindra Ltd.	Paid in capital increase	Rs. -	Rs. 4,578,968
Subsidiary companies	SSsangyong Motor (Shanghai) Co., Ltd.		-	232,799

(6) Details of compensation for key executives for the years ended December 31, 2014 and 2013, are as follows:

	Korean won in thousands		Indian-Rupee in thousands	
	2014	2013	2014	2013
Short-term employee benefits	₩ 808,724	₩ 491,531	Rs. 46,502	Rs. 28,263
Post-employment benefits	39,582	14,575	2,276	838

34. FINANCIAL INSTRUMENTS:

(1) Capital risk management

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

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

The Company is not subject to externally enforced capital regulation.

Debt-to-equity ratio as of December 31, 2014, 2013, is as follows:

(Unit: Korean won in thousands)

	December 31, 2014	December 31, 2013
Debt (A)	₩ 1,190,749,155	₩ 1,233,769,275
Equity (B)	783,096,517	890,043,525
Debt ratio (A/B)	152.06%	138.62%

(Unit: Indian-Rupee in thousands)

	December 31, 2014	December 31, 2013
Debt (A)	Rs. 68,468,075	Rs. 70,941,732
Equity (B)	45,028,050	51,177,504
Debt ratio (A/B)	152.06%	138.62%

(2) The significant accounting policies adopted by classifications such as financial assets, financial liabilities, and equities are disclosed in Note 2.

December 31, 2013						
Financial asset		Loans and Receivables	AFS financial assets	Designated to hedge item	Total	Fair value
Cash and cash equivalents	₩	359,712,082	₩	-	₩	359,712,082
Long-term financial instruments		6,000		-		6,000
Trade receivables and other receivables		270,631,929		-		270,631,929
Long-term AFS financial assets		-	560,000	-		560,000
Derivative assets		-	-	28,984,560		28,984,560
	₩	<u>630,350,011</u>	₩	<u>560,000</u>	₩	<u>659,894,571</u>

(Unit: Indian-Rupee in thousands)

December 31, 2014						
Financial asset		Loans and Receivables	AFS financial assets	Designated to hedge item	Total	Fair value
Cash and cash equivalents	Rs.	8,572,746	Rs.	-	Rs.	8,572,746
Long-term financial instruments		345		-		345
Trade receivables and other receivables		13,049,810		-		13,049,810
Long-term AFS financial assets		-	32,200	-		32,200
Derivative assets		-	-	70,877		70,877
	Rs.	<u>21,622,901</u>	Rs.	<u>32,200</u>	Rs.	<u>21,725,978</u>

December 31, 2013						
Financial asset		Loans and Receivables	AFS financial assets	Designated to hedge item	Total	Fair value
Cash and cash equivalents	Rs.	20,683,445	Rs.	-	Rs.	20,683,445
Long-term financial instruments		345		-		345
Trade receivables and other receivables		15,561,336		-		15,561,336
Long-term AFS financial assets		-	32,200	-		32,200
Derivative assets		-	-	1,666,611		1,666,611
	Rs.	<u>36,245,126</u>	Rs.	<u>32,200</u>	Rs.	<u>37,943,937</u>

2) Financial liabilities

	Financial liability measured at amortized cost			
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
	(Korean won in thousands)		(Indian-rupee in thousands)	
Trade payables and Other payables	₩ 628,537,845	₩ 743,620,638	Rs. 36,140,926	Rs. 42,758,186
Debt	124,540,013	147,012,801	7,161,051	8,453,236
Debt liabilities	14,974,250	-	861,019	-
Total	<u>₩ 768,052,108</u>	<u>₩ 890,633,439</u>	<u>Rs. 44,162,996</u>	<u>Rs. 51,211,422</u>

(4) Financial risk management

The Company is exposed to credit risk, liquidity risk and market risk. In order to manage the aforementioned risks, the Company operates a risk management policy and a program that performs close monitoring of and responding to each risk factors.

Financial assets that are subject to the financial risk management consist of cash and cash equivalents, AFS financial assets, trade receivables, other receivables and others; financial liabilities subject to the financial risk management consist of trade payables, other payables, borrowings, bonds and others.

1) Market risk

a. Foreign currency risk

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Company assesses, manages and reports, on a regular basis, the foreign currency risk for its receivables and payables denominated in foreign currency.

The table below shows the sensitivity for each foreign currency when exchange rates change 10 %. Sensitivity analysis only includes foreign currency monetary items that are not paid, and it adjusts the translation assuming exchange rate changes 10% at the period-end of December 31, 2014.

Current income will increase when FX rate increases (weaker KRW); likewise, current loss will increase, when FX rate decreases (stronger KRW) with respect to the relevant currency as per following table.

(Unit: Korean won in thousands):

Currency	Korean won in thousands		Indian rupee in thousands	
	10% increase	10% decrease	10% increase	10% decrease
USD	₩ 3,989,526	₩ (3,989,526)	Rs. 229,398	Rs. (229,398)
EUR	(4,475,841)	4,475,841	(257,361)	257,361
JPY	(1,988,916)	1,988,916	(114,363)	114,363
Others	137,287	(137,287)	7,894	(7,894)
	<u>₩ (2,337,944)</u>	<u>₩ 2,337,944</u>	<u>Rs. (134,432)</u>	<u>Rs. 134,432</u>

In order to minimize the risk of foreign exchange fluctuation, the company has a policy of entering into foreign exchange forward agreement, which is accounted for as hedge accounting for future expected transactions.

Details of non-payment forward contracts for the year ended December 31, 2014 are as follows:

(Unit: Korean won in thousands):

	Average exchange rate contracted	Amount of foreign Currency	Amount of Contract	Fair value
Cash flow hedges				
USD	₩ 1,081.19	USD 160,000,000	₩ 172,236,400	₩ (4,081,300)
	1,084.32	180,000,000	194,767,300	(4,194,550)
	1,084.53	160,000,000	172,920,250	(4,297,300)
	1,100.44	110,000,000	120,808,050	(1,168,450)
		<u>USD 610,000,000</u>	<u>₩ 660,732,000</u>	<u>₩ (13,741,600)</u>

(Unit: Indian-rupee in thousands)

	Average exchange rate contracted	Amount of foreign currency	Amount of Contract	Fair value
Cash flow hedges				
USD	Rs. 62.1684	USD 160,000,000	Rs. 9,903,593	Rs. (234,675)
	62.3484	180,000,000	11,199,120	(241,187)
	62.3605	160,000,000	9,942,914	(247,095)
	63.2753	110,000,000	6,946,463	(67,186)
		USD 610,000,000	Rs. 37,992,090	Rs. (790,142)

The cumulative benefits of cash flow hedging related to forward contracts deferred to equity, amount to ₩ 14,167,300 thousand won (Rs. 814,620 thousands), and this amount will be reclassified as current income or loss, when the contracts are settled. Future transactions related to forward transactions will occur within twelve months at the latest starting from the end of current period.

b. Interest rate risk

Sensitivity analysis was conducted assuming floating rate debt current balance is the same during the whole reporting period. When reporting interest rate risk to management internally, 0.5% variation is used, representing management's assessment about reasonably possible fluctuations of interest rates.

When other variables are constant and the interest rate is lower or higher by 0.5% than the current rate, the Company's current income will decrease/increase ₩176,301 thousand (Rs. 10,137 thousand) for the year ended December 31, 2014, due to floating rate debt's interest rate risk.

2) Credit risk

Credit risk arises from transactions in the ordinary course of business and investment activities and when a customer or a transacting party fails to perform obligations defined by respective contract terms. In order to manage the aforementioned credit risk, the Company regularly assesses credit ratings of its customers and transacting parties based on their financial status and past experiences and establishes credit limit for each customer or transacting party.

As of December 31, 2014, and 2013, the maximum exposed amounts of credit risk for financial assets maintained by the Company are as follows.

	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
	(Korean won in thousands)		(Indian-rupee in thousands)	
Trade and other receivables	₩ 226,953,219	₩ 270,631,929	Rs. 130,49,810	Rs. 15,561,336

3) Liquidity risk

The Company establishes short-term and long-term fund management plans; consequently, exposures to liquidity risk. The Company analyzes and reviews actual cash out flows and its budget to correspond the maturities of financial liabilities to those of financial assets. Management of the Company believes that the financial liabilities may be redeemed by cash flows arising from operating activities and financial assets. To manage risks arising from installment sales receivables, the Company has entered into a factoring agreement with capital financial institutions.

Maturity analysis of non-derivative financial liabilities according to their remaining maturities as of December 31, 2014, and 2013, is as follows:

(Unit: Korean won in thousands)

	December 31, 2014		
	Within a year	More than 1 year	Total
Trade payables	₩ 367,047,418	₩ -	₩ 367,047,418
Non-trade payables	228,240,409	-	228,240,409
Short-term borrowings	100,926,284	-	100,926,284
Derivatives Liabilities	14,974,250	-	14,974,250
Other payables	29,715,325	-	29,715,325

December 31, 2014

	Within a year	More than 1 year	Total
Long-term borrowings	₩ -	₩ 27,212,632	₩ 27,212,632
Long-term Non-trade payables	-	3,534,693	3,534,693
	₩ 740,903,686	₩ 30,747,325	₩ 771,651,011

	December 31, 2013		
	Within a year	More than 1 year	Total
Trade payables	₩ 455,995,938	₩ -	₩ 455,995,938
Non-trade payables	247,048,242	-	247,048,242
Short-term borrowings	51,971,981	-	51,971,981
Other payables	20,352,993	-	20,352,993
Long-term other payables	-	20,223,465	20,223,465
Bonds	96,136,637	-	96,136,637
	₩ 871,505,791	₩ 20,223,465	₩ 891,729,256

(Unit: Indian-rupee in thousands)

December 31, 2014

	Within a year	More than 1 year	Total
Trade payables	Rs. 21,105,227	Rs. -	Rs. 21,105,227
Non-trade payables	13,123,824	-	13,123,824
Short-term borrowings	5,803,261	-	5,803,261
Derivatives Liabilities	861,019	-	861,019
Other payables	1,708,631	-	1,708,631
Long-term borrowings	-	1,564,726	1,564,726
Long-term Non-trade payables	-	203,245	203,245
	Rs. 42,601,962	Rs. 1,767,971	Rs. 44,369,933

December 31, 2013

	Within a year	More than 1 year	Total
Trade payables	Rs. 26,219,766	Rs. -	Rs. 26,219,766
Non-trade payables	14,205,274	-	14,205,274
Short-term borrowings	2,988,389	-	2,988,389
Other payables	1,170,297	-	1,170,297
Long-term other payables	-	1,162,849	1,162,849
Bonds	5,527,857	-	5,527,857
	Rs. 50,111,583	Rs. 1,162,849	Rs. 51,274,432

Funding arrangements as of December 31, 2014, and December 31, 2013, are as follows:

(Unit: Korean won in thousands)

		December 31, 2014	December 31, 2013
Borrowing limit commitments	Used	₩ 60,000,000	₩ 30,000,000
	Unused	65,000,000	-
	Total	₩ 125,000,000	₩ 30,000,000

(Unit: Indian-rupee in thousands)

		December 31, 2014		December 31, 2013	
Borrowing limit commitments	Used	Rs.	3,450,000	Rs.	1,725,000
	Unused		3,737,500		–
	Total	Rs.	7,187,500	Rs.	1,725,000

(5) Fair value of financial instruments

1) The Company's management deems that the differences between carrying value and fair value of financial assets and financial liabilities recognized as amortized cost on financial statements is not significant.

2) Valuation methods and assumptions applied in fair value measurement

The fair values of financial instruments (i.e., government bonds and unsecured corporate bonds) traded on active markets are determined with reference to quoted market prices. The Company uses the closing price as the quoted market price for its financial assets.

The fair values of derivatives where no active market exists or where quoted prices are not otherwise available are determined by using valuation techniques. Non-option derivatives are evaluated by discounted cash flow method using the yield curve available. Options are evaluated by option-pricing models. Foreign exchange forward contracts are determined using the yield curve derived from market interest rates with the same maturity of forward contracts. To measure interest rate swaps, the cash flows are estimated by the yield curve derived from market interest rate and discounted to calculate the present value of swaps.

Fair values of other financial assets and liabilities (except those stated above) are calculated by generally accepted valuation models based on discounted cash flow analysis.

3) The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, classified as Level 1, 2 or 3, based on the degree to which the fair value is observable.

Level 1	Unadjusted quoted prices in active markets for identical assets or liabilities
Level 2	Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly
Level 3	Inputs that are not based on observable market data

Fair values of financial instruments by heirarchy level as of December 31, 2014, and 2013, are as follows:

(Unit: Korean won in thousands)

Type	December 31, 2014				Fair value	
	Level 1	Level 2	Level 3			
Derivatives designated to hedge item	₩	–	₩ 1,232,650	₩	–	₩ 1,232,650
Derivatives Liabilities designated to hedge item	₩	–	₩ 14,974,250	₩	–	₩ 14,974,250

Type	December 31, 2013				Fair value	
	Level 1	Level 2	Level 3			
Derivatives designated to hedge item	₩	–	₩ 28,984,560	₩	–	₩ 28,984,560

(Unit: Indian rupee in thousands)

Type	December 31, 2014				Fair value	
	Level 1	Level 2	Level 3			
Derivatives designated to hedge item	Rs.	–	Rs. 70,877	Rs.	–	Rs. 70,877
Derivatives Liabilities designated to hedge item	Rs.	–	Rs. 861,019	Rs.	–	Rs. 861,019

Type	December 31, 2013				Fair value	
	Level 1	Level 2	Level 3			
Derivatives designated to hedge item	Rs.	–	Rs. 1,666,612	Rs.	–	Rs. 1,666,612

4) The Company measures the foreign exchange forward contract derivative assets: ₩1,232,650 thousand (Rs. 70,877 thousand), derivative liabilities : ₩14,974,250 thousand (Rs. 861,019 thousand)) based on the forward rate announced officially in the market as of December 31, 2014. In the event that no corresponding forward rate with residual period of the foreign exchange forward contract in the market exists, the Company measured the market value through interpolation method.

As input factors used in measuring market value of foreign exchange forward are from observable exchange forward rate, the Company classified the fair value of the foreign exchange forward as Level 2.

DIRECTORS' REPORT

Ssangyong European Parts Center B.V. (the Company) is pleased to present the financial information of the Company for the year ended 31 December 2014.

Principal Activities

The Company was established in 2006 as a 100% subsidiary of Ssangyong Motor Company ("SYMC", hereinafter), an automotive manufacturing company in Korea with its products of SUV's (sports utility vehicles) and a large-sized sedan. On behalf of SYMC, the Company is supplying spare parts to SYMC's overseas distributors in Europe for their after-sales services, through its warehouse facilities in Breda, since April 2007.

Risks

The Company is performing its business activities based on the service agreement settled with SYMC.

Currency risk:

The Company is mainly active in the European Union and all receivables and payables are denominated in Euro, accordingly, the currency risk is not hedged.

Interest rate risk:

The Company is exposed to interest rate risk mainly on the interest-bearing cash at bank. The Company is exposed to the consequences of variable interest rates on cash at bank. The Company has not entered into any derivative contracts to hedge the interest risk on assets or liabilities.

Operations in 2014

The Company achieved annual re-invoicing sales of around EUR 10.0 million (around Rupees 777.3 million) in 2014, which is slightly higher as in the previous year.

With respect to gross operating structure, excluding the effects from its provision for bad inventory and the yearend adjustment for the agreed compensation with SYMC, the Company's Cost Of Goods Sold (COGS) rate increased by around 0.1 % points to 73.0% in 2014 from 72.9 % a year earlier.

In terms of the Company's local operational cost, its Sales, General & Administrative expenses (SG&A) decreased this year around 4.49 % to EUR 2.3 million (around Rupees 179 million), primarily due to the investments in its ERP system and Human Resources to prepare for the further reduced outsourcing work scopes, mentioned in the 'Significant events in 2014' in this report. As of December 31, 2014, the Company employs 7 local people including expatriates from SYMC.

Significant events in 2014

The Company has entered into a 5 year service agreement with Pantos Logistics Benelux B.V. effectively at January 1, 2012 to outsource its warehousing facilities and IT system. This change has enabled the Company to reduce around 52% of its fixed outsourcing cost, which accounted for around 78% of total SG&A in 2011, 56% of total SG&A in 2012, 51% of total SG&A in 2013 and 53% of total SG&A in 2014.

During 2011, the Company settled with SYMC on the service agreement, of which the Dutch tax authorities acknowledged the validity through an Advanced Pricing Agreement (APA) with the Company.

In 2014 the Company significantly lowered its provision for bad inventory following the sale- and scrap of the older spare parts for models no longer sold or serviced within the European Union. At the same time this enabled the Company to free up warehouse space that will be needed for the spare parts for the new models the parent company scheduled to launch in 2015 and thereafter.

Future Prospects

The Company predicts that its sales in the year of 2015 will be favourable compared to the prior period. And the Company's operating profit will be going forward favourably by the new environment under which its logistics service provider and the outsourced work scopes changed since January 1, 2012.

The Company will have a focus on having a stable operation structure to meet any requirement that is coming from the customers' side and occurs internally as well.

The shareholder has been fully supporting for the Company's operation going further in the year of 2015 and the after, considering that the Company's distribution of spare parts is a basic value in automotive business against Distributors and Partners in European territories. No significant further changes in personnel and investments are expected in 2015.

Breda, 30 January 2015

Statutory directors,

K.T. Yoon

J. D. Lee

INDEPENDENT AUDITOR'S REPORT

To : the General Meeting of Ssangyong European parts Center B.V.

Report on the financial statements

We have audited the accompanying financial statements 2014 of Ssangyong European parts Center B.V., Breda, The Netherlands, Which comprise the balance sheet as at December 31, 2014, the profit and loss account for the year then ended and the notes, comprising a summary of the accounting policies and other explanatory information.

Management's responsibility

Management is responsible for the preparation and fair presentation of these financial statements and for the preparation of the director's report, both in accordance with Part 9 of Book 2 of The Dutch Civil Code. Furthermore, management is responsible for such internal Control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's

preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion with respect to the financial statements

In our opinion, the financial statements give a true and fair view of the financial position of Ssangyoung European Parts Center B.V. as at December 31, 2014 and of its result for the year then ended in accordance with Part 9 of Book 2 of The Dutch Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirement under Section 2:393 sub 5 at e and f of The Dutch Civil Code, We have no deficiencies to report as a result of our examination whether the director's report, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and whether the information as required under Section 2:392 sub 1 at b-h has been annexed.

Further we report that the director's report, to the extent we can assess, is consistent with the financial statements as required by Section 3:391 sub 4 of The Dutch Civil Code.

Eindhoven, January 30, 2015

Deloitte Accountants B.V.

G.P.J. Vossen

BALANCE SHEET AS AT 31 DECEMBER 2014**(before appropriation of result)**

	Note	31 December 2014		31 December 2013	
		€	Proforma Indian Rupees	€	Proforma Indian Rupees
Fixed assets					
Intangible fixed assets	5.1	–	–	32,358	2,491,873
Tangible fixed assets	5.2	4,688	361,011	3,502	269,703
Financial fixed assets	5.3	14,268	1,098,774	39,421	3,035,780
		18,956	1,459,785	75,281	5,797,356
Current assets					
Inventories	5.4	3,923,619	302,157,930	3,950,876	304,256,990
Receivables	5.5	427,537	32,924,644	514,039	39,586,177
Cash and cash equivalents	5.6	986,285	75,953,814	912,680	70,285,503
		5,337,441	411,036,388	5,377,595	414,128,670
		5,356,397	412,496,173	5,452,876	419,926,026
Equity and liabilities					
Shareholder's equity					
	5.7				
Paid-in share capital		700,000	53,907,000	700,000	53,907,000
Retained earnings		(3,753,937)	(289,090,652)	(3,840,032)	(295,720,866)
Result for the year		83,074	6,397,600	86,095	6,630,214
		(2,970,863)	(228,786,052)	(3,053,937)	(235,183,652)
Current liabilities	5.8	8,327,260	641,282,225	8,506,813	655,109,678
		5,356,397	412,496,173	5,452,876	419,926,026

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

INCOME STATEMENT FOR 2014

	Note	2014		2013	
		€	Proforma Indian Rupees	€	Proforma Indian Rupees
Net turnover	6.1	10,093,241	777,280,467	9,530,282	733,927,019
Cost of sales.....		(7,652,585)	(589,325,520)	(6,999,592)	(539,038,561)
Gross turnover result		2,440,656	187,954,947	2,530,690	194,888,458
Selling expenses.....		34,343	2,644,753	42,106	3,242,565
General and administrative expenses	6.2	2,290,092	176,359,958	2,366,311	182,229,621
Total expenses		2,324,435	179,004,711	2,408,417	185,472,186
Operating Profit		116,221	8,950,236	122,273	9,416,272
Financial income (expense), net.....	6.3	(7,994)	(615,673)	(8,150)	(627,633)
Result on ordinary activities before taxation		108,227	8,334,563	114,123	8,788,639
Income tax expense (income).....	6.4	(25,153)	(1,936,963)	(28,028)	(2,158,425)
Result after taxation		83,074	6,397,600	86,095	6,630,214

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

CASH FLOW STATEMENT FOR 2014

	Note	2014		2013	
		€	Proforma Indian Rupees	€	Proforma Indian Rupees
Cash flows from operating activities					
Operating Profit.....		116,221	8,950,236	122,273	9,416,272
Adjustments for:					
Amortisation and depreciation.....	5.1 & 5.2	33,801	2,602,997	34,618	2,666,002
Changes in working capital:					
Inventories.....	5.4	27,257	2,099,060	845,043	65,076,758
Receivables.....	5.5	86,502	6,661,533	168,904	13,007,279
Current liabilities.....	5.8	(179,553)	(13,827,410)	(1,078,410)	(83,048,318)
Cash generated from operations.....		84,228	6,486,416	92,428	7,117,993
Financial income (expense), net.....	6.4	(7,994)	(615,673)	(8,150)	(627,633)
Net cash generated from operating activities		76,234	5,870,743	84,278	6,490,360
Cash flows from investing activities					
Investments in intangible fixed.....	5.1	0	0	0	0
Investments in tangible fixed assets.....	5.2	(2,629)	(202,432)	(1,016)	(78,246)
Net cash used in investing activities		(2,629)	(202,432)	(1,016)	(78,246)
Cash flows from financing activities					
Net cash used in financing activities.....		0	0	0	0
Net cash flows		73,605	5,668,311	83,262	6,412,114
Movements in cash and cash equivalents can be broken down as follows:					
At 1 January		912,680	70,285,503	829,418	63,873,389
Movements during the year		73,605	5,668,311	83,262	6,412,114
At 31 December		986,285	75,953,814	912,680	70,285,503

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

NOTES TO THE FINANCIAL STATEMENTS

1 General information

1.1 The Company

Ssangyong European Parts Center B.V., located at IABC 5253-5254, 4814 RD, Breda ("the Company", hereinafter) is a limited liability company, having its official seat in Breda.

The Company was incorporated as a 100% subsidiary of Ssangyong Motor Company, 455-12 Dongsak-ro, Pyungtaek-si, Gyeonggi-do in Korea ("SYMC", hereinafter) with its principal capital of Euro 700,000 (Proforma Indian Rupees 59,378,000) on 12 December 2006. Since early 2011, the majority of the shares of SYMC has been acquired by Mahindra & Mahindra Ltd. in India. Accordingly, the financial information of the Company has been included in the consolidated financial information of SYMC and Mahindra & Mahindra Ltd., the ultimate parent company.

SYMC is an automotive manufacturing company in Korea with its products of SUVs (sports utility vehicles) and a large-sized sedan, one of whose main export markets has been Western-Europe since 2002.

1.2 Activities

As of 31 December 2013, the Company is distributing the spare parts to 27 distributors through its outsourced warehouse facilities in Breda. The Company's activity is to provide logistics and administrative support services including re-invoicing activities to SYMC for its distribution of spare parts to the distributors in Europe, who have an exclusive distributorship of SYMC's products respectively by country. Accordingly, all spare parts handled by the Company come from SYMC.

The Company's services are performed in accordance with the service agreement between SYMC and the Company, which is effective as of January 1, 2011. Based on the agreement, SYMC compensates the Company for its local operational cost, including the profit mark-up using a certain fixed rate, which is known as the Transactional Net Margin Method.

The remuneration in the above is acknowledged to be an arms' length remuneration for the Company's services to SYMC, through the Advance Pricing Agreement settled into by the Company and the Dutch tax authorities, on October 6, 2011.

1.3 Estimates

The preparation of the financial information in conformity with the relevant rules requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. If necessary for the purposes of providing the view required under Section 362(1), Book 2, of The Netherlands Civil Code, the nature of these estimates and judgments, including the related assumptions, is disclosed in the notes to the financial statement items in question.

1.4 Support parent company:

In view of the negative equity and negative working capital balances the continuation of the Company's operation might be dependent on the financial support of the parent company. In connection with this Ssangyong Motor Company, parent of Ssangyong European Parts Center B.V., has confirmed that it will provide the necessary financial support to Ssangyong European Parts Center B.V. to enable it to operate as a going concern and to meet its financial obligations for at the 18 months period after the date of these financial statements and confirmed that it has the financial resources to fulfil that commitment.

2 Accounting policies for the balance sheet

2.1 General information

The financial statements are prepared according to the stipulations in chapter 9 Book 2 of The Netherlands Civil Code.

Valuation of assets and liabilities and determination of the result takes place under the historical cost convention. Unless presented otherwise at the relevant principle for the specific balance sheet item, assets and liabilities are valued according to the cost model.

Income and expenses are accounted for on accrual basis. Profit is only included when realized on the balance sheet date. Losses originating before the end of the financial year are taken into account if they have become known before preparation of the financial statements.

The financial information is denominated in Euros.

2.2 Proforma information

All amounts disclosed in Indian Proforma Indian Rupees are the Euro amount converted against a currency rate of approximately Rupees 77.01 = Euro 1 for 2013 and 2014.

The same rate is applied for the opening balance sheet, the results and closing balance sheet. The comparative information has also been translated against this same currency rate.

2.3 Related party transactions

In the ordinary course of business the Company purchases approximately 99% of its products from affiliated parties. The Company is furthermore financed by an intercompany payable, reference is made to note 5.8.

2.4 Prior-year comparison

The accounting policies have been consistently applied to all the years presented, if not specifically stated otherwise. For comparison purposes certain figures of 2013 are restated to comply with the 2014 presentation. The restatement, to an amount of € 47,901 (Proforma Indian Rupees 3,688,877) relates to the reclassification of the packaging costs from Sales, General and Administrative (SG&A) expenses to Cost Of Goods Sold (COGS) expenses.

2.5 Foreign currencies

Receivables, liabilities and obligations denominated in foreign currencies are translated against the exchange rates prevailing at balance sheet date. Transactions in foreign currencies during the financial year are recognised in the financial statements against the exchange rates prevailing at transaction date. The exchange differences resulting from the translation as of balance sheet date, are recorded in income statement.

Transactions, receivables and debts

Foreign currency transactions in the reporting period are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the rate of exchange prevailing at the balance sheet date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates are recognised in the income statement.

Translation differences on non-monetary assets held at cost are recognised using the exchange rates prevailing at the dates of the transactions.

2.6 Financial instruments

Financial instruments be both primary financial instruments, such as receivables and payables, and financial derivatives. The notes to the specific items of the balance sheet disclose the fair value of the related instrument if this deviates from the carrying amount. If the financial instrument is not recorded in the balance sheet the information on the fair value is disclosed in the notes to the "Contingent rights and obligations." For the principles of primary financial instruments, in case applicable, reference is made to the treatment per balance sheet item.

2.7 Intangible fixed assets

Intangible fixed assets are presented at cost less accumulated amortisation. Amortisation is charged as a fixed percentage of cost, as specified in more detail in the notes to the balance sheet. The useful life and the amortisation method are reassessed at the end of each financial year.

2.8 Tangible fixed assets

Property, plant and equipment are stated at cost less accumulated depreciation and impairment and are depreciated over their estimated useful lives on a straight line basis. Ordinary maintenance and repairs are expensed as incurred.

Property, plant and equipment are depreciated over their estimated useful lives as from the inception of their use. Land and investment property are not depreciated. Future depreciation and amortisation is adjusted if there is a change in estimated useful life.

2.9 Financial fixed assets

Deferred tax assets are stated under the financial fixed assets if and to the extent it is probable that the tax claim can be realised in due course. These deferred tax assets are valued at nominal value and are predominantly long-term in nature.

2.10 Impairment of assets

On balance sheet date, the company tests whether there are any indications of an asset, which could be subject to impairment. If there are such indications, the company estimates the recoverable amount of the asset concerned. If this is not possible, the recoverable amount of the cash-generating unit to which the asset belongs, is identified. An asset is subject to impairment if its book value exceeds its recoverable value; the recoverable value is the higher of the value in use and the fair value less costs to sell.

Impairment is recognized as an expense in the profit and loss account immediately, unless the asset is carried at the revalued amount; in that case, the impairment is treated as a revaluation decrease.

2.11 Inventories

Inventories are stated at the lower of cost and net realisable value. The valuation is based on weighted average prices. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. A provision is made for obsolete inventories by individual assessment of inventories, where considered necessary.

2.12 Receivables

Upon initial recognition the receivables are included at fair value and then valued at amortised cost. The fair value and amortized cost equal the face value. Any provision for doubtful accounts deemed necessary is deducted. These provisions are determined by individual assessment of the receivables.

2.13 Cash and cash equivalents

Cash and cash equivalents include cash in hand, bank balances and deposits held at call with maturities of less than 12 months. Cash and cash equivalents are stated at face value.

2.14 Provisions

Provisions are recognised for legally enforceable or constructive obligations existing at the balance sheet date, the settlement of which is probable to require an outflow of resources whose extent can be reliably estimated. Provisions are measured on the basis of the best estimate of the amounts required to settle the obligations at the balance sheet date. Unless indicated otherwise, provisions are stated at the present value of the expenditure expected to be required to settle the obligations.

2.15 Deferred income tax assets and liabilities

Deferred income tax assets and liabilities are recognised to provide for temporary differences between the tax bases of assets and liabilities, and their carrying amounts in the financial information. Deferred income tax is determined using tax rates that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred income tax assets and liabilities are recognised at face value.

3 Accounting policies for the income statement

3.1 Net turnover

Net turnover represents amounts invoiced for goods and services supplied during the financial year reported on, net of discounts and value added taxes.

Revenues ensuing from the sale of goods are accounted for when all major entitlements to economic benefits as well as all major risks have transferred to the buyer. The cost price of these goods is allocated to the same period.

Revenues from services are recognised in proportion to the services rendered, based on the cost incurred in respect of the services performed up to balance sheet date, in proportion to the estimated costs of the aggregate services to be performed. The cost price of these services is allocated to the same period.

3.2 Cost of sales

Cost of sales represents the direct and indirect expenses attributable to net turnover.

3.3 Selling, General and Administrative expenses

Selling, General and Administrative expenses are recognised at the historical cost convention that are not directly attributable to the cost of the goods sold, and are allocated to the reporting year to which they are related. Selling expenses are related to various communication

activities for the Company's logistics and administrative support services. General and Administrative expenses include the employee benefits, depreciations, outsourcing cost and other general cost.

Salaries, wages and social security contributions are taken to the income statement based on the terms of employment, where they are due to employees.

Provisions for employee benefits:

The pension plans are financed through contributions to pension providers such as insurance companies. The pension obligations are valued according to the 'valuation to pension fund approach'. This approach accounts for the contribution payable to the pension provider as an expense in the profit and loss account.

Based on the administration agreement it is assessed whether and, if so, which obligations exist in addition to the payment of the annual contribution due to the pension provider as at balance sheet date. These additional obligations, including any obligations from recovery plans of the pension provider, lead to expenses for the company and are included in a provision on the balance sheet.

A pension receivable is included in the balance sheet when the company has the right of disposal over the pension receivable and it is probable that the future economic benefits which the pension receivable holds will accrue to the Company and the pension receivable can be reliably established.

As at year-end 2014 (and 2013) no pension receivables and no obligations existed for the company in addition to the payment of the annual contribution due to the pension provider.

3.4 Finance income and costs

Interest paid and received

Interest paid and received is recognised on a time-weighted basis, taking account of the effective interest rate of the assets and liabilities concerned. When recognising interest paid, allowance is made for transaction costs on loans received.

3.5 Income tax expense

Income tax is calculated on the result before tax in the income statement, taking into account any losses carried forward from previous financial years where not included in deferred income tax assets and tax exempt items, and plus non deductible expenses. Account is also taken of changes in deferred income tax assets and liabilities owing to changes in the applicable tax rates.

3.6 Principles for preparation of the cash flow statement

The cash flow statement is prepared according to the indirect method. The funds in the cash flow statement consist of cash and cash equivalents. Cash equivalents can be considered as highly liquid investments.

Cash flows in foreign currencies are translated at an estimated average rate. Exchange rate differences concerning finances are shown separately in the cash flow statement.

Corporate income taxes, issuance of share capital, interest received and dividends received are presented under the cash flow from operating activities. Interest paid and dividends paid are presented under the cash flow from financing activities.

Transactions that do not result in exchange of cash and cash equivalents, such as financial lease, are not presented in the cash flow statement. The payment of lease terms on account of the financial lease contract is considered as an expenditure of financing activities as far as it concerns redemptions and as an expenditure of operational activities as far as it concerns interest.

4 Risk management

4.1 Currency risk

The Company is mainly active in the European Union and all receivables and payables are denominated in Euro. Accordingly, the currency risk is not hedged.

4.2 Interest rate risk

The Company is exposed to interest rate risk mainly on the interest-bearing cash at bank. The company is exposed to the consequences of variable interest rates on cash at bank. The company has not entered into any derivative contracts to hedge the interest risk on assets or liabilities.

5 Notes to the balance sheet

5.1 Intangible fixed assets

	ERP System		Total	
	€	Proforma Indian Rupees	€	Proforma Indian Rupees
At 1 January 2014				
Cost	96,109	7,401,354	96,109	7,401,354
Accumulated depreciation	(63,751)	(4,909,481)	(63,751)	(4,909,481)
Carrying amount	32,358	2,491,873	32,358	2,491,873
Movements				
Investment	0	0	0	0
Depreciation	(32,358)	(2,491,873)	(32,358)	(2,491,873)
Carrying amount	(32,358)	(2,491,873)	(32,358)	(2,491,873)
At 31 December 2014				
Cost	96,109	7,401,354	96,109	7,401,354
Accumulated depreciation	(96,109)	(7,401,354)	(96,109)	(7,401,354)
Carrying amount	0	(0)	0	(0)
Depreciation rate	33%	33%	33%	33%

The Company has been developing its own ERP system using SAP Business one, due to the changes in outsourced work-scope starting at January 1, 2012.

5.2 Tangible fixed assets

Movements in property, plant and equipment can be broken down as follows:

	Office equipment		Total	
	€	Proforma Indian Rupees	€	Proforma Indian Rupees
At 1 January 2014				
Cost	65,009	5,006,305	65,009	5,006,305
Accumulated depreciation	(61,507)	(4,736,602)	(61,507)	(4,736,602)
Carrying amount	3,502	269,703	3,502	269,703
Movements				
Investment	2,629	202,432	2,629	202,432
Depreciation	(1,443)	(111,124)	(1,443)	(111,124)
Carrying amount	1,186	91,308	1,186	91,308
At 31 December 2014				
Cost	67,638	5,208,737	67,638	5,208,737
Accumulated depreciations	(62,950)	(4,847,726)	(62,950)	(4,847,726)
Carrying amount	4,688	361,011	4,688	361,011
Depreciation rate	20%	20%	20%	20%

5.3 Financial fixed assets

	31-12-2014		31-12-2013	
	€	Proforma Indian Rupees	€	Proforma Indian Rupees
Deferred tax assets	14,268	1,098,774	39,421	3,035,780
	14,268	1,098,774	39,421	3,035,780

In the process of the APA, the Company agreed with the Dutch tax authorities on the total amount of taxable losses, of which tax effect, the above balance is remained as a deferred tax asset as of December 31, 2014. It is expected that from this amount the majority will be realized within one year.

5.4 Inventories

	31-12-2014		31-12-2013	
	€	Proforma Indian Rupees	€	Proforma Indian Rupees
Goods for resale	5,030,384	387,389,889	5,845,501	450,162,077
Less: provision	(1,106,765)	(85,231,959)	(1,894,625)	(145,905,087)
	3,923,619	302,157,930	3,950,876	304,256,990

With relation to the Company's outsourcing contract described all inventories above are provided as collateral for the outsourced parties.

5.5 Receivables

	31-12-2014		31-12-2013	
	€	Proforma Indian Rupees	€	Proforma Indian Rupees
Trade receivables	302,550	23,299,360	388,322	29,904,697
Other receivables, including prepayments	124,987	9,625,284	125,717	9,681,480
	427,537	32,924,644	514,039	39,586,177

Receivables in the above fall due in less than one year and the fair value of the receivables approximates the book value.

Other receivables

	31-12-2014		31-12-2013	
	€	Proforma Indian Rupees	€	Proforma Indian Rupees
V.A.T.	63,910	4,921,711	61,841	4,762,357
Prepayments	56,653	4,362,844	59,741	4,600,650
Others	4,424	340,729	4,135	318,473
	124,987	9,625,284	125,717	9,681,480

5.6 Cash and cash equivalents

All cash and cash equivalents are available on demand.

5.7 Shareholder's equity

	Issued share capital	Retained earnings (accumulated deficit)	Result for the year	Total
	€	€	€	€
At 1 January 2013	700,000	(3,925,122)	85,090	(3,140,032)
Changes				
Profit/(loss) appropriation	0	85,090	(85,090)	0
Profit/(loss) for the year	0	0	86,095	86,095
At 31 December 2013	700,000	(3,840,032)	86,095	(3,053,937)
Changes				
Profit/(loss) appropriation	0	86,095	(86,095)	0
Profit/(loss) for the year	0	0	83,074	83,074
At 31 December 2014	700,000	(3,753,937)	83,074	(2,970,863)

	Proforma Indian Rupees	Proforma Indian Rupees	Proforma Indian Rupees	Proforma Indian Rupees
At 1 January 2013	53,907,000	(302,273,674)	6,552,808	(241,813,866)
Changes				
Profit/(loss) appropriation	0	6,552,808	(6,552,808)	0
Profit/(loss) for the year	0	0	6,630,214	6,630,214
At 31 December 2013	53,907,000	(295,720,866)	6,630,214	(235,183,652)
Changes				
Profit/(loss) appropriation	0	6,630,214	(6,630,214)	0
Profit/(loss) for the year	0	0	6,397,600	6,397,600
At 31 December 2014	53,907,000	(289,090,652)	6,397,600	(228,786,052)

The authorised share capital of Ssangyong European Parts Center B.V. amounts to € 3,500 thousand (Proforma Indian Rupees 269,535 thousand), divided by 35 thousand ordinary shares of € 100 (Proforma Indian Rupees 7,701) each. Out of the authorised shares, 7 thousand ordinary shares, equivalent of € 700 thousand (Proforma Indian Rupees 53,907 thousand), have been issued and paid-in.

5.8 Current liabilities

	31-12-2014		31-12-2013	
	€	Proforma Indian Rupees	€	Proforma Indian Rupees
Payable to SYMC, the parent company	8,082,098	622,402,359	8,268,280	636,740,241
Accounts payable	167,315	12,884,966	178,341	13,734,050
Other debts, accruals and deferred income	77,847	5,994,900	60,192	4,635,387
	8,327,260	641,282,225	8,506,813	655,109,678

Payable to the parent company consists of trade payable for goods purchased and no interest is charged.

5.9 Remuneration of directors

In 2014 an amount of approximately EUR 230 thousand (Proforma Indian Rupees 17,729 thousand) and for 2013: EUR 240 thousand (Proforma Indian Rupees 18,514 thousand) for the remuneration of directors of the legal entity was charged to the company.

5.10 Commitments

On November 11, 2011, the Company settled with Pantos Logistics Benelux B.V. into a 5 year service agreement including the work-scope of warehousing and warehousing management system only.

In accordance with the service agreement, the total fee committed by the Company amounts to EUR 2,358 thousand (Proforma Indian Rupees 181,615 thousand) as of December 31, 2014 of which EUR 1,175 thousand (Proforma Indian Rupees 90,472 thousand) relates to 2015.

With respect to the outsourcing fee, the fees are recognized on an accrual basis as General and Administrative expenses in the income statement.

The fees for 2014 and 2013 amounted to EUR 1,228 thousand (Proforma Indian Rupees 94,605 thousand) and EUR 1,235 thousand (Proforma Indian Rupees 95,145 thousand) respectively.

Total commitments in connection with operational lease agreements amounts to approximately EUR 135 thousand (Proforma Indian Rupees 10,377 thousand) of which EUR 55 thousand (Proforma Indian Rupees 4,198 thousand) relates to 2015.

6 Notes to the Income statement

6.1 Revenue

	2014		2013	
	€	Proforma Indian Rupees	€	Proforma Indian Rupees
The Netherlands	168,480	12,974,669	209,267	16,115,619
Other EU countries	8,227,285	633,583,188	7,742,850	596,276,900
Other European countries	1,706,585	131,424,086	1,577,571	121,488,715
Total Parts sales	10,102,350	777,981,943	9,529,688	733,881,234
Outbound delivery	(9,109)	(701,476)	594	45,785
	10,093,241	777,280,467	9,530,282	733,927,019

6.2 Employee benefits

	2014		2013	
	€	Proforma Indian Rupees	€	Proforma Indian Rupees
Salaries and wages	527,781	40,644,388	543,879	41,884,134
Social security contributions	57,111	4,398,130	64,590	4,974,094
Other personnel expenses	170,492	13,129,639	179,590	13,830,239
	755,384	58,172,157	788,059	60,688,467

The above employee benefits expense is included in General and Administrative expenses.

Included in the social security charges for 2014 is an amount of EUR 15,267 (Proforma Indian Rupees 1,176 thousand) and for 2013: EUR 17,898 (Proforma Indian Rupees 1,378 thousand) with respect to pension costs.

6.3 Financial income and expenses

	2014		2013	
	€	Proforma Indian Rupees	€	Proforma Indian Rupees
Interest and similar income	1,157	89,059	1,099	84,584
Bank cost and similar expense (incl. bank charges)	(9,151)	(704,732)	(9,249)	(712,217)
	(7,994)	(615,673)	(8,150)	(627,633)

6.4 Income taxes

The effective tax rate of 23.2% does not significantly differ from the nominal tax rate in The Netherlands.

6.5 *Average number of employees*

During the year 2014, the average number of employees, based on full time equivalents, was around 7 (2013: 8) all employed in the logistic services. There was no employee outside The Netherlands in 2014 and 2013, respectively.

Signing of the financial statements

Breda, 30 January 2015

Statutory directors,

K. T. Yoon

J. D. Lee

Ssangyong European Parts Center B.V.

IABC 5253-5254

4814RD, Breda

The Netherlands

OTHER INFORMATION

Independent auditor's report

Reference is made to the auditor's report as included hereinafter.

Statutory rules concerning appropriation of result

According to Article 15, paragraph 2 of the Company's Articles of Association the profits, if any, are at the disposal of the General Meeting. The Company may distribute profits only if and to the extent that its shareholders equity is greater than the sum of the paid and called up part of the issued capital and the reserves which must be maintained by virtue of the law.

Appropriation of result for the financial year 2013

The annual report 2013 is determined in the General Meeting. The General Meeting has determined the appropriation of result in accordance with the proposal being made to that end.

Proposed appropriation of result for the financial year 2014

The statutory directors propose that the result for the financial year 2014 amounting to EUR 83,074 (Proforma Indian Rupees 6,398 thousand) should be transferred to reserves without payment of dividend.

The financial statements do not yet reflect this proposal.

Events after the balance sheet date

There are no subsequent events after balance sheet date affecting these financial statements.

DIRECTORS' REPORT

The Company

The Company was incorporated in Shanghai, China on 2nd December 2003 under the business license 310115400138400 (Pudong) and was a wholly owned subsidiary of Ssangyong Motor Company Limited ("SYMC").

The Company has a registered capital of RMB 30.0 million (INR 303 million), RMB 30.0 million (INR 303 million) was paid up to now.

Since August 2011, the Company has started its business operations as a national car sales distributor in China for SYMC.

The corporate representative is CHOIJOHNG SIK.

Highlights of Financial year 2014:

Revenue Growth

Revenue of the Company in 2014 stood at RMB 38.1million (INR 387.9million), which is a 78% increased over that of the previous year resulting from increased of CBU order volume in 2014.

Dividend payments

Payments of dividend to SYMC amount to RMB 4.4million (INR 45.4million).

SSANGYONG MOTOR (SHANGHAI) COMPANY LIMITED

Corporate representative:

Choi, Johng Sik

President

Place : Shanghai, China

Date : 29th March 2015

AUDITOR'S REPORT

Ssangyong Motor (Shanghai) Co., Ltd:

We have audited the accompanying financial statements of Ssangyong Motor (Shanghai) Co., Ltd ("the Company"), which comprise the balance sheet as at 31 December 2014, and the income statement, the cash flow statement, the statement of changes in equity for the year then ended, and notes to the financial statements.

I. Management's responsibility for the financial statements

Management of the Company is responsible for the preparation and fair presentation of these financial statements. This responsibility includes: (1) preparing the financial statements according to Chinese Accounting Standards for Business Enterprises, so as to present fairly the financial position, operating results and cash flows of the Company; and (2) designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

II. Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with PRC Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend

on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

III. Opinion

In our opinion, the financial statements give a true and fair view, in all material aspects, of the financial position of Ssangyong Motor (Shanghai) Co., Ltd as of 31 December 2014 and of its financial performance and its cash flows for the year then ended in accordance with Chinese Accounting Standards for Business Enterprises.

Shanghai Changhao
Certified Public Accountants

Shanghai China

CICPA:

CICPA:

January 10, 2015

BALANCE SHEET DECEMBER 31, 2014

Item	31 December 2014		31 December 2013	
	RMB	INR	RMB	INR
Current assets:				
Monetary funds.....	35,947,546.67	365,946,025.10	33,026,887.87	336,213,718.52
△ Settlement reserve	-	-	-	-
△ Lend-out fund.....	-	-	-	-
For trading	-	-	-	-
Notes receivable.....	-	-	-	-
Accounts receivable.....	2,590,656.57	26,372,883.88	4,243,074.27	43,194,496.06
Prepayments.....	-	-	-	-
△ Insurance premium receivable	-	-	-	-
△ Reinsurance receivable	-	-	-	-
△ Reinsurance contract reserves receivable	-	-	-	-
Interest receivable	-	-	-	-
Dividends receivable	-	-	-	-
Other receivables	744,951.41	7,583,605.36	45,475.00	462,935.50
△ Reverse buyback financial assets.....	-	-	-	-
Inventories	-	-	-	-
Including: raw materials.....	-	-	-	-
Commodities in stock (finished goods)	-	-	-	-
Non-current assets due within one year	-	-	-	-
Other current assets.....	-	-	-	-
Total current assets.....	39,283,154.65	399,902,514.34	37,315,437.14	379,871,150.08
Non-current assets:				
△ Loans issued and money advanced.....	-	-	-	-
Financial assets available for sale	-	-	-	-
Investment held to maturity	-	-	-	-
Long-term accounts receivable	-	-	-	-
Long-term equity investments	-	-	-	-
Investment property	-	-	-	-
Original costs of fixed assets.....	571,742.03	5,820,333.87	755,298.49	7,688,938.63
Less: accumulated depreciation.....	167,385.16	1,703,980.93	105,243.77	1,071,381.58
Net values of fixed assets.....	404,356.87	4,116,352.94	650,054.72	6,617,557.05
Less: impairment provision of fixed assets.....	-	-	-	-
Net Amounts of fixed assets.....	404,356.87	4,116,352.94	650,054.72	6,617,557.05
Construction in progress	-	-	-	-
Materials held for construction	-	-	-	-
Fixed assets to be disposed of	-	-	-	-
Bearer biological assets.....	-	-	-	-
Oil and gas assets	-	-	-	-
Intangible assets	-	-	-	-
R&D expenditures	-	-	-	-
Goodwill.....	-	-	-	-
Long-term deferred expenses.....	-	-	-	-
Deferred tax assets	-	-	-	-
Other non-current assets	-	-	-	-
Including: authorized reserve supplies	-	-	-	-
Total non-current assets.....	404,356.87	4,116,352.94	650,054.72	6,617,557.05
Total Assets.....	39,687,511.52	404,018,867.28	37,965,491.86	386,488,707.13

Note: accounts with * are used for the consolidated financial statements only; accounts with △ are used for financial institutions only; accounts with # are used for foreign-invested enterprises only.

BALANCE SHEET DECEMBER 31, 2014

Item	31 December 2014		31 December 2013	
	RMB	INR	RMB	INR
Current Liabilities:				
Short-term borrowings	-	-	-	-
Δ Loans from the central bank	-	-	-	-
Δ Customer deposits and deposits from banks and other financial institutions	-	-	-	-
Δ Placements from banks and other financial institutions	-	-	-	-
Held-for-trading financial liabilities	-	-	-	-
Notes payable	-	-	-	-
Accounts payable	92,636.23	943,036.82	92,636.23	943,036.82
Advances from customers	-	-	-	-
Δ Financial assets sold under agreements to repurchase	-	-	-	-
Δ Fees and commissions payable	-	-	-	-
Employee benefits payable	-	-	-	-
Including: salaries payable	-	-	-	-
benefit costs payable	-	-	-	-
# including: employee incentive and benefit fund...	-	-	-	-
Taxes and fees payable	2,453.59	24,977.55	910,763.02	9,271,567.54
Including: taxes payable	2,452.27	24,964.11	894,357.76	9,104,562.00
Interest payable	-	-	-	-
Dividends payable	-	-	-	-
Other payables	4,670,076.77	47,541,381.52	461,757.57	4,700,692.06
Δ Amounts payable under reinsurance contracts	-	-	-	-
Δ Insurance contract reserve	-	-	-	-
Δ Amounts received on trust for securities trading	-	-	-	-
Δ Amounts payable to clients under securities underwriting arrangements	-	-	-	-
Non-current liabilities due within one year	-	-	-	-
Other current liabilities	-	-	-	-
Total current liabilities	4,765,166.59	48,509,395.89	1,465,156.82	14,915,296.43
Non-current Liabilities:				
Long-term borrowings	-	-	-	-
Bonds payable	-	-	-	-
Long-term payables	-	-	-	-
Special payables	-	-	-	-
Provisions	-	-	-	-
Deferred tax liabilities	-	-	-	-
Other non-current liabilities	-	-	-	-
Including: authorized reserve funds	-	-	-	-
Total non-current liabilities	-	-	-	-
Total Liabilities	4,765,166.59	48,509,395.89	1,465,156.82	14,915,296.43

BALANCE SHEET DECEMBER 31, 2014

Item	31 December 2014		31 December 2013	
	RMB	INR	RMB	INR
OWNERS' EQUITY/SHAREHOLDERS' EQUITY				
Paid-in capital/Share capital	30,000,000.00	305,400,000.00	30,000,000.00	305,400,000.00
State capital.....	-	-	-	-
Including: state-owned corporate capital.....	-	-	-	-
Collective corporate capital	-	-	-	-
Corporate capital.....	-	-	-	-
Including: personal capital	-	-	-	-
Foreign capital.....	30,000,000.00	305,400,000.00	30,000,000.00	305,400,000.00
# Less: refund of capital	-	-	-	-
Net paid-in capital/share capital.....	30,000,000.00	305,400,000.00	30,000,000.00	305,400,000.00
Capital reserve	184,216.66	1,875,325.60	184,216.66	1,875,325.60
Less: Treasury shares.....	-	-	-	-
Special reserve	-	-	-	-
Surplus reserve	2,047,327.05	20,841,789.37	1,749,043.58	17,805,263.64
Including: statutory surplus reserve	1,858,072.13	18,915,174.28	1,559,788.66	15,878,648.55
Discretionary surplus reserve	189,254.92	1,926,615.09	189,254.92	1,926,615.09
# Reserve fund	-	-	-	-
# Venture expansion fund.....	-	-	-	-
# Refund of investment paid by profit.....	-	-	-	-
Δ General reserve.....	-	-	-	-
Unappropriated profit.....	2,690,801.22	27,392,356.42	4,567,074.80	46,492,821.46
Translation differences arising on translation of financial statements in foreign currencies	-	-	-	-
Total equity attributable to equity holders of the parent	<u>34,922,344.93</u>	<u>355,509,471.39</u>	<u>36,500,335.04</u>	<u>371,573,410.71</u>
* Minority interest.....	-	-	-	-
Total Owners' Equity	<u>34,922,344.93</u>	<u>355,509,471.39</u>	<u>36,500,335.04</u>	<u>371,573,410.71</u>
Total Liabilities and Owners' Equity	<u>39,687,511.52</u>	<u>404,018,867.28</u>	<u>37,965,491.86</u>	<u>386,488,707.13</u>

Note: accounts with * are used for the consolidated financial statements only; accounts with Δ are used for financial institutions only; accounts with # are used for foreign-invested enterprises only.

INCOME STATEMENT

Item	31 December 2014		31 December 2013	
	RMB	INR	RMB	INR
I. Total operating income	38,101,215.93	387,870,378.17	21,416,798.80	218,023,011.78
Including: Operating income	38,101,215.93	387,870,378.17	21,416,798.80	218,023,011.78
Including: income from major operations	38,060,373.06	387,454,597.75	21,362,275.38	217,467,963.37
Income from other operations	40,842.87	415,780.42	54,523.42	555,048.41
Δ Interest income	–	–	–	–
Δ Insurance premiums earned	–	–	–	–
Δ Fee and commission income	–	–	–	–
II. Total operating costs	34,238,632.41	348,549,277.94	16,655,106.86	169,548,987.83
Including: Operating costs	–	–	–	–
Including: major operating costs	–	–	–	–
Other operating costs	–	–	–	–
Δ Interest expenses	–	–	–	–
Δ Fee and commission expenses	–	–	–	–
Δ Surrenders of insurance policies	–	–	–	–
Δ Insurance claims and benefits (net of amounts recoverable from reinsurers)	–	–	–	–
Δ Changes in insurance reserve (net of reinsurers' share)	–	–	–	–
Δ Insurance policyholder dividends	–	–	–	–
Δ Expenses for inward reinsurance	–	–	–	–
Business taxes and levies	77,145.25	785,338.65	47,384.97	482,378.99
Costs of sales	34,946,086.31	355,751,158.64	16,308,082.27	166,016,277.51
Administration expenses	–	–	–	–
Including: research and development cost	–	–	–	–
Finance costs	-784,599.15	-7,987,219.35	299,639.62	3,050,331.33
Including: interest expenses	–	–	–	–
Interest income	744,325.77	7,577,236.34	97,472.11	992,266.08
Net losses from foreign exchange (gains indicated by “–”)	-45,384.16	-462,010.75	391,733.76	3,987,849.68
Impairment losses on assets	–	–	–	–
Others				
Add: Gains from changes in fair values (Losses are indicated by “–”)	–	–	–	–
Investment income (Loss is indicated by “–”) ...	–	–	–	–
Including: Income from investments in associates and joint ventures	–	–	–	–
Δ Foreign exchange gains (Losses are indicated by “–”)	–	–	–	–

Note: accounts with * are used for the consolidated financial statements only; accounts with Δ are used for financial institutions only.

INCOME STATEMENT

Item	31 December 2014		31 December 2013	
	RMB	INR	RMB	INR
III. Operating profit (Loss is indicated by “-”)....	3,862,583.52	39,321,100.23	4,761,691.94	48,474,023.95
Add: Non-operating income	140,055.96	1,425,769.67	421,714.75	4,293,056.16
Including: gains from disposal of non-current assets.....	9,822.65	99,994.58	175,313.94	1,784,695.91
Gains from exchange of non-monetary assets.....	-	-	-	-
Government grants	125,000.00	1,272,500.00	243,928.83	2,483,195.49
Gains from debt restructuring	-	-	-	-
Less: Non-operating expenses.....	7,823.25	79,640.69	4,309.42	43,869.90
Including: Losses from disposal of non-current assets.....	7,823.25	79,640.69	3,545.27	36,090.85
Losses from exchange of non-monetary assets	-	-	-	-
Losses from debt restructuring.....	-	-	-	-
IV. Total Profit (Total Loss is indicated by “-”) ...	3,994,816.23	40,667,229.21	5,179,097.27	52,723,210.21
Less: Income tax expenses	1,011,981.54	10,301,972.07	634,874.20	6,463,019.36
V. Net profit (Net loss is indicated by “-”)	2,982,834.69	30,365,257.14	4,544,223.07	46,260,190.85
Net profit attributable to owners of the parent...	2,982,834.69	30,365,257.14	4,544,223.07	46,260,190.85
* Profit or loss attributable to minority interests	-	-	-	-
VI. Earnings per share:	-	-	-	-
Basic earnings per share	-	-	-	-
Diluted earnings per share	-	-	-	-
VII. Other comprehensive income	-	-	-	-
VIII. Total comprehensive income attributable to:	2,982,834.69	30,365,257.14	4,544,223.07	46,260,190.85
Owners of the parent	-	-	-	-
* Minority interests	-	-	-	-

Note: accounts with * are used for the consolidated financial statements only; accounts with Δ are used for financial institutions only.

CASH FLOW STATEMENT

Item	31 December 2014		31 December 2013	
	RMB	INR	RMB	INR
I. Cash Flows from Operating Activities:				
Cash receipts from the sale of goods and the rendering of services.....	42,042,687.69	427,994,560.68	18,458,187.83	187,904,352.11
Δ Cash receipts from the sale of goods and the rendering of services.....	-	-	-	-
Δ Net increase in loans from the central bank	-	-	-	-
Δ Net increase in placements from banks and other financial institutions	-	-	-	-
Δ Cash receipts from premiums under direct insurance contracts.....	-	-	-	-
Δ Net cash receipts from reinsurance business.....	-	-	-	-
Δ Net increase in policyholders' deposits and investment contract liabilities.....	-	-	-	-
Δ Net cash receipts from trading activities involving financial assets held for trading.....	-	-	-	-
Δ Cash receipts from interest, fees and commissions	-	-	-	-
Δ Net increase in placements received.....	-	-	-	-
Δ Net increase in funds raised under securities repurchase arrangements.....	-	-	-	-
Receipts of tax refunds	-	-	-	-
Other cash receipts relating to operating activities	4,823,188.85	49,100,062.48	243,928.83	2,483,195.49
Sub-total of cash inflows.....	46,865,876.54	477,094,623.16	18,702,116.66	190,387,547.60
Cash payments for goods purchased and services received	-	-	-	-
Δ Net increase in loans and advances to customers	-	-	-	-
Δ Net increase in deposits with the central bank and deposits with banks and other financial institutions...	-	-	-	-
Δ Cash payments for claims and benefits under direct insurance contracts.....	-	-	-	-
Δ Cash payments for interest, fees and commissions	-	-	-	-
Δ Cash payments for insurance policyholder dividends	-	-	-	-
Cash payments to and on behalf of employees	2,820,464.00	28,712,323.52	2,717,684.77	27,666,030.96
Payments of all types of taxes.....	3,249,867.57	33,083,651.86	652,761.38	6,645,110.85
Other cash payments relating to operating activities	33,592,333.00	341,969,949.94	15,237,478.47	155,117,530.82
Sub-total of cash outflows	39,662,664.57	403,765,925.32	18,607,924.62	189,428,672.63
Net Cash Flow from Operating Activities	7,203,211.97	73,328,697.84	94,192.04	958,874.97

Note: accounts with Δ are used for financial institutions only.

CASH FLOW STATEMENT

Item	31 December 2014		31 December 2013	
	RMB	INR	RMB	INR
II. Cash Flows from Investing Activities:				
Cash receipts from disposals of investments	-	-	-	-
Cash receipts from returns on investments	-	-	-	-
Net cash receipts from disposal of fixed assets, intangible assets and other long-term assets	176,200.00	1,793,716.00	300,000.00	3,054,000.00
Net cash receipts from disposals of subsidiaries and other business units	-	-	-	-
Other cash receipts relating to investing activities	-	-	-	-
Sub-total of cash inflows	176,200.00	1,793,716.00	300,000.00	3,054,000.00
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets	48,470.08	493,425.41	579,499.68	5,899,306.74
Cash payments to acquire investments	-	-	-	-
Δ Net increase in pledged loan	-	-	-	-
Net cash payments for acquisitions of subsidiaries and other business units	-	-	-	-
Other cash payments relating to investing activities ..	-	-	-	-
Sub-total of cash outflows	48,470.08	493,425.41	579,499.68	5,899,306.74
Net Cash Flow from Investing Activities	127,729.92	1,300,290.59	-279,499.68	-2,845,306.74
III. Cash Flows from Financing Activities:				
Cash receipts from investors making investment in the enterprise	-	-	22,737,024.00	231,462,904.32
Including: cash receipts from minorities making investment in subsidiaries	-	-	-	-
Cash receipts from borrowings	-	-	-	-
Δ Cash receipts from issue of bonds	-	-	-	-
Other cash receipts relating to financing activities	-	-	-	-
Sub-total of cash inflows	-	-	22,737,024.00	231,462,904.32
Cash repayments of amounts borrowed	-	-	-	-
Cash payments for distribution of dividends or profit or interest expenses	4,455,667.25	45,358,692.60	6,181,093.03	62,923,527.05
Including: payments for distribution of dividends or profit to minorities of subsidiaries	-	-	-	-
Other cash payments relating to financing activities ..	-	-	-	-
Sub-total of cash outflows	4,455,667.25	45,358,692.60	6,181,093.03	62,923,527.05
Net Cash Flow from Financing Activities	-4,455,667.25	-45,358,692.60	16,555,930.97	168,539,377.27
IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents	45,384.16	462,010.75	391,733.76	3,987,849.68
V. Net Increase in Cash and Cash Equivalents	2,920,658.80	29,732,306.58	16,762,357.09	170,640,795.18
Add: Opening balance of Cash and Cash Equivalents	33,026,887.87	336,213,718.52	16,264,530.78	165,572,923.34
VI. Closing Balance of Cash and Cash Equivalents	35,947,546.67	365,946,025.10	33,026,887.87	336,213,718.52

Note: accounts with Δ are used for financial institutions only.

STATEMENT OF CHANGES IN OWNERS' EQUITY

Unit: RMB

Item	31 December 2014											
	Attributable to Owners of the Parent					Minority Interests			Total Owner's Equity			
	Paid-in Capital/Share Capital	Capital Reserve	Less: Treasury Shares	Special Reserve	Surplus Reserve	△ General Reserve	Unappropriated Profit	Others	Subtotal			
1	2	3	4	5	6	7	8	9	10	11		
Column No.												
I. Closing balance of the preceding year	30,000,000.00	184,216.66	-	-	17,805,263.64	-	4,567,074.80	-	371,573,410.71	-	36,500,335.04	371,573,410.71
Add: Changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-
Corrections of prior period errors	-	-	-	-	-	-	-	-	-	-	-	-
II. Opening balance of this year	30,000,000.00	184,216.66	-	-	17,805,263.64	-	4,567,074.80	-	371,573,410.71	-	36,500,335.04	371,573,410.71
III. Changes for the year (decrease is indicated by "-")												
(i) Net profit	-	-	-	-	298,283.47	-	-1,876,273.58	-19,100,465.05	-16,063,939.32	-	-1,577,990.11	-16,063,939.32
(ii) Other comprehensive income	-	-	-	-	-	-	2,982,834.69	30,365,257.14	30,365,257.14	-	2,982,834.69	30,365,257.14
(iii) Owners' contributions and reduction in capital	-	-	-	-	-	-	-	-	-	-	-	-
1. Capital contribution from owners	-	-	-	-	-	-	-	-	-	-	-	-
2. Share-based payment recognised in owners' equity	-	-	-	-	-	-	-	-	-	-	-	-
3. Others	-	-	-	-	-	-	-	-	-	-	-	-
(iv) Special reserve	-	-	-	-	-	-	-	-	-	-	-	-
1. Withdrawn in the period	-	-	-	-	-	-	-	-	-	-	-	-
2. Utilised in the period	-	-	-	-	-	-	-	-	-	-	-	-
(v) Profit distribution	-	-	-	-	298,283.47	-	-4,859,108.27	-49,465,722.19	-46,429,196.46	-	-4,500,824.80	-46,429,196.46
1. Transfer to surplus reserve including: statutory surplus reserve	-	-	-	-	298,283.47	-	-298,283.47	-3,036,525.73	-	-	-	-
Discretionary surplus reserve	-	-	-	-	298,283.47	-	-298,283.47	-3,036,525.73	-	-	-	-
# Reserve fund	-	-	-	-	-	-	-	-	-	-	-	-
# Venture expansion fund	-	-	-	-	-	-	-	-	-	-	-	-
# Refund of investment paid by profit	-	-	-	-	-	-	-	-	-	-	-	-
2. Transfer to general reserve	-	-	-	-	-	-	-	-	-	-	-	-
3. Distributions to owners/shareholders	-	-	-	-	-	-	-4,455,667.25	-45,356,692.60	-45,356,692.60	-	-4,455,667.25	-45,356,692.60
4. Others	-	-	-	-	-	-	-105,157.55	-1,070,503.86	-1,070,503.86	-	-105,157.55	-1,070,503.86
(vi) Transfers within owners' equity	-	-	-	-	-	-	-	-	-	-	-	-
1. Capitalisation of capital reserve	-	-	-	-	-	-	-	-	-	-	-	-
2. Capitalisation of surplus reserve	-	-	-	-	-	-	-	-	-	-	-	-
3. Loss made up by surplus reserve	-	-	-	-	-	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-	-	-	-	-	-
IV. Closing balance of the year	30,000,000.00	184,216.66	-	-	20,841,789.37	-	2,690,801.22	27,392,356.42	355,509,471.39	-	34,922,344.93	355,509,471.39

Note: accounts with △ are used for financial institutions only; accounts with # are used for foreign-invested enterprises only.

STATEMENT OF CHANGES IN OWNERS' EQUITY

Unit: INR

Item	31 December 2013													
	Attributable to Owners of the Parent											Minority Interests		
	Paid-in Capital/Share Capital	Capital Reserve	Less: Treasury Shares	Special Reserve	Surplus Reserve	Δ General Reserve	Unappropriated Profit	Others	Subtotal	Total Owner's Equity				
12	13	14	15	16	17	18	19	20	21	22				
Column No.														
I. Closing balance of the preceding year	7,447,192.66	-	-	-	1,558,581.32	15,866,357.84	-	4,211,667.16	42,874,771.69	-	13,217,441.14	134,553,550.81	13,217,441.14	134,553,550.81
Add: Changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Corrections of prior period errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-
II. Opening balance of the year	7,447,192.66	-	-	-	1,558,581.32	15,866,357.84	-	4,211,667.16	42,874,771.69	-	13,217,441.14	134,553,550.81	13,217,441.14	134,553,550.81
III. Changes for the year (decrease is indicated by "-")	22,552,807.34	184,216.66	1,875,325.60	-	190,462.26	1,938,905.80	-	355,407.64	3,618,049.78	-	23,282,893.90	237,019,659.90	23,282,893.90	237,019,659.90
(I) Net profit	-	-	-	-	-	-	-	4,544,223.07	46,260,190.85	-	4,544,223.07	46,260,190.85	4,544,223.07	46,260,190.85
(II) Other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal of (I) and (II)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(III) Owners' contributions and reduction in capital	22,552,807.34	184,216.66	1,875,325.60	-	-	-	-	-	-	-	22,737,024.00	231,462,904.32	22,737,024.00	231,462,904.32
1. Capital contribution from owners	22,552,807.34	184,216.66	1,875,325.60	-	-	-	-	-	-	-	22,737,024.00	231,462,904.32	22,737,024.00	231,462,904.32
2. Share-based payment recognised in owners' equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(IV) Special reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1. Withdrawn in the period	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Utilised in the period	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(V) Profit distribution	-	-	-	-	190,462.26	1,938,905.80	-	-4,188,815.43	-42,642,141.07	-	-3,998,353.17	-40,703,235.27	-3,998,353.17	-40,703,235.27
1. Transfer to surplus reserve	-	-	-	-	190,462.26	1,938,905.80	-	-190,462.26	-1,938,905.80	-	-	-	-	-
Including: statutory surplus reserve	-	-	-	-	190,462.26	1,938,905.80	-	-190,462.26	-1,938,905.80	-	-	-	-	-
Discretionary surplus reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-
# Reserve fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-
# Venture expansion fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-
# Refund of investment paid by shareholders	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Transfer to general reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Distributions to owners/shareholders	-	-	-	-	-	-	-	-3,998,353.17	-40,703,235.27	-	-3,998,353.17	-40,703,235.27	-3,998,353.17	-40,703,235.27
4. Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(VI) Transfers within owners' equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1. Capitalisation of capital reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Capitalisation of surplus reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Loss made up by surplus reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IV. Closing balance of the year	30,000,000.00	184,216.66	1,875,325.60	-	1,749,048.58	17,805,263.64	-	4,567,074.80	46,492,821.47	-	36,500,335.04	371,573,410.71	36,500,335.04	371,573,410.71

Note: accounts with Δ are used for financial institutions only; accounts with # are used for foreign-invested enterprises only.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

I. Company Profile

Ssangyong Motor (Shanghai) Co., Ltd ("Company") was funded and incorporated by Ssangyong Motor Company on December 2, 2003. The Company has obtained business license with registered number 310115400138400 from Shanghai Administration for Industry and Commerce. The company registered in China (Shanghai) free trade area, 500 grams of ice road, room 1209, the Company has a registered capital of RMB30,000,000.00 and a paid-in capital of RMB30,000,000.00, and its legal representative is CHOI JOHNG SIK.

In September 22, 2014 set up a Ssangyong Motor (Shanghai) Co., Ltd. Beijing branch, has been awarded by the Beijing Municipal Administration of industry and commerce registration number for the business license 110000450267570. Company registered in Beijing City, Chaoyang District, 32 Liangmaqiao Lu, 7layer 707-708.

Operation scope of the Company: import and exclusive distribution (excluding retail) of SSANG YONG automobiles with authorization of Ssangyong Motor Company; wholesale, commission agent (excluding auction), import/export of auto parts, chemicals (excluding dangerous goods, specialty chemicals, and precursor chemicals), and metallic tools, for autos, textiles, and lubricants used for autos, as well as related marketing, technical support, training services, and supporting services; enterprise management consulting, economic information consulting, and investment consulting; international trade within the Free Trade Zone, re-export trade, agent for trade between enterprises within the Free Trade Zone as well as trade within the Free Trade Zone, merchandized simple processing within the Free Trade Zone; and being agent for trade with non-Free-Trade-Zone-enterprises via domestic enterprises with import/export qualifications (not involving state-trading-goods; if involving any goods which require quota or license, application should be submitted as specified by competent regulations.) (if involving any goods which require administrative license, operate with relevant licenses).

II. Basis of preparation

The financial statements were prepared on a going concern basis in accordance with *Chinese Accounting Standards for Business Enterprises* and the Implementation Guide as well as *Chinese Accounting Standards for Small Enterprises*, subject to the following significant accounting policies and accounting estimates.

III. Statement of compliance

The financial statements have been prepared in accordance with *Chinese Accounting Standards for Business Enterprises* and *Chinese Accounting Standards for Small Enterprises*. The financial statements give a true and complete view of the financial position of the Company as of 31 December 2014, and of its financial performance and its cash flows for the year then ended.

IV. Significant accounting policies and accounting estimates

1. Accounting year

The Company's accounting year is the period starting from January 1 to December 31 of a calendar year.

2. Functional currency

The Company's functional currency is Renminbi (RMB). All amounts disclosed in Proforma Indian Rupees are Renminbi converted against a currency rate of Rupees(INR) 10.18=RMB 1.00.

3. Accounting basis and measurement basis

The Company adopts the accrual basis of accounting. Generally, the Company measures the accounting elements on the historical cost basis. In case the amount of any accounting elements can be reliably measured as required by *Chinese Accounting Standards for Business Enterprises*, such accounting elements are measured at replacement cost, net realizable value, present value, or fair value.

4. Accounting and translation of foreign currency transactions

(1) Translation of foreign currency transactions

Foreign currency transactions are initially recognized by applying the spot exchange rate at the date of the transaction, but foreign currency translations or transactions involving foreign currency translation are initially recognized by applying the exchange rate actually used.

(2) Accounting of monetary items and non-monetary items denominated in foreign currencies at the balance sheet date

Foreign currency monetary items are translated using the spot exchange rate at the balance sheet date. Exchange differences arising from the differences between the spot exchange rate prevailing at the balance sheet date and those spot rates used on initial recognition or at the previous balance sheet date are recognized in profit or loss, except that translation differences previous balance sheet date are recognized in profit or loss, except that translation differences arising from borrowings relating to the acquisition, construction or production of a qualifying asset as specified by *Chinese Accounting Standards for Business Enterprises No.17 – Borrowing Costs* are capitalized.

Foreign currency non-monetary items measured at historical cost continue to be translated at the spot exchange rates at the dates of the transactions, i.e. the amounts in functional currency shall remain unchanged.

Foreign currency non-monetary items measured at fair value are translated at the spot exchange rate on the date the fair value is determined. Difference between the adjusted functional currency amount and the original functional currency amount is treated as changes of fair value (including changes of exchange rate) and is recognized in profit and loss for the current period.

(3) Translation of financial statements denominated in foreign currency

Financial statements denominated in foreign currency are translated into Renminbi in accordance with the following requirements:

Assets and liabilities on the balance sheet are translated at the spot exchange rate prevailing at the balance sheet date. All equity items except for "unappropriated profits" are translated at the spot exchange rates at the dates on which such items arose.

Income and expenses in the income statement are translated at the spot exchange rates at the dates of the transactions/an exchange rate that approximates the actual spot exchange rates at the dates of the transactions.

Translation differences arising from the foregoing financial statements translation are presented as a separate component of equity in the balance sheet.

Cash flow statement denominated in foreign currency is translated at the spot exchange rate at the date of the cash flow/an exchange rate that approximates the actual spot exchange rates at the date of the cash flow.

5. Recognition criteria of Cash and cash equivalents

- (1) Cash comprises cash on hand and deposits that can be readily withdrawn on demand;
- (2) Cash equivalents are short-term ("Short-term" usually refers to three months or less from the date of acquisition), highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

6. Receivables

The individually significant receivables are tested separately for impairment. Where there is objective evidence that the receivables are impaired, the excess of the carrying amount over its present value of the future cash flows is recognized as the impairment losses, with provision made for bad debts. Receivables that are not impaired after separate testing are classified into several portfolios by credit risk characteristics, and the impairment losses are calculated at a certain proportion of balance of the receivables portfolios on balance sheet date, with provision made for bad debts.

Identification criteria of doubtful debts:

- (1) Revoke or bankruptcy of debtor; debts cannot be settled through judicial process; debt clean-up costs exceed the amount of the debt;

- (2) The debtor is faced with insolvency and closure caused by serious natural disaster and is unable to settle the debts in a short time;
- (3) Ageing of the debts exceeds 3 years and there is conclusive evidence indicating the debts are not recovered.

7. Inventories

Inventories include raw material, material in transit, commodities in stock, and low-cost items.

Inventories are initially measured at cost. Cost of inventories comprises all costs of purchase, costs of conversion and other costs.

The Company adopts the weighted average cost formula to assign the actual costs of inventories and amortizes low-cost items and packaging materials by using immediate write-off method

The Company adopts the perpetual inventory system.

At the balance sheet date, inventories are measured at the lower of cost and net realizable value. When the circumstances that previously caused inventories to be written down below cost no longer exist, the amount of the write-down is reversed. The reversal is limited to the amount originally provided for the decline in value of inventories. The amount of the reversal is included in profit or loss for the current period.

If the cost of inventories is higher than the net realizable value, a provision for decline in value of inventories shall be recognized in profit or loss for the current period.

8. Fixed assets

Fixed assets are tangible assets that are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that have useful lives more than one accounting year.

Fixed assets are recognized only when it is probable that economic benefits associated with the assets will flow to the Company and the cost of the assets can be measured reliably. Subsequent expenditures incurred for fixed assets that meet the recognition criteria are included in the cost of the fixed assets; meanwhile the carrying value of the replaced part are derecognized. Subsequent expenditures that fail to meet the recognition criteria are recognized in profit or loss in the period in which they are incurred.

Fixed assets are initially measured at cost while effect of any expected abandoning costs are considered. Generally, costs of fixed assets comprise the purchase price, related taxes, and any directly attributable expenditure for bringing the asset to working condition for its intended use, such as delivery costs and installation costs. However, where payment for the purchase price of fixed assets are deferred beyond normal credit terms, cost of the fixed assets are determined based on the present value of the purchase price.

Straight-line method is applied for depreciation of fixed assets. Useful lives, estimated net residual value, and the depreciation rates of each type of fixed assets are as follows:

Type of fixed asset	Estimated net residual value (%)	Estimated useful life (year)	Annual depreciation rate
Office equipment	10	5	18%
Transport equipment	10	5	18%

Depreciation of fixed assets is provided monthly. Depreciation of a new fixed asset is not provided in the same month when it is added, but since the following month; depreciation of a fixed asset is still provided in the same month when it is abandoned, and the provision stops since the following month.

Where each part of a fixed asset has different useful lives or brings economic benefits to the Company in different patterns, different depreciation rates apply.

Depreciation policy for assets leased through finance lease is consistent with that for the Company's owned fixed assets. If there is reasonable certainty that the Company will obtain ownership of the leased asset by the end of the lease term, the leased asset is depreciated over its useful life. If there is no reasonable certainty that the Company will obtain ownership of the leased asset by the end of the lease term, the leased asset is depreciated over the shorter of the lease term and its useful life.

Useful lives, estimated net residual values, and depreciation methods of fixed assets are assessed at least at each financial year-end and adjustments are made when necessary.

9. Construction in progress

Costs of construction in progress are determined on the basis of actual expenditure of the construction, including any construction expenditures, capitalized borrowing costs before the construction has achieved the working condition for its intended use, and other related expenses.

Construction in progress is recognized as a fixed asset once it has achieved the working condition for its intended use.

10. Intangible assets

Intangible assets are identifiable non-monetary assets without physical substance owned or controlled by the Company, including land use right and software.

Intangible assets are measured initially at cost. When it is probable that economic benefits associated with the intangible assets will flow to the Company and the cost of the assets can be measured reliably, expenditures incurred for intangible assets are included in the cost of the intangible assets; any other related expenditure is recognized in profit or loss in the period in which they are incurred.

Intangible assets with finite useful lives are amortized within their estimated useful lives by applying the straight-line method since the assets are available for use.

Useful lives and amortization methods of intangible assets are assessed at the end of the period and any changes are accounted for as changes of accounting estimates.

11. Long-term deferred expenses

Long-term deferred expense refers to expense that has occurred and that shall be borne by the current period and subsequent period and amortized during over-one-year period. Cost incurred for improvement of a fixed asset leased to the Company under operating lease is recognized as long-term deferred expenses and averagedly amortized over the periods benefited from such costs. Start-up costs are recognized in profit or loss when they occur.

12. Impairment of assets

The Company adopts the following impairment policies, except for inventories, construction contracts, deferred tax, financial assets, and long-term equity investments which have no quoted price from an active market and whose fair value cannot be reliably measured:

The Company assesses at the balance sheet date whether there is any indication that an asset may be impaired. If any indication exists that an asset may be impaired, the Company estimates the recoverable amount of the asset. Goodwill arising in a business combination and an intangible asset with an indefinite useful life is tested for impairment annually, irrespective of whether there is any indication that the asset may be impaired.

The recoverable amount of an asset is the higher of its fair value less costs to sell and the present value of the future cash flows expected to be derived from the asset. If there is any indication that an asset may be impaired, recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the Company determines the recoverable amount of the asset group to which the asset belongs. Identification of an asset group is based on whether major cash inflows generated by the asset group are largely independent of the cash inflows from other assets or asset groups.

If the recoverable amount of an asset or asset group is less than its carrying amount, the Company reduces the carrying amount to its recoverable amount. That reduction is recognized in profit or loss for the current period and a provision for impairment loss of the asset or asset group is recognized accordingly.

For the purpose of impairment testing, the Company allocates the carrying amount of goodwill on a reasonable basis to each of the related asset groups from the acquisition date. If it is not possible to allocate to the related asset groups, the Company allocates to each of the related sets of asset groups. Each of related asset groups or sets of asset groups is an asset group or set of asset group that is able to benefit from the synergies of the business combination and is not be larger than a reportable segment defined by the Company.

In testing asset groups or sets of asset groups with goodwill for impairment, if there is any indication that the related asset groups or sets of asset groups may be impaired, the Company first tests those asset groups or sets of asset groups to which goodwill has not been allocated. Then the Company recognizes any impairment losses after determining the

recoverable amount and comparing it with the relevant carrying amount. After that, the Company tests those asset groups or sets of asset groups to which goodwill has been allocated, by comparing the carrying amount of such related asset groups or sets of asset groups with their recoverable amount. If the recoverable amount is less than the carrying amount, the Company first reduces the amount of impairment loss from the carrying amount of any goodwill allocated to the asset group or set of asset groups, and then reduce from the carrying amount of other assets (other than goodwill) within the asset group or set of asset groups, pro rata on the basis of the carrying amount of each asset.

Once the foregoing asset impairment loss is recognized, it will not be reversed in a subsequent period.

13. Employee benefits

In the accounting period in which employees render services to the Company, the Company recognizes the employee benefits payable for the services as a liability.

The Company has attended the employee social insurance system, including basic pensions, medical insurance, housing fund, and etc., expenditures incurred are included in the cost of relevant assets or are recognized in profit or loss in the period in which they are incurred.

When the Company terminates the employment relationship with employees before the end of the employment contracts or provides compensation as an offer to encourage employees to accept voluntary redundancy, a provision is recognized for the compensation arising from termination of employment relationship with employees, provided that the Company has a formal plan for termination of employment relationship or has made an offer for voluntary redundancy, which will be implemented immediately, and that the Company cannot unilaterally withdraw from the termination plan or the redundancy offer.

Early retirement plan is also accounted for by using the same termination benefit principle. As for salaries and social insurances to be paid/ contributed during the period starting from the day of terminating rendering services to the day of normal retirement for early-retired employees, the Company recognizes them in profit or loss for the current period (i.e. termination benefits) when they meet the reorganization conditions of provisions.

14. Provisions

An obligation related to a contingency is recognized as a provision when all of the following conditions are satisfied: the obligation is a present obligation of the Company; it is probable that an outflow of economic benefits will be required to settle the obligation; and the amount of the obligation can be measured reliably.

At the balance sheet date, the Company takes into consideration factors pertaining to a contingency such as the risks, uncertainties and time value of money and measures the provision at the best estimate of the expenditure required to settle the related present obligation.

Where all or part of the expenditure required for provision settlement is expected to be reimbursed by a third party, the reimbursement is recognized as a separate asset only when it is virtually certain that reimbursement will be received. The amount recognized for the reimbursement will not exceed the carrying amount of the provision.

15. Revenue

(1) Revenue from sale of goods

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

(2) Revenue from rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably at the balance sheet date, revenue associated with the transaction is recognized using the percentage of completion method. Stage of completion of such transactions is determined on the basis of surveys of work performed.

The outcome of a transaction involving the rendering of services can be estimated reliably when all of the following conditions are satisfied: the amount of revenue can be measured reliably; it is probable that the associated economic benefits will flow to the Company; the stage of completion of the transaction can be measured reliably; and the costs incurred and to be incurred for the transaction can be measured reliably.

When the outcome of a transaction involving the rendering of services cannot be estimated revenue is recognized to the extent of costs incurred that are expected to be recoverable and an equivalent amount is charged to profit or loss as service costs. If the costs incurred are not expected to be recoverable, the costs incurred are recognized in profit or loss for the current period and no service revenue is recognized.

(3) Revenue from royalties

The amount of royalties is determined on the accrual basis according to relevant contract or agreement.

(4) Revenue from interest

The amount of interest is determined according to the length of time for which the Company's monetary fund is used by others and the effective interest rate.

16. Leases

A finance lease is a lease that transfers in substance all the risks and rewards incidental to ownership of an asset. An operating lease is a lease other than a finance lease.

1. Accounting of operating leases as a lessee

The Company recognizes the lease payments under an operating lease on a straight-line basis over the lease term, and either includes in the cost of another related asset or charges to profit or loss for the current period.

2. Accounting of operating leases as a lessor

The Company recognizes the income from operating leases in profit or loss on a straight-line basis over the lease term.

3. Accounting of finance leases as a lessee

At the commencement of the lease term, the Company records the leased asset at an amount equal to the lower of the fair value of the leased asset and the present value of the minimum lease payments, each determined at the inception of the lease, and recognize a long-term payable at an amount equal to the minimum lease payments. The difference between the recorded amount of the leased asset and the recorded amount of the payable is accounted for as unrecognized finance charge. Unrecognized finance charge is allocated to each period during the lease term. The Company recognizes finance charge for the current period using the effective interest method.

17. Accounting of income tax

(1) Income tax expense

Income tax expense includes current tax and deferred tax of an enterprise.

Current/deferred tax expense or income is recognized in profit or loss, except that current tax and deferred tax arising from transactions or events which are directly recognized in owners' equity is recognized in owners' equity and that deferred tax arising from business combinations is adjusted to the carrying amount of the goodwill.

(2) Current income tax

At the balance sheet date, current income tax liabilities (or assets) for the current and prior periods are measured at the amount expected to be paid (or recovered) according to the requirements of tax laws. Taxable profit is calculated on the basis of pre-tax profit adjusted according to tax laws.

(3) Deferred tax assets and deferred tax liabilities

As for differences between the carrying amount of certain assets or liabilities and their tax base as well as temporary differences between the carrying amount and tax base of those items that are not recognized as assets or liabilities but have a tax base that can be determined according to tax laws, the Company recognizes such differences as deferred tax assets and deferred tax liabilities by applying the balance-sheet-debt method.

At the balance sheet date, deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, according to the requirements of tax laws.

At the balance sheet date, the Company assesses the carrying amount of a deferred tax asset. If it is probable that sufficient taxable profits will not be available in future periods to allow the benefit of the deferred tax asset to be utilized, the carrying amount of the deferred tax asset is reduced. Any such reduction in amount is reversed when it becomes probable that sufficient taxable profits will be available.

18. Uncertainty of significant accounting estimates

The following are other major sources of uncertainty of key assumptions and estimates of future events at the balance sheet date, and such uncertainty may cause significant adjustment to the carrying amounts of assets and liabilities in the next accounting year.

(1) Impairment provision of receivables

The Company provides for doubtful debts on the basis of recoverability of receivables. When any indication exists that receivables are not recoverable, provision for doubtful debts is required. Provision for doubtful debts requires professional judgment and estimation. Differences between the result of re-estimate and existing estimate may influence the carrying amount of receivables in the period the estimates change.

(2) Useful life and residual value of fixed assets

The Company estimates useful life and residual value of fixed assets on the basis of past experience with actual useful life and residual value of similar fixed assets. If the useful life of such fixed assets shortens, the Company increases their depreciation rate or disposes of obsolete/idle fixed assets.

(3) Income tax and deferred tax assets

Since certain issues relating to the enterprise income tax are not confirmed by the tax authority when the income tax is accrued, the Company follows existing tax laws and regulations to achieve reliable estimate and judgment for accrued income tax. Differences between the conclusion made by tax authority and the amount recognized by the Company will influence the income tax of the current period.

Deferred tax assets include asset impairment provision, deductible losses, warranty provision, and temporary difference between the carrying amount and tax base of expense relating to early retirement. All tax losses that are not deducted yet are recognized as deferred tax assets to the extent that it is probable that there is sufficient taxable profit to deduct the losses. Realization of deferred tax assets relies largely on the future taxable profit and the actual tax rate of the year in which temporary differences are reversed. Therefore, management is required to apply judgment to estimate the time and amount of future taxable profit, and together with tax planning, to decide the amount of deferred tax assets.

(4) Liability of early retirement benefits

The Company has recognized part of early retirement benefits as a liability. The amount of such benefits/liability are calculated and paid on the basis of several assumptions, including discount rate, benefit increase rate of relevant period, and other factors. Differences between the actual amount and the assumption are recognized as expense for the current year. Although management believes such assumptions are reasonable, past experience the Company relies on and changes of assumption premise will influence balances of expenses and liabilities relating to the Company retirement benefits.

V. Changes in accounting policies and accounting estimates, corrections of errors, and adjustment of other events

1. Changes in accounting policies

None

2. Changes in accounting estimates

None

3. Corrections of prior period errors and adjustment of other events

None

VI. Taxes

1. Value added tax

The Company calculates and pays value added tax on the basis of the added value of sold goods or rendered services using the tax rate of 6%.

2. Business tax

The Company calculates and pays business tax on the basis of the taxable revenue using the tax rate of 5%. Started in 2012, pays value added tax on the basis of the added value of sold goods or rendered services using the tax rate of 6%.

3. Urban maintenance and construction tax and education surtax

The Company calculates and pays urban maintenance and construction tax on the basis of paid turnover tax using the tax rate of 1%.

The Company calculates and pays education surtax on the basis of paid turnover tax using the tax rate of 3%.

The Company calculates and pays local education surtax on the basis of paid turnover tax using the tax rate of 2%.

The Company calculates and pays river management fee on the basis of paid turnover tax using the tax rate of 1%.

4. Enterprise income tax

The Company pays enterprise income tax on the basis of the taxable income using the tax rate of 25%.

VII. Notes to major items of the financial statements

Unless otherwise stated in the following notes, the currency of amounts is Indian Rupee, period beginning refers to January 1, 2014, period end refers to December 31, 2014, the prior period refers to year 2013, and the current period refers to year 2014.

1. Monetary funds

Item	31 December 2014		31 December 2013	
	RMB	INR	RMB	INR
Cash	17,310.31	176,218.96	27,837.60	283,386.77
Bank balances	35,930,236.36	365,769,806.14	32,999,050.27	335,930,331.75
Total	35,947,546.67	365,946,025.10	33,026,887.87	336,213,718.52

2. Accounts receivable

Category	31 December 2014			31 December 2013		
	Book balance		Provision for doubtful debts	Book balance		Provision for doubtful debts
	RMB	INR	RMB	RMB	INR	RMB
Account receivable for which doubtful debt provision is made using individual identification method	2,590,656.57	26,372,883.88	–	4,243,074.27	43,194,496.06	–
Account receivable for which doubtful debt provision is made using collective identification (ageing analysis) method	–	–	–	–	–	–
Total	2,590,656.57	26,372,883.88	–	4,243,074.27	43,194,496.06	–

Account receivable for which doubtful debt provision is made using individual identification method:

Item	31 December 2014			31 December 2013		
	Book balance		Provision for doubtful debts	Book balance		Provision for doubtful debts
	RMB	INR	RMB	RMB	INR	RMB
0-1 year	2,590,656.57	26,372,883.88	–	4,243,074.27	43,194,496.06	–
Total	2,590,656.57	26,372,883.88	–	4,243,074.27	43,194,496.06	–

3. Other receivables

Category	31 December 2014			31 December 2013		
	Book balance		Provision for doubtful debts	Book balance		Provision for doubtful debts
	RMB	INR	RMB	RMB	INR	RMB
Other receivables for which doubtful debt provision is made using individual identification method	744,951.41	7,583,605.36	–	45,475.00	462,935.50	–
Other receivables for which doubtful debt provision is made using collective identification (ageing analysis) method	–	–	–	–	–	–
Total	744,951.41	7,583,605.36	–	45,475.00	462,935.50	–

Other receivables for which doubtful debt provision is made using individual identification method:

Item	31 December 2014			31 December 2013		
	Book balance		Provision for doubtful debts	Book balance		Provision for doubtful debts
	RMB	INR	RMB	RMB	INR	RMB
0-1 year	705,451.41	7,181,495.36	–	45,475.00	462,935.50	–
1-2 year(s)	39,500.00	402,110.00	–	–	–	–
2-3 year(s)	–	–	–	–	–	–
More than 3 year(s)	–	–	–	–	–	–
Total	744,951.41	7,583,605.36	–	45,475.00	462,935.50	–

4. Fixed assets

Item	31 December 2013		Increase in current year		Decrease in current year		31 December 2014	
	RMB	INR	RMB	INR	RMB	INR	RMB	INR
I. The total of the original price	755,298.49	7,688,938.63	48,470.08	493,425.41	232,026.54	2,362,030.17	571,742.03	5,820,333.87
Including: office equipment ..	185,158.60	1,884,914.55	48,470.08	493,425.41	33,259.65	338,583.24	200,369.03	2,039,756.72
Transport equipment	570,139.89	5,804,024.08	-	-	198,766.89	2,023,446.93	371,373.00	3,780,577.15
II. The total of the accumulated depreciation	105,243.77	1,071,381.58	123,355.79	1,255,761.94	61,214.40	623,162.59	167,385.16	1,703,980.93
Including: office equipment ..	93,317.77	949,974.90	32,656.59	332,444.08	25,436.40	258,942.55	100,537.96	1,023,476.43
Transport equipment	11,926.00	121,406.68	90,699.20	923,317.86	35,778.00	364,220.04	66,847.20	680,504.50
III. The total of the accumulated provision for impairment	-	-	-	-	-	-	-	-
Including: office equipment ..	-	-	-	-	-	-	-	-
Transport equipment	-	-	-	-	-	-	-	-
IV. The total of the carrying amount	650,054.72	6,617,557.05	-74,885.71	-762,336.53	170,812.14	1,738,867.58	404,356.87	4,116,352.94
Including: office equipment ..	91,840.83	934,939.65	15,813.49	160,981.33	7,823.25	79,640.69	99,831.07	1,016,280.29
Transport equipment	558,213.89	5,682,617.40	-90,699.20	-923,317.86	162,988.89	1,659,226.89	304,525.80	3,100,072.65

5. Accounts payable

Ageing	31 December 2014			31 December 2013		
	RMB	INR	Percentage (%)	RMB	INR	Percentage (%)
0-1 year (including 1 year)	-	-	-	-	-	-
Over 3 years	92,636.23	943,036.82	100.00	92,636.23	943,036.82	100.00
Total	92,636.23	943,036.82	100.00	92,636.23	943,036.82	100.00

6. Employee benefits

Item	31 December 2013		Increase in current year		Amount paid in current year		31 December 2014	
	RMB	INR	RMB	INR	RMB	INR	RMB	INR
I. Salary, bonus, allowance and compensation	-	-	2,243,637.00	22,840,224.66	2,243,637.00	22,840,224.66	-	-
II. Employee benefit costs	-	-	-	-	-	-	-	-
III. Social insurance fees	-	-	-	-	-	-	-	-
IV. Housing funds	-	-	-	-	-	-	-	-
V. Union running costs and employee education costs	-	-	-	-	-	-	-	-
VI. Non-monetary benefits	-	-	-	-	-	-	-	-
VII. Termination benefits and early retirement compensation	-	-	30,842.00	313,971.56	30,842.00	313,971.56	-	-
Including: Compensation for terminating the employment relationship	-	-	30,842.00	313,971.56	30,842.00	313,971.56	-	-
Estimated expense paid for early retired employees	-	-	-	-	-	-	-	-
VIII. Others	-	-	-	-	-	-	-	-
Including: cash-settled share-based payment	-	-	-	-	-	-	-	-
Total	-	-	2,274,479.00	23,154,196.22	2,274,479.00	23,154,196.22	-	-

7. Taxes payable

Item	31 December 2013		Increase in current year		Amount paid in current year		31 December 2014	
	RMB	INR	RMB	INR	RMB	INR	RMB	INR
Value added tax.....	250,790.11	2,553,043.31	1,092,506.38	11,121,714.95	1,343,296.49	13,674,758.26	-	-
Business tax.....	984.24	10,019.56	2,042.14	20,788.99	3,004.33	30,584.08	22.05	224.47
Enterprise income tax.....	634,874.20	6,463,019.36	1,117,139.09	11,372,475.94	1,752,013.29	17,835,495.30	-	-
Urban maintenance and construction tax	2,734.21	27,834.26	10,729.01	109,221.32	13,463.00	137,053.34	0.22	2.24
Individual income tax.....	4,975.00	50,645.50	31,705.00	322,756.90	34,250.00	348,665.00	2,430.00	24,737.40
River management fee	2,734.21	27,834.26	10,729.01	109,221.32	13,463.00	137,053.34	0.22	2.24
Education surtax.....	8,202.63	83,502.77	32,187.04	327,664.07	40,389.01	411,160.12	0.66	6.72
Local education surtax	5,468.42	55,668.52	21,458.05	218,442.95	26,926.03	274,106.99	0.44	4.48
Total	910,763.02	9,271,567.54	2,318,495.72	23,602,286.44	3,226,805.15	32,848,876.43	2,453.59	24,977.55

8. Other payables

(1) Detail of other payables

Ageing	31 December 2014			31 December 2013		
	RMB	INR	Percentage (%)	RMB	INR	Percentage (%)
0-1 year (including one year).....	4,596,076.77	46,788,061.52	98.42	387,757.57	3,947,372.06	83.97
1-2 year	-	-	-	74,000.00	753,320.00	16.03
2-3 year	74,000.00	753,320.00	1.58			
Total.....	4,670,076.77	47,541,381.52	100.00	461,757.57	4,700,692.06	100.00

(2) Other payables which are individually significant

Name of creditor	31 December 2014		Nature
	RMB	INR	
Shanghai lvwei zhanlan ltd	621,013.78	6,321,920.28	Advertisement fee
Beijing force only win sports development co., LTD	600,000.00	6,108,000.00	Advertisement fee
Pangda Ssangyong (Beijing) Company	2,861,905.57	29,134,198.70	Advertisement fee

9. Dividends payable

Item	31 December 2013		Increase in current year		Decrease in current year		31 December 2014	
	RMB	INR	RMB	INR	RMB	INR	RMB	INR
Ssangyong Motor Company	-	-	4,455,667.25	45,358,692.61	4,455,667.25	45,358,692.61	-	-

10. Paid-in capital

Name investor	31 December 2013			Increase in current year		Decrease in current year		31 December 2014		
	Amount of investment		Percentage (%)	RMB	INR	RMB	INR	Amount of investment		Percentage (%)
	RMB	INR						RMB	INR	
Ssangyong Motor Company.....	30,000,000.00	305,400,000.00	100.00	-	-	-	-	30,000,000.00	305,400,000.00	100.00
Total	30,000,000.00	305,400,000.00	100.00	-	-	-	-	30,000,000.00	305,400,000.00	100.00

11. Capital reserve

Item	31 December 2013		Increase in current year		Decrease in current year		31 December 2014	
	RMB	INR	RMB	INR	RMB	INR	RMB	INR
The capital premium.....	184,216.66	1,875,325.60	-	-	-	-	184,216.66	1,875,325.60
Total	184,216.66	1,875,325.60	-	-	-	-	184,216.66	1,875,325.60

12. Surplus reserve

Item	31 December 2013		Increase in current year		Decrease in current year		31 December 2014	
	RMB	INR	RMB	INR	RMB	INR	RMB	INR
Statutory surplus reserve ...	1,559,788.66	15,878,648.55	298,283.47	3,036,525.73	-	-	1,858,072.13	18,915,174.28
Discretionary surplus reserve.....	189,254.92	1,926,615.09	-	-	-	-	189,254.92	1,926,615.09
Total	1,749,043.58	17,805,263.64	298,283.47	3,036,525.73	-	-	2,047,327.05	20,841,789.37

13. Unappropriated profits

Item	31 December 2014		31 December 2013	
	RMB	INR	RMB	INR
Closing Balance of previous year	4,567,074.80	46,492,821.47	4,211,667.16	42,874,771.69
Add: changes in accounting policies	-	-	-	-
Corrections of prior period errors	-	-	-	-
Opening Balance of current year	4,567,074.80	46,492,821.47	4,211,667.16	42,874,771.69
Increase of current year	2,982,834.69	30,365,257.14	4,544,223.07	46,260,190.85
Including: net profit of current year	2,982,834.69	30,365,257.14	4,544,223.07	46,260,190.85
Other adjustments	-105,157.55	-1,070,503.86	-	-
Decrease of current year	4,753,950.72	48,395,218.33	4,188,815.43	42,642,141.07
Including: Withdrawal of surplus reserve	298,283.47	3,036,525.73	190,462.26	1,938,905.80
Withdrawal of common risks reserve	-	-	-	-
Distribution of cash dividends	4,455,667.25	45,358,692.60	3,998,353.17	40,703,235.27
Closing Balance of current year	2,690,801.22	27,392,356.42	4,567,074.80	46,492,821.47

14. Operating income

Item	31 December 2014				31 December 2013			
	RMB		INR		RMB		INR	
	Income	Cost	Income	Cost	Income	Cost	Income	Cost
Income From major operations	38,060,373.06	-	387,454,597.75	-	21,362,275.38	-	217,467,963.37	-
Income From other operations	40,842.87	-	415,780.42	-	54,523.42	-	555,048.41	-
Total	38,101,215.93	-	387,870,378.17	-	21,416,798.80	-	218,023,011.78	-

15. Finance expense

Item	31 December 2014		31 December 2013	
	RMB	INR	RMB	INR
Interest expense	-	-	-	-
Less: interest income	744,325.77	7,577,236.34	97,472.11	992,266.08
Loss from foreign exchange	-45,384.16	-462,010.75	391,733.76	3,987,849.68
Fees	5,110.78	52,027.74	5,377.97	54,747.73
Total	-784,599.15	-7,987,219.35	299,639.62	3,050,331.33

16. Non-operating income

Item	31 December 2014		31 December 2013	
	RMB	INR	RMB	INR
Government grants	125,000.00	1,272,500.00	243,331.83	2,477,118.03
Unpayable	-	-	2,471.98	25,164.76
The disposal of assets income	9,822.65	99,994.57	175,313.94	1,784,695.91
Personal income tax fee income	5,233.31	53,275.10	597.00	6,077.46
Total	140,055.96	1,425,769.67	421,714.75	4,293,056.16

17. Non-operating expense

Item	31 December 2014		31 December 2013	
	RMB	INR	RMB	INR
Loss on disposal of assets	7,823.25	79,640.69	3,545.27	36,090.85
Fine	-	-	600.00	6,108.00
Overdue payment	-	-	164.15	1,671.05
Total	7,823.25	79,640.69	4,309.42	43,869.90

18. Income tax expense

(1) Composition of income tax expense (income), including current income tax and deferred Income tax:

Item	31 December 2014		31 December 2013	
	RMB	INR	RMB	INR
Current income tax expense calculated according to tax laws	1,011,981.54	10,301,972.07	634,874.20	6,463,019.36
Adjustment of deferred income tax	-	-	-	-
Total	1,011,981.54	10,301,972.07	634,874.20	6,463,019.36

(2) Relationship between income tax expense (income) and accounting profit

Item	31 December 2014		31 December 2013	
	RMB	INR	RMB	INR
Total profit	3,994,816.23	40,667,229.21	5,179,097.27	52,723,210.21
Adjustment of taxable profit	292,306.14	2,975,676.51	-624,060.64	-6,352,937.32
Make up for the losses of the previous year	-	-	1,597,012.25	16,257,584.71
Tax rate.....	25%	25%	25%	-
Current income tax expense.....	1,071,780.59	10,910,726.43	739,506.10	7,528,172.04

19. Notes to the cash flow statement

(1) Reconciliation of net profits to the cash flow from operating activities

Item	31 December 2014	
	RMB	INR
1. Reconciliation of net profits to the cash flow from operating activities:.....	-	-
Net profits	2,982,834.69	30,365,257.14
Add: Provision for assets impairment	-	-
Depreciation of fixed assets, depletion of oil and gas assets and depreciation of bearer biological assets.....	123,355.79	1,255,761.94
Amortization of intangible assets.....	-	-
Amortization of long-term deferred expenses.....	-	-
Losses due to disposal of fixed assets, intangible assets and other long-term assets (Income shall be presented with the mark of "-")	-1,999.40	-20,353.89
Losses due to retirement of fixed assets (Income shall be presented with the mark of "-")	-	-
Losses due to changes in fair value (Income shall be presented with the mark of "-")	-	-
Finance expenses (Income shall be presented with the mark of "-").....	-784,599.15	-7,987,219.35
Losses from investment (Income shall be presented with the mark of "-")	-	-
Decrease in deferred tax assets (Increase shall be presented with the mark of "-")	-	-
Increase in deferred tax liabilities (Decrease shall be presented with the mark of "-")	-	-
Decrease in inventories (Increase shall be presented with the mark of "-")	-	-
Decrease in operating receivables (Increase shall be presented with the mark of "-")	952,941.29	9,700,942.33
Increase in operating payables (Decrease shall be presented with the mark of "-")	4,208,319.20	42,840,689.46
Others	-277,640.45	-2,826,379.78
Net Cash Flow from Operating Activities	7,203,211.97	73,328,697.85
2. Significant investing and financing activities not involving cash receipts or payments:	-	-
Debt transferred to capital	-	-
Convertible corporate bonds due within one year	-	-
Leased fixed assets under finance lease	-	-
3. Net changes in cash and cash equivalents:	-	-
Closing balance of cash	35,947,546.67	365,946,025.10
Less: Opening balance of cash.....	33,026,887.87	336,213,718.52
Add: Closing balance of cash equivalents	-	-
Less: Opening balance of cash equivalents.....	-	-
Net Increase in Cash and Cash Equivalents	2,920,658.80	29,732,306.58

(2) Cash and cash equivalents

Item	31 December 2014		31 December 2013	
	RMB	INR	RMB	INR
I. Cash	35,947,546.67	365,946,025.10	33,026,887.87	336,213,718.52
Including: Cash on hand	17,310.31	176,218.96	27,837.60	283,386.77
Bank deposits that can be readily withdrawn on demand	35,930,236.36	365,769,806.14	32,999,050.27	335,930,331.75
Other monetary funds that can be readily withdrawn on demand	-	-	-	-
II. Cash equivalents	-	-	-	-
Including: Bond investment with a maturity of three months or less	-	-	-	-
III. Closing balance of cash and cash equivalents	35,947,546.67	365,946,025.10	33,026,887.87	336,213,718.52
Including: Cash and cash equivalents of the parent or subsidiaries within the group with restricted usage	-	-	-	-

VIII. Contingent events

As of December 31, 2014, the Company has no significant contingent events which require disclosure.

IX. Non-adjusting events after the balance sheet date

The Company has no non-adjusting events after the balance sheet date which require disclosure.

X. Related Party and Related-Party Transactions

(1) Profile of the Parent

Name of the Parent	Nature	Domicile
Ssangyong Motor Company	Foreign enterprise	Gyeonggi Province, South Korea

(2) Registered Capital of the Parent and Change of the Registered Capital

Parent	31 December 2013	Increase in current year	Decrease in current year	31 December 2014
	KRW	KRW	KRW	KRW
Ssangyong Motor Company	686,100,480,000.00	-	-	686,100,480,000.00

(3) Parent's proportion of ownership interest in the Company and change of the proportion

31 December 2013			Increase in current year			Decrease in current year		31 December 2014		
RMB	INR	Percentage (%)	RMB	INR	Percentage (%)	RMB	Percentage (%)	RMB	INR	Percentage (%)
30,000,000.00	305,400,000.00	100.00	-	-	-	-	-	30,000,000.00	305,400,000.00	100.00

(4) Related-Party Transactions

None.

XI. Other Significant Events

None.

XII. Use the government subsidy funds

Audited, Ssangyong Motor (Shanghai) Co., Ltd. received the 2014 annual government grant income the amount of 125,000 RMB, have been paid according to the application project, and has been paid according to end the use of.

XIII. The financial contribution of data table

Tax category	The amount of tax payable		Assessed tax		Withholding tax		To replace business tax with value-added tax(VAT) has a tax rebate		Tax increase subsidies	
	RMB	INR	RMB	INR	RMB	INR	RMB	INR	RMB	INR
Enterprise income tax	1,117,139.09	11,372,475.94	-	-	-	-	-	-	-	-
Value added tax	1,070,859.69	10,901,351.64	-	-	-	-	-	-	-	-
Including: Jizhengjitui meetings and services (to replace business tax with value-added tax(VAT))	-	-	-	-	-	-	-	-	-	-
Including: general goods and services	-	-	-	-	-	-	-	-	-	-
Business Tax	2,042.14	20,788.99	-	-	-	-	-	-	-	-
Individual income tax	31,705.00	322,756.9	-	-	-	-	-	-	-	-
Real estate tax	-	-	-	-	-	-	-	-	-	-
Travel tax	-	-	-	-	-	-	-	-	-	-
The stamp tax	23,062.42	234,775.44	-	-	-	-	-	-	-	-
Urban land use tax	-	-	-	-	-	-	-	-	-	-
Land value-added tax	-	-	-	-	-	-	-	-	-	-
Total	2,244,808.34	22,852,148.9	-	-	-	-	-	-	-	-

XIV. Approval of financial statements

The financial statements were approved at the General Manager conference of the Company on January 10, 2015.

Ssangyong Motor (Shanghai) Co., Ltd

January 10, 2015

DIRECTORS' REPORT

Your Directors present their Report together with the audited accounts of your Company for the year ended 31st March 2015.

Financial Highlights for Mahindra USA Inc:

	2015 US\$	2015 INR	2014 US\$	2014 INR
Income	357,254,609	22,378,428,708	278,078,696	17,418,849,517
Profit/(Loss) before tax	4,033,490	252,657,813	2,298,812	143,997,583
Profit after tax.....	2,286,622	252,657,813	3,411,033	232,640,073

The economy in the United States of America ('US') is positive as consumer confidence continues to increase and unemployment is at its lowest level since before the economic recession in late 2008/early 2009. In addition, US net farm income forecast outlook is projected to be lower compared to previous three years, however 2015 yields, acreage planted and farm income will post record levels in spite of lower forecasts.

In this challenging environment your Company's performance was significantly better than the tractor industry as the billing volume grew by 21.2% to 15,766 tractors as compared to 13,011 tractors in the previous year. Tractor retail volume grew consecutively second year above 20% to 15,016 tractors as compared to 12,451 tractors in the previous year. Both the retail as well as billing performance has been the highest ever till date in the history of the Company. The overall market share thus improved from 8% to 10% in US and dropped from 3.9% to 3.0% in Canada.

Correspondingly, the Revenue for the financial year 2015 was at \$357 million (Rs 2,238 Crores) as compared to \$278 million (Rs 1,742 Crores) in the previous financial year. The Profit after tax for the year was \$2.29 million (Rs. 25 Crores) against previous year profit after tax of \$3.41 million (Rs. 23 Crores) which includes Deferred tax credit of \$ 1.42 million (Rs. 9 Crores) and not available in current year.

Your Company stabilized its newly introduced products in the sub compact segment and also introduced US manufactured UTVs in the segment which were well received

in the marketplace. Your company continued to strengthen the dealer channel, which is reflected in substantially improved performance during financial year 2015. During current year, your Company opened its fifth Mahindra Authorized Distribution Center (MADC).

Your Company's composite brand strength improved during current year to 62% from 56% in previous year. Your Company had highest Customer as Net Promoter score (CaPS) of 65 and an Employee Engagement score (mCARES) of 4.0. Your Company continues to invest in multiple CSR initiatives across North America. Your Company is at third position in the US tractor sales for 0 to 120 horse power category as per Association of Equipment Manufacturers' report.

Your Company undertook several initiatives during the year in order to further cut costs and bring in efficiency and strengthen the operating margin. Your Company continues to look towards further strengthening its Dealer channel and focus on identified regional markets and Canada in the coming financial year 2016.

Dr. Pawan Goenka
Chairman

May 20, 2015
Mumbai, India

INDEPENDENT AUDITORS' REPORT

To the Stockholder and the Board of Directors

Mahindra USA, Inc.

We have audited the accompanying financial statements of Mahindra USA, Inc., a Texas corporation, which comprise the balance sheet as of March 31, 2015 and 2014, and the related statements of income, stockholder's equity, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Basis for Qualified Opinion

As discussed in Note 1 to the financial statements, the Company reports its investments in Mahindra North American Technical Center, Inc. and Mahindra Tractor Assembly, Inc., wholly owned subsidiaries, on the equity method of accounting. In our opinion, accounting principles generally accepted in the United States of America require that all majority-owned subsidiaries be accounted for as consolidated subsidiaries. If the financial statements of these subsidiaries had been consolidated with those of Mahindra USA, Inc., total assets and total liabilities would be increased by \$5,815,715 as of March 31, 2015, and revenues and expenses would have increased by \$27,602,271 for the year then ended.

Qualified Opinion

In our opinion, except for the effects of not consolidating all majority-owned subsidiaries, as discussed in the Basis for Qualified Opinion paragraph, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Mahindra USA, Inc. as of March 31, 2015 and 2014, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis-of-Matter for Presentation of Financial Information

The presentation of financial information in Indian rupees in the consolidated financial statements is not a required part of the basic financial statements. We have verified the arithmetic accuracy of the presentation based upon an exchange rate provide by Company's management. We did not audit and do not express an opinion on such information, and our opinion is not modified with respect to this matter.

Kahanek, Franke & Associates, L. C.
Houston, Texas

May 20, 2015

BALANCE SHEET AS OF MARCH 31, 2015 AND 2014**ASSETS**

	2015		Restated 2014	
	U.S. \$	INR	U.S. \$	INR
Current assets:				
Cash and cash equivalents	\$ 4,456,208	279,136,869	\$ 4,368,178	273,622,670
Accounts receivable:				
Customers net.....	16,247,380	1,017,735,883	13,658,368	855,560,172
Employees.....	98,985	6,200,420	31,201	1,954,431
Inventories (note 3)	127,688,927	7,998,434,387	102,396,351	6,414,107,426
Deferred tax asset (note 6)	1,810,898	113,434,651	3,355,202	210,169,853
Prepaid expenses and deposits	2,674,645	167,539,763	719,904	45,094,787
Total current assets	152,977,043	9,582,481,974	124,529,204	7,800,509,340
Investments in wholly-owned subsidiaries	10,000	626,400	20,000	1,252,800
Property and equipment, net.....	1,952,384	122,297,335	1,979,405	123,989,929
Total assets	<u>\$ 154,939,427</u>	<u>9,705,405,708</u>	<u>\$ 126,528,609</u>	<u>7,925,752,069</u>

LIABILITIES AND STOCKHOLDERS'S EQUITY

Current Liabilities:

Accounts payable				
Related parties (note 7)	\$ 45,012,205	2,819,564,521	\$ 22,805,213	1,428,518,542
Other.....	64,903,254	4,065,539,831	38,917,543	2,437,794,894
Accrued expenses.....	10,629,084	665,805,822	5,297,146	331,813,225
Note payable (note 10)	23,189,030	1,452,560,838	50,583,390	3,168,543,550
Total current liabilities.....	143,733,573	9,003,471,012	117,603,292	7,366,670,211
Long-term capital leases less current maturities	–	–	6,085	381,164
Total liabilities.....	<u>143,733,573</u>	<u>9,003,471,012</u>	<u>117,609,377</u>	<u>7,367,051,375</u>

Stockholder's equity

Common stock (\$.25 par value; 60,000,000 shares authorized and 56,000,000 issued, changed from \$.10 par with 45,000,000 issued)	14,000,000	876,960,000	–	–
Additional paid-in-capital.....	–	–	4,500,000	876,960,000
Retained Earnings	(2,794,146)	(175,025,304)	(5,080,768)	(318,259,307)
Total stockholder's equity.....	11,205,854	701,934,696	8,919,232	558,700,693
Total liabilities and stockholder's equity	<u>\$ 154,939,427</u>	<u>9,705,405,708</u>	<u>\$ 126,528,609</u>	<u>7,925,752,069</u>

STATEMENTS OF INCOME FOR THE YEARS ENDED MARCH 31, 2015 AND 2014

	2015		Restated 2014	
	U.S. \$	INR	U.S. \$	INR
Revenues:				
Sales of tractors and parts	\$ 357,254,609	22,378,428,708	\$ 278,078,696	17,418,849,517
Total revenues	<u>357,254,609</u>	<u>22,378,428,708</u>	<u>278,078,696</u>	<u>17,418,849,517</u>
Cost of sales:				
Tractors and parts	266,534,656	16,695,730,852	216,244,306	13,545,543,328
Other direct costs	13,720,385	859,444,916	10,593,713	663,590,182
Total cost of sales	<u>280,255,041</u>	<u>17,555,175,768</u>	<u>226,838,019</u>	<u>14,209,133,510</u>
Gross profit	<u>76,999,568</u>	<u>4,823,252,940</u>	<u>51,240,677</u>	<u>3,209,716,007</u>
General and administrative expenses:				
Advertising and marketing expenses	6,168,758	386,411,001	4,873,806	305,295,208
Other general and administrative expenses	65,881,911	4,126,842,905	42,116,034	2,638,148,370
Total general and administrative expenses	<u>72,050,669</u>	<u>4,513,253,906</u>	<u>46,989,840</u>	<u>2,943,443,578</u>
Income from operations	<u>4,948,899</u>	<u>309,999,034</u>	<u>4,250,837</u>	<u>266,272,429</u>
Other income (expense):				
Interest expense	(980,696)	(61,430,797)	(2,011,697)	(126,012,700)
Other income	58,726	3,678,597	48,503	3,038,228
Gain (loss) on disposal of assets	6,561	410,981	11,169	699,626
Total other income (expense), net	<u>(915,409)</u>	<u>(57,341,221)</u>	<u>(1,952,025)</u>	<u>(122,274,846)</u>
Income (loss) before income taxes	<u>4,033,490</u>	<u>252,657,813</u>	<u>2,298,812</u>	<u>143,997,583</u>
Income tax expense (benefit):				
Current	1,746,868	109,423,812	2,527,331	158,312,014
Adjustment to deferred tax asset	—	—	(1,415,110)	(88,642,490)
Net income	<u>\$ 2,286,622</u>	<u>252,657,813</u>	<u>\$ 3,411,033</u>	<u>232,640,073</u>

**STATEMENTS OF STOCKHOLDER'S EQUITY
FOR THE YEARS ENDED MARCH 31, 2015 AND 2014**

	U.S. \$			
	Shares	Common Stock Amount	Retained Earnings	Total Stockholders Equity
Balance -				
March 31, 2013.....	45,000,000	\$ 14,000,000	\$ (8,491,801)	\$ 5,508,199
Net income after restatement			3,411,033	3,411,033
Balance -				
March 31, 2014.....	45,000,000	14,000,000	(5,080,768)	8,919,232
Net income			2,286,622	2,286,622
Balance -				
March 31, 2015.....	45,000,000	\$ 14,000,000	\$ (2,794,146)	\$ 11,205,854
	INR			
	Shares	Common Stock Amount	Retained Earnings	Total Stockholders Equity
Balance -				
March 31, 2013.....	45,000,000	876,960,000	(531,926,413)	345,033,587
Net income			232,640,073	232,640,073
Balance -				
March 31, 2014.....	45,000,000	876,960,000	(299,286,340)	577,673,660
Net income			252,657,813	252,657,813
Balance -				
March 31, 2015.....	45,000,000	876,960,000	(46,628,527)	830,331,473

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED MARCH 31, 2015 AND 2014
(Increase (decrease) in cash and cash equivalents)

	2015		Restated 2014	
	U.S. \$	INR	U.S. \$	INR
Cash flows from operating activities:				
Net income	\$ 2,286,622	252,657,813	\$ 3,411,033	232,640,073
Adjustments to reconcile net income to net cash provided by (used in) operating activities				
Depreciation and amortization.....	542,468	33,980,196	481,700	30,173,688
Deferred income tax.....	1,544,304	96,735,203	(1,111,692)	(69,636,387)
Gain (loss) on disposal of assets.....	6,561	410,981	11,169	699,626
Federal and state income taxes	(45,000)	(2,818,800)	60,320	3,778,445
(Increase) decrease in:				
Accounts receivable - trade	(2,589,012)	(162,175,712)	12,438,380	779,140,123
Accounts receivable - employees.....	(67,784)		36,108	2,261,805
Inventories	(25,292,576)		3,772,701	236,321,991
Prepaid expenses.....	(1,954,741)		912,300	57,146,472
Increase (decrease) in:				
Accounts payable.....	48,192,703	(4,245,990)	(27,718,251)	(1,736,271,243)
Accrued expenses.....	5,331,938	333,992,596	720,230	45,115,207
Net cash provided by (used in) operating activities.....	<u>27,955,483</u>	<u>548,536,286</u>	<u>(6,986,002)</u>	<u>(418,630,199)</u>
Cash flows from investing activities:				
Investment in wholly-owned subsidiary.....	(10,000)	626,400	(10,000)	(626,400)
Capital expenditures.....	(549,506)	(34,421,056)	(510,802)	(31,996,637)
Proceeds from sale of assets	72,498	4,354,230	-	-
Net cash used in investing activities	<u>(467,008)</u>	<u>(29,440,426)</u>	<u>(520,802)</u>	<u>(32,623,037)</u>
Cash flows from financing activities:				
Note payable	(27,400,445)	(1,645,670,728)	9,610,901	602,026,839
Net cash (used in) provided by financing activities	<u>(27,400,445)</u>	<u>(1,645,670,728)</u>	<u>9,610,901</u>	<u>602,026,839</u>
Net increase in cash and cash equivalents	88,030	(1,126,574,868)	2,104,097	150,773,601
Cash and cash equivalents:				
Beginning of year	4,368,178	262,352,771	2,264,081	141,822,034
End of year	<u>\$ 4,456,208</u>	<u>(864,222,096)</u>	<u>\$ 4,368,178</u>	<u>292,595,635</u>

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2015 AND 2014

NOTE 1 – THE COMPANY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Company

Mahindra USA, Inc. (the "Company") ("MUSA") was incorporated June 8, 1994 in the State of Texas, and commenced business on March 15, 1995. The Company is owned by Mahindra and Mahindra, Ltd. ("M&M"). M&M is a publicly traded corporation headquartered in Mumbai, India which, among other activities, manufactures farming equipment and automobiles. The Company sells tractors, parts, attachments and accessories in North America under wholesale distribution agreements. The Company's sales are to a network of more than 497 dealer locations throughout North America.

The Company formed a wholly owned subsidiary on January 25, 2013, Mahindra Tractor Assembly, Inc., ("MTA") to sell electric powered scooters in North America under wholesale distribution agreements with a network of dealers. Effective on November 30, 2014, ownership of MTA was transferred to another M&M subsidiary, Mahindra Overseas Investment Company Mauritius Limited.

The Company formed another wholly owned subsidiary on December 18, 2013, Mahindra North American Technical Center, Inc., ("MNATC") to design and develop prototype complete vehicle designs and related parts to facilitate M&M's expansion in the worldwide vehicle market.

The Company reported its investment in MTA and MNATC on the equity method of accounting. Accounting principles generally accepted in the United States of America require that all majority-owned subsidiaries be accounted for using consolidated financial statements.

Financial Presentation in U.S. Dollars and Indian Rupees

Financial information in this report is shown in U.S. dollars ("\$\$") and in Indian rupees ("INR"). For both March 31, 2015 and 2014, dollar amounts are translated for convenience into Indian rupees at exchange rate of 62.64 INR per dollar which is the average of the telegraphic transfer buying and selling rates quoted by the Mumbai Branch of State Bank of India on March 31, 2015. Within the notes to the financial statements, Indian rupee amounts are shown parenthetically following the U.S. dollar amount.

Significant Accounting Policies

Accounting method -

The financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP"). However, as noted above, the financial results of MTA and MNATC, both being wholly owned subsidiaries, are not included in these financial statements.

Use of estimates -

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Receivables -

Receivables are stated at the amount invoiced for the sale to the various dealers. There is currently an allowance for uncollectible accounts of \$1,206,082 (75,548,876 INR) and \$862,613 (54,034,078 INR) at March 31, 2015 and March 31, 2014, respectively, which management considers sufficient to cover uncollectible accounts (see Note 2 for a discussion of dealer financing arrangements).

Revenue recognition-

Revenue from the sale of tractors, parts, attachments and accessories is recognized when the ordered goods are invoiced to the dealer. Invoices are issued after credit approval and when the ordered items are ready for shipment.

Inventories-

New tractors, parts, and accessories are stated at the lower of cost or market. Cost is determined by the moving average price.

Property and equipment -

Property and equipment are stated at cost. The cost of additions and improvements are capitalized and expenditures for repairs and maintenance are expensed in the period incurred. When items of property and equipment are sold or retired, the related costs and accumulated depreciation are removed from the accounts and any gain or loss on disposition is included in the statement of income.

Depreciation is provided over the useful lives of the related assets using the straight-line method for financial reporting and the modified accelerated cost recovery method for tax purposes.

Income taxes -

Income for financial reporting purposes is different than income for income tax reporting purposes due principally from timing differences relating to allowances for inventory valuation, allowance for doubtful accounts, depreciation and expense accruals. Federal and state income tax returns for the Company are subject to examination for three years from the date of filing. Years open for examination are from March 31, 2012 to present.

Statement of cash flows -

For purposes of the statements of cash flows, the Company considers all cash accounts, money market accounts, and certificates of deposit with maturities of less than three months to be cash and cash equivalents.

Supplemental disclosure of cash flow information for the years ended March 31:

	2015		2014	
	\$	INR	\$	INR
Interest Paid	<u>980,695</u>	<u>61,430,735</u>	<u>2,011,697</u>	<u>126,012,700</u>

Advertising -

The Company subsidizes product advertising carried on by dealers within each dealer's local market, and conducts dealer conferences. The Company also advertises in trade magazines, at trade shows and uses various other means of promotions, including product brochures, to increase brand awareness and sale of products in the market. The Company capitalizes expenditures with extended advertising value and amortizes these costs over an eighteen month period. Expenditures without extended advertising value are expensed in the year incurred.

NOTE 2 – ACCOUNTS RECEIVABLE – CUSTOMERS

The Company's customers are the retail dealers authorized to sell Mahindra tractors. During the year ending March 31, 2015 and for the current fiscal year, the Company offered varying discounts for payments. There are various marketing programs throughout the year, including programs that offer all dealers interest free financing for varying number of days after date of purchase. The Company has also arranged for dealers to finance tractors purchased through commercial lenders who remit payment directly to the Company.

NOTE 3 – INVENTORIES

Inventories were comprised of the following at March 31:

	2015		2014	
	\$	INR	\$	INR
Tractors	<u>\$ 98,697,394</u>	<u>6,182,404,760</u>	\$ 69,647,481	4,362,718,210
Parts				
Accessories				
Others	<u>28,991,533</u>	<u>1,816,029,627</u>	32,748,870	2,051,389,217
	<u>\$127,688,927</u>	<u>7,998,434,387</u>	<u>\$102,396,351</u>	<u>6,414,107,427</u>

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment is comprised of the following at March 31:

	Est. Useful Life	2015		2014	
		\$	INR	\$	INR
Machinery & equip.	7 yrs	\$ 977,007	61,199,718	\$ 879,474	55,090,251
Office furniture & equip.	5–7yrs	2,883,188	180,602,896	2,976,267	186,433,365
Buildings	39yrs	1,091,745	68,386,907	644,169	40,350,746
Vehicles	5yrs	705,814	44,212,189	785,648	49,212,991
		<u>5,657,754</u>	<u>354,401,710</u>	<u>5,285,558</u>	<u>331,087,353</u>
Less-accumulated depreciation		<u>3,705,370</u>	<u>232,104,377</u>	<u>3,306,153</u>	<u>207,097,424</u>
		<u>\$ 1,952,384</u>	<u>122,297,333</u>	<u>\$ 1,979,405</u>	<u>123,989,929</u>

NOTE 5 – ACCRUED EXPENSES

Expenses accrued for the years ending March 31, 2015 and March 31, 2014 include advertising, marketing program costs, cash discounts, state franchise taxes, payroll and payroll taxes, employee bonuses, salesmen and customer bonuses, legal fees, property taxes, insurance deductibles, and warranty reserves.

NOTE 6 – INCOME TAXES

The components of the provision income tax benefit for federal income taxes is as follows for the period ended March 31:

	2015		2014	
	\$	INR	\$	INR
Current income tax benefit	<u>\$ 1,746,868</u>	<u>109,423,812</u>	<u>\$ 1,112,221</u>	<u>69,669,524</u>

The company calculates income tax benefit based upon the maximum federal income tax rate of 34%.

At March 31, 2015 and 2014 the Company had a net operating loss carryforward of approximately \$5,042,292 (315,849,171 INR) and the restated amount of \$9,868,241 (618,146,616 INR), respectively. This loss, if unused, will expire in March 2030. The deferred tax asset relating to these losses was fully recognized at March 31, 2015 in the amount of \$1,810,898 (113,434,651 INR).

NOTE 7 – RELATED PARTY TRANSACTIONS

The Company purchases tractors and parts from M&M, its sole shareholder, on an open accounts, which is paid when due. Accounts payable to M&M are net of amounts the Company has paid for warranty claims and legal fees on behalf of M&M.

The Company has the following receivables and (payables) with Mahindra and Mahindra, Ltd. and its affiliated companies.

	2015		2014	
	\$	INR	\$	INR
Mahindra and Mahindra, Ltd.	<u>\$ (34,982,241)</u>	<u>(2,191,287,576)</u>	<u>\$ (21,837,883)</u>	<u>(1,367,924,991)</u>
Mahindra China Tractor Co., Ltd.	<u>170,539</u>	<u>10,682,563</u>	<u>170,539</u>	<u>10,682,563</u>
Mahindra and Mahindra Financial Services, Ltd.	<u>47,661</u>	<u>2,985,485</u>	<u>(1,226,434)</u>	<u>(76,823,826)</u>
Mahindra and Mahindra, Ltd. Auto Sector	<u>147,301</u>	<u>9,226,935</u>	<u>141,795</u>	<u>8,882,039</u>
Mahindra and Mahindra, Head Office	<u>(185,440)</u>	<u>(11,615,962)</u>	<u>(5,554)</u>	<u>(347,902)</u>
Mahindra AG & Auto Australia	<u>(53,371)</u>	<u>(3,343,159)</u>	<u>(53,398)</u>	<u>(3,344,851)</u>
Mahindra and Mahindra, Ltd. - Australia	<u>5,722</u>	<u>358,426</u>	<u>5,722</u>	<u>358,426</u>
	<u>\$ (34,849,829)</u>	<u>(2,182,993,288)</u>	<u>\$ (22,805,213)</u>	<u>(1,428,518,542)</u>

NOTE 8 – EMPLOYEE BENEFIT PLANS

The Company adopted a 401(k) retirement plan effective April 1, 1998. All of the Company's employees who are at least 21 years of age are eligible upon the first enrollment date (January 1 or July 1) after their hire date to participate in a 401(k) profit sharing plan (the "Plan"). Eligible employees may make contributions up to 12% of their compensation. The Plan provides for matching contributions by the Company in an amount equal to the employee contributions. Employer matching contributions were up to 3% of eligible contributions through December 31, 2014, and the percentage increased to a maximum of 4% contribution on January 1, 2015. Employee contributions and employer matching contributions are invested in mutual funds. The Company's contributions for the years ended March 31, 2015 and 2014, were \$86,844 (5,439,908 INR) and \$64,348 (4,030,759 INR), respectively.

NOTE 9 – CASH BALANCES IN EXCESS OF INSURED LIMITS

During the fiscal years ending March 31, 2015 and March 31, 2014, the Company maintained cash balances in excess of insured limits.

NOTE 10 – NOTES PAYABLE

At March 31, 2015, the Company has an available credit facility in the form of a revolving note in the amount of \$40,000,000 (2,505,600,000 INR) with Bank of America. This note bears interest at Libor plus 1.75%. Additionally, the Company entered into another credit facility in the form of a revolving note in the amount of \$20,000,000 (1,252,800,000) with JP Morgan Chase in January of 2015 with the same terms. At March 31, 2014, the Company had a similar credit facility agreement with available credit facility amount of \$54,000,000 (3,382,560,000 INR) with Bank of America. The loan outstanding under the revolving line with Bank of America at March 31, 2015 was \$23,173,462 (1,451,585,660 INR) and at March 31, 2014 was \$50,555,597 (3,166,802,596 INR).

As of March 31, 2014, Bank of America issued two irrevocable standby letters of credit totaling \$3,500,000, payable to Mahindra Finance USA, LLC, an unrelated organization offering financing to the Company's dealers. These no longer exist as of March 31, 2015

The Company entered into capital leases for the purchase of 5 forklifts. The capital leases bear interest of approximately 5.6% for a term of 60 months. Principal payments on the capital leases for the upcoming fiscal years are as follows:

March 31,	\$	INR
2016	6,085	381,164
TOTAL	<u>6,085</u>	<u>381,164</u>

NOTE 11 – LEASES

The Company entered into a lease covering a 130 month period for an office and warehouse on August 11, 2011. The new location enabled all of the Company's activities to be consolidated into one location. Total rent expense for all operating leases for 2015 and 2014 were \$890,496 (53,483,190 INR) and \$457,122 (27,454,747 INR), respectively.

Future minimum lease payments under the non-cancelable operating leases with initial or remaining terms of one year or more are as follows:

March 31,	\$	INR
2016	\$ 1,010,897	63,322,588
2017	1,027,833	64,383,459
2018	1,061,757	66,508,458
2019	1,079,501	67,619,943
2020	1,113,424	69,744,879
Thereafter	6,760,048	423,449,407
Total	<u>\$ 12,053,460</u>	<u>755,028,734</u>

NOTE 12 – ASSEMBLY AND SERVICE AGREEMENT

The Company has entered into agreements with dealerships in Chattanooga, TN, Bloomsburg, PA, Lyons, KS, and Red Bluff, CA (collectively the "Assemblers") for the final assembly of tractors imported from various manufacturers overseas, including M&M. These agreements stipulate that the Assemblers are to assemble the tractors in accordance with procedures provided by the Company so that the tractors are ready for sale. The Assemblers are required to employ qualified personnel to perform the duties required by the Company. The Assemblers store inventory owned by the Company in a secure location. The Assemblers are paid based on a piecemeal basis at various rates depending on the respective model and related accessories. These rates are reviewed and negotiated at regular intervals.

Another agreement was entered into with a manufacturing company in Sterling, KS with similar terms.

NOTE 13 – CONTINGENT LIABILITY

The State of Texas has conducted an audit of the Company's franchise tax returns for the years 2008 through 2011. This examination has concluded and is subject to the Company's request for independent audit review. The preliminary deficiency for the years under examination is approximately \$322,000. The Company believes that its filing position is supportable and is vigorously defending its position. The Company has made representations of its position, and is preparing for possible litigation of this matter. If the Company is unsuccessful the applicable rate of franchise tax in Texas would double, from .5% to 1%, which is the rate used for parties who do not qualify as wholesalers. The additional cost for years not covered by the examination would be approximately \$243,000.

NOTE 14 – DATE OF MANAGEMENT'S REVIEW

The Company's management reviewed and evaluated subsequent events through May 20, 2015, the date the financial statements were available to be issued, and no events have occurred subsequent to the balance sheets dated March 31, 2015 and 2014 that would require adjustments to, or disclosure in, the financial statements.

DIRECTORS' REPORT

Your Directors present their Report together with the audited accounts of your company for the year ended 31st March 2015

Financial Highlights:

	F15 (USD)	F15 (INR)
Revenues	19,025,797	1,191,775,936
Income before income tax	1,564,677	98,011,373
Net Profit	1,596,804	100,023,808

The Company was incorporated in the state of Delaware on 18th December, 2013 and is licensed to do the business in Michigan. Your company engineers, designs, develops, assembles and delivers parts, tooling and prototype vehicles to the automotive market. Each product is designed for the customer's specific global market and segment needs.

The Financial Statement as at 31st March, 2015 (F15) reports Revenues of USD 19,025,797 (INR 1,191,775,936) with a Net Profit of USD 1,596,804 (INR 100,023,808).

Performance during the year:

During the year, the company has benefited from product design & development work of its customer Mahindra & Mahindra Ltd. (M&M). Your company seeks to provide access to advanced engineering skills, experienced technical resources, and engineering service providers and is working

on specific projects assigned to it by M&M. These projects will yield world class products. In addition to this, your company provides expert advice for ongoing improvements in existing products of M&M.

Future Prospects:

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

Holding Company:

Mahindra USA, Inc is the 100% shareholder in the Company.

Directors:

Rajan Wadhera
Pravin Shah
V S Parthasarathy

For and behalf of the Board

Rajan Wadhera
Chairman

Date: 8th May, 2015

REPORT OF INDEPENDENT ACCOUNTANTS

Board of Directors
Mahindra North American Technical Centre. Inc.

We have audited the accompanying balance sheets of Mahindra North American Technical Center, Inc. ("the Company") as of March 31, 2015 and March 31, 2014, and the related statements of comprehensive income, stockholder's equity and cash flows for the years ended on March 31, 2015 and March 31, 2014. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's

internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly in all material respects, the financial position of the Company as of March 31, 2015 and March 31, 2014, and the results of its operations and cash flows for the years then ended, in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of matters

As discussed in Note K to the financial statements, the Company announced its intention to sell more than 95% of the assets of the Company to a newly formed branch of an India based affiliate company. Our opinion is not modified with respect to this matter.

The presentation of financial information in Indian rupees in the financial statements is not a required part of the basic financial statements. We have verified the arithmetic accuracy of the presentation based upon exchange rate provided by the Company's management. We did not audit and do not express an opinion on such information, and our opinion is not modified with respect to this matter.

KNAV P.A.
Atlanta, Georgia
April 25, 2015

BALANCE SHEET

	USD		INR	
	As at March 31		As at March 31	
	2015	2014	2015	2014
ASSETS				
Current assets				
Cash & cash equivalents	90,296	933,523	5,656,148	58,475,874
Accounts receivables, due from parent company	2,453,247	496,319	153,671,393	31,089,447
Accounts receivables, others	335,986	–	21,046,171	–
Prepaid expenses	446,473	76,773	27,967,098	4,809,092
Current deferred tax asset	287,068	–	17,981,940	–
Total current assets	3,613,070	1,506,615	226,322,750	94,374,413
Other assets	30,688	11,800	1,922,296	739,152
Property and equipment, net	2,122,538	739,205	132,955,795	46,303,774
Non-current deferred tax asset	49,419	1,936	3,095,606	121,271
Total assets	5,815,715	2,259,556	364,296,447	141,538,610
LIABILITIES AND STOCKHOLDER'S EQUITY				
Current liabilities				
Trade payables	717,410	379,036	44,938,596	23,742,816
Short term advance from related party	–	1,500,000	–	93,960,000
Bank notes payable	1,300,000	–	81,432,000	–
Accrued expenses	1,643,955	89,562	102,977,324	5,610,151
Intercompany payable	512,819	241,162	32,122,980	15,106,405
Current deferred tax liability	–	16,307	–	1,021,470
Total current liabilities	4,174,184	2,226,067	261,470,900	139,440,842
Other liabilities	11,238	–	703,971	–
Total liabilities	4,185,422	2,226,067	262,174,871	139,440,842
Stockholder's equity				
Common stock, \$ 0.10 par value				
100,000 shares authorized				
1,000 shares issued and outstanding	100	100	6,264	6,264
Additional paid in capital	9,900	9,900	620,136	620,136
Retained earnings	1,620,293	23,489	101,495,176	1,471,368
Total stockholder's equity	1,630,293	33,489	102,121,576	2,097,768
Total liabilities and stockholder's equity	5,815,715	2,259,556	364,296,447	141,538,610

(The accompanying notes are an integral part of these financial statements)

STATEMENT OF COMPREHENSIVE INCOME

	USD		INR	
	As at March 31		As at March 31	
	2015	2014	2015	2014
Operating revenues	19,025,797	583,905	1,191,775,936	36,575,820
Cost of revenue	10,675,952	234,303	668,741,621	14,676,766
Gross profit	8,349,845	349,602	523,034,315	21,899,054
Administrative expenses	3,865,987	209,612	242,165,404	13,130,020
Depreciation	337,341	12,114	21,131,065	758,829
Interest expense, net	7,971	2,430	499,283	152,265
India withholding tax	2,853,869	87,586	178,766,390	5,486,373
Total costs and expenses	7,065,168	311,742	442,562,142	19,527,487
Operating income	1,284,677	37,860	80,472,173	2,371,567
Michigan economic business grant	280,000	–	17,539,200	–
Income before income taxes	1,564,677	37,860	98,011,373	2,371,567
Income tax (benefit) expense	(32,127)	14,371	(2,012,435)	900,199
Net income	1,596,804	23,489	100,023,808	1,471,368

(The accompanying notes are an integral part of these financial statements)

STATEMENT OF STOCKHOLDER'S EQUITY

(All amounts are stated in USD unless otherwise stated)

Particulars	Common stock				Additional paid in capital	Retained earnings	Total stockholder's equity
	Authorized		Issued & outstanding				
	Shares*	Value	Shares*	Value			
Balance as on January 1, 2014	100,000	10,000					
Investment – January 13, 2014			1,000	100	9,900		10,000
Net income for the period						23,489	23,489
Balance as at March 31, 2014	100,000	\$10,000	1,000	\$100	\$9,900	\$23,489	\$33,489
Balance as on January 1, 2014	100,000	10,000	1,000	100	9,900	23,489	33,489
Net income for the period	–	–	–	–	–	1,596,804	1,596,804
Balance as at March 31, 2015	100,000	\$10,000	1,000	\$100	\$9,900	\$1,620,293	\$1,630,293

*The shares are in numbers

(All amounts are stated in INR unless otherwise stated)

Particulars	Common stock				Additional paid in capital	Retained earnings	Total stockholder's equity
	Authorized		Issued & outstanding				
	Shares*	Value	Shares*	Value			
Balance as on January 1, 2014	100,000	626,400					–
Investment – January 13, 2014			1,000	6,264	620,136	–	626,400
Net income for the period					–	1,471,368	1,471,368
Balance as at March 31, 2014	100,000	626,400	1,000	6,264	620,136	1,471,368	2,097,768
Balance as on January 1, 2014	100,000	626,400	1,000	6,264	620,136	1,471,368	2,097,768
Net income for the year	–	–	–	–	–	100,023,808	100,023,808
Balance as at March 31, 2015	100,000	626,400	1,000	6,264	620,136	101,495,176	102,121,576

(The accompanying notes are an integral part of these financial statements)

STATEMENTS OF CASH FLOWS

	USD		INR	
	Year ended March 31		Year ended March 31	
	2015	2014	2015	2014
Cash flow from operating activities				
Net income	1,596,804	23,489	100,023,808	1,471,368
Adjustments to reconcile net income to net cash from operating activities				
Depreciation	337,341	12,114	21,131,065	758,829
Changes in assets and liabilities				
Deferred taxes	(350,858)	14,371	(21,977,745)	900,199
Accounts receivable, due from parent company	(1,956,928)	(496,319)	(122,581,946)	(31,089,447)
Accounts receivable, others	(335,986)	–	(21,046,171)	–
Prepaid expenses	(369,700)	(76,773)	(23,158,007)	(4,809,091)
Other assets	(18,888)	(11,800)	(1,183,144)	(739,152)
Accounts payable	610,031	620,198	38,212,354	38,849,221
Accrued liabilities	1,554,394	89,562	97,367,126	5,610,169
Other liabilities	11,238	–	703,971	–
Net cash provided by operating activities	1,077,448	174,842	67,491,311	10,952,096
Cash flow from investing activities				
Purchase of property and equipment	(1,720,675)	(751,319)	(107,783,019)	(47,062,622)
Net cash used in investing activities	(1,720,675)	(751,319)	(107,783,019)	(47,062,622)
Cash flow from financing activities				
Short term advance from related party	(1,500,000)	1,500,000	(93,960,000)	93,960,000
Bank notes received	1,300,000	–	81,432,000	–
Proceeds from issuance of common stock	–	10,000	–	626,400
Net cash provided by (used in) financing activities	(200,000)	1,510,000	(12,528,000)	94,586,400
Net increase (decrease) in cash and cash equivalents	(843,227)	933,523	(52,819,708)	58,475,874
Cash and cash equivalents at the beginning	933,523	–	58,475,856	–
Cash and cash equivalents at the end	90,296	933,523	5,656,148	58,475,874
Supplemental cash flow information				
Income taxes paid	104,576	Nil	6,550,641	–
Interest paid	10,401	Nil	651,519	–

(The accompanying notes are an integral part of these financial statements)

NOTES TO FINANCIAL STATEMENTS

NOTE A – ORGANIZATION AND NATURE OF OPERATIONS

Mahindra North American Technical Center, Inc. (hereinafter referred to as “the Company”) was incorporated in the state of Delaware on December 18, 2013 and is licensed to do business in Michigan. The Company engineers, designs, develops, assembles and delivers parts, tooling and prototype vehicles to the automotive market as an Original Equipment Manufacturer (OEM). Each product is designed for the customer’s specific global market and segment needs. The Company is a wholly owned subsidiary of Mahindra USA, Inc.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies are detailed below:

1. Basis of preparation

- a. The accompanying financial statements are prepared on the accrual basis of accounting in accordance with the accounting and reporting requirements of generally accepted accounting principles in the United States of America (“US GAAP”) to reflect the financial position, results of operation and cash flows of the Company.
- b. The financial statements are for the years ended March 31, 2015 and March 31, 2014.
- c. Financial information in this report is shown in U.S. dollars (“USD”) and in Indian rupees (“INR”). For March 31, 2015 and March 31, 2014 dollar amounts are translated for convenience into Indian rupees at exchange rate of 62.64 INR per dollar, which is the average of the telegraphic transfer buying and selling rates quoted by the Mumbai Branch of State Bank of India on March 31, 2015. Within the notes to the financial statements, Indian rupee amounts are shown parenthetically following the U.S. dollar amounts.
- d. Previous year’s figures have been regrouped, reworked or reclassified wherever required.

2. Use of estimates

Preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

3. Property and equipment

Property and equipment are stated at cost less accumulated depreciation. Cost of items of property and equipment comprises cost of purchase and other costs necessarily incurred to bring it to the condition and location necessary for its intended use.

The Company depreciates property and equipment over the estimated useful life using the straight-line method. Upon retirement or disposal of assets, the cost and accumulated depreciation are eliminated from the accounts and the resulting gain or loss is credited or charged to operations.

Property and equipment are considered to have a useful life of three (3) to thirty (30) years. Expenditures for maintenance and repairs are charged to expense. Property and equipment is reviewed for impairment whenever events or changes in circumstances indicate the carrying value of the asset may not be recoverable.

4. Business enterprise segments

The Company operates in one reportable operating segment.

5. Operating leases

Lease rent expenses on operating leases are charged to expense over the lease term. Certain operating lease agreements provide for scheduled rent increases over the lease term. Rent expense for such leases is recognized on a straight-line basis over the lease term.

6. Cash and cash equivalents

The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

7. Income taxes

Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due, plus deferred taxes related primarily to differences between the basis of certain assets and liabilities for financial and tax reporting. The deferred taxes represent the future tax return consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled, respectively.

The Company has determined whether any tax positions have met the recognition threshold and has measured the Company’s exposure to those tax provisions. Management believes that the Company has adequately addressed all relevant tax positions and that there are no unrecorded tax liabilities. Federal and state taxing authorities generally have the right to examine and audit the previous three years of tax returns filed. Any interest or penalties from federal and state taxing authorities were recorded in the accompanying financial statements.

8. Revenue recognition

Revenues from contracts are recognized when earned and collectability is reasonably assured. The Company’s contract with its principle customer, Mahindra & Mahindra Ltd (M&M) specifies that invoices may be raised for the costs incurred in engineering and developing drivable concept prototype vehicles plus an agreed upon profit margin. Anticipated losses on contracts are recorded when determinable.

9. Cost of revenue

The cost of engineering services to develop prototype parts that will be incorporated into the Company’s vehicle products are expensed as incurred and reported as cost of revenue. These services can occur in five distinctly different ways:

1. Suppliers of engineering services or models used for analysis that are contracted by the Company.
2. The cost of prototype parts that are produced only for use by the Company by vendors that will never be selected as a production supplier of M&M – see prototypes below.
3. The development and prototype costs incurred by full service suppliers of M&M are invoiced directly to the customer through the supplier’s Indian branches.
4. Costs to develop Build-to-Print components are normally borne by the Company as the eventual part manufacturer and supplier to M&M in India is not known.
5. Co-developed parts that may remain proprietary to the supplier but are modified to the Company’s specification may involve costs to the Company or may be invoiced via a supplier unit in India directly to M&M.

Tooling

Tooling represents costs incurred by the Company in the development of new parts and tooling used in the manufacture of the Company’s products. All preproduction costs incurred for tools that the Company will not own and that will be used in producing products are expensed when incurred. The Company has the right to use the tools and the reimbursement of such costs is contractually guaranteed by the customer. When the part for which tooling has been developed reaches a test or validation-ready status, the tooling becomes the property of the customer.

Prototypes

Throughout the concept design and engineering development process of the Company, numerous prototypes, bucks and mules are developed to evaluate characteristic aspects of performance or the appearance of the contracted vehicle. Occasionally prototype parts will be developed by third party suppliers based on the specifications provided by the Company. The Company has the right to use the prototypes and the reimbursement of such costs is contractually guaranteed by the customer.

Engineering

Costs associated with the salaries, wages and benefits expense of employees directly involved in the research and development activities of the Company are reported as engineering. Personnel employed in the activities of the Company were paid through a separate leasing arrangement between M&M and Mahindra Technical Services, Inc (“MTSI”) until August, 2014. Thereafter, the engineering costs amounted to USD 5,564,831 (INR 348,581,014).

10. Administrative

The personnel related costs not included in engineering along with the facilities related expenses are considered to be administrative. For the year ended March 31, 2015, administrative costs were USD 3,865,987 (INR 242,165,404). Personnel engaged with administrative activities were paid through a separate leasing arrangement between MTSI and M&M until August, 2014.

NOTE C – CASH AND CASH EQUIVALENTS

The cash and cash equivalents of the Company comprise of:

Particulars	USD		INR	
	As at March 31		As of March 31	
	2015	2014	2015	2014
Bank balance	90,296	933,523	5,656,148	58,475,874
Total	90,296	933,523	5,656,148	58,475,874

Bank balances on operating and checking accounts with the bank are insured by the Federal Deposit Insurance Corporation up to an aggregate of USD 250,000 (INR: 15,660,000) (March 31, 2014: USD 250,000 (INR 15,660,000)).

NOTE D – ACCOUNTS RECEIVABLE

Accounts receivable are as follows:

Particulars	USD		INR	
	As at March 31		As of March 31	
	2015	2014	2015	2014
Accounts receivable, from ultimate parent company	2,453,247	496,319	153,671,393	31,089,447
Accounts receivable, others	335,986	–	21,046,171	–
Total	2,789,223	496,319	174,717,564	31,089,447

NOTE E – PROPERTY AND EQUIPMENT

Property and equipment comprise the following:

Particulars	USD		INR	
	As at March 31		As of March 31	
	2015	2014	2015	2014
Computers	391,286	143,767	24,510,155	9,005,565
Furniture	195,112	114,893	12,221,830	7,196,898
Vehicles	50,739	19,095	3,178,291	1,196,111
Leasehold improvements	304,123	288,366	19,050,265	18,063,219
Land	150,000	–	9,396,000	–
Building	600,000	–	37,584,000	–
Machinery & equipment	301,547	16,121	18,888,904	1,009,819
Software	457,122	87,556	28,634,122	5,484,508
Construction in progress	22,064	81,521	1,382,089	5,106,475
Less: Accumulated depreciation	(349,455)	(12,114)	(21,889,861)	(758,821)
Property and equipment, net	2,122,538	739,205	132,955,795	46,303,774

Depreciation expense for the year is USD 337,341 (INR: 21,131,065) (March 31, 2014: USD 12,114 (INR 758,829)).

NOTE F – LEASES

On January 1, 2014, the Company entered into a lease contract for the premises located at 1055 West Square Lake Road, Troy MI 48098. The term of the lease is five years and is available for extension at the end of the term with monthly rents of USD 10,980 (INR 687,787) through December 2014, and USD 11,367 (INR 712,029) from January 2015 to December 2015. The facility rental expense for the twelve months ended March 31, 2015, amounted to USD 132,016 (INR 8,269,482). However according to the lease agreement the company has a right to terminate the lease at the end of three years, therefore the last non-cancellable payment would be made on December 1, 2016. Required payments under this non-cancellable operating lease as at March 31, 2015, total USD 243,366 (INR 15,244,446) and are as follows: as at March 2016 - USD 105,794 (INR 6,626,936); as at March 2017 - USD Nil (INR Nil).

The Company has signed numerous 3 year operating leases for the telephone system and computer system components since March 2014. Required payments under these non-cancellable operating leases as at March 31, 2015 total USD 296,799 (INR 18,591,489) and are as follows: as at March 31,

2016 USD 179,937 (INR 11,271,254) and as at March 31, 2017 USD 64,549 (INR 4,043,349).

A 4 year operating lease was signed for 2 copiers and a plotter in February, 2014; payments are USD 1,473 (INR 92,269) per month for all three items. Remaining non-cancellable payments on the lease total USD 53,044 (INR 3,322,676).

NOTE G – BANK NOTE PAYABLE

The Company obtained a short term line of credit with JP Morgan Chase Bank for up to USD 2,000,000 during December, 2014 and the line was extended to USD 3,000,000 in February, 2015. This credit line is not secured with the assets of the Company. On March 31, 2015, the note payable on the credit line totaled USD 1,300,000 (INR 81,432,000).

NOTE H – INCOME TAXES

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. There is a deferred federal tax benefit of USD 350,858 (INR (21,977,745)) and deferred state income tax expense of USD 318,731 (INR: 19,965,310) for the years ended. The Company is subject to taxation in the United States and the State of Michigan. The provision for income tax expense is as follows:

	USD		INR	
	As at March 31		As of March 31	
	2015	2014	2015	2014
Income tax (benefit) expense	(32,127)	14,371	(2,012,435)	900,199
Provision for income taxes	(32,127)	14,371	(2,012,435)	900,199

In accordance with Financial Accounting Standard Board Accounting Standard Codification 740-10-45-6, the Company presents a single amount for current and a single amount for non-current deferred tax liabilities and assets. The tax effects of significant temporary differences that resulted in deferred tax assets and liabilities and a description of the items that create such differences is as follows:

	USD		INR	
	As at March 31		As of March 31	
	2015	2014	2015	2014
Current deferred tax asset (liability)				
Net operating loss carry forward	–	12,836	–	804,047
Accrued expenses	287,068	–	17,981,940	–
Prepaid expenses	–	(29,143)	–	(1,825,518)
Total	287,068	(16,307)	17,981,940	(1,021,470)
Non-current deferred tax asset				
Depreciation	49,419	1,936	3,095,606	121,271
Total	49,419	1,936	3,095,606	121,271

Under the U.S. & India tax treaty, Indian withholding taxes levied on the engineering services provided to Mahindra & Mahindra Ltd (M&M) are treated as being creditable against U.S. income taxes. The total India withholding tax expense for the year ended March 31, 2015 is USD 2,853,869 (INR 178,766,354). The India withholding tax liability is in excess of the current U.S. federal income tax expense. Therefore, a valuation allowance amounting to USD 1,129,666 (INR: 70,762,278) has been placed on the foreign tax credit deferred tax assets as it is not more-likely-than-not to be utilized prior to the credit expiration.

NOTE I – RELATED PARTY TRANSACTIONS

The Company has an agreement with Mahindra & Mahindra Ltd (M & M) whereby the Company agrees to supply highly skilled engineering and design services to develop drivable concept prototype automobiles in accordance with the requirements established in agreements entered into between the Company and the customer. Mahindra & Mahindra Ltd is the 100% shareholder of Mahindra USA, Inc. Mahindra USA, Inc. is the 100% shareholder in the Company.

MAHINDRA NORTH AMERICAN TECHNICAL CENTRE, INC.

For the twelve months ended March 31, 2015, services purchased from the Company under the agreement with M&M amounted to USD 16,171,928 (INR 1,013,009,570). Accounts receivable under the agreement amounted to USD 2,453,247 (INR 153,671,392) at March 31, 2015 and USD 496,319 (INR 31,089,422) at March 31, 2014.

Mahindra Engineering Services, Inc. (MES) is 100% shareholder of Mahindra Technical Services, Inc. MES is a separate consolidated subsidiary entity of M&M.

The Company had a loan payable to Mahindra Technical Services, Inc. of USD 241,162 (INR 15,106,388) at March 31, 2014, that was paid off.

M&M had advanced USD 1,500,000 (INR 93,960,000) to the Company as a short term supplier advance payable within twelve months at March 31, 2014. Additional advances were received by the Company during the year that totaled USD 12,715,000 (INR 796,467,600). All of the advances have been paid back in full to M&M.

The balance related party payable/receivable and transactions during the years are as follows:

	USD		INR	
	As at March 31		As of March 31	
	2015	2014	2015	2014
Transactions during the year				
Mahindra & Mahindra Ltd				
Advance received	12,715,000	1,500,000	796,467,600	93,960,000
Repayment of advance	(14,215,000)	-	(890,427,600)	-
Sale of service	16,171,928	496,319	1,013,009,570	31,089,422
Mahindra Technical Services, Inc				
Loan received	-	241,162	-	15,106,388
Balance paid	241,162	-	15,106,388	-
Mahindra Graphics Research Designs S.R.L.				
Receipt of service	1,894,712	-	118,684,763	-
Balances at the end of the year				
Mahindra Technical Services, Inc				
Loan balance	-	241,162	-	15,106,388

	USD		INR	
	As at March 31		As of March 31	
	2015	2014	2015	2014
Mahindra and Mahindra Ltd				
Short term advance	-	1,500,000	-	93,960,000
Accounts receivable	2,453,247	496,319	153,671,392	31,089,422
Mahindra Tractor Assembly Inc.				
Engineering services received	21,468	-	1,344,756	-
Mahindra Graphics Research Designs S.R.L.				
Designing service payable	491,351	-	30,778,197	-

NOTE J – CONCENTRATIONS

Financial instruments, which potentially subject the Company to concentrations of credit risk, consist principally of cash and accounts receivable. The Company places its cash with high credit qualified financial institutions. At times, such cash in banks exceeded the Federal Deposit Insurance Corporation insurance limit. The Company held USD 90,296 (INR 5,656,148) in cash balances at March 31, 2015. The Company does not currently require collateral on accounts receivable. During the year ended March 31, 2015 and March 31, 2014 the company received 100% of its revenue from one customer. As of March 31, 2015 and 2014, 88% and 100% of the accounts receivable are from this customer, respectively.

NOTE K – SUBSEQUENT EVENTS

Subsequent events have been evaluated through April 25, 2015 which is the date the financial statements were issued. On April 1, 2015 the Board of Directors of Mahindra North American Technical Center, Inc. announced its intention to sell more than 95% of the assets of the Company to a newly formed branch of an India based Company, Mahindra Vehicles Manufacturers Limited (MVML). The effective date of the sale was April 1, 2015. The value assigned to the asset purchase agreement was USD 2,907,000 (INR 182,094,480) and includes an assignment of the engineering and design services contract with Mahindra & Mahindra Ltd.

DIRECTORS' REPORT

Your directors present their Thirty-Sixth Report, together with the audited financial statement of your Company for the year ended 31st March, 2015.

FINANCIAL HIGHLIGHTS AND STATE OF COMPANY'S AFFAIRS

	(Rs. in Lakhs)	
	For the year ended 31 st March	
	2015	2014
Income	11,472.76	13,094.33
Profit before depreciation, interest, exceptional item and taxation	810.91	837.15
Finance costs.....	145.86	133.01
Depreciation/Amortization	96.93	91.95
Profit for the year before exceptional/prior period item and taxation	568.12	612.19
Exceptional/prior period item – (income)/expense	(34.14)	–
Profit before taxation	602.26	612.19
Provision for taxation		
– Current tax.....	152.00	142.30
Profit after taxation.....	450.26	469.89
Balance of loss brought forward from earlier years	2,313.48	2,783.37
Depreciation adjustment on transition to Schedule II.....	31.13	–
Balance of loss carried to Balance Sheet	1,894.35	2,313.48
Net Worth	135.85	(283.28)

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

OPERATIONS

During the year, your Company sold 2,401 tractors as compared to 2,836 tractors sold in the previous year. Your Company exported 216 tractors to Nepal as compared to 199 tractors in the previous year. Your Company sold 8 tractors to Mahindra and Mahindra Limited for exporting to Bangladesh (Previous Year no tractors were sold to Mahindra and Mahindra Limited).

The profit before depreciation, interest, exceptional/prior period item and tax for the year dropped by 3.1% to Rs. 810.91 lakhs from Rs. 837.15 lakhs in the previous year. The profit after tax for the year stood at Rs. 450.26 lakhs as against Rs. 469.89 lakhs of the previous year, registering de-growth of 4.18%.

During the year, your Company achieved further improvement in the product quality, productivity, product awareness and implemented various low cost initiatives in the areas of operations.

Looking at the industry potential, your Company is working on aggressive growth plan by promoting existing models as well as developing price competitive variants. With focused market approach, your Company is also in the process of strengthening distribution channel.

DIVIDEND

With a view to conserve resources, your directors do not recommend any dividend for the year.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

During the year, your Company undertook CSR initiative in the area of sanitation. 26 fully equipped toilets were constructed by your Company at village, Rayantalavdi, near Vadodara (Gujarat State).

CORPORATE SOCIAL RESPONSIBILITY POLICY

Your Board has approved a Corporate Social Responsibility policy in accordance with the relevant provisions of Companies Act, 2013. The same may be accessed on the Company's website: <http://www.mahindragujarat.com/CSRPpolicy.pdf>

An Annual Report on Corporate Social Responsibility is attached as Annexure I and forms part of this Report.

SHARE CAPITAL

The authorised share capital of your Company as on 31st March, 2015 stood at Rs. 60.00 crore divided into 5.00 crore equity shares of Rs. 10/- each and 1.00 crore cumulative redeemable preference shares of Rs. 10/- each.

There was no change in the paid-up share capital of your Company during the year and accordingly, as on 31st March, 2015 the same stood at Rs. 20.30 crore divided into 1.53 crore equity shares of Rs. 10/- each fully paid-up and 0.50 crore cumulative redeemable preference shares of Rs. 10/- each fully paid-up.

BOARD OF DIRECTORS

Composition:

Presently the Board comprises of the following directors:

Director (DIN)	Designation	Executive/ Non-Executive Director	Independent/ Non-Independent Director
Rajesh Jejurikar (00046823)	Director	Non-Executive Director	Non-Independent Director
Pradip Vaidya (03027006)	Director	Non-Executive Director	Non-Independent Director
K. Chandrasekar (01084215)	Director	Non-Executive Director	Non-Independent Director
Harish Chavan (06890989)	Director	Non-Executive Director	Non-Independent Director
Arunkumar Solanki (03571453)	Additional Director	Non-Executive Director	Non-Independent Director
Rajesh Manjhu (06904033)	Director	Non-Executive Director	Non-Independent Director
C. J. Mecwan (03596652)	Director	Non-Executive Director	Non-Independent Director
B. L. Khanna (00841927)	Nominee Director*	Non-Executive Director	Non-Independent Director
Ravindra Dhariwal (00003922)	Additional Director	Non-Executive Director	Independent Director

* Appointed by BIFR

Mr. Raj Kumar (DIN: 00294527) resigned as a director of the Company with effect from 25th April, 2015. The Board places its sincere appreciation and acknowledges the invaluable contribution and guidance provided by Mr. Raj Kumar during his stint as director of your Company. Mr. Arunkumar Solanki who was nominated by the Agriculture Department of Government of Gujarat, was appointed as an additional director of your Company with effect from 21st May, 2015.

Mr. Ravindra Dhariwal who, in the opinion of the Board, is a person with integrity and possesses relevant expertise and experience, and who has given a declaration to the effect that he meets the criteria of independence as laid down under Section 149 of the Companies Act, 2013, has been appointed as an additional independent director with effect from 31st March, 2015 for a period of five consecutive years and he would not be liable to retire by rotation.

The directors have wide experience in business related to automobile, trading, finance and general corporate management.

Mr. Harish Chavan and Mr. Rajesh Manjhu were appointed as additional directors of your Company with effect from 17th July, 2014. Their appointment as directors of your Company was made with effect from 26th September, 2014 at the Thirty-Fifth Annual General Meeting.

Mr. K Chandrasekar, Mr. Harish Chavan and Mr. Rajesh Manjhu retire by rotation at the forthcoming Annual General Meeting, and being eligible, have offered themselves for re-appointment.

The Company has received a notice pursuant to Section 160 of the Companies Act, 2013, along with the necessary deposit, proposing the candidatures of Mr. Ravindra Dhariwal and Mr. Arunkumar Solanki for their appointment as directors at the ensuing Annual General Meeting.

Meetings:

The Board met five times during the year, i.e., on 25th April, 2014, 26th July, 2014, 13th September, 2014, 5th November, 2014 and 14th February, 2015. The gap between two consecutive Board Meetings did not exceed 120 days.

Evaluation of performance of directors:

The Nomination and Remuneration Committee carried out an evaluation of the performance of individual directors through a structured questionnaire process covering various aspects such as performance, attendance, et al.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- in the preparation of the annual financial statement for the year ended 31st March, 2015 the applicable accounting standards have been followed;
- they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year on 31st March, 2015 and of the profit of the Company for the financial year ended on that date;
- they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- they have prepared annual accounts on a going concern basis; and,
- they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

CODES OF CONDUCT

Your Company has adopted Codes of Conduct for its directors, and senior management and employees ("the Codes"). These Codes enunciate the underlying principles governing the conduct of the Company's business and seek to reiterate the fundamental precept that good governance must and would always be an integral part of the Company's ethos.

The Company has, for the year, received declarations from directors, and senior management and employees, affirming compliance with the respective Codes.

POLICY FOR REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES AND CRITERIA FOR APPOINTMENT/REMOVAL OF DIRECTORS AND SENIOR MANAGEMENT PERSONNEL

Your Board has, on the recommendation of the Nomination and Remuneration Committee approved policies for the appointment/removal of directors and senior management personnel together with the criteria for determining qualifications, positive attributes and independence of directors, and remuneration of directors, key managerial personnel and other employees.

These policies are provided as Annexure II and form part of this Report.

COMMITTEES OF THE BOARD

Audit Committee:

The composition of the Audit Committee is as follows:

Director	Designation
K. Chandrasekar	Chairman
Ravindra Dhariwal	Member
B. L. Khanna	Member

Audit Committee was re-constituted with induction of Mr. Ravindra Dhariwal as its member, and withdrawal of nominations of Mr. P. C. Vaidya and Mr. Rajesh Jejurikar with effect from 31st March, 2015.

Audit Committee met five times during year, i.e., on 25th April, 2014, 26th July, 2014, 10th September, 2014, 5th November, 2014 and 14th February, 2015.

Nomination and Remuneration Committee:

The composition of the Nomination and Remuneration Committee is as follows:

Director	Designation
Rajesh Jejurikar	Member
C. J. Mecwan	Member
Ravindra Dhariwal	Member
B. L. Khanna	Member

Nomination and Remuneration Committee was re-constituted with induction of Mr. Ravindra Dhariwal as its member with effect from 31st March, 2015.

Nomination and Remuneration Committee met twice during year, i.e., on 25th April 2014, and 13th September, 2014.

Corporate Social Responsibility Committee (CSR Committee):

The composition of the CSR Committee is as follows:

Director	Designation
K. Chandrasekar	Chairman
P. C. Vaidya	Member
C. J. Mecwan	Member
B. L. Khanna	Member

CSR Committee met once during year, i.e., on 13th September, 2014.

KEY MANAGERIAL PERSONNEL

Pursuant to Section 203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, Key Managerial Personnel of your Company are as below:

1. Shri Om Tyagi as Manager (w.e.f. 1st April, 2014),
2. Ashok Panara as Chief Financial Officer (w.e.f. 1st April, 2014), and,
3. Rahul Neogi as Company Secretary (w.e.f. 13th September, 2014)

Mr. Tyagi whose term as Manager expired on 27th April, 2014, was re-appointed to hold the office of Manager up to 27th April, 2017. Mr. Anil Saboo resigned as Company Secretary of the Company with effect from 13th September, 2014. Consequently, Mr. Rahul Neogi was appointed as Company Secretary of your Company with effect from the same date.

STATUTORY AUDITORS

At the Thirty-Fifth Annual General Meeting, M/s. Bipin & Co., Chartered Accountants, Vadodara (Firm Registration No. 101509W) were appointed as the Statutory Auditors of your Company to hold office up to the conclusion of Fortieth Annual General Meeting.

Pursuant to the first proviso of Section 139(1) of Companies Act, 2013, the members are requested to ratify appointment of Statutory Auditors at the Thirty-Sixth Annual General Meeting and fix their remuneration.

As required under the provisions of Sections 139 and 141 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, your Company has obtained a written consent and certificate from the Statutory Auditors to the effect that their appointment, if ratified, would be in conformity with the conditions, limits and criteria specified therein.

Your directors confirm that the Auditors' Report does not contain any qualification, reservation or adverse remark.

COST AUDITOR

As per the Notification No: 1/40/2013 dated 31st December, 2014, the Central Government exempted automobile industry from the preview of cost audit under Section 148 of the Companies Act, 2013, and therefore the same is not applicable to your Company.

STATUS WITH BOARD FOR INDUSTRIAL AND FINANCIAL RECONSTRUCTION (BIFR)

In continuation of the status with BIFR reported in the last report, your Company, at the hearing held on 19th May, 2014, submitted to BIFR that it will endeavour to achieve positive net-worth by 30th September, 2014 with the help of internal accruals. BIFR, accordingly, directed your Company to file audited accounts as of 30th September, 2014 and next date of hearing was fixed for 10th November, 2014. Your Company achieved positive net-worth as of 30th September, 2014 and that the audited accounts as referred herein above and the net-worth positive certificate were filed with BIFR. At the

scheduled hearing, BIFR took on record the submissions of your Company, including that it had achieved positive net-worth. The order of the BIFR is awaited.

INDUSTRIAL RELATIONS

Industrial relations have generally remained cordial throughout the year.

INTERNAL CONTROLS

Your Company has implemented a system of internal controls and monitoring procedures as well as internal financial controls on financial statement and the same is, in the opinion of the Board, commensurate with the Company's size and operations. Your Company regularly conducts reviews to assess the adequacy of financial and operating controls. Significant issues, if any, are brought to the attention of the Audit Committee. Statutory Auditors and Internal Auditor are invited to attend Audit Committee meetings.

RISK MANAGEMENT POLICY

Your Company is exposed to a variety of risks which may impact its operations. These risks are mitigated by using an integrated risk management approach.

Your Company has formulated a risk management policy which provides for evaluation of risks which may threaten the existence of the Company, and facilitates development of a suitable plan to mitigate the same.

PARTICULARS OF PUBLIC DEPOSITS, LOANS, GUARANTEES OR INVESTMENTS

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

Your Company has not, whether directly or indirectly, given loans, made investments, and/or provided guarantees/securities which are required to be reported under Section 186 of the Companies Act, 2013.

Your Company has not made any loans/advances which are required to be disclosed in the annual accounts of the Company pursuant to Clause 32 of the Listing Agreement between the parent Company, Mahindra and Mahindra Limited and stock exchanges.

PARTICULARS OF TRANSACTIONS WITH RELATED PARTIES

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

Particulars of material contracts or arrangements or transactions with related parties, referred to under Section 188(1) of the Companies Act, 2013, are furnished in Form AOC-2 as Annexure III and forms part of this Report.

EXTRACT OF ANNUAL RETURN

Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return as on 31st March, 2015 in form MGT-9 is annexed as Annexure IV and forms part of this Report.

POLICY ON PREVENTION OF SEXUAL HARASSMENT

Your Company has put in place a policy for prevention of sexual harassment. Your Company has also constituted an "Internal Complaints Committee" to which employees can address their complaints. During the year, no complaints were received by the said Committee.

SAFETY, HEALTH AND ENVIRONMENTAL PERFORMANCE

Your Company pursues various safety improvement measures. The safety measures have been on focus throughout the year resulting in an increase in Safety Activity Ratio (S.A.R.). During the year, operating systems in your Company were certified with Integrated Management System (IMS - ISO 9001:2008 & OHSAS 18001-2007) and awarded certificate from TUV-NORD. All statutory requirements have been adhered to & fully complied with.

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

The particulars relating to conservation of energy, technology absorption and foreign exchange earnings and outgo, as required under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 are provided in Annexure V and form part of this report.

GENERAL DISCLOSURE

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

- a) Issue of equity shares with differential rights as to dividend, voting or otherwise.
- b) Issue of shares (including sweat equity shares) to employees of the Company under any ESOP scheme, etc.
- c) Particulars of employees as required under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

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

For and on behalf of the Board

K. Chandrasekar
Director

P. C. Vaidya
Director

C. J. Mecwan
Director

Vadodara, 21st May, 2015

ANNEXURE I TO THE DIRECTORS' REPORT

ANNUAL REPORT ON CSR ACTIVITIES OF MAHINDRA GUJARAT TRACTOR LIMITED

- (1) A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programmes:

Web-link: <http://www.mahindr Gujarat.com/CSRPolicy.pdf>

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

- Promote a unified and strategic approach to CSR by incorporating under the 'Rise for Good' umbrella the diverse range of its philanthropic initiatives, and causes to work for thereby ensuring high social impact.
- Encourage employees to participate actively in the Company's CSR activities and give back to society in an organized manner through the employee volunteering programme called ESOPs (Employee Social Options).

The Company has pledged to contribute 2% of its average net profits earned during the three immediately preceding financial years towards CSR initiatives to meet the needs of the local communities where it operates.

Our commitment to CSR will be manifested by investing resources in the following thrust areas:

1. Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care, sanitation, including contribution to the Swach Bharat Kosh set up by the Central Government for the promotion of sanitation, and making available safe drinking water;
2. Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled, and livelihood enhancement projects;
3. Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres, and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;
4. Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining the quality of soil, air

and water, including contribution to the Clean Ganga Fund set up by the Central Government for rejuvenation of river Ganga;

5. Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up of public libraries; promotion and development of traditional arts and handicrafts;
6. Measures for the benefit of armed forces veterans, war widows and their dependents;
7. Training to promote rural sports, nationally recognized sports, paraolympic sports and Olympic sports;
8. Contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women;
9. Contribution or funds provided to technology incubators located within academic institutions which are approved by the Central Government;
10. Rural development projects;
11. Slum area development.

The Corporate Social Responsibility Committee (CSR Committee) of the Company shall be responsible for monitoring implementation of the CSR Policy. CSR Committee shall approve and recommend to the Board projects or programmes to be undertaken, the modalities of execution, and implementation schedule thereof.

- (2) The Composition of the CSR Committee:

	K. Chandrasekar (Chairman),
	P. C. Vaidya,
	C. J. Mecwan, and
	B. L. Khanna
- (3) Average net profit of the Company for last three financial years : Rs. 492.67 lakhs
- (4) Prescribed CSR Expenditure (two per cent. of the amount as in item 3 above) : Rs. 9.85 lakhs
- (5) Details of CSR spent during the financial year.
 - (a) Total amount spent for the financial year: Rs. 10.19 lakhs

(b) Amount unspent, if any: Nil

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

Sr. No.	Particulars	CSR Expenditure
(1)	CSR project or activity identified	Construction of Toilets
(2)	Sector in which the project is covered	Sanitation
(3)	Projects or programme (1) Local area or other (2) Specify the state and district where projects or programs was undertaken	1. Local Area 2. Rayantalavdi Village near Vadodara, Gujarat
(4)	Amount outlay (budget project or programme wise)	Rs. 9.85 lakhs

Sr. No.	Particulars	CSR Expenditure
(5)	Amount spent on the project or programme Sub Heads; (1) Direct expenditure on projects or programmes (2) Overheads	Direct Expenditure of Rs. 10.19 lakhs Nil
(6)	Cumulative expenditure up to the reporting period	Rs. 10.19 lakhs
(7)	Amount Spent direct or through implementing agency	Amount Spent Directly

For and on behalf of the Board

K. Chandrasekar
Director & Chairman
of the CSR Committee

P. C. Vaidya
Director

C. J. Mecwan
Director

Vadodara, 21st May, 2015

ANNEXURE II TO THE DIRECTORS' REPORT

POLICY ON APPOINTMENT OF DIRECTORS AND SENIOR MANAGEMENT

DEFINITIONS

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

“**Board**” means Board of Directors of the Company.

“**Company**” means Mahindra Gujarat Tractor Limited (MGTL).

“**Committee(s)**” means Committees of the Board for the time being in force.

“**Employee**” means employee of the Company whether employed in India or outside India including employees in the Senior Management team of the Company.

“**HR**” means the Human Resource department of the Company.

“**Key Managerial Personnel**” (KMP) refers to key managerial personnel as defined under the Companies Act, 2013 and includes:

- (i) Managing Director (MD) or Chief Executive Officer (CEO) or Manager or Whole time Director (WTD)
- (ii) Chief Financial Officer (CFO), and
- (iii) Company Secretary (CS).

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

“**Senior Management**” means personnel of the Company who are members of its core management team excluding Board of Directors comprising all members of management one level below the executive directors, including functional heads.

I. APPOINTMENT OF DIRECTORS

- NRC reviews and assesses Board composition and recommends the appointment of new directors. In evaluating the suitability of an individual Board member, NRC shall take into account the following criteria regarding qualifications, positive attributes and independence of a director as applicable:
 1. All Board appointments will be based on merit, in the context of skills, experience, independence and knowledge required for the Board as a whole to be effective.
 2. Ability of the candidate to devote sufficient time and attention to professional obligations as an Independent Director for balanced decision making.

3. Adherence to the Code of Conduct and ensuring the highest level of corporate governance, in letter and in spirit, by directors.

- Based on NRC's recommendation, the Board will evaluate the candidate(s) and decide on the selection of the appropriate member. The Board, through any member of the Board, will interact with the new member to obtain his/her consent for joining the Board. Upon receipt of the consent, the new director will be co-opted by the Board in accordance with the applicable provisions of the Companies Act 2013 and Rules made thereunder.

REMOVAL OF DIRECTORS

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

SENIOR MANAGEMENT PERSONNEL

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

For administrative convenience, senior management personnel will be appointed or promoted and removed/relieved with the authority of the Managing Director/CEO/Manager based on business needs and suitability of the candidate.

Managing Director/CEO/Manager shall report details of such appointments to NRC at least twice in a year.

II. SUCCESSION PLANNING:

Purpose

The Talent Management Policy sets out the approach to the development and management of talent in the Company to ensure implementation of the strategic business plans of the Company.

Board:

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

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

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

Senior Management Personnel:

The Company's succession planning program aims to identify high growth individuals, and groom them in order to maintain a robust talent pipeline.

The Company has a process of identifying individuals with high potential and having abilities to hold critical positions. Successors are mapped for such positions in order to ensure talent readiness.

The Company participates in the Mahindra Group's Talent Management process which is driven by a collaborative network of Talent Councils across the Group's various Sectors.

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

Purpose

This Policy sets out the approach to Compensation of Directors, Key Managerial Personnel and other employees in Mahindra Gujarat Tractor Limited (MGTL).

Policy Statement

Our compensation philosophy strives to attract and retain high performers by compensating them at levels that are broadly comparable with the median of the comparator basket while differentiating people on the basis of performance, potential and criticality for achieving competitive advantage in business.

In order to effectively implement this, our compensation structure is developed through external benchmarking as appropriate, with relevant players across the industry we operate in.

Non-Executive Including Independent Directors

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

The Board shall determine compensation to Non-Executive Directors within the overall limits specified in the Shareholders' resolution.

Executive Director/Managing Director/Manager

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

Key Managerial Personnel (KMPs)

The remuneration to Manager shall be recommended by NRC to the Board. Remuneration will consist of both fixed compensation and variable compensation and shall be paid as salary, commission, performance bonus, perquisites and fringe benefits as approved by the Board and within the overall limits specified in the Shareholders' resolution. While fixed compensation is determined at the time of their appointment, variable compensation will be determined annually by NRC based on their performance.

The terms of remuneration of the Chief Financial Officer (CFO) and the Company Secretary shall be determined either by any Director or such other person as may be authorised by the NRC.

The above remuneration shall be competitively benchmarked for similar positions in the industry and aligned with their qualifications, experience, and responsibilities. Pursuant to the provisions of section 203 of the Companies Act 2013, the Board shall approve remuneration of the above KMPs at the time of their appointment.

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

Employees

We follow a position and level based approach for compensation benchmarking with companies in the tractor and related industries.

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

- Performance
- Potential
- Criticality

Remuneration for new employees other than KMPs and senior management will be decided by HR, and approved by the Managing Director, based on factors such as relevant job experience, last compensation drawn, skill-set of the selected candidate, internal equity and related parameters.

For and on behalf of the Board

K. Chandrasekar
Director

P. C. Vaidya
Director

C. J. Mecwan
Director

Vadodara, 21st May, 2015

ANNEXURE III TO THE DIRECTORS' REPORT**FORM NO. AOC.2**

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

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

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

Sr. No.	Name(s) of the related party and nature of relationship	Nature of contracts/arrangements/transactions	Duration of the contracts/arrangements/transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Justification for entering into such contracts or arrangements or transactions	Date(s) of approval by the Board	Amount paid as advances, if any:	Date on which the special resolution was passed in general meeting as required under first proviso to Section 188
-	-	-	-	-	-	-	-	-

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

Sr. No.	Name(s) of the related party and nature of relationship	Nature of contracts/arrangements/transactions	Duration of the contracts/arrangements/transactions	Salient terms of the contracts or arrangements or transactions including the value, if any (Rs. Lacs)	Date(s) of approval by the Board, if any	Amount paid as advances, if any
1	Mahindra & Mahindra Ltd. (Holding Company)	Purchase of Tractors	Financial year ended 31 st March, 2015	2,855.41	Not Applicable	-
2	Mahindra & Mahindra Ltd. (Holding Company)	Purchase of Components of Tractors	Financial year ended 31 st March, 2015	1,674.73	Not Applicable	-
3	Mahindra & Mahindra Ltd. (Holding Company)	Sale of Tractors and its Components	Financial year ended 31 st March, 2015	282.93	Not Applicable	-
4	Mahindra & Mahindra Ltd. (Holding Company)	Services Received for Employees on Deputation	Financial year ended 31 st March, 2015	134.03	Not Applicable	-
5	Mahindra & Mahindra Ltd. (Holding Company)	Expenses Reimbursed	Financial year ended 31 st March, 2015	65.94	Not Applicable	-
6	Mahindra & Mahindra Ltd. (Holding Company)	Interest on ICD	Financial year ended 31 st March, 2015	73.13	Not Applicable	-
7	Mahindra Logistics Ltd. (Fellow Subsidiary)	Logistics Services Received	Financial year ended 31 st March, 2015	235.81	Not Applicable	-

Note: for the purpose of materiality, the following criteria have been considered.

- 10% of turnover of the Company or Rs. one hundred crore, whichever is lower is considered as material for the purpose of disclosure in respect of Contracts/transactions/arrangements for sale, purchase, or supply of any goods or materials.
- 10% of net worth of the Company or Rs. one hundred crore, whichever is lower is considered as material for the purpose of disclosure in respect of Contracts/transactions/arrangements for selling or otherwise disposing of or buying property of any kind.
- 10% of the net worth of the Company or 10% of turnover of the Company or Rs. one hundred crore, whichever is lower is considered as material for the purpose of disclosure in respect of Contracts/transactions/arrangements for leasing of property of any kind.
- 10% of turnover of the Company or Rs. fifty crores, whichever is lower is considered as material for the purpose of disclosure in respect of Contracts/transactions/arrangements for rendering of services.

For and on behalf of the Board

K. Chandrasekar
Director

P. C. Vaidya
Director

C. J. Mecwan
Director

Vadodara, 21st May, 2015

ANNEXURE IV TO THE DIRECTORS' REPORT

Form No. MGT-9

Extract of Annual Return as on the financial year ended on 31st March, 2015

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

I. REGISTRATION AND OTHER DETAILS:

i.	Corporate Identification Number (CIN)	:	U34100GJ1978PLC003127
ii.	Registration Date	:	31 st March, 1978
iii.	Name of the Company	:	Mahindra Gujarat Tractor Limited
iv.	Category/Sub-Category of the Company	:	Indian Non-Government Company Limited by shares
v.	Address of the Registered office and contact details	:	Vishwamitri, Near Railway Overbridge Vadodara – 390011, Gujarat Tel.: +91-265-2311617/2339547 Fax: +91-265-2338015/2338156 Contact: JUVEKAR.ABHISHEK@mahindra.com
vi.	Whether listed company Yes/No	:	No
vii.	Name, Address and Contact details of Registrar and Transfer Agent, if any	:	–

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

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

Sr. No.	Name and Description of main products/services	NIC Code of the Product/service	% to total turnover of the company
1	Manufacturing of Tractors	28211	100

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/Subsidiary/ Associate	% of shares held	Applicable Section
1	Mahindra and Mahindra Limited Gateway Building, Apollo Bunder, Colaba, Mumbai - 400001	L65990MH1945PLC004558	Ultimate Holding Company	60%	2 (46)

IV. SHAREHOLDING PATTERN (Equity Share Capital Break-up as percentage of Total Equity)

i) Category-wise Share Holding:

Category of Shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	–	–	–	–	–	–	–	–	–
b) Central Govt	–	–	–	–	–	–	–	–	–
c) State Govt (s)	–	61,20,791	61,20,791	40	–	61,20,791	61,20,791	40	–
d) Bodies Corp.	–	91,81,188	91,81,188	60	–	91,81,188	91,81,188	60	–
e) Banks/FI	–	–	–	–	–	–	–	–	–
f) Any Other...	–	–	–	–	–	–	–	–	–
Sub-total (A)(1)	–	15,301,979	15,301,979	100	–	15,301,979	15,301,979	100	–

Category of Shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
(2) Foreign									
a) NRIs – Individuals	–	–	–	–	–	–	–	–	–
b) Other Individuals	–	–	–	–	–	–	–	–	–
c) Bodies Corp.	–	–	–	–	–	–	–	–	–
d) Banks/FI	–	–	–	–	–	–	–	–	–
e) Any Other....	–	–	–	–	–	–	–	–	–
Sub-total (A)(2)	–	–	–	–	–	–	–	–	–
Total shareholding of Promoter (A) = (A)(1)+ (A)(2)	–	15,301,979	15,301,979	100	–	15,301,979	15,301,979	100	–
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	–	–	–	–	–	–	–	–	–
b) Banks/FI	–	–	–	–	–	–	–	–	–
c) Central Govt	–	–	–	–	–	–	–	–	–
d) State Govt(s)	–	–	–	–	–	–	–	–	–
e) Venture Capital Funds	–	–	–	–	–	–	–	–	–
f) Insurance Companies	–	–	–	–	–	–	–	–	–
g) FIs	–	–	–	–	–	–	–	–	–
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
i) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(1):	–	–	–	–	–	–	–	–	–
2. Non-Institutions									
a) Bodies Corp./Corporate incorporated outside India									
i) Indian	–	–	–	–	–	–	–	–	–
ii) Overseas	–	–	–	–	–	–	–	–	–
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	–	–	–	–	–	–	–	–	–
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	–	–	–	–	–	–	–	–	–
c) Others (specify)									
Sub-total (B)(2):	–	–	–	–	–	–	–	–	–
Total Public Shareholding (B) = (B)(1)+ (B)(2)	–	–	–	–	–	–	–	–	–
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	–	15,301,979	15,301,979	100	–	15,301,979	15,301,979	100	–

(ii) Shareholding of Promoters (equity):

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of shares	% of total shares of the company	% of shares pledged/encumbered to total shares	No. of shares	% of total shares of the company	% of shares pledged/encumbered to total shares	
1.	Mahindra & Mahindra Limited	16,83,211	11	–	16,83,211	11	–	–
2.	Mahindra & Mahindra Limited jointly with Mr. C. Krishnadas*	1	–	–	–	–	–	–
3.	Mahindra & Mahindra Limited jointly with Mr. Ashutosh Vidwans	–	–	–	1	–	–	–
4.	Mahindra & Mahindra Limited jointly with Mr. A. M. Choksey	1	–	–	–	–	–	–
5.	Mahindra & Mahindra Limited jointly with Mr. Rajeev Goel	–	–	–	1	–	–	–
6.	Mahindra & Mahindra Limited jointly with Mr. Bishwambhar Mishra	1	–	–	1	–	–	–
7.	Mahindra & Mahindra Limited jointly with Mr. Sudhir Pathak	1	–	–	–	–	–	–
8.	Mahindra & Mahindra Limited jointly with Mr. Harish Chavan	–	–	–	1	–	–	–
9.	Mahindra & Mahindra Limited jointly with Mr. S. Durgashankar	1	–	–	1	–	–	–
10.	Mahindra & Mahindra Limited jointly with Mr. Ashok Kumar Panara	1	–	–	1	–	–	–
11.	Mahindra & Mahindra Limited jointly with Mr. Shri Om Tyagi	1	–	–	1	–	–	–
12.	Mahindra Holdings Limited	74,97,970	49	–	74,97,970	49	–	–
13.	Governor of Gujarat	61,20,784	40	–	61,20,784	40	–	–
14.	Governor of Gujarat jointly with Mr. R. H. Vasava	1	–	–	–	–	–	–
15.	Governor of Gujarat jointly with Mr. A. M. Choudhary	–	–	–	1	–	–	–
16.	Governor of Gujarat jointly with Mr. M. M. Joshi	1	–	–	–	–	–	–
17.	Governor of Gujarat jointly with Mr. R. T. Christian	–	–	–	1	–	–	–
18.	Governor of Gujarat jointly with Mr. B. R. Shah	1	–	–	–	–	–	–
19.	Governor of Gujarat jointly with Mr. S R Choudhary	–	–	–	1	–	–	–
20.	Governor of Gujarat jointly with Mr. S. P. Sisodiya	1	–	–	–	–	–	–

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of shares	% of total shares of the company	% of shares pledged/encumbered to total shares	No. of shares	% of total shares of the company	% of shares pledged/encumbered to total shares	
21.	Governor of Gujarat jointly with Mr. M B Soni	-	-	-	1	-	-	-
22.	Governor of Gujarat jointly with Mr. K. D. Panchal	1	-	-	-	-	-	-
23.	Governor of Gujarat jointly with Mr. K D Panchal	-	-	-	1	-	-	-
24.	Governor of Gujarat jointly with Mr. K. U. Dave	1	-	-	-	-	-	-
25.	Governor of Gujarat jointly with Mr. B. M. Jadhav	-	-	-	1	-	-	-
26.	Governor of Gujarat jointly with Mr. U. P. Vasava	1	-	-	-	-	-	-
27.	Governor of Gujarat jointly with Mr. G K Thakor	-	-	-	1	-	-	-
	Total	15,301,979	100	-	15,301,979	100	-	-

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

Sr. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
1	At the beginning of the year	15,301,979	100	15,301,979	100
	Change - (as per inter-se transfers)	-	-	-	-
	At the End of the year	15,301,979	100	15,301,979	100

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

Sl. No.	Name of the Shareholder:	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
1	At the beginning of the year	-	-	-	-
	Change	-	-	-	-
	At the End of the year	-	-	-	-

(v) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
1	S. O. Tyagi (Jointly with Mahindra & Mahindra Limited)				
	At the beginning of the year	1	-	1	-
	Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):	-	-	-	-
	At the End of the year	1	-	1	-

Sr. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
2	Ashok Panara (Jointly with Mahindra & Mahindra Limited)				
	At the beginning of the year	1	–	1	–
	Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):	–	–	–	–
	At the End of the year	1	–	1	–
3	Harish Chavan (Jointly with Mahindra & Mahindra Limited)				
	At the beginning of the year	–	–	1	–
	Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):	–	–	–	–
	At the End of the year	–	–	1	–

V. INDEBTEDNESS

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

(Rs. Lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	–	901.83	–	901.83
ii) Interest due but not paid	–	806.71	–	806.71
iii) Interest accrued but not due	–	–	–	–
Total (i + ii + iii)	–	1,708.54	–	1,708.54
Change in Indebtedness during the financial year				
• Addition	120.49	–	–	120.49
• Reduction	–	–	–	–
Net Change	120.49	–	–	120.49
Indebtedness at the end of the financial year				
i) Principal Amount	120.49	901.83	–	1,022.32
ii) Interest due but not paid	–	806.71	–	806.71
iii) Interest accrued but not due	–	–	–	–
Total (i + ii + iii)	120.49	1,708.54	–	1,829.03

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(Rs. Lakhs)

Sr. No.	Particulars of Remuneration	Name of MD/WTD/Manager	Total Amount
		S. O. Tyagi, Manager	
1.	Gross salary		
	a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	–	–
	b) Value of perquisites u/s 17(2) Income-tax Act, 1961	–	–
	c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	–	–
2.	Stock Option	–	–
3.	Sweat Equity	–	–
4.	Commission		
	– as % of Profit	–	–
	– others, specify... Fees	28.09	28.09
5.	Others, please specify	–	–
	Total (A)	28.09	28.09
	Ceiling as per the Act		30.00

B. Remuneration to other directors:

(Rupees in Lakhs)

Sr. No.	Particulars of Remuneration	Name of Directors	
		B. L. Khanna	Total Amount
1.	Independent Directors		
	• Fee for attending board/committee meetings	–	–
	• Commission	–	–
	• Others, please specify	–	–
	Total (1)	–	–
2	Other Non-Executive Directors		
	• Fee for attending board/committee meetings	0.04	0.04
	• Commission	–	–
	• Others, please specify	–	–
	Total (2)	0.04	0.04
	Total (B)=(1+2)	0.04	0.04
	Total Managerial Remuneration	28.09	28.09
	Overall Ceiling as per the Act		30.00

C. Remuneration to Key Managerial Personnel other than MD/MANAGER/WTD

(Rs. In Lakhs)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel			Total
		CEO	Company Secretary	CFO	
1.	Gross Salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	–	–	13.58	13.58
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	–	–	–	–
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	–	–	–	–
2.	Stock Option	–	–	–	–
3.	Sweat Equity	–	–	–	–
4.	Commission				
	– as % of profit	–	–	–	–
	– others, specify... Fees	–	3.93	–	3.93
5.	Others, please specify	–	–	–	–
	Total	–	3.93	13.58	17.51

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

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

For and on behalf of the Board

K. Chandrasekar
Director

P. C. Vaidya
Director

C. J. Mecwan
Director

Vadodara, 21st May, 2015

ANNEXURE V TO THE DIRECTORS' REPORT

PARTICULARS AS PER THE COMPANIES (ACCOUNTS) RULES, 2014

A. CONSERVATION OF ENERGY

(a) the steps taken or impact on conservation of energy:

During the year, your Company has taken following initiatives for conservation of energy:

- Optimum utilization of the plant & machinery.
- Maintain power factor at unity (0.999)
- Induction lights in Proto shop, reducing power consumption.
- Energy saver engine testing dynamometer.
- Acoustic enclosure for Engine testing.- reduces noise.
- Upgradation of electric oven by air curtains to reduce energy consumption

(b) the steps taken by the company for utilizing alternate sources of energy:

- Replacement of asbestos roof sheets in select portion with transparent sheets to use natural light resulted to improve lux level
- Provision of Air circulator to improve air changeover.

(c) the capital investment on energy conservation equipments:

- Installation of LED street lights for night security
- Installation of new energy efficient Cleaning booth

B. TECHNOLOGY ABSORPTION

i) the efforts made towards technology absorption:

Areas in which Research & Development is carried out:

- Keeping in view the future requirements of technological up-gradation, your Company has undertaken various programs like development of tractor to meet future regulatory norms in India and also upgrade some models with improved aesthetics.
- Upgrading Tractor Testing facilities by installation of PTO dynamometer.

ii) the benefits derived like product improvement, cost reduction, product development or import substitution:

- During the year, pursuant to R&D efforts on development of new features, company introduced Farmplus series of Tractor from 35 hp to 60 hp.

iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year) – NIL

(a) the details of technology imported: N.A.

(b) the year of import: N.A.

(c) whether the technology been fully absorbed: N.A.

(d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof: N.A.

iv) the expenditure incurred on Research and Development: **(Rupees in Lakhs)**

(a) Capital Expenditure	Rs. 27.18
(b) Recurring Expenditure	Rs. 11.65

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

(in terms of actual inflow and outflow)

Total Foreign Exchange Earned and Used:

	(Rupees in Lakhs)	
	For the Financial Year Ended 31st March, 2015	For the Financial Year Ended 31st March, 2014
Total Foreign Exchange Earned	Nil	Nil
Total Foreign Exchange Used	Nil	Nil

For and on behalf of the Board

K. Chandrasekar	P. C. Vaidya	C. J. Mecwan
Director	Director	Director

Vadodara, 21st May, 2015

INDEPENDENT AUDITORS' REPORT

To The Members, Mahindra Gujarat Tractor Limited

We have audited the accompanying standalone financial statements of **MAHINDRA GUJARAT TRACTOR LIMITED** ("the Company"), which comprises the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements.

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

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the

Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidences we have obtained are sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

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

Emphasis of Matters

We draw attention to the following matters in the Notes to the financial statements:

- a) With effect from 01st April, 2014 the Company has revised its depreciation policy from Written Down Value (W D V) to Straight Line Method (SLM), due to change of this policy a surplus of Rs: 173.26 Lacs arise in an opening balance of deprecation is shown as "Exceptional Item" in the P & L Statement
- b) During the year company had paid Rs: 134.29 Lacs to the members of Two Co-Operative Societies as compensation to termination of Contracts which is also shown as "Exceptional Item" in P & L Statement.

Our opinion is not modified in respect of these matters.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the central Government in terms of Section 143(11) of the Act, We give in the Annexure a statement on the matter specified in paragraph 3 and 4 of the order to the extent applicable.
2. As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books,
 - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

- (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors as on 31st March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- I. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note: 25.2 to the financial statements;
- II. The Company did not have any long-term Contracts including derivative contract for which there were any material foreseeable losses.
- III. There were no amounts which required to be transferred to Investor Education and Protection Fund by the Company.

For BIPIN & COMPANY
Chartered Accountants
(Firm's Registration No. 101509W)
(Pradeep K Agrawal)
Partner
(Membership No. 116612)

Place: Vadodara
Date: 21st May, 2015

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date on the account of Mahindra Gujarat Tractor Limited for the year ended on 31st March 2015)

- I. (a) The Company has maintained proper records, showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets were physically verified by the Management in accordance with a regular programme of verification which, in our opinion provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- II. (a) As explained to us, inventories were physically verified by the Management at regular interval.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The company had maintained proper records of inventories and materials, discrepancies were noticed on physical verification had been properly dealt with in the books of accounts.
- III. The Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties covered in the register maintained under Section 189 of the Companies Act, 2013 during the period under perusal.
- IV. As explained to us regarding adequate internal control system regarding purchase of inventory, due to special nature of item and non availability of alternate source, comparable quotations were not available. Further company had relied on approved suppliers of group companies to avail cost benefit for purchasing major component of inventories.
In our opinion there is an adequate internal control system commensurate with size of the company and nature of business with regards to purchase of inventories, fixed assets and sale of goods and services and during the course of audit we had not observed any major weakness in such internal control system.
- V. According to information and explanation provided to us, the company had not accepted any deposits during the year under review, accordingly the provision of clause 3(v) of the Companies (Auditor's Report) order, 2015 are not applicable to the company.
- VI. As per the Notification No: 1/40/2013 dated 31st December, 2014, the Central Government exempt automobile industries from the preview of Cost Audit, hence it is not applicable to company, under section 148 (1) of the Companies Act, 2013.
- VII. (a) The company has been regular in depositing undisputed dues, including provident fund, employee's state insurance, income tax, sales tax, duty of excise, value

added tax, cess and other statutory dues applicable to it with the appropriate authorities

- According to information and explanation given to us, no undisputed amount payable in respect of income tax or sales tax or service tax or duty of customs or duty of excise or value added tax or cess were in arrears as at 31st March, 2015 for a period of more than six month from the day they become payable except the Central Sales Tax of Rs.43,857/- of FY2013-14, paid on 21st May 2015.
- (b) Details of dues of income tax, sales tax, wealth tax, service tax, customs duty, excise duty, and cess which have not been deposited as on 31st March, 2015 on account of dispute are given below:

Name of the Statute	Nature of Dues	Amount in lakhs	Period to which the amount relates	Forum where dispute is pending
The Central Excise Act, 1944	Excise Duty	147.02#	April 1996 to May, 1998	Supreme Court
The Income Tax Act, 1962	Income Tax	16.67	AY 1961-62 & 1978-79	Assessing Officer

The Supreme Court has disposed of the case by allowing the Appeal filed by the Company and issued order in favour of the Company dated 29th April, 2015

- (c) According to information and explanation given us, the company is not required to transfer any amount to investor education and protection fund in accordance with the relevant provision of the Companies Act, 2013.
- VIII. The accumulated loss of the company at the end of the financial year are more than the fifty percent of its net worth and company has not incurred cash loss during the financial year and immediately preceding financial year.
- IX. According to information and explanation given to us the company had not defaulted in repayment of dues to financial institution or bank.
- X. According to information and explanation given to us, the company had not given any guarantee for loan taken by others from bank or financial institutions.
- XI. According to information and explanation given to us, no term loan had been raised during the year under review.
- XII. According to information and explanation given to us no fraud on or by the company has been noticed or reported during the year.

For BIPIN & COMPANY
Chartered Accountants
(Firm's Registration No. 101509W)
(Pradeep K Agrawal)
Partner
(Membership No. 116612)

Place: Vadodara
Date: 21st May, 2015

BALANCE SHEET AS AT 31ST MARCH, 2015

Particulars	Notes	As at 31-Mar-15	Rupees in Lacs As at 31-Mar-14
I. EQUITY AND LIABILITIES			
1. Shareholder's funds			
(i) Share capital	3	2,030.20	2,030.20
(ii) Reserves and surplus	4	(1,677.22)	(2,096.35)
		352.98	(66.15)
2. Non-current liabilities			
(i) Deferred tax liabilities (Net)		-	-
(ii) Long term provisions	5	309.75	336.56
		309.75	336.56
3. Current liabilities			
(i) Short term borrowings	6	705.49	585.00
(ii) Trade payables	7	2,538.37	2,027.44
(iii) Other current liabilities	8	2,364.35	2,415.76
(iv) Short term provisions	9	80.19	81.79
		5,688.40	5,109.99
Total		6,351.13	5,380.40
II. ASSETS			
Non-current assets			
1. (a) Fixed assets			
(i) Tangible assets	10	682.45	522.82
(ii) Intangible assets		5.52	21.31
(iii) Intangible assets under development		-	-
		687.97	544.13
(b) Non-current investments	11	-	-
(c) Long term loans and advances	12	44.27	24.35
		732.24	568.48
2. Current assets			
(a) Inventories	13	1,701.16	1,959.91
(b) Trade receivables	14	3,482.81	2,087.43
(c) Cash and bank balances	15	268.96	576.56
(d) Short term loans and advances	16	163.88	187.47
(e) Other current assets	17	2.08	0.55
		5,618.89	4,811.92
Total		6,351.13	5,380.40

The accompanying notes 1 to 25 are an integral part of the Financial Statements

In terms of our report attached
For **Bipin & Company**
Chartered Accountants
Firm Regn.no : 101509W

CA. Pradeep K Agrawal
Partner
Membership No.: 116612

Place : Vadodara
Date : 21st May, 2015

For and on behalf of the Board of Directors

K.Chandrasekar
Rajesh Manjhu, IAS
Shri Om Tyagi
Ashok Panara
Rahul Neogi

Director
Director
Manager
Chief Financial Officer
Company Secretary

Place : Vadodara
Date : 21st May, 2015

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

Particulars	Notes	Rupees in Lacs	
		Year ended on 31-Mar-15	Year ended on 31-Mar-14
I. Gross Revenue from Sale of Products and Services	18	11,159.12	12,860.09
Less : Excise Duty		45.44	57.71
Net Revenue from Sale of Products and Services		11,113.68	12,802.38
Other Operating Revenue		80.53	85.49
Revenue from operations (Net)		11,194.21	12,887.87
II. Other income	19	278.55	206.46
III. Total revenue (I + II)		11,472.76	13,094.33
IV. Expenditure			
(i) Cost of materials consumed	20	4,923.87	5,847.79
(ii) Purchase of stock in trade		2,855.41	3,514.35
(iii) Changes in inventories of finished goods, work-in-progress and stock in trade	21	400.73	222.55
(iv) Employee benefits expense	22	1,081.52	1,019.43
(v) Finance costs	23	145.86	133.01
(vi) Depreciation and amortisation expense	10	96.93	91.95
(vii) Other expenses	24	1,400.32	1,653.06
Total expenditure		10,904.64	12,482.14
V. Profit Before Exceptional Item & Tax (III - IV)		568.12	612.19
VI. Exceptional Item - Expense/(Income)			
– Surplus of Depreciation due to Change in Method	25.5	(173.26)	–
– Compensation to Co-Op. Societies	25.6	134.29	–
VII. Prior Period Item	25.9	4.83	–
VIII. Profit Before Tax (V + VI - VII)		602.26	612.19
IX. Less: Tax expense			
– Current tax		152.00	142.30
– Deferred tax		–	–
X. Profit from continuing operations (VII - VIII)		450.26	469.89
XI. Earnings per share (of Rs. 10 each)	25.10		
(1) Basic		2.62	2.75
(2) Diluted		2.62	2.75

The accompanying notes 1 to 25 are an integral part of the Financial Statements

In terms of our report attached

For **Bipin & Company**

Chartered Accountants

Firm Regn.no : 101509W

CA. Pradeep K Agrawal

Partner

Membership No.: 116612

Place : Vadodara

Date : 21st May, 2015

For and on behalf of the Board of Directors

K.Chandrasekar
Rajesh Manjhu, IAS
Shri Om Tyagi
Ashok Panara
Rahul Neogi

Director
Director
Manager
Chief Financial Officer
Company Secretary

Place : Vadodara

Date : 21st May, 2015

CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31ST MARCH, 2015

Particulars	Year ended on 31-Mar-15	Rupees in Lacs Year ended on 31-Mar-14
A: CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax as per Statement of Profit and Loss	602.26	612.19
Adjusted for:		
Depreciation/Amortisation	96.93	91.95
Exceptional Item (Surplus of Depreciation due to Change in Method)	(173.26)	-
Provision for doubtful debts and advances	23.40	81.94
Provisions written back	(91.06)	(57.75)
Interest and Finance Charges	138.37	124.61
Operating Profit before Working Capital Changes	<u>596.64</u>	<u>852.95</u>
Adjusted for:		
(Increase)/Decrease in Trade and Other Receivables	(1,432.14)	(1,017.91)
(Increase)/Decrease Inventories	258.75	496.72
Increase/(Decrease) Current Liabilities and Provisions	517.13	397.30
	<u>(656.26)</u>	<u>(123.89)</u>
Cash Generated from Operations	(59.62)	729.06
Taxes paid (net of refunds)	(131.47)	(145.43)
Net Cash Generated from Operating Activities	(191.10)	583.63
B: CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(98.63)	(213.70)
Net Cash used in Investing Activities	<u>(98.63)</u>	<u>(213.70)</u>
C: CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Borrowings (Cash Credit from SBI)	120.49	-
Repayment of Borrowings	-	-
Interest Paid	(138.37)	(821.86)
Net Cash used in Financing Activities	<u>(17.88)</u>	<u>(821.86)</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	(307.61)	(451.93)
Opening Balance of Cash and Cash Equivalents	566.26	1,018.19
Closing Balance of Cash and Cash Equivalents	<u>258.66</u>	<u>566.26</u>
Notes		
1. The above statement has been prepared under Indirect Method as per the Accounting Standard on Cash Flow Statement (AS - 3).		
2. Cash and Cash Equivalents comprises of	As at	As at
	31-Mar-2015	31-Mar-2014
Cash on Hand	1.72	2.58
Cheques on Hand	256.15	364.15
With Scheduled Banks		
- in current accounts	0.79	0.41
- in Cash Credit accounts (Debit Balance)	-	199.12
	<u>258.66</u>	<u>566.26</u>

In terms of our report attached

For **Bipin & Company**

Chartered Accountants

Firm Regn.no : 101509W

CA. Pradeep K Agrawal

Partner

Membership No.: 116612

Place : Vadodara

Date : 21st May, 2015

For and on behalf of the Board of Directors

K.Chandrasekar

Rajesh Manjhu, IAS

Shri Om Tyagi

Ashok Panara

Rahul Neogi

Director

Director

Manager

Chief Financial Officer

Company Secretary

Place : Vadodara

Date : 21st May, 2015

NOTES FORMING PART OF FINANCIAL STATEMENTS

1 Corporate Information

Gujarat Tractor Corporation Limited (GTCL) a Public Limited Company domiciled in India and incorporated on 31st March, 1978 under the provisions of the Companies Act, 1956 (CIN : U34100GJ1978PLC003127) and a Government of Gujarat Undertaking. As a part of Disinvestment by Government of Gujarat, the Mahindra & Mahindra Ltd. acquired 60% stake in Equity Shares of the Company in 1999-2000. The name of the Company changed to Mahindra Gujarat Tractor Limited (MGTL/the Company) in the year 2000. Currently Mahindra Group hold 60% and Government of Gujarat hold 40% Equity in the Company. The Company is engaged in the Manufacture and Sale of Tractors under the brand name "Shaktimaan", "Hindustan", "Farm Plus" and spares of the same. The Company carries out its business activities in India and Nepal. The Factory and Registered Office of the Company is located at Vishwamitri, Vadodara, Gujarat and Sales & Distribution Offices and Yards in major States of India

Company's Operations turned down to unprofitable due to variety of factors such as old technology, downturn in the tractor industry, inadequate marketing structure, liquidity etc. resulted in networth eroded as at 31st March, 2002 and Company had filed reference to the Board for Industrial and Financial Reconstruction (BIFR). BIFR order dated 19th July, 2004 declared the Company as a sick industrial undertaking under section 3(1)(o) of the Sick Industrial Companies (Special Provisions) Act, 1985(the Act). Consequent to the hearing held on 27th March 2008, the Company has submitted revised Rehabilitation Scheme under section 17(2) of the act to the BIFR authorities. BIFR has since appointed State Bank of India (SBI) as an Operating Agency (OA) and instructed them to submit DRS (Draft Rehabilitation Scheme) under Section 17(3). Accordingly SBI had submitted DRS to BIFR. Hearing held on 23rd April 2009 and BIFR, vide its order dated 11th May, 2009 among other things directed SBI to consider the Contingent liabilities and other issues in DRS. BIFR has also rejected Company's submission of modifying the condition of any shortfall in projected cash flow will be made by Mahindra & Mahindra Limited. The Company has filed an appeal with the Appellate Authority for Industrial and Financial Reconstruction (AAIFR) against the said order of BIFR.

BIFR in its hearings on 27th October and 22nd December 2010 directed the Company to submit the Revised DRS taking cut off date as 31st December 2010 to SBI (OA) and BIFR, consequently AAIFR has discharged the appeal. In line with BIFR directive the Company had submitted Revised DRS cum Merger Scheme to SBI (for review and vetting) and BIFR on 18th February 2011. SBI(OA) had vetted and submitted the revised DRS to the BIFR on 18th October 2011. Government of Gujarat had stated at the BIFR hearing held on 31st Oct, 2012 that Merger is not agreeable to them. In the hearing held on 6th February,2013 at BIFR, Government of Gujarat submitted that they are agreeable to infuse Equity Share Capital. Mahindra & Mahindra Ltd and Government of Gujarat had agreed to infuse equity capital in the Company in the proportion of their existing holding.

In the hearing held on 17th June, 2013, Government of Gujarat proposed to convert their loan into equity in terms of section 81(1)(4) of the Companies Act,1956. Mahindra & Mahindra Limited filed Misc. Application no.562/2013 on 28th October, 2013, praying to direct the SBI (OA) to consider the DRS submitted by Mahindra & Mahindra Limited to formulate and submit its fully tied up DRS for MGTL for consideration of BIFR. Hearing of MA no.562/2013 was held on 7th November, 2013. Government of Gujarat filed Misc. Application no.111/2014 praying to permit/allow to approach Central Government in terms of section 81(1)(4) of the Companies Act, 1956 to convert their loan into equity. Hearing of the same was held on 26th February, 2014 wherein BIFR directed Government of Gujarat to serve MA to all concerned. Next date of the hearing of main case and both MA had been fixed for 19th May, 2014. At the hearing held on 19th May, 2014 the Company had submitted that it will make networth positive by 30th September 2014 by its internal accruals. The BIFR had directed the Company to file audited accounts as of 30th September 2014 to BIFR and next date of hearing fixed up for 10th November, 2014. Company has submitted audited accounts and network certificate as of 30th Sept'14 BIFR heard on 10th November 2014 and taken on record the submissions of the Company.Order of BIFR is awaited.

The accumulated losses as at the year end are lower than the paid up Share Capital and Reserves of the Company by Rs.352.98 lacs (as of 31st March 2014, accumulated losses were in exceeds of paid up share capital

and reserves for Rs.66.15 lacs). The Company has made a profit after tax of Rs.450.26 lacs in the current financial year as against profit after tax of Rs.469.89 lacs in the financial year 2013-14 (Current year's Profit Includes Rs.173.26 lacs exceptional item of surplus of depreciation due to change in method of depreciation from WDV to SLM). The management expects further improvement in the profitability and consequently in the net worth of the Company considering steps taken for operational efficiency, cost reduction and strengthening of the marketing set up and exploration of newer markets. Accordingly, the financial statements of the Company have been prepared on a going concern basis.

2 Significant Accounting Policies

2.1 Basis of Preparation of Financial Statement

The Financial statements are prepared in accordance with the generally accepted accounting principles in India and comply with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and relevant provisions of the Companies Act, 2013. The financial statements have been prepared under assumption of going concern on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year, except those specifically mentioned at respective places.

2.2 Use of Estimates

The Preparation of Financial Statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Differences between the actual results and estimates are recognized in the period in which the same are known/materialized.

2.3 Fixed Assets

(a) Tangible Assets

All fixed assets are stated at cost of acquisition less accumulated depreciation, except for land, which is freehold and is therefore stated at cost. Cost is net of specific grant received, if any. Assessment of indication of impairment of an asset is made at the year end and impairment loss, if any, is recognised.

Certain fixed assets were transferred to various Industrial Co-operative Societies on hire purchase basis, had been reduced from the Gross Block of Fixed Assets of the Company in the year of actual transactions in past, but they still remain the property of this Company till the last installment is paid.

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

(b) Intangible Assets

All intangibles assets are initially measured at cost and amortized so as to reflect the pattern in which asset's economic benefits are consumed.

a) Development Expenditure

The expenditure incurred on technical services and other project/product related expenses are amortised over the estimated period of benefits, not exceeding five years.

b) Software Expenditure

The expenditure incurred is amortised over three financial years equally commencing from the year in which the expenditure is incurred.

2.4 Impairment of Assets

The carrying value of assets/cash generating units at each balance sheet date are reviewed for impairment. If any indication of

impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flow expected to arise from the continuing use of an asset and from its disposal at the end of its useful life to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the statement of Profit and Loss, except in case of revalued assets.

2.5 Depreciation/Amortisation

The Company has revised its policy of providing depreciation on fixed assets effective 1st April 2014. Depreciation is now provided on straight line basis for all assets as against the previous policy of providing on written down value basis. As a result of change in method of depreciation from WDV to SLM and recomputation of depreciation retrospectively, Surplus arised for the period prior to 1st April, 2014 has been shown as an "Exceptional Item" in the Statement of Profit & Loss.

During the period ended on 31 Mar'15, the Company has realigned its depreciation policy in accordance with Schedule-II to Companies Act, 2013. Consequently w.e.f. 1st April 2014 : (a) carrying value of assets is now depreciated over its revised remaining useful life. (b) where the remaining useful life of the assets is 'Nil' as on 1st April 2014, carrying value of assets after retaining the residual value has been recognised in the opening reserves in accordance with transitional provision of note 7(b) of Schedule-II of the Companies Act, 2013.

The Company has adopted the useful life as it is as provided in the Schedule-II of the Companies Act, 2013 without technical evaluation of useful life of the Assets.

Depreciation/Amortisation on fixed assets other than on freehold land and capital work-in-progress is charged so as to write off the cost of assets over its useful life, keeping 5% residual value on the following basis:

Type of Assets	Method	Useful Life (Years)
Tangible Assets		
Buildings – Non Factory	Straight line	60
Buildings – Factory	Straight line	30
Plant & Machineries Jigs & Fixtures Pattern & Moulds	Straight line	15
Furniture & Fixtures Electrical Installations	Straight line	10
Motor Vehicles – Cars & Tractors	Straight line	8
Computers – Servers & Network	Straight line	6
Office Equipments	Straight line	5
Computers – End use devices (Desktop, Laptop, Printers etc.)	Straight line	3
Assets values < Rs.5000	Straight line	1
Intangible Assets		
Development Expenditure	Straight line	5
Softwares	Straight line	3

2.6 Investments

Long Term Investments are valued at cost. However, provision for diminution in the value of long term investments is made only if such a decline is other than temporary. Current investments are valued at the lower of cost and fair value, determine by category of investment.

2.7 Inventories

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

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

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

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

2.8 Employees Benefits

Company's Contributions paid/payable during the year to PF, ESIC and Labour Welfare Fund are recognised in the Statement of Profit and Loss.

Company's Liability towards Gratuity and long term compensated absences schemes are determined by independent actuaries, using the projected unit credit method. Actuarial gains and losses are recognised immediately in the statement of Profit and Loss Account as income or expense. Obligation is measured at the present value of estimated future cash flows using a discounted rate that is determined by reference to the market yields at the Balance Sheet date on Government Bonds where the currency and terms of the Government Bonds are consistent with the currency and estimated terms of the defined benefits obligation.

2.9 Revenue Recognition

Sales of products and services are recognised when the products are dispatched/shipped or services rendered. Export benefits are recognised in the year in which the exports are made and there exists no significant uncertainties as to the measurement or ultimate recovery of the amount.

Interest income in respect of delayed payment from customers is recognised when ultimate realisation is confirmed by concerned customer.

Amount in respect of unclaimed security deposit, earnest money deposits, and misc. deposits of distributors and dealers that are pending for more than three years are considered as income after review by the management.

Income from sale of scrap are accounted for on the basis of actual realisation.

Other Income except mentioned above are recognised on accrual basis except when ultimate realisation of such income is uncertain.

2.10 Excise Duties

Excise duties (including industrial cess) recovered are included in the Sale of Products (Gross). Excise Duty (including industrial cess) in respect of Finished Goods are shown separately as an item of Manufacturing and other expenses and included in the valuation of finished goods.

2.11 Borrowing Costs:

All Borrowing Costs are charged to the Statement of Profit and Loss except :

- (i) Borrowing costs that are attributable to the acquisition or construction of assets that necessarily take a substantial period of time to get ready for their intended use, which are capitalised as part of the cost of such assets.
- (ii) Expenses incurred on raising long term borrowings are amortised over the period of borrowings. on early buyback, conversion or repayment of borrowings, any unamortised expenditure is fully written off in that year.

2.12 Product Warranty

In respect of the warranties given by the Company on sale of certain products, the estimated costs of these warranties are accrued at the time of sale. The estimates for accounting of warranties are reviewed and revisions are made as required.

2.13 Leases

The Company's significant leasing arrangements are in respect of operating leases for premises (residential, office, stores, godowns, etc.). The leasing arrangements, which are not non-cancellable, range between eleven months and five years generally and are usually renewable by mutual consent or agreed terms. The aggregate lease rentals payable are charged as rent.

2.14 Taxes on Income

Current tax is determined as the amount of tax payable in respect of taxable income for the year. Deferred tax is recognised, subject to the consideration of prudence, on timing difference being the differences between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

Deferred tax assets arising on account of unabsorbed depreciation and carry forward of losses are recognized only to the extent that there is a virtual certainty supported by convincing evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised.

2.15 Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Provisions are determined based on management estimate based on technical valuation and past experience to settle the obligation at the Balance Sheet date and are not discounted to its present value. Contingent liabilities are not recognised but are disclosed in notes. Contingent assets neither recognised nor disclosed in the financial statements. This are reviewed at each balance sheet date and adjusted to reflect the current estimates by the management.

2.16 Prior Period Adjustment

All identifiable/decided items of income and expenditure pertaining to prior period which were not provided/accounted in earlier years are accounted through prior period adjustment

2.17 General

Accounting policies not specifically referred to are consistent with Generally Accepted Accounting Practice of India.

Note 3 Share Capital

Particulars	As at 31-Mar-15		As at 31-Mar-14	
	Nos	Rupees in Lacs	Nos	Rupees in Lacs
A Authorised				
1. Equity Shares of Rs. 10 each	50,000,000	5,000.00	50,000,000	5,000.00
2. 8.5% Cumulative Redeemable Preference Shares of Rs. 10 each	10,000,000	1,000.00	10,000,000	1,000.00
Total.....	<u>60,000,000</u>	<u>6,000.00</u>	<u>60,000,000</u>	<u>6,000.00</u>
B. Issued, Subscribed and Fully Paid up				
1. Equity Shares of Rs. 10 each	15,301,979	1,530.20	15,301,979	1,530.20
2. 8.5% Cumulative Redeemable Preference Shares of Rs. 10 each	5,000,000	500.00	5,000,000	500.00
Total.....	<u>20,301,979</u>	<u>2,030.20</u>	<u>20,301,979</u>	<u>2,030.20</u>

Notes:

- Shares held by Holding/ultimate Holding Company and details of shareholders holding more than 5% shares in the Company:

Particulars	As at 31-Mar-15		As at 31-Mar-14	
	Rupees in Lacs	% of share holding	Rupees in Lacs	% of share holding
Equity Shares				
Mahindra Holdings Limited (Holding Company) 74,97,970 Equity Shares of Rs. 10 each fully paid	749.80	49%	749.80	49%
Mahindra & Mahindra Ltd. (Ultimate Holding Company) 16,83,218 Equity Shares of Rs. 10 each fully paid	168.32	11%	168.32	11%

Particulars	As at 31-Mar-15		As at 31-Mar-14	
	Rupees in Lacs	% of share holding	Rupees in Lacs	% of share holding
Equity Shares				
Government of Gujarat 61,20,791 Equity Shares of Rs. 10 each fully paid	612.08	40%	612.08	40%
Total Equity Share Capital	<u>1,530.20</u>	<u>100%</u>	<u>1,530.20</u>	<u>100%</u>

Preference Shares

Government of Gujarat 8.5% Cumulative Redeemable Preference Shares of Rs. 10 each fully paid up	500.00	100%	500.00	100%
---	--------	------	--------	------

2 Details of the Rights, preferences and restrictions attaching to each class of the shares.

2.1 I. Issued and Subscribed Capital includes- Equity Share Capital

- 1,500,000 Equity Shares of Rs.10 each issued to Government of Gujarat as fully paid up, without receiving payment in cash, being the consideration for transfer of the undertaking of Hindustan Tractors Limited to the Company.
- 11,979 Equity Shares of Rs.10 each issued to Government of Gujarat as fully paid up, being the reimbursement of preliminary expenses incurred by them on the formation of the Company.
- 13,790,000 Equity Shares of Rs.10 each issued to Government of Gujarat consequent upon conversion of loan of Rs.137,900,000 into Equity Share Capital.
- Out of 15,301,979 Equity Shares, as stated above held by the Government of Gujarat, 9,181,188 Equity Shares were divested by sale to Mahindra Group. The holding by Mahindra Group is as follows 1,683,218 Equity Shares are held by Mahindra & Mahindra Limited, the holding Company, including 7 Equity Shares jointly with its nominees & 7,497,970 Equity shares are held by Mahindra Holdings Limited.

II. Preference Shares Capital

- 5,000,000 8.5% Cumulative Redeemable Preference Shares of Rs.10 each issued solely to Government of Gujarat (GOG) as fully paid up on 23rd May, 2000 consequent upon conversion of loan of Rs.50,000,000.
- These Share were redeemable at par at the end of four years from the date of allotment i.e. 22nd May, 2004. and the terms of the Issue of the Shares can be varied with the express consent of the Company and the holders of the Shares at any time during the period the Shares are outstanding.
- The Preference Shares issued have right to receive dividend from year to year as decided by terms of Issue i.e. 8.5% per annum from the date of allotment.
- The Preference share holders will not be entitled to any of the rights and privileges available to the members of the company including right to receive notice of or to attend and vote at General Meeting or to receive Annual Reports of the Company. If, however any resolution affecting the rights attached to the Share is placed before the member of the Company, such resolution will first be placed before the Preference shareholders for their consideration.
- Due to Negative Net worth in 2002, The Company has filed reference with the BIFR. BIFR has declared it as Sick Company in 2004. The Company has accumulated losses and has no source for Redemption of Preference Shares.

- Considering book losses the Board of Directors had not declared dividend on preference share since allotment. Thus no provision had been made for 8.5% dividend, amounting to Rs.588.96 lacs on preference shares for the period from 23rd May, 2000 (being the date of allotment) to the preceding year ended 31st March, 2014 and Rs.42.50 lacs for the current year, and additional tax thereon.

Note 4 Reserves and Surplus

Particulars	Rupees in Lacs	
	As at 31-Mar-15	As at 31-Mar-14
1 Capital Reserve	217.13	217.13
2 Surplus/(Deficit) in Statement of Profit and Loss		
Opening balance	(2,313.48)	(2,783.37)
Less: Depreciation (Refer Note - 25.5)	(31.13)	-
Add: Profit for the Year	450.26	469.89
Closing Balance	<u>(1,894.35)</u>	<u>(2,313.48)</u>
Total	<u>(1,677.22)</u>	<u>(2,096.35)</u>

Note: No movement in Capital Reserves balance and same is carried forwarded since 31st March, 1994

Note 5 Long term provisions

Particulars	Rupees in Lacs	
	As at 31-Mar-15	As at 31-Mar-14
1. Provision for Employee benefits		
Provision for compensated absences	64.50	72.83
Provision for Gratuity	245.25	263.73
Total	<u>309.75</u>	<u>336.56</u>

Notes :

- Refer Note 25.3 "Additional Information" for disclosure in compliance of requirements of Accounting Standard 15 "Employee Benefits"..

Note 6 Short-term Borrowings

Particulars	Rupees in Lacs	
	As at 31-Mar-15	As at 31-Mar-14
1. Loans repayable on demand		
From Banks		
Secured	120.49	-
	<u>120.49</u>	<u>-</u>
2. Loans and advances from related parties		
Unsecured		
Inter Corporate Deposit from Mahindra & Mahindra Ltd	585.00	585.00
Total	<u>705.49</u>	<u>585.00</u>

Notes:

1 Secured Loans repayable on demand from Bank

Cash Credit facilities from Banks are secured by hypothecation of entire current assets, present and future, and first charge over movable machinery and mortgage of Ten acres of land.

2 Inter Corporate Deposit (ICD) from M&M Ltd

- ICD was placed with the Company during the period February 2001 to June 2004.
- Terms of repayment as originally defined were 90 days + call basis. No repayment till date.
- Rate of interest is 12.5% p.a. (revised from 13.6% to 12.5% w.e.f. 1-Jan-2010).
- Closing balance of Interest accrued on the same as on 31-03-2015 is Rs. 357.39 lacs (as on 31-03-2014 Rs. 357.39 lacs).

e Out of total accumulated interest of Rs. 717.59 till 31st March 2014, the Company had paid Rs. 360 lacs on 31st March'14.

f Regular Interest for the year ended on 31st Mar'15 Rs. 73.13 lacs paid during the year.

Note 7 Trade Payables

Particulars	Rupees in Lacs	
	As at 31-Mar-15	As at 31-Mar-14
1. Trade Payables		
Acceptances	-	14.27
Trade Payables-Micro & Small Enterprises	5.59	26.49
Trade Payables-Others	2,532.78	1,986.68
Total	<u>2,538.37</u>	<u>2,027.44</u>

Notes :

- There are some Micro, Small and Medium Enterprises, to whom the Company owes dues, which are outstanding for more than the stipulated period. The information regarding micro, small and medium enterprises have been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors. The disclosures required to be made as per Micro, Small, and Medium Enterprise Development Act 2006 are as follows:

	Rupees in Lacs	
	As at 31-Mar-15	As at 31-Mar-14
I. Dues remaining unpaid		
Principal	5.59	25.52
Interest	1.60	0.97
II. Interest paid in terms of Section 16 of the Act (actual)	1.52	3.61
III. Amount of interest due and payable for the period of delay on payments made beyond the appointed day during the year	1.05	0.97
IV. Amount of interest accrued and remaining unpaid	1.05	0.97
V. Amount of interest due and payable on previous year's outstanding amount	-	-
VI. The names of the small scale industrial undertaking(s) to whom the Company owes any sum exceeding Rs. 1,00,000/- together with interest which is outstanding for more than 45 days is Bhurjee Machine Tools.		

Note 8 Other Current Liabilities

Particulars	Rupees in Lacs	
	As at 31-Mar-15	As at 31-Mar-14
1. Current maturity of Loan from Government of Gujarat	316.83	316.83
2. Interest accrued and due on Loan from Government of Gujarat	449.32	449.32
3. Interest accrued and due on Inter Corporate Deposit from Mahindra & Mahindra Ltd.	357.39	357.39
4. Other payables		
Trade/Security Deposits received	640.03	704.03

Particulars	Rupees in Lacs	
	As at 31-Mar-15	As at 31-Mar-14
Statutory Remittances (PF, ESIC,VAT, Excise, Service Tax Payables)	29.90	38.98
Payables on purchase of fixed assets	6.71	9.89
Advances from Customers	343.54	256.82
Service coupon Liability	63.89	71.81
Dealers Incentives	43.09	79.30
Interest payable	1.06	34.11
Expenses accruals	102.39	79.52
Others	10.20	17.76
Total	2,364.35	2,415.76

Notes :

- The loan has been taken from Government of Gujarat in the year 2000.

Repayment (as defined in the agreement) was due in 2002. However, no repayment of Principal amount made till date. Rs. 449 lacs paid during the year towards accumulated Interest.

Rate of interest on above loan is 12% p.a. With effect from 2006, additional penal interest of 2.5% is also charged bringing total interest to 14.5%.

- (a) Period of default 13 years

(b) Amount (Rupees in lacs) 316.83

Closing Balance of Interest accrued on the same as on 31-Mar-2015 is Rs. 449.32 lacs (as on 31-03-2014 Rs. 449.32 lacs)..

Regular Interest for the year ended on 31st March'15 Rs. 45.94 lacs paid

Note 9 Short-term provisions

Particulars	Rupees in Lacs	
	As at 31-Mar-15	As at 31-Mar-14
1. Employee benefits		
Provision for compensated absences	20.86	23.11
Provision for Gratuity	27.25	29.30
2. Others		
Provision for Warranties	27.04	29.38
Provision for Taxation	5.04	-
Total	80.19	81.79

Notes

- Refer Note 25.3 "Additional Information" for disclosure in compliance of requirements of Accounting Standard 15 "Employee Benefits".
- Refer Note 25.1 "Additional Information" for disclosure in compliance of requirements of Accounting Standard 29 "Provisions, Contingent Liabilities And Contingent Assets".

Note 10 Fixed Assets

Description of Assets	Rupees in Lacs									
	Cost as at 01-Apr-14	Additions during the year at cost	Other Adjustments during the year	Cost as at 31-Mar-15	Depreciation/ Amortisation as at 01-Apr-14	Depreciation/ Amortisation for 2014-15	Deductions and Adjustments of Depreciation/ Amortisation due to change in method and Sch-II	Other Adjustment of Depreciation	Accumulated Depreciation/ Amortisation upto 31-Mar-15	Net Balance as at 31-Mar-15
A : Tangible Assets										
Land (Freeholds)	1.03	-	-	1.03	-	-	-	-	-	1.03
	1.03	-	-	1.03	-	-	-	-	-	1.03
Buildings	135.57	7.39	-	142.96	83.30	2.18	11.22	0.01	74.27	68.69
	113.66	21.91	-	135.57	81.09	2.21	-	-	83.30	52.27
Plant and Equipment	1,369.59	49.52	24.22	1,394.89	940.92	57.98	122.58	(16.96)	859.36	535.53
	1,191.49	178.10	-	1,369.59	879.88	61.05	-	-	940.93	428.66
Office Equipments	44.23	6.85	0.08	51.00	23.02	7.23	0.98	(0.01)	29.26	21.74
	33.50	10.73	-	44.23	20.35	2.66	-	-	23.01	21.22
Furniture and Fittings	41.34	0.37	(0.08)	41.79	25.79	2.90	5.68	0.01	23.02	18.77
	38.38	2.96	-	41.34	22.46	3.33	-	-	25.79	15.55
Vehicles	58.19	32.37	(24.22)	114.78	54.10	8.01	0.97	16.95	78.09	36.69
	58.19	-	-	58.19	53.16	0.94	-	-	54.10	4.09
Sub Total A	1,649.95	96.50	0.00	1,746.45	1,127.13	78.30	141.43	0.00	1,064.00	682.45
	1,436.25	213.70	-	1,649.95	1,056.94	70.19	-	-	1,127.13	522.82
B : Intangible Assets										
Software Expenditure	45.33	2.13	-	47.46	40.24	5.81	-	-	46.05	1.41
	45.33	-	-	45.33	28.29	11.95	-	-	40.24	5.09
Development Expenditure	55.51	-	-	55.51	39.29	12.82	0.71	-	51.40	4.11
	55.51	-	-	55.51	29.48	9.81	-	-	39.29	16.22
Sub Total B	100.84	2.13	-	102.97	79.53	18.63	0.71	-	97.45	5.52
	100.84	-	-	100.84	57.77	21.76	-	-	79.53	21.31
TOTAL (A+B)	1,750.79	98.63	0.00	1,849.42	1,206.66	96.93	142.14	0.00	1,161.45	687.97
Balance as of 31 st March 2014	1,537.09	213.70	-	1,750.79	1,114.71	91.95	-	-	1,206.66	544.13

Current year figures are in bold.

Previous year figures are as per WDV method and rates as per Schedule -XIV of the Companies Act 1956.

Deduction and Adjustment of Depreciation Rs. 142.14 lacs includes Rs. 173.26 lacs Surplus of Depreciation due to Change in Method of Depreciation credited in P&L and Rs. 31.13 lacs Carrying values of assets completed life as per Schedule -II of the Companies Act, 2013 taken into the opening reserves

Note 11 Non Current Investments

Particulars	Rupees in Lacs	
	As at 31-Mar-15	As at 31-Mar-14
Investments (At Cost) :		
Investment in the Shares of Industrial Co-Operative Societies	4.61	4.61
	<u>4.61</u>	<u>4.61</u>
Less : Provision for diminution*	4.61	4.61
Total	<u><u>-</u></u>	<u><u>-</u></u>

* full Provision for diminution in Investment was done on 31st March 2008.

NOTE:

Details of Investments in the Shares of Industrial Co-Operative Societies within MGTL Premises.

Sr. No.	% of Holding of Company	No. of shares held by Company	Name of Industrial Co-Operative Societies	Rupees in Lacs	
				As at 31-Mar-15	As at 31-Mar-14
1	41.61%	228	Pragati Ind. Co-Op.Soc. Ltd.	1.14	1.14
2	40.00%	140	Sarvoday Ind. Co-Op.Soc. Ltd.	0.70	0.70
3	37.93%	154	Parishram Ind. Co-Op.Soc. Ltd.	0.77	0.77
4	36.84%	140	Adarsh Ind. Co-Op.Soc. Ltd.	0.70	0.70
5	6.87%	31	Urja Ind. Co-Op.Soc. Ltd.	0.16	0.16
6	0.50%	1	Ajay Ind. Co-Op.Soc. Ltd.	0.01	0.01
7	0.33%	1	Mahashakti Ind. Co-Op.Soc. Ltd.	0.01	0.01
8	40.04%	227	Akshay Ind. Co-Op.Soc. Ltd.	1.14	1.14
		Total		4.61	4.61

Note 12 Long-term Loans & Advances

	Rupees in Lacs	
	As at 31-Mar-15	As at 31-Mar-14
1. Capital advances		
Unsecured, considered good	23.83	3.88
2. Security deposits with Government Authorities		
Unsecured, Considered Good	20.44	20.47
Total	<u><u>44.27</u></u>	<u><u>24.35</u></u>

Note 13 Inventories

Particulars	Rupees in Lacs	
	As at 31-Mar-15	As at 31-Mar-14
1. Raw materials	713.42	569.97
Goods In Transit	-	1.09
	<u>713.42</u>	<u>571.06</u>
2. Work-in-progress	109.58	122.98
3. Finished goods	697.85	947.67
4. Stock-in-trade	151.12	288.63
5. Stores and spares	5.32	5.23
6. Loose tools	23.87	24.34
Total	<u><u>1,701.16</u></u>	<u><u>1,959.91</u></u>

Note 14 Trade Receivable

Particulars	Rupees in Lacs	
	As at 31-Mar-15	As at 31-Mar-14
1. Trade Receivables outstanding for less than six months from the date they are due for payment		
a. Secured, Considered good	475.51	650.31
b. Unsecured, Considered good	2,785.07	1,406.84
c. Doubtful	-	-
d. Less: Allowance for trade receivables	-	-

Particulars	Rupees in Lacs	
	As at 31-Mar-15	As at 31-Mar-14
	3,260.58	2,057.15
2. Trade Receivables outstanding for more than six months from the date they are due for payment		
a. Secured, Considered good	193.62	30.28
b. Unsecured, Considered good	28.61	-
c. Doubtful	80.20	56.80
d. Less: Allowance for trade receivables	80.20	56.80
	<u>222.23</u>	<u>30.28</u>
Total	<u><u>3,482.81</u></u>	<u><u>2,087.43</u></u>

Note

- The Company holds guarantees from banks in respect of secured receivables considered good.

Note 15 Cash & Bank Balances

Particulars	Rupees in Lacs	
	As at 31-Mar-15	As at 31-Mar-14
A. Cash & Cash Equivalents		
1. Cash on hand	1.72	2.58
2. Cheques, Drafts on hand	256.15	364.15
3. Balances with banks		
Current account	0.41	0.41
Cash credit account	-	199.12
Deposit account less than 12 months maturity		
Total Cash & Cash Equivalents	<u><u>258.28</u></u>	<u><u>566.26</u></u>
B. Other Bank Balances		
Deposit account having lien more than 12 months maturity	-	
less than 12 months maturity	0.68	0.30
Margin money deposits	10.00	10.00
Total Other Bank Balances	<u>10.68</u>	<u>10.30</u>
Total	<u><u>268.96</u></u>	<u><u>576.56</u></u>

Note 16 Short-term Loans and Advances

Particulars	Rupees in Lacs	
	As at 31-Mar-15	As at 31-Mar-14
1. Security Deposits		
Unsecured considered good	34.83	41.22
2. Prepaid Expenses	11.86	7.88
3. Balances with Government Authorities		
Unsecured considered good		
Balance with Excise	40.52	28.06
Income Tax	-	15.49
Sales Tax	45.73	37.91
	<u>86.24</u>	<u>81.46</u>
4. Loans and advances to Employees		
Unsecured, considered good	6.55	4.76

Particulars	Rupees in Lacs	
	As at 31-Mar-15	As at 31-Mar-14
	6.55	4.76
5. Other loans and advances		
a. Unsecured, considered good	24.39	52.15
b. Doubtful	-	-
c. Less: Allowance for doubtful loans and advances	-	-
	<u>24.39</u>	<u>52.15</u>
Total	<u>163.88</u>	<u>187.47</u>

Note 17 Other Current Assets

Particulars	Rupees in Lacs	
	As at 31-Mar-15	As at 31-Mar-14
Interest accrued on deposits	2.08	0.55
Total	<u>2.08</u>	<u>0.55</u>

Note 18 Revenue from Operations

Particulars	Rupees in Lacs	
	Year ended on 31-Mar-15	Year ended on 31-Mar-14
Revenue from -		
1. Sale of goods		
Manufactured goods	6,986.37	8,132.44
Traded goods *	4,172.75	4,727.65
2. Other operating revenues		
Hire purchase, lease and rental income	1.98	1.98
Scrap sales	25.97	54.75
Export Benefits	51.86	25.91
Other Operating income	0.72	2.85
	<u>11,239.65</u>	<u>12,945.58</u>
less: Excise duty	45.44	57.71
Total	<u>11,194.21</u>	<u>12,887.87</u>
Sales (Number of Tractors)	FY2014-15	FY2013-14
Manufactured	1496	1781
Traded	905	1055

* Sales of Traded Goods also Includes the Sales of Parts and Accessories of Tractors.

Revenue from Sales is net off Sales Return and Trade Discounts.

Note 19 Other Income

Particulars	Rupees in Lacs	
	Year ended on 31-Mar-15	Year ended on 31-Mar-14
1. Interest income:		
Interest from Banks on :		
Deposits	0.94	29.28
2. Interest on overdue trade receivables (Refer Note- 25.15)	186.55	116.70
3. Other Interest	-	2.73
4. Excess Provisions for expenses in earlier year written back	91.06	57.75
Total	<u>278.55</u>	<u>206.46</u>

Note 20 Cost of Raw Material Consumed

Particulars	Rupees in Lacs	
	Year ended on 31-Mar-15	Year ended on 31-Mar-14
1. Opening Stock	571.06	846.87
2. Add: Purchases	5,066.23	5,571.98
	<u>5,637.29</u>	<u>6,418.85</u>
3. Less : Closing Stock	713.42	571.06
Total	<u>4,923.87</u>	<u>5,847.79</u>

Note 21 Changes in Inventories of Finished Goods, Work-in-progress and stock-in-trade

Particulars	Rupees in Lacs	
	Year ended on 31-Mar-15	Year ended on 31-Mar-14
1. Opening Stock of		
Work in Progress	122.98	134.95
Finished Products Produced & Purchased for sale	1,236.30	1,446.88
	<u>1,359.28</u>	<u>1,581.83</u>
2. Less: Closing Stock of		
Work in Progress	109.58	122.98
Finished Products Produced & Purchased for sale	848.97	1,236.30
	<u>958.55</u>	<u>1,359.28</u>
Decrease/(Increase) in Stock	<u>400.73</u>	<u>222.55</u>

Note 22 Employee Benefits Expenses

Particulars	Rupees in Lacs	
	Year ended on 31-Mar-15	Year ended on 31-Mar-14
1. Salaries, wages, bonus	935.07	847.16
2. Contribution to Provident & other funds	56.20	51.02
3. Gratuity expense	34.07	55.66
4. Staff welfare	56.18	65.59
Total	<u>1,081.52</u>	<u>1,019.43</u>

Note 23 Finance Costs

Particulars	Rupees in Lacs	
	Year ended on 31-Mar-15	Year ended on 31-Mar-14
1. Interest on loans from Government of Gujarat	45.94	45.94
2. Interest on ICD from M&M	73.13	73.13
3. Bank Interest	19.30	5.54
4. Bank Charges	7.49	8.40
Total	<u>145.86</u>	<u>133.01</u>

Note 24 Other Expenses

Sl. No.	Particulars	Rupees in Lacs		Sl. No.	Particulars	Rupees in Lacs	
		Year ended on 31-Mar-15	Year ended on 31-Mar-14			Year ended on 31-Mar-15	Year ended on 31-Mar-14
				12.	Travelling & Conveyance Expenses	201.06	227.06
1.	Stores consumed	10.93	14.76	13.	Subcontracting, Hire & Service Charges	132.24	95.02
2.	Tools consumed	2.21	1.78	14.	Provision for doubtful trade and other receivables, loans and advances	23.40	81.94
3.	Power and fuel	51.69	57.29	15.	Auditors' remuneration	2.92	2.81
4.	Rent including lease rentals	10.43	4.98	16.	Miscellaneous expenses	121.84	115.77
5.	Rates and taxes	27.76	24.76	17.	Provision for warranty	17.84	21.07
6.	Insurance	2.61	3.93	18.	Incentives and Discount Allowed to Customers	209.96	292.97
7.	Repairs and maintenance			20.	Bad Debt Written off	-	-
	- Buildings	20.90	56.30		Less:-Provision for Doubtful Debt written back	-	-
	- Machinery	29.88	38.65	21.	Bad Advances Written off	-	419.46
	- Others	7.89	11.17		Less:-Provision for Doubtful Advances written back	-	(419.46)
8.	Postage, Telephone and Communication	20.36	27.23		Total	<u>1,400.32</u>	<u>1,653.06</u>
9.	Legal and Professional Charges	49.89	53.30				
10.	Freight outward	335.74	400.62				
11.	Sales promotion expense	120.77	121.65				

Note 25 Additional Information

25.1 Provisions

Disclosures in pursuance of the Accounting Standard 29 "Provisions, Contingent Liabilities And Contingent Assets" notified under Companies (Accounting Standards) Rules, 2006.

	(Rupees in Lacs)				
	Balance at the beginning of the year	Provision made during the period	Provision used during the period	Provision written back during the period	Balance at the end of the period
Provision for Warranties	29.38	17.84	20.18	-	27.04
	(34.23)	(21.07)	(15.15)	(10.77)	(29.38)

(figures in bracket represent annual figures of FY 2013-14)

Provision for warranty has been recognised for expected warranty claims on products sold during the last two financial years. It is expected that the majority of this expenditure will be incurred in the next financial year, and all within two years of the balance sheet date.

25.2 Contingent Liabilities

- I "Bills discounted but not matured Rs. 82.91 lacs (As of 31st March 2014 : Rs.221.61 lacs) - represents customers bills discounted.
- II Bank Guarantee not provided for Rs. 12.50 lacs (As of 31st March 2014 : Rs.9.50 lacs) issued for Sales Tax matters
- III The Company received a demand of Excise Duty for Rs. 73.50 lacs (As of 31st March 2014 : Rs. 73.50 lacs) (excluding interest and penalty) on Transmission Assemblies/Chassis Assemblies used in the manufacture of Tractors of less than 25HP, which were exempted from payment of duty, during the period April 1996 to May 1998. The demand is confirmed by the Commissioner of Central Excise and Customs, Vadodara and the Company has filed an appeal in The Customs, Excise and Service Tax Appellate Tribunal (CESTAT), Mumbai. The CESTAT, Mumbai has remanded the matter for re-determination of exact classification and the rate of duty vide the order dated 28/10/2005. against the order of CESTAT, Mumbai the Company has filed an Appeal with the Supreme Court. Appeal is admitted and tagged with the Civil Appeal no.6561/2004.
Hearing of the case no.457/2006 held at the Supreme Court in April 2015 and received order dated 29th April 2015. The Supreme Court has disposed the case by allowing the Appeal filed by the Company stating that there was no attempt to evade excise duty and Show Cause Notice issued by the Excise Department was beyond the period of limitation of one year would have to be quashed. Hence the Company is relieved from the demand of duty.
- IV As per the records of the Income Tax Department, there is a outstanding demand of Rs. 16.67 lacs against the Company. This demand includes old dues of Rs. 5.17 lacs of A.Y.1961-62 and Rs. 7.15 lacs of A.Y. 1978-79, which Company has disputed stating that demand pertains to Hindustan Tractors Limited and period covers before take over by Gujarat Tractor Corporation Ltd., therefore not liable to pay, which is the decision of the Gujarat High Court in one of the Appeal of the Company.
- V The Company is anticipating to enter into an agreement/MoU for Settlement with various non hire purchase Industrial Co-Operative Societies and Ancillaries within MGTL Premises, therefore may require to pay Compensation to Co-Operative Societies or its members. Amount of such Compensation is not yet quantified.
- VI Considering book losses the Board of Directors had not declared dividend on preference share since allotment. Thus no provision had been made for 8.5% dividend, amounting to Rs. 588.96 lacs on preference shares for the period from 23rd May, 2000 (being the date of allotment) to the preceding year ended 31st March, 2014 and Rs. 42.50 lacs for the current year, and additional tax thereon.

25.3 Employees benefits
(A) Defined Benefit Plans

Company's liabilities towards Gratuity and Leave Encashment are ascertained by an independent actuarial valuation as per the requirements of Accounting Standard -15 (revised 2005) on "Employee Benefits" as issued by the Institute of Chartered Accountants of India.

The following tables set out the details of amount recognized in the financial statements in respect of employee benefit schemes.

Defined benefit plans (Gratuity - unfunded) - As per actuarial valuations as on March,2015

Sr.	Particulars	Rupees in Lacs	
		31-Mar-15	31-Mar-14
I.	Expense recognized in Statement of Profit and Loss		
a.	Current Service Cost	13.36	13.13
b.	Interest cost	23.44	24.52
c.	Expected return on Plan Assets	-	-
d.	Actuarial (Gain)/Loss	(2.73)	18.01
e.	Additional charge/(write-back) on account of change in Policy		
f.	Net expense recognised in Statement of Profit & Loss (under head Gratuity expense in Note - 22 Employee Benefits Expense)	34.07	55.66
II.	Actual Benefit Payments for period ended March 31, 2015		
a.	Actual Benefit Payments	54.61	69.17
III.	Changes in Obligation during the year		
a.	Obligation as at the beginning of the year	293.04	306.55
b.	Current service cost	13.36	13.13
c.	Interest cost	23.44	24.52
d.	Accrued value of short term o/s leave	-	-
e.	Actuarial (Gain)/Loss	(2.73)	18.01
f.	Benefits Paid	-54.61	-69.17
g.	Present Value of Obligation as at the end of the year	272.50	293.04
IV.	Changes in Plan Assets during the period		
a.	Fair Value of Plan Assets as at the beginning of the year	-	-
b.	Expected return on Plan assets	-	-
c.	Actuarial (Gain)/Loss	-	-
d.	Contributions	-	-
e.	Benefits Paid	-	-
f.	Fair Value of Plan Assets as at the end of the year	-	-

Sr.	Particulars	Rupees in Lacs	
		31-Mar-15	31-Mar-14
V	Net Assets/Liabilities recognized in the Balance Sheet		
a.	PV of Obligation as at the end of the year	272.50	293.04
b.	Fair Value of Plan Assets as at the end of the year	-	-
c.	Net Liabilities/(Assets) recognised in the Balance Sheet at year end	272.50	293.04
d.	Non Current - Long Term Provision	245.25	263.73
e.	Current - Short Term Provision	27.25	29.31
VI	Principal Actuarial Assumptions		
a.	Discount rate (per annum) (Refer Note-i)	8.00%	8.00%
b.	Expected return on Plan Assets (per annum)	N.A.	N.A.
c.	Expected increase in salary costs (per annum) (Refer Note-ii)		
d.	Salary escalation	5.00%	5.00%

Notes :

i. Discount rate is determined by reference to market yields at the Balance Sheet date on Government Bonds, where the currency and terms of the Govt. Bonds are consistent with the currency and estimated terms for the benefit obligation.

ii. The estimate of future salary increases take into account inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

(B) Defined Contribution Plans

The Company has recognized, in the statement of profit and loss for the year ended 31st March, 2015, following amounts as expenses under defined contribution plan under note 22 Employee Benefits Expenses

	(Rupees in Lacs)	
	2014-15	2013-14
Contribution to Provident Fund	51.24	50.27

25.4 Components of Deferred Tax Assets/(Liability)

	(Rupees in Lacs)	
	31-Mar-15	31-Mar-14
Deferred tax Asset		
Gratuity	116.13	120.54
Bonus	6.49	7.77
Provision for Doubtful Debts & Advances	27.17	18.17
Deferred tax liability		
Depreciation	(79.06)	(34.56)
Net Deferred Tax Asset	70.73	111.92

Deferred tax asset has not been recognised in absence of virtual certainty as to realisation there of against future taxable income.

25.5 The Company has revised its policy of providing depreciation on fixed assets effective 1st April 2014, to be in line with Industry and Holding Company. Depreciation is now provided on straight line basis for all assets as against the policy of providing on written down value basis. As a result of change in method of depreciation from WDV to SLM and recomputation of depreciation retrospectively, Surplus of Rs.173.26 lacs arises for the period prior to 1st April, 2014 which has been shown as an "Exceptional Item" in the Statement of Profit & Loss.

During the period ended on 31st March, 2015 the Company has realigned its depreciation policy in accordance with Schedule-II to Companies Act, 2013. Consequently w.e.f. 1st April 2014 : (a) carrying value of assets is now depreciated over its revised remaining useful life. (b) where the remaining useful life of the assets is 'Nil' as on 1st April 2014, carrying value of assets after keeping residual value has been adjusted against opening reserves amounting to Rs.31.13 lacs in accordance with transitional provision of Schedule-II.

The Company has adopted the useful life provided in the Schedule-II of the Companies Act, 2013 without technical evaluation of Life of the Assets.

25.6 During the year, Company has signed settlement agreement with The Urja Auto Industrial Co-Operative Society Ltd. and The Mahashakti Industrial Co-Operative Society Ltd. to terminate the MoUs/Agreements signed by the Company. Company has paid total compensation of Rs. 134.29 lacs to both the Societies, which is disclosed as "Exceptional Item" in the Statement of Profit & Loss.

25.7 The Company has, by applying the definitions of 'Business Segment' and 'Geographical Segment', contained in Accounting Standard 17 "Segment Reporting", concluded that there is neither more than one Business Segment nor more than one Geographical Segment, and therefore segment information as per Accounting Standard 17 is not required to be disclosed.

25.8 Related Party Disclosures for the year ended 31st March, 2015

A. Related Party and their relationship

Ultimate Holding Company:	Mahindra & Mahindra Limited (M&M)
Fellow Subsidiaries:	Mahindra Logistics Limited
Key Management Personnel:	Mr. Shri Om Tyagi - Manager Mr. Ashok Panara - Chief Financial Officer Mr. Rahul Neogi - Company Secretary

B. Transactions with the related parties

Particulars	Ultimate Holding Company Mahindra & Mahindra Limited		Fellow Subsidiaries		(Rupees in Lacs) Total	
	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14
<u>Income</u>						
Sales of goods	(282.93)	(299.82)	-	-	(282.93)	(299.82)
Job work income						
Expenses reimbursed (Receipt)	(0.30)	(11.00)	-	-	(0.30)	(11.00)
<u>Expenses</u>						
Purchase of Tractors	2,855.41	3,514.35		-	2,855.41	3,514.35
Purchase of Other components	1,674.73	1,874.74	220.66	144.36	1,895.39	2,019.10
Services received	134.03	55.50	15.15	-	149.18	55.50
Expenses reimbursed	65.94	48.76		-	65.94	48.76
Interest	73.13	73.13		-	73.13	73.13
<u>Year End Balances</u>						
Amount Payable	2,089.77	1,397.13	5.60	3.65	2,095.37	1,400.78
Amount Payable (in respect of loan and interest)	942.39	942.39	-	-	942.39	942.39

The Significant Related party transactions are as under :

Sr. no	Nature of Transactions	Name of Related Party	2014-15	2013-14
1	Purchase of Tractors	Mahindra & Mahindra Ltd	2,855.41	3,514.35
2	Purchase of Other components	Mahindra & Mahindra Ltd	1,674.73	1,874.74
3	Services received	Mahindra & Mahindra Ltd	134.03	55.50
4	Expenses reimbursed	Mahindra & Mahindra Ltd	65.94	48.76
5	Interest	Mahindra & Mahindra Ltd	73.13	73.13

25.9 Prior period item is towards sales return of FY2013-14 booked in current period by oversight

25.10 Earnings/(Loss) Per Share (EPS) Calculation (basic and diluted):

	Rupees in Lacs	
	31-Mar-15	31-Mar-14
i. Profit after taxation	450.26	469.89
ii. Dividend on Pref. shares (Note 3)	(42.50)	(42.50)
iii. Tax on Dividend (Note 3)	(7.22)	(7.22)
Total	400.53	420.17
iv. Weighted average number of equity shares used as the denominator	153.02	153.02
v. Nominal values of equity shares	10.00	10.00
vi. Earnings Per Equity Share	2.62	2.75

25.11 Value of Raw Materials Consumed:

	(Rupees in Lacs)			
	2014-15		2013-14	
	Quantity	Amount	Quantity	Amount
Crankshaft (Nos)	1,419	54.55	1,748	75.44
Tyres and Tubes (Nos.)	11,516	488.32	13,801	610.21
Wheel Rims (Nos.)	5,684	131.82	6,849	153.99
FIP (Nos)	1,370	117.25	1,700	148.08
Transmission Assly (Nos)	1,415	1,690.22	1,705	1,973.06
Battery (Nos)	1,446	59.77	1,786	74.68
Others		2,381.94		3,694.36
		4,923.87		6,729.82

Notes :

- The consumption in value has been ascertained on the basis of opening stock plus purchases less closing stock and includes the adjustment of excesses and shortages as ascertained on physical count and write-off of obsolete and unserviceable raw material and components.
- The consumption in value shown against others is a balancing figure based on the total consumption shown in the Statement of Profit and Loss.

25.12 Value of Imported and Indigenous Raw Material Consumed :

	(Rupees in Lacs)			
	2014-15		2013-14	
	%	Amount	%	Amount
Raw Material, Components & Spare Parts Imported	-	-	-	-
Indigenous	100	4,923.87	100	6,729.82
	100	4,923.87	100	6,729.82

(Rupees in Lacs)

25.13 Payment to Auditors for other services

	2014-15	2013-14
For Other Services [including service tax Rs.0.03 (upto 31 st Mar'14 Rs.0.03 lacs)]	-	0.28
Reimbursement of Expenses	-	-
Total	-	0.28

25.14 Advances from Customers in Other Current Liabilities includes unclaimed amount of Rs. 12.10 lacs lying since 2006

25.15 Company Charge Interest @ 15% p.a. on overdue outstanding of recoverable amount from dealers being recognised based on confirmation and certainty of income. During the period ended on 31st March 2015 The Company has recognised revenue of Rs. 186.55 lacs (FY2013-14 : Rs. 116.70 lacs) towards Interest on overdue payments from Customers for the period of FY2011-12 to 30th Sept'14.

25.16 Research and Development Expenditure

Revenue expenditure on Research and Development is charged to the Statement of Profit and Loss in the year in which it is incurred.

25.17 Status of Assessment Completed for following Statutes as of 31st March'15

Statute	Period
Income Tax	AY2012-13
Sales Tax (HO - Gujarat)	FY2010-11
Excise & Service Tax	till 31 st March 2010

25.18 Figures as of 31st March, 2014 have been regrouped/re-classified accordingly to conform it to the classification as of 31st March, 2015

25.19 Figures have been rounded off to nearest Rupees in Lacs upto two decimal unless specifically mentioned at respective place

25.20 Statement of Management

The current assets, loans and advances are good and recoverable and are approximately of the values, if realized in the ordinary course of business unless and to the extent stated otherwise in the Accounts. Provision for all known liabilities are adequate and not in excess of amount reasonably necessary. There are no contingent liabilities except those stated in the notes.

Balance Sheet, Statement of Profit & Loss and Cash Flow statement read together with the schedules to the accounts and notes thereon, are drawn up so as to disclose the information required under The Companies Act, 2013 as well as give a true and fair view of the statement of affairs of the Company as at the end on 31st March 2015 and results of the Company for the period under review.

In terms of our report attached

For **Bipin & Company**

Chartered Accountants

Firm Regn.no : 101509W

CA. Pradeep K Agrawal

Partner

Membership No.: 116612

Place : Vadodara

Date : 21st May, 2015

For and on behalf of the Board of Directors

K.Chandrasekar

Rajesh Manjhu, IAS

Shri Om Tyagi

Ashok Panara

Rahul Neogi

Director

Director

Manager

Chief Financial Officer

Company Secretary

Place : Vadodara

Date : 21st May, 2015

DIRECTORS' REPORT

Your Directors present their Fifteenth Report, together with the audited financial statements of your Company for the year ended 31st March, 2015.

FINANCIAL HIGHLIGHTS AND STATE OF COMPANY'S AFFAIRS

Particulars	(Rupees in Lakhs)	
	For the Year ended 31st March, 2015	For the Year ended 31st March, 2014
Total Income.....	15,849.10	14,882.46
Profit/(Loss) before Interest, Depreciation and Tax.....	783.44	978.28
Interest	43.91	84.78
Profit/(Loss) before Depreciation and Tax	739.54	893.50
Depreciation.....	22.27	35.56
Profit/(Loss) before Tax.....	717.27	857.94
Provision for Tax		
– Current Year.....	265.00	175.00
– Deferred Tax	(46.62)	–
Profit for the year after provision for Tax	498.89	682.94
Balance of Profit/(Loss) brought forward from earlier years	289.18	(393.76)
Profit/(Loss) carried to Balance Sheet.....	788.07	289.18
Net Worth	2,128.89	1,300.63

No material changes and commitments have occurred after the closure of the Financial Year 2014-15 till the date of this Report, which would affect the financial position of your Company.

Operations

During the year 2014 - 2015 grapes export volumes increased to 662 containers and 9,660 MT over that of 642 containers and 9,250 MT of the previous year. This growth has been achieved despite entire grapes cultivation across Maharashtra having been affected by unseasonal rains and hail storm which led to destruction of standing crops during February and March, 2015. Unseasonal rains and hailstorm have adversely affected the Indian Industry and consequently exports have dropped from 5,050 containers last season to 3,300 containers this season. Your Company has started grapes exports from Egypt to Europe and Middle East. In the current year, the Company exported 10 containers from Egypt. This initiative will open up new avenues of growth in the future. Your Company's signature Khet-Se-Kaliyan-Tak ("KSKT") initiatives adopted by the Company over the last few years has been further strengthened by engaging International experts in grapes from Chile and arranging their visits to farms. Other farmer engagement initiatives such as Farmer Felicitation and Awards functions have been conducted with much rigour and this has helped significantly improve satisfaction levels amongst farmers as indicated by improvement in CaPs survey from a score of 26 in Financial Year 2014 to 45 in Financial Year 2015. The Company continued participating and exhibiting in International Fruit exhibitions and conferences like Asia Fruit Logistica and Berlin Fruit Logistica. This has helped attract new customers from Thailand, Cambodia and Russia.

The Company has placed strict controls on the chemicals residue and is continuously being managed over the season. Consequently, there have been no quality issues in the current Financial Year pertaining to the export markets.

In domestic sales, during the year under review, the performance of the Company reflects a significant improvement as compared to the previous year. The revenue more than doubled over the last year (Rs. 22 crores vis-à-vis Rs. 9 crores). This was possible due to scale up achieved in apples and bananas over the last year. Domestic operations in fruits, however, have been stopped from January, 2015 onwards and are now being carried on in the Company's Joint Venture subsidiary formed with Univeg.

Purchase of Pack House situated at Nasik, Maharashtra

The Company's operations in Grapes have increased significantly over the last few years. However, it has now started facing constraints in availability of quality pack houses which meet the stringent European quality standards. Despite numerous interactions and efforts, vendors are not willing to build a Pack House for the Company till a guaranteed future business is committed to them. The Company therefore felt an urgent need to acquire or build a Pack House to meet its business requirements.

A proposal has been received for outright acquisition of a Pack House from Amaya Foods Private Limited having its Registered Office at J-10, Green Park Main, New Delhi-110016 which meets the Company's requirements and will enable the

Company to scale up operations further. Negotiations are at an advanced stage and the Company hopes to conclude the deal soon.

Outlook for the Current Year

As mentioned earlier, due to unseasonal rains and hailstorm the grapes exports for season 2015 has seen a substantial drop in volumes. This will reflect in the sales of the first quarter of Financial Year 2016, which coupled with the Euro depreciation against INR is expected to lead to a subdued performance in Financial Year 2016.

The Company has intensified efforts to grow exports from Egypt and is also exploring other sourcing locations for shoring up the financials in the latter half of the Financial Year 2016. Plans are also afoot to scale up volumes of grapes export from India in early part of season 2016 between December to March. The European market continues to remain strong which will further help the Company.

Dividend

Your Directors have not recommended dividend with a view to conserve resources for the future growth of your Company.

Subsidiary Company

As on 31st March, 2015 your Company has one subsidiary company Mahindra UNIVeG Private Limited ("MUPL") which was incorporated in 2014, to undertake the domestic development of the Fresh Produce supply chain for distribution to Indian markets, imports of Fresh Produce to India and exports (other than grapes which would remain with the Company). Your Company holds 60% of the share capital and voting power of MUPL. During the year, MUPL earned revenues of Rs. 973.32 lakhs and recorded a loss of Rs. 33.02 lakhs.

The newly formed Joint Venture Company i.e. MUPL, will benefit from the global expertise of UNIVeG who will provide technical know how and best practices in quality control, post-harvest handling of fresh produce, ripening process, farm agronomy practices and procedures to meet international quality standards.

Board of Directors

Directors

The Board comprises of six Directors out of which two are Independent Directors as under:

Sr. No.	Name of the Director	DIN	Executive/ Non-Executive	Independent/ Non Independent
1	Mr. Ashok Sharma	02766679	Non-Executive Director	Non Independent
2	Mr. K. Chandrasekar	01084215	Non-Executive Director	Non Independent
3	Mr. Anoop Mathur	00014372	Non-Executive Director	Non Independent
4	Dr. Veena Mishra	03502175	Non-Executive Director	Non Independent
5	Mr. M. G. Bhide	00001826	Non-Executive Director	Independent
6	Mr. Hardeep Singh	00088096	Non-Executive Director	Independent

Mr. M. G. Bhide and Mr. Hardeep Singh who are in the opinion of the Board, are persons with integrity and possess relevant expertise and experience, and who have given declarations to the effect that they meet the criteria of independence as laid down under section 149

MUPL will further help farmers improve their productivity as well as price realisation and will also focus on the modernisation of the domestic fruit supply chain in order to respond to the demand for high quality produce, improve yield, lower wastage levels and build grower productivity thereby improving their returns. It will focus on improving ripening, packaging and storage processes to offer better fresh produce to the discerning Indian and Overseas consumers. Under MUPL, high quality fruits will be imported from across the world and position Indian fruits in the global markets by building efficient export oriented supply chains, for certain select fruits. Fruits from MUPL will also be marketed under the Saboro brand.

A Report on the performance and financial position of each of the subsidiary, associates and joint venture companies included in the Consolidated Financial Statements is provided in Form AOC-1 and forms part of this Annual Report.

Consolidated Financial Statements

The Consolidated Financial Statements of the Company and its subsidiary, prepared in accordance with the Companies Act, 2013 and applicable Accounting Standards form part of this Annual Report.

The Consolidated Financial Statements presented by the Company include the financial results of its subsidiary Company, associates and joint ventures.

Share Capital:

The authorised share capital of your Company is Rupees sixty crores.

During the year under review, your Company has allotted 33,00,000 Equity Shares of Rs. 10 each for cash at par on a Rights basis aggregating Rs. 3,30,00,000 to its holding company, Mahindra & Mahindra Limited.

The paid-up share capital of your Company as on 31st March, 2015 stood at Rs. 13,41,45,140 divided into 1,34,14,514 equity shares of face value Rs. 10/- each.

of the Companies Act, 2013, have been appointed as Independent Directors with effect from 5th March, 2015 pursuant to section 149 of the Companies Act, 2013, for a period of 5 consecutive years and they would not be liable to retire by rotation.

The Directors have wide experience in business related to trading, finance and general corporate management.

Mr. K. Chandrasekar retires by rotation and being eligible, offers himself for re-appointment at the forthcoming Annual General Meeting.

The Company has received a declaration in Form DIR-8 as prescribed under section 164 of the Companies Act, 2013 read with Rule 14(1) of the Companies (Appointment and Qualifications of Directors) Rules, 2013 from Mr. K. Chandrasekar that he is not disqualified from being appointed as a Director of the Company pursuant to section 164 of the Companies Act, 2013. All the Directors of your Company have given requisite declarations pursuant to section 164 of the Companies Act, 2013 that they are not disqualified to be appointed as Directors of your Company.

Number of Meetings of the Board

Your Board of Directors met six times during the year under review i.e. on 30th April, 2014, 25th July, 2014, 20th August, 2014, 29th October, 2014, 30th January, 2015 and 5th March, 2015. The gap between two consecutive Board Meetings did not exceed 120 days.

Directors' Responsibility Statement

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

- (a) in the preparation of the annual accounts for the Financial Year ended 31st March, 2015, the applicable accounting standards have been followed;
- (b) the Directors had in consultation with Statutory Auditors, selected accounting policies and applied them consistently, and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2015 and of the profit of the Company for the year ended on that date;
- (c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and irregularities;
- (d) the Directors have prepared the annual accounts on a going concern basis; and
- (e) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively throughout the Financial Year ended 31st March, 2015.

Evaluation of Directors

The Nomination and Remuneration Committee has carried out an evaluation of the performance of the Directors individually. Structured questionnaires covering various

aspects such as attendance record, possessing sufficient skills, experience and level of preparedness, ability to challenge views of others in a constructive manner, knowledge acquired with regard to the Company's business/ activities and understanding of industry and global trends, etc., were adopted and feedback from Directors on the same were received and analysed as part of the evaluation process. The Directors expressed their satisfaction with the evaluation process.

Codes of Conduct

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

The Company has for the year under review, received declarations under the Codes from the Board Members and the Senior Management and Employees of the Company affirming compliance with the respective Codes.

Key Managerial Personnel

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

- Mr. Vikram Puri, Chief Executive Officer and Manager
- Mr. Anil Saboo, Chief Financial Officer, and
- Mr. Feroze Baria, Company Secretary.

Mr. Anil Saboo, Chief Financial Officer was appointed with effect from 30th October, 2014 consequent upon the resignation of Mr. V. Janakiraman, the earlier Chief Financial Officer of the Company with effect from the close of working hours on 29th October, 2014.

Committees of the Board

Audit Committee

The Composition of the Audit Committee is as follows: -

Director	Designation
Mr. M. G. Bhide	Chairman
Mr. K. Chandrasekar	Member
Mr. Hardeep Singh	Member

Pursuant to section 177 of the Companies Act, 2013 read with Companies (Meetings of Board and its Powers) Rules, 2014, the Audit Committee was re-constituted with the induction of Mr. Hardeep Singh as its Member with effect from 5th March, 2015.

The Audit Committee met twice during the year under review, i.e. on 30th April, 2014 and 29th October, 2014.

All the recommendations of the Audit Committee were accepted by the Board.

Corporate Social Responsibility Committee

The composition of the Corporate Social Responsibility Committee is as follows: -

Director	Designation
Mr. M. G. Bhide	Chairman
Mr. Ashok Sharma	Member
Mr. K. Chandrasekar	Member

The CSR Committee met twice during the year under review, i.e. on 20th August, 2014 and 30th January, 2015.

Nomination and Remuneration Committee

The composition of the Nomination and Remuneration Committee is as follows: -

Director	Designation
Mr. M. G. Bhide	Chairman
Mr. Ashok Sharma	Member
Mr. Hardeep Singh	Member

Pursuant to section 178 of the Companies Act, 2013 read with Companies (Meetings of Board and its Powers) Rules, 2014, the Nomination and Remuneration Committee was re-constituted with the induction of Mr. Hardeep Singh as its Member with effect from 5th March, 2015.

The Nomination and Remuneration Committee met three times during the year under review, i.e. on 30th April, 2014, 29th October, 2014 and 30th January, 2015.

Company's Policy for Appointment and Remuneration of the Directors, Key Managerial Personnel and other employees

Your Board has, on the recommendation of the Nomination and Remuneration Committee, approved a Policy for Appointment and Remuneration of the Directors, Key Managerial Personnel and other employees as provided under section 178(3) of the Companies Act, 2013 which is furnished and attached to this Report as Annexure I.

Risk Management Policy

The Board has formulated a Risk Management Policy for the Company which identifies elements of risk if any which may threaten the existence of the Company. Implementation of the Risk Management Policy is expected to be helpful in managing the risks associated with the business of the Company.

Corporate Social Responsibility Policy

Your Company has adopted a Corporate Social Responsibility (CSR) Policy, as formulated and recommended by the Corporate Social Responsibility Committee, in accordance with the provisions of the Companies Act, 2013.

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

Statutory Auditors

At the Fourteenth Annual General Meeting, Messrs. Deloitte Haskins & Sells, Chartered Accountants, Baroda (ICAI Registration Number 117364W) were appointed as the Statutory Auditors of your Company to hold office from the conclusion of the Fourteenth Annual General Meeting till the conclusion of the Fifteenth Annual General Meeting.

Messrs. Deloitte Haskins & Sells., Chartered Accountants have given a written consent to act as Statutory Auditor of your Company, if appointed, and have also confirmed that the said appointment would be in conformity with the provisions of sections 139 and 141 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014.

The Members are requested to appoint Statutory Auditors of the Company at the ensuing Annual General Meeting and fix their remuneration.

The Auditors' Report does not contain any qualification, reservation or adverse remark.

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

The information pertaining to conservation of energy, technology absorption, foreign exchange earnings and outgo as required under section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is furnished in Annexure III and is attached to this Report.

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

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

Particulars of Public Deposits, Loans, Guarantees or Investments

Your Company has not accepted any deposits from the public, or its employees, during the year. There were no other deposits falling under Rule 2(1)(c) of the Companies (Acceptance of Deposits) Rules, 2014 at the beginning of the year, during the year and at the end of the year. There are no deposits which are not in compliance with the requirement of Chapter V of the Companies Act, 2013

There are no Loans, Guarantees and Investments which are required to be disclosed as covered under the provisions of section 186 of the Companies Act, 2013.

Your Company has not made any loans/advances which are required to be disclosed in the annual accounts of the Company pursuant to Clause 32 of the Listing Agreement between the parent Company, Mahindra and Mahindra Limited and Stock Exchanges.

Particulars of Transactions with Related Parties

There are no contracts or arrangements with related parties of the Company referred to under section 188(1) of the Companies Act, 2013 which are required to be disclosed in the Report.

Extract of Annual Return

Pursuant to sub-section 3(a) of section 134 and sub-section (3) of section 92 of the Companies Act, 2013 read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return as on 31st March, 2015 in Form No. MGT 9 is attached herewith as Annexure IV and forms part of this Report.

Internal Financial Controls

Pursuant to Rule 8 of the Companies (Accounts) Rules, 2014, based on the representation received and after due enquiry, your Directors confirm that they have laid down internal financial controls with reference to the Financial Statements and these controls are adequate.

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

During the year under review, no complaints were received under the Sexual Harassment of Women at Work Place (Prevention, Prohibition and Redressal) Act, 2013, for prevention of sexual harassment.

Safety, Health and Environmental Performance

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

Sustainability

Your Company continues with its journey on sustainable development with conscious efforts to minimise the

environmental impact caused by its operations and simultaneously taking responsibility to enable communities to Rise without losing focus on economic performance.

General

Your Company does not have a Managing Director or a Whole-time Director and thus no disclosure is required under section 197(14) of the Companies Act, 2013.

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

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

For and on behalf of the Board

Ashok Sharma
Chairman

Mumbai, 30th April, 2015

ANNEXURE I

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

DEFINITIONS

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

“**Board**” means Board of Directors of the Company.

“**Company**” means Mahindra Shubhlabh Services Limited.

“**Committee(s)**” means Committees of the Board for the time being in force.

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

“**HR**” means the Human Resource Department of the Company.

“**Key Managerial Personnel**” (KMP) refers to Key Managerial Personnel as defined under the Companies Act, 2013 and includes:

- (i) Managing Director (MD); or Chief Executive Officer (CEO); or Manager; or Whole time Director (WTD);
- (ii) Chief Financial Officer (CFO); and
- (iii) Company Secretary (CS).

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

“**Senior Management**” means personnel of the Company who are Members of its Core Management Team excluding Board of Directors comprising of all Members of Management one level below the Directors including the functional heads.

I. APPOINTMENT OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT PERSONNEL

The First part of the Policy sets out the approach to appointment of Directors, Key Managerial Personnel and Senior Management Personnel in Mahindra Shubhlabh Services Limited.

- The NRC reviews and assesses Board composition and recommends the appointment of new Directors. In evaluating the suitability of individual Board Member, the NRC shall take, inter alia, into account the following criteria regarding qualifications, positive attributes and independence of Director:
 1. All Board appointments will be based on merit, in the context of the skills, experience, independence and knowledge, for the Board as a whole to be effective.
 2. Ability of the candidates to devote sufficient time and attention to his/her professional obligations

as Director for informed and balanced decision making.

3. Adherence to the Code of Conduct and highest level of Corporate Governance in letter and in spirit by the Directors.
- Based on recommendation of the NRC, the Board will evaluate the candidate(s) and decide on the selection of the appropriate Member. The Board through the Chairman or Managing Director or Manager will interact with the new Member to obtain his/her consent for joining the Board. Upon receipt of the consent, the new Director will be co-opted by the Board in accordance with the applicable provisions of the Companies Act, 2013 and the Rules made thereunder.

REMOVAL OF DIRECTORS

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

SENIOR MANAGEMENT PERSONNEL

The NRC shall identify persons who are qualified to become Directors and who may be appointed in Senior Management Team in accordance with the criteria laid down above.

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

II. REMUNERATION OF THE DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES

The second part of the Policy sets out the approach to compensation of Directors, Key Managerial Personnel and other employees in Mahindra Shubhlabh Services Limited.

Policy Statement

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

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

NON-EXECUTIVE INCLUDING INDEPENDENT DIRECTORS

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

Managing Director or Executive Directors or Manager

The NRC shall decide the basis for determining the compensation, both fixed and variable, to the Managing Director or Executive Director or Manager as the case may be.

Key Managerial Personnel (KMPs)

The terms of remuneration of Key Managerial Personnel of the Company shall be determined in such manner and by such persons as may be authorised by the Board from time to time. The remuneration shall be consistent with the competitive position of the salary for similar positions in the industry and their Qualifications, Experience, Roles and Responsibilities. Pursuant to the provisions of section 203 of the Companies Act, 2013, the Board shall approve the remuneration at the time of their appointment.

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

Employees

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

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

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

- Performance
- Potential
- Criticality
- Longevity in grade.

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

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

For and on behalf of the Board

Ashok Sharma
Chairman

Mumbai, 30th April, 2015

ANNEXURE II

CORPORATE SOCIAL RESPONSIBILITY

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (“CSR”) ACTIVITIES FOR THE FINANCIAL YEAR 2014-15

(1) A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or Programmes.

The Company will focus its efforts within the constituencies of farmers, youth, girls and weaker sections of society through programs designed in the domains of health, environment and education.

The Company's commitment to CSR will be manifested by investing resources in any of the following areas -

1. Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care, sanitation, weather resistant accommodation to migrant poor farm field workers and making available safe drinking water;
2. Promoting and instituting education including scholarships for higher education, special education and employment enhancing vocation skills especially among farmers, children, women, elderly and the differently abled and livelihood enhancement projects;
3. Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;
4. Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare,

(c) Manner in which the amount spent during the Financial Year is detailed below:

Sr. No.	CSR Project or activity identified	Sector in which the project is covered (As in Schedule VII)	Projects or programs 1) Local areas or Other 2) Specify the state and district where projects or programs was undertaken	Amount Outlay (Budget) Project or program wise (Rs. in lakhs)	Amount spent on the project or programs 1) Direct expenditure on projects or programs 2) overheads (Rs. in lakhs)	Cumulative Expenditure upto the reporting period (Rs. in lakhs)	Amount spent: direct or through implementing agency
1.	Nanhi Kali, Tree Plantation, health care, sanitation	Promoting preventive healthcare & sanitation, Ensuring Environmental Sustainability	Maharashtra and Gujarat	9.62	10.16	10.16	Direct
	TOTAL			9.62	10.16	10.16	

* Give details of implementing agency:

6. In case the company has failed to spend the two per cent, of the average net profit of the last three Financial Years or any part thereof, the company shall provide the reasons for not spending the amount in its Board Report – Not applicable, since the Company believes that the above projects and activities fall within the purview of Schedule VII of the Companies Act, 2013.
7. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company:

The implementation and monitoring of CSR Policy is in compliance with CSR objectives and Policy of the Company.

Mr. Vikram Puri
Chief Executive Officer

Mr. M. G. Bhide
(Chairman CSR Committee)

Mumbai, 30th April, 2015

agro forestry, conservation of natural resources and maintaining quality of soil, air and water;

5. Contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women;
6. Contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government;
7. Rural development projects.

(2) The Composition of the CSR Committee.

The CSR Committee of the Board comprises of the following Board members:

Director	Designation
Mr. M. G. Bhide	Chairman
Mr. Ashok Sharma	Member
Mr. K. Chandrasekar	Member

- (3) Average net profit of the company for last three Financial Years: Rs. 480.60 lakhs
- (4) Prescribed CSR Expenditure (two per cent of the amount as in item 3 above): Rs. 9.62 lakhs
- (5) Details of CSR spent during the Financial Year:
 - (a) Total amount to be spent for the Financial Year: Rs. 9.62 lakhs.
 - (b) Amount unspent, if any: Nil

ANNEXURE III

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

Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is forming part of the Directors' Report for the year ended 31st March, 2015

(A) Conservation of energy:

- (i) the steps taken/impact on conservation of energy:

The operations of your Company are not energy-intensive. However, adequate measures like not switching on the electric lights during day time have been initiated to reduce energy consumption.

- (ii) the steps taken by the company for utilizing alternate sources of energy: Nil

- (iii) the capital investment on energy conservation equipments: Nil

(B) Technology absorption:

- (i) the efforts made towards technology absorption: None

- (ii) the benefits derived like product improvement, cost reduction, product development or import substitution: Not applicable

- (iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year): Not applicable

- (a) the details of technology imported:

- (b) the year of import:

- (c) whether the technology been fully absorbed:

- (d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof:

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

(C) Foreign exchange earnings and Outgo: (in terms of actual inflow and outflow)

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

(Rupees in lakhs)		
Total Foreign Exchange Earned and Outgo:	For the year ended 31st March, 2015	For the year ended 31 st March, 2014
Foreign Currency Earnings	8,863.62	8,841.25
Foreign Exchange Outgo	1,222.03	1,294.66

For and on behalf of the Board

Ashok Sharma
Chairman

Mumbai, 30th April, 2015

ANNEXURE IV**EXTRACT OF ANNUAL RETURN****Form No. MGT-9****As on the financial year ended on 31.03.2015**

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

I. REGISTRATION AND OTHER DETAILS:

1.	CIN	U01409MH2000PLC125781
2.	Registration Date	11 th April, 2000
3.	Name of the Company	Mahindra Shubhlabh Services Limited
4.	Category/Sub-Category of the Company	Public Company/Limited by shares
5.	Address of the Registered office & contact details	Mahindra Towers, Dr. G. M. Bhosale Marg, P. K. Kurne Chowk, Worli, Mumbai – 400 018. Tel.: +91-22-24901441 Fax: +91-22-24975081
6.	Whether listed Company	Yes/No
7.	Name, Address and Contact details of Registrar and Transfer Agent, if any	Not Applicable

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sr. No	Name and Description of Main Product/Services	NIC Code of the Product/service	% to total turnover of the Company
1.	Trading in fruits	46301	99.34%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Mahindra & Mahindra Limited Gateway Building, Apollo Bunder, Mumbai – 400 001.	L65990MH1945PLC004558	Holding Company	91.04	2(46)
2	Mahindra Holdings Limited Mahindra Towers, Dr. G. M. Bhosale Marg, P. K. Kurne Chowk, Worli, Mumbai – 400 018, Maharashtra, India	U65993MH2007PLC175649	Holding Company	8.96	2(46)
3	Mahindra UNIVEG Private Limited Mahindra Towers, Dr. G. M. Bhosale Marg, P. K. Kurne Chowk, Worli, Mumbai – 400 018, Maharashtra, India	U01403MH2014PTC255946	Subsidiary Company	60	2(87)

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

i) Category-wise Share Holding:

Category of Shareholders	No. of Shares held at the beginning of the year [As on 1 st April, 2014]				No. of Shares held at the end of the year [As on 31 st March, 2015]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
A. Promoters									
1. Indian									
a. Individual/HUF	–	–	–	–	–	–	–	–	–
b. Central Govt.	–	–	–	–	–	–	–	–	–
c. State Govt(s).	–	–	–	–	–	–	–	–	–
d. Bodies Corp.	–	1,01,14,514	1,01,14,514	100	–	1,34,14,514	1,34,14,514	100	0.00
e. Banks/FI	–	–	–	–	–	–	–	–	–
f. Any Other	–	–	–	–	–	–	–	–	–
Sub-Total (A) (1)	–	1,01,14,514	1,01,14,514	100	–	1,34,14,514	1,34,14,514	100	0.00

2. Foreign									
a. NRIs-Individuals	–	–	–	–	–	–	–	–	–
b. Other-Individuals	–	–	–	–	–	–	–	–	–
c. Body Corporate	–	–	–	–	–	–	–	–	–
d. Banks/FI	–	–	–	–	–	–	–	–	–
e. Any Other	–	–	–	–	–	–	–	–	–
Sub Total (A) (2)	–	–	–	–	–	–	–	–	–
Total share-holding of promoter (A)=(A) (1) + (A) (2)	–	1,01,14,514	1,01,14,514	100	–	1,34,14,514	1,34,14,514	100	0.00

B. Public Shareholding									
1. Institutions									
a. Mutual Funds	–	–	–	–	–	–	–	–	–
b. Banks/FI	–	–	–	–	–	–	–	–	–
c. Central Govt.	–	–	–	–	–	–	–	–	–
d. State Govt(s).	–	–	–	–	–	–	–	–	–
e. Venture Capital Funds	–	–	–	–	–	–	–	–	–
f. Insurance Co.	–	–	–	–	–	–	–	–	–
g. FIs	–	–	–	–	–	–	–	–	–
h. Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
i. Others (specify)	–	–	–	–	–	–	–	–	–
Sub-Total (B) (1)	–	–	–	–	–	–	–	–	–
2. Non- Institution									
a. Bodies Corp.	–	–	–	–	–	–	–	–	–
i) Indian	–	–	–	–	–	–	–	–	–
ii) Overseas	–	–	–	–	–	–	–	–	–
b. Individuals	–	–	–	–	–	–	–	–	–
i. Individual shareholders holding nominal share capital upto Rs. 1 lakh	–	–	–	–	–	–	–	–	–

Category of Shareholders	No. of Shares held at the beginning of the year [As on 1 st April, 2014]				No. of Shares held at the end of the year [As on 31 st March, 2015]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	-	-	-	-	-	-	-	-	-
c. Others (specify)	-	-	-	-	-	-	-	-	-
Non Resident Indians	-	-	-	-	-	-	-	-	-
Overseas Corporate Bodies	-	-	-	-	-	-	-	-	-
Foreign Nationals	-	-	-	-	-	-	-	-	-
Clearing Members	-	-	-	-	-	-	-	-	-
Trusts	-	-	-	-	-	-	-	-	-
Foreign Bodies - D R	-	-	-	-	-	-	-	-	-
Sub-Total B (2)	-	-	-	-	-	-	-	-	-
Total Public Share-holding (B)=(B) (1)+(B) (2)	-	-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	-	1,01,14,514	1,01,14,514	100	-	1,34,14,514	1,34,14,514	100	0.00

ii) Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year [As on 1 st April, 2014]			Shareholding at the end of the year [As on 31 st March, 2015]			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	
1	Mahindra & Mahindra Limited	89,12,393	88.11	-	1,22,12,393	91.04	-	2.93
2	Mahindra Holdings Limited	12,02,114	11.89	-	12,02,114	8.96	-	(2.93)
3	Mahindra & Mahindra Limited Jointly with Mr. K. Chandrasekar*	1	-	-	1	-	-	-
4	Mahindra & Mahindra Limited Jointly with Mr. Ashok Sharma*	1	-	-	1	-	-	-
5	Mahindra & Mahindra Limited Jointly with Mr. C. Krishnadas*	1	-	-	1	-	-	-
6	Mahindra & Mahindra Limited Jointly with Mr. M. A. Nazareth*	1	-	-	1	-	-	-
7	Mahindra & Mahindra Limited Jointly with Mrs. Roshni Sagreiya*	1	-	-	1	-	-	-
8	Mahindra & Mahindra Limited Jointly with Mr. V S Parthasarathy*	1	-	-	1	-	-	-
9	Mahindra & Mahindra Limited Jointly with Mr. Bishwambhar Mishra*	1	-	-	1	-	-	-
	Total	1,01,14,514	100	-	1,34,14,514	100	-	0.00

* Held jointly with Mahindra & Mahindra Limited by its nominees to comply with the statutory provisions in respect of minimum number of Members.

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

Sr. No.	Particulars	Shareholding at the beginning of the year [As on 1 st April, 2014]		Cumulative Shareholding during the year [As on 31 st March, 2015]	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year: Mahindra & Mahindra Limited	89,12,393	88.11	89,12,393	88.11
	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.): Allotment made on 17 th October, 2014 on Rights basis	33,00,000	–	1,22,12,393	–
	At the end of the year: Mahindra & Mahindra Limited	1,22,12,393	91.04	1,22,12,393	91.04

There is no change in promoters shareholding in other folios save as except reported above.

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

Sr. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year [As on 1 st April, 2014]		Cumulative Shareholding during the year [As on 31 st March, 2015]	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	–	–	–	–
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.):	–	–	–	–
	At the end of the year (or on the date of separation, if separated during the year)	–	–	–	–

v) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year [As on 1 st April, 2014]		Cumulative Shareholding during the year [As on 31 st March, 2015]	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year (2 nd Joint Holder with Mahindra & Mahindra Limited)	2	0.00	2	0.00
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.):	–	–	–	–
	At the end of the year (2 nd Joint Holder with Mahindra & Mahindra Limited)	2	0.00	2	0.00

V. INDEBTEDNESS

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

	Secured Loans Excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	Rs. 15,00,00,000.00	Rs. 68,05,479.00	–	Rs. 15,68,05,479.00
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	Rs. 4,38,698.64	–	–	Rs. 4,38,698.64
Total (i+ii+iii)	Rs. 15,04,38,698.64	Rs. 68,05,479.00	–	Rs. 15,72,44,177.64
Change in Indebtedness during the financial year				
* Addition	–	–	–	–
* Reduction	Rs. 5,57,31,465.61	–	–	Rs. 5,57,31,465.61
Net Change	(Rs. 5,57,31,465.61)	–	–	(Rs. 5,57,31,465.61)
Indebtedness at the end of the financial year				
i) Principal Amount	Rs. 9,46,90,500.00	Rs. 68,05,479.00	–	Rs. 10,14,95,979.00
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	Rs. 16,733.03	–	–	Rs. 16,733.03
Total (i+ii+iii)	Rs. 9,47,07,233.03	Rs. 68,05,479.00	–	Rs. 10,15,12,712.03

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sr. No	Particulars of Remuneration	Name of MD/WTD/Manager	Total Amount
		Mr. Vikram Puri (Manager)	
1.	Gross Salary	–	–
	a) Salary as per provisions contained in section 17(1) of the Income-Tax Act, 1961	–	–
	b) Value of perquisites u/s 17(2) Income-Tax Act, 1961	–	–
	c) Profits in lieu of salary under Section 17(3) Income-Tax Act, 1961	–	–
2.	Stock Option	–	–
3.	Sweat Equity	–	–
4.	Commission – As % of Profit – Others, specify	–	–
5.	Others, please specify - Deputation Charges paid to Mahindra & Mahindra Limited	Rs. 12,00,000	Rs. 12,00,000
	Total (A)	Rs. 12,00,000	Rs. 12,00,000
	Ceiling as per the Act	Rs. 39,20,950 (being 5% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013)	

B. Remuneration of other directors

Sr. No	Particulars of Remuneration	Name of Directors		Total Amount
1	Independent Directors	M G Bhide	Hardeep Singh	
	Fee for attending board/committee meetings	Rs. 97,500	Rs. 7,500	Rs. 1,05,000
	Commission	–	–	–
	Others, please specify	–	–	–
	Total (1)	Rs. 97,500	Rs. 7,500	Rs. 1,05,000

Sr. No	Particulars of Remuneration	Name of Directors		Total Amount
2	Other Non-Executive Directors	Nil		Nil
	Fee for attending board/committee meetings	-	-	-
	Commission	-	-	-
	Others, please specify	-	-	-
	Total (2)	Nil	Nil	Nil
	Total (B)=(1+2)	Rs. 97,500	Rs. 7500	Rs. 1,05,000
	Total Managerial Remuneration	Rs. 97,500	Rs. 7500	Rs. 1,05,000
	Overall Ceiling as per the Act	Rs. 7,84,190 (being 1% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013)		

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

Sr. No	Particulars of Remuneration	Key Managerial Personnel		Total Amount
		CS	CFO	
1.	Gross Salary	-	-	-
	a) Salary as per provisions contained in section 17(1) of the Income-Tax Act, 1961	-	Rs. 31,99,816	Rs.31,99,816
	b) Value of perquisites u/s 17(2) Income-Tax Act, 1961	-	-	-
	c) Profits in lieu of salary under Section 17(3) Income-Tax Act, 1961	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission - As % of Profit - Others, specify	-	-	-
5.	Others, please specify - Deputation Charges paid to Mahindra & Mahindra Limited	Rs. 2,07,000	-	-
	Total	Rs. 2,07,000	Rs. 31,99,816	Rs. 31,99,816

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES: Nil

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

For and on behalf of the Board

Ashok Sharma
Chairman

Mumbai, 30th April, 2015

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MAHINDRA SHUBHLABH SERVICES LIMITED

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **MAHINDRA SHUBHLABH SERVICES LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

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

Auditor's Responsibility

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

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

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

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

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

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

Opinion

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of Section 143 (11) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required under provisions of section 143(3) of the Act, we report that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
 - c. The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d. In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e. On the basis of the written representations received from the directors as on 31st March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015, from being appointed as a director in terms of section 164(2) of the Act.

- f. With respect to the other matters to be included in the Auditor's Report in accordance with Rules 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company does not have any pending litigations which would impact its financial position.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses
- iii. There were no amounts which are required to be transferred to the Investor Education and Protection Fund by the Company during the year.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
Firm Registration No. - 117364W

Ketan Vora
Partner
(Membership No. 100459)

Place: Mumbai
Dated: April 30, 2015

ANNEXURE TO INDEPENDENT AUDITORS' REPORT

Referred to in Paragraph 1 under the heading of "report on other legal and regulatory requirements" of our report of even date

- (i) In respect of its fixed assets:
- a. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - b. As explained to us, fixed assets have been physically verified by the management in accordance with a regular program of verification, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such physical verification.
- (ii) In respect of its inventories:
- a. The inventories have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
 - b. In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - c. In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- (iii) The Company has not granted any loans, secured or unsecured to companies, firm or other parties covered in the register maintained under Section 189 of the Act. Therefore, the requirement of clauses (iii) (a) and (iii) (b) of paragraph 3 of the Order are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchases of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in such internal control system.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit within the meaning of provisions of sections 73 to 76 or any other relevant provisions of the Act and the rules framed thereunder. Therefore, the provisions of clause (v) of paragraph 3 of the Order are not applicable to the Company.
- (vi) According to the information and explanations given to us, no cost records has been specified by the central government under sub-section (1) of section 148 of the Companies Act.
- Therefore, the provisions of clause (vi) of paragraph 3 of the Order are not applicable to the Company.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
- a. The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Value Added Tax, Cess and other material statutory dues applicable to it with the appropriate authorities.
 - b. There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Value Added Tax, Cess and other material statutory dues in arrears as at March 31, 2015 for a period of more than six months from the date they became payable.
 - c. There are no dues of Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax and Cess which have not been deposited as on March 31, 2015 on account of disputes.
 - d. There are no amounts that are due to be transferred to the Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and Rules made thereunder.
- (viii) The Company does not have accumulated losses at the end of the financial year and the Company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (ix) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks. The Company has not borrowed any funds from financial institutions during the year under audit. The Company has not issued any debentures.
- (x) According to information and explanation given to us the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xi) The Company did not take any term loans during the year. Therefore, the provisions of clause (xi) of paragraph 3 of the Order are not applicable to the Company.
- (xii) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
Firm Registration No.- 117364W

Ketan Vora
Partner
(Membership No. 100459)

Place: Mumbai
Date : April 30, 2015

BALANCE SHEET AS AT MARCH 31, 2015

Particulars	Note No.	As at March 31, 2015 Rupees	As at March 31, 2014 Rupees
I. EQUITY AND LIABILITIES			
(1) Shareholders' funds			
(a) Share capital	3	134,145,140	101,145,140
(b) Reserves and surplus	4	78,743,841	28,917,635
		212,888,981	130,062,775
(2) Non-current liabilities			
(a) Long-term borrowings	5	–	6,805,479
(b) Long-term provisions	6	7,557,509	6,424,846
		7,557,509	13,230,325
(3) Current liabilities			
(a) Short-term borrowings	7	94,690,500	150,000,000
(b) Trade payables	8	208,074,636	406,065,542
(c) Other current liabilities	9	28,139,127	22,540,479
(d) Short-term provisions	10	4,491,725	2,196,393
		335,395,988	580,802,414
TOTAL		555,842,478	724,095,514
II. ASSETS			
(1) Non-current assets			
(a) Fixed assets			
i. Tangible assets	11	10,189,670	5,414,157
ii. Capital work-in-progress	11A	2,320,217	4,195,944
(b) Non-current investments	12	33,300,000	5,875,170
(c) Deferred tax assets	34	4,661,846	–
(d) Long-term loans and advances	13	1,625,482	8,494,215
(e) Other non-current assets	14	2,187,132	2,020,608
		54,284,347	26,000,094
(2) Current assets			
(a) Inventories	15	216,044,203	489,377,931
(b) Trade receivables	16	105,846,834	148,161,629
(c) Cash and cash equivalents	17	47,314,341	25,185,842
(d) Short-term loans and advances	18	18,858,000	6,688,541
(e) Other current assets	19	113,494,753	28,681,476
		501,558,131	698,095,419
TOTAL		555,842,478	724,095,513

See accompanying notes forming part of financial statements

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

Ketan Vora
 Partner

Mumbai, April 30, 2015

For Mahindra Shubhlabh Services Limited

Ashok Sharma Chairman

M. G. Bhide
K. Chandrasekar
Anoop Mathur
Dr. Veena Mishra
Hardeep Singh } Director

Vikram Puri Chief Executive Officer
Anil Saboo Chief Financial Officer
Feroze Baria Company Secretary

Mumbai, April 30, 2015

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

Particulars	Note No.	For the Year ended March 31, 2015 Rupees	For the Year ended March 31, 2014 Rupees
I. Revenue from operations	20	1,574,497,016	1,453,792,897
II. Other income	21	10,412,719	34,452,881
III. Total revenue (I + II)		1,584,909,735	1,488,245,778
IV. Expenses			
Cost of packing material consumed	22	161,011,267	139,337,502
Purchases of stock-in-trade	36 & 41	657,838,785	919,888,327
Changes in inventories of stock-in-trade	23	238,544,996	(102,680,180)
Employee benefits expense	24	41,687,734	39,920,126
Finance costs	25	4,390,960	8,478,092
Depreciation	11	2,226,686	3,556,102
Other expenses	26	407,482,440	393,952,039
Total expenses		1,513,182,868	1,402,452,009
V. Profit before tax (III-IV)		71,726,867	85,793,769
VI. Tax expense			
Current tax expenses		26,500,000	17,500,000
Deferred tax credit	34	(4,661,846)	-
VII. Profit for the year (V-VI)		49,888,713	68,293,769
VIII. Earnings per equity share:			
Basic and diluted earnings per equity share of Rs. 10 each	33	4.30	9.39

See accompanying notes forming part of financial statements

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

Ketan Vora
Partner

Mumbai, April 30, 2015

For Mahindra Shubhlabh Services Limited

Ashok Sharma

Chairman

M. G. Bhide

K. Chandrasekar

Anoop Mathur

Dr. Veena Mishra

Hardeep Singh

} Director

Vikram Puri

Chief Executive Officer

Anil Saboo

Chief Financial Officer

Feroze Baria

Company Secretary

Mumbai, April 30, 2015

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2015

Particulars	For the Year ended March 31, 2015 Rupees	For the Year ended March 31, 2014 Rupees
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit/(Loss) before tax	71,726,867	85,793,769
Adjustments for:		
Depreciation & Amortisation Expenses	2,226,686	3,556,102
Net unrealised exchange (gain)/loss	(56,011)	(1,056,705)
Finance cost	4,390,960	8,478,092
Sundry balances written back	–	(1,151,939)
Interest Income	(5,829,240)	(4,192,736)
Adjustment to the carrying amount investments	5,875,170	–
(Profit)/Loss on sale of Fixed assets	(1,072,200)	–
Provision for doubtful trade receivable	1,731,690	433,761
Operating profit before working capital changes	78,993,922	91,860,344
Changes in working capital:		
(Increase)/decrease in trade receivables	40,611,754	(85,808,569)
(Increase)/decrease in inventories	273,333,728	(115,954,340)
(Increase)/decrease in loans and advances and other assets	(90,118,859)	(13,616,290)
Increase/(decrease) in trade payables, other liabilities and provisions	(198,140,865)	154,129,107
	25,685,758	(61,250,092)
Cash generated from/(used in) operations	104,679,680	30,610,252
Net income tax (paid)/refund	(24,230,793)	(17,746,492)
NET CASH FLOW FROM/ (USED IN) OPERATING ACTIVITIES	80,448,887	12,863,760
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Capital expenditure on fixed assets, including capital advances	(5,188,982)	(9,941,530)
Proceeds from sale of fixed assets	1,072,200	–
Bank balances not considered as Cash and cash equivalents		
– Placed	(18,332)	(432,934)
Purchase of long-term investments		
– Subsidiaries	(33,300,000)	–
Interest received on fixed deposits	5,685,907	4,418,742
NET CASH FLOW FROM/(USED IN) INVESTING ACTIVITIES	(31,749,207)	(5,955,722)

Particulars	For the Year ended March 31, 2015 Rupees	For the Year ended March 31, 2014 Rupees
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from issue of equity shares	33,000,000	40,000,000
Repayments of Inter corporate deposit	-	(65,000,000)
Proceeds from other short-term borrowings	94,690,500	150,000,000
Repayment of other short-term borrowings	(150,000,000)	(150,762,035)
Finance costs	(4,261,681)	(15,961,281)
NET CASH FLOW FROM /(USED IN) FINANCING ACTIVITIES	(26,571,181)	(41,723,316)
Net (decrease) /increase in cash and cash equivalents	22,128,499	(34,815,278)
Cash and cash equivalents at the beginning of the year	25,185,842	60,001,120
Cash and cash equivalents at the end of the year	47,314,341	25,185,842
Cash and cash equivalents as per Note 17	47,314,341	25,185,842

Notes :

1. The Cash flow statement has been prepared under the 'Indirect Method' as set out in Accounting Standard 3 on "Cash Flow statements" issued by the institute of Chartered Accountants of India.
2. Components of Cash and Cash equivalents for the purpose of cash flow comprise cash in hand and bank balances in current account and fixed deposit accounts with original maturity of less than 3 months.
3. Previous year figures have been regrouped/rearranged, wherever necessary.

See accompanying notes forming part of Financial statements

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

Ketan Vora
 Partner

Mumbai, April 30, 2015

For Mahindra Shubhlabh Services Limited

Ashok Sharma

Chairman

**M. G. Bhide
 K. Chandrasekar
 Anoop Mathur
 Dr. Veena Mishra
 Hardeep Singh**

Director

**Vikram Puri
 Anil Saboo
 Feroze Baria**

Chief Executive Officer
 Chief Financial Officer
 Company Secretary

Mumbai, April 30, 2015

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1. Corporate Information:

Mahindra Shubhlabh Services Limited is engaged in the business of distribution of fruits which includes import of fruits, domestic sales and export of fruits. It is mainly into trading of fresh fruit products in domestic market as well as export on consignment basis.

2. Significant Accounting Policies:

(i) Basis of accounting

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under Section 133 of the Companies Act, 2013 read with Rule 7 of the companies (Accounts) Rules, 2014 and the relevant provision of the Companies Act, 2013 ("the Act"). The financial statements have been prepared on accrual basis under the historical cost convention except for categories of FA acquired before April 1, 2014, that are carried at revalued amounts. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year except for the change in accounting policy for depreciation as more fully described in Accounting policy no. (vi). The Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

(ii) Use of estimates

The preparation of the financial statements, in conformity with the generally accepted accounting principles, requires management to make estimates and assumptions considered in the made that affect the reported amounts of assets and liabilities (including contingent liabilities) on the date of the financial statements and the reported amounts of income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known/materialise.

(iii) Revenue Recognition

Sale of goods

Revenue from sale of products are recognised when the title to the products is transferred to the buyer which generally coincides with delivery of goods and are net of sales returns. Revenue is recognised when no significant uncertainty as to collectability or realisability exists.

Export benefits for sale of goods are accounted for in the year of export based on eligibility and when there is no uncertainty in receiving the same.

(iv) Other Income

Interest income is accounted on accrual basis.

(v) Fixed Assets

All fixed assets are stated at cost of acquisition less accumulated depreciation and impairment losses, if any. Cost comprises of the purchase price and any other attributable costs of bringing the assets to its working condition for its intended use.

(vi) Depreciation

Depreciation on fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013.

(vii) Impairment of Assets

The carrying amounts of assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal/external factors. Impairment loss is provided to the extent the carrying amount of assets exceeds their recoverable amount. Recoverable amount is the higher of an asset's net selling price and value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Net selling price is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the cost of disposal.

(viii) Investments

Long-term investments are carried individually at cost less provision for diminution, other than temporary, in the value of such investments.

(ix) Inventories:

Stock-in-trade (traded goods) and packing materials are valued at the lower of weighted average cost and net realisable value after providing for obsolesce and other losses, wherever considered necessary. Cost includes all charges of bringing the goods to the point of sale.

(x) Employee Benefits

A. Short term benefits:

Short term employee benefits including performance incentives are recognised as an expense at the undiscounted amount in the Statement of Profit and Loss of the year in which the related service is rendered.

B. Long term benefits:

Defined Contribution Plan: Provident Fund

The eligible employees of the Company are entitled to receive post employment benefits in respect of provident fund, in which both employees and the Company makes monthly contribution at a specified percentage of the employees' eligible salary. Provident Fund is classified as Defined contribution plans as the Company has no further obligations beyond making the contribution.

The Company's contributions to Defined Contribution Plan are charged to Statement of Profit and Loss as incurred.

Defined Benefit Plan: Gratuity

The Company has an obligation towards gratuity, a defined retirement plan covering eligible employees. The plan provides a lump sum payment to vested employees at retirement, death while in employment or on termination of employment. Vesting occurs upon completion of five years of service. The Company has obtained insurance policies with the Life Insurance Corporation of India (LIC) and makes an annual contribution to LIC. The cost of providing benefits is determined using Projected Unit Credit method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the period in which they occur.

Other Long term employee benefits: Compensated Absences

The Company provides for the encashment of leave or leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits for future encashment/availment. The liability is provided based on the number of days of unutilised leave at each balance sheet date on the basis of an independent actuarial valuation. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the period in which they occur.

(xi) Foreign Currency Transactions and Translations.

Foreign currency transactions are recorded at the exchange rates prevailing on the date of the transaction. Gains and losses arising out of subsequent fluctuations are accounted for on actual payment or realisation. Monetary items denominated in foreign currency as at the Balance Sheet date are translated at the exchange rates prevailing on that date. Exchange differences are recognised in the Statement of Profit and Loss.

(xii) Accounting for forward contracts

In case of foreign exchange forward contracts, premium/discount on forward exchange contracts, which are not intended for trading or speculation purposes, are amortised over the period of the contracts if such contracts relate to monetary items as at the balance sheet date. Any profit or loss arising on cancellation or renewal of such a forward exchange contract is recognised as income or as expense in the period in which such cancellation or renewal is made.

(xiii) Borrowing Cost

Borrowing costs, if any, that are attributable to the acquisition or construction of qualifying assets are capitalised as part of such assets. A qualifying asset is the one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to Statement of Profit and Loss.

(xiv) Taxation

Tax expense comprises of current tax and deferred tax. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the applicable tax rates under provision of Income-tax Act, 1961 and other applicable laws.

Minimum Alternative Tax (MAT) credit asset is recognised only when and to the extent there is convincing evidence that the Company will pay normal income-tax during the specified period. The carrying amount of MAT credit asset is reviewed at each Balance Sheet date.

Deferred tax reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rate and tax laws enacted or substantially enacted at the balance sheet date. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets related to unabsorbed depreciation and carry forward losses are recognised only if there is virtual certainty supported by convincing evidence that there will be sufficient future taxable income available to realise the assets. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each balance sheet date for their realisability.

(xv) Provisions and Contingencies

A provision is recognised when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions excluding employee benefit are not discounted to their present values and are determined based on management estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates. Contingent liabilities are disclosed in the Notes. Contingent assets are not recognised in the financial statements.

3 Share capital

Authorised

60,000,000 (as at March 31, 2014: 60,000,000) equity shares of Rs.10 each with voting rights

	As at March 31, 2015	As at March 31, 2014
	Rupees	Rupees
	600,000,000	600,000,000
	600,000,000	600,000,000

Issued, subscribed and fully paid up

13,414,514 (as at March 31, 2014: 10,114,514) equity shares of Rs.10 each with voting rights

	134,145,140	101,145,140
	134,145,140	101,145,140

(a) Rights, preferences and restrictions attached to equity shares:

The Company has only one class of shares referred to as equity shares having a par value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(b) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

Particulars	March 31, 2015		March 31, 2014	
	No. of shares	Rupees	No. of shares	Rupees
Shares outstanding at the beginning of the year	10,114,514	101,145,140	6,114,514	61,145,140
Add:				
Right shares issued to Mahindra & Mahindra Ltd	3,300,000	33,000,000	4,000,000	40,000,000
Shares outstanding at the end of the year	13,414,514	134,145,140	10,114,514	101,145,140

(c) Shares held by holding company and its subsidiary:

Particulars	March 31, 2015	March 31, 2014
	No. of shares	No. of shares
I. Mahindra & Mahindra Limited, the holding company including 7 shares held jointly with nominees	12,212,400	8,912,400
II. Mahindra Holdings Limited, a subsidiary of Mahindra & Mahindra Limited	1,202,114	1,202,114

(d) Equity shares held by each shareholder holding more than 5 percent equity shares in the Company are as follows:

Name of shareholders	March 31, 2015		March 31, 2014	
	No. of shares	% of Holding	No. of shares	% of Holding
Mahindra & Mahindra Limited	12,212,400	91.04%	8,912,400	88.11%
Mahindra Holdings Limited	1,202,114	8.96%	1,202,114	11.89%

(e) Aggregate number of shares bought back for the period of 5 years immediately preceding the balance sheet date:

Particulars	March 31, 2015	March 31, 2014
	No. of shares	No. of shares
Equity shares with voting rights bought back	32,818,999	32,818,999
	As at March 31, 2015	As at March 31, 2014
	Rupees	Rupees

4

Reserves and surplus
Surplus/(Deficit) in the Statement of Profit and Loss

Opening balance	28,917,635	(39,376,134)
Less: Depreciation on transition to Schedule II of the Companies Act, 2013 on tangible fixed assets with nil remaining useful life (Refer Note No.29)	(62,507)	-
Add: Profit for the year	49,888,713	68,293,769
Closing balance	78,743,841	28,917,635
TOTAL	78,743,841	28,917,635

	As at March 31, 2015 Rupees	As at March 31, 2014 Rupees		As at March 31, 2015 Rupees	As at March 31, 2014 Rupees
5 Long-term borrowings (Unsecured)			9 Other current liabilities		
Loans from related parties (refer note no. 39)			(a) Current Maturity of Long term debt		
Loan from Mahindra & Mahindra Limited, the holding company [Repayable within 3 years from 17 th October, 2012, interest rate: 9% p.a.]	6,805,479	6,805,479	Unsecured loan from Mahindra & Mahindra Limited, the holding company	6,805,479	–
Less: Current maturity in respect of Long term borrowings have been included in note 9	(6,805,479)		(b) Interest accrued and due on borrowings from bank	16,733	438,699
TOTAL	–	6,805,479	(c) Interest accrued and due on borrowings from related Party - Mahindra & Mahindra Limited		
6 Long-term provisions			(d) Other payables	1,102,489	551,244
Provision for employee benefits			(i) Payables to statutory authorities (includes statutory dues such as TDS, PF, ESIC, etc.)	6,080,535	4,158,650
(i) Compensated absences	5,686,876	4,648,066	(ii) Trade deposits	10,014,685	7,227,003
(ii) Gratuity (refer Note 32)	1,870,633	1,776,780	(iii) Advance received from customers	2,779,070	9,896,666
TOTAL	7,557,509	6,424,846	(iv) Others		
7 Short-term borrowings			– Recoverable from Packhouse and Farmer	1,340,137	–
(a) Loans from banks			– Advance to Vendor	–	268,217
Secured			TOTAL	28,139,128	22,540,479
(i) Export credit facility from bank – Yes Bank [Secured by hypothecation of current assets pertaining to exports of goods]	94,690,500	150,000,000	10 Short-term provisions		
TOTAL	94,690,500	150,000,000	Provision for employee benefits		
8 Trade payables			(i) Compensated absences	452,456	426,331
Trade payables:			(ii) Provision for Taxation [Net of advance tax of Rs.49,263,806 Previous year Rs.25,516,568]	4,039,269	1,770,062
– Micro and Small Enterprises (refer note no. 42)	130,044	524,022	TOTAL	4,491,725	2,196,393
– Others (refer note 38)	207,944,593	405,541,520			
TOTAL	208,074,637	406,065,542			

11 Fixed assets (Refer Note 29)

	Gross block			Accumulated depreciation					(Rupees) Net block		
	As at April 1, 2014	Additions during the year	Disposals	Balance as at March 31, 2015	Transition adjustment recorded against Surplus balance		For the year	on Disposals	Balance as at March 31, 2015	As at March 31, 2015	As at March 31, 2014
					As at April 1, 2014	in Statement of Profit and Loss					
Tangible Assets											
Plant and equipment	6,117,828 (2,980,966)	5,593,930 (3,136,862)	4,057,274 –	7,654,484 (6,117,828)	3,526,448 (283,775)	(6,814) –	1,561,750 (3,242,674)	4,057,274 –	1,024,110 (3,526,448)	6,630,374 (2,591,380)	2,591,380 (2,697,192)
Furniture and fixtures	26,251 (20,451)	233,400 (5,800)	–	259,651 (26,251)	11,789 (7,512)	(353) –	6,022 (4,277)	–	17,458 (11,789)	242,193 (14,462)	14,462 (12,939)
Vehicles	1,794,543 (175,000)	1,089,109 (1,619,543)	–	2,883,652 (1,794,543)	150,964 (23,548)	5,403 –	280,809 (127,416)	–	437,176 (150,964)	2,446,476 (1,643,579)	1,643,579 (151,452)
Office equipment	70,987 (42,295)	41,900 (28,692)	–	112,887 (70,987)	4,834 (2,603)	14,516 –	14,947 (2,231)	–	34,297 (4,834)	78,590 (66,153)	66,153 (39,692)
Computers	1,766,902 (812,213)	106,367 (954,689)	–	1,873,269 (1,766,902)	668,318 (488,814)	49,755 –	363,159 (179,503)	–	1,081,232 (668,318)	792,037 (1,098,584)	1,098,584 (323,399)
TOTAL	9,776,511	7,064,706	4,057,274	12,783,943	4,362,353	62,507	2,226,687	4,057,274	2,594,273	10,189,670	5,414,158
Previous year	(4,030,925)	(5,745,586)	–	(9,776,511)	(806,252)	–	(3,556,101)	–	(4,362,353)	(5,414,157)	(3,224,673)

11A Capital work-in-progress

Particulars	As at	Additions during the year	Adjustments	Balance as at	As at	As at
	April 1, 2014			March 31, 2015	March 31, 2015	March 31, 2015
					Rupees	Rupees
TOTAL	4,195,940	2,147,620	4,023,343	2,320,217		
Previous year	-	(4,195,940)	-	(4,195,940)		
Note: Previous year figures have been disclosed in brackets.						
					As at	As at
					March 31, 2015	March 31, 2014
					Rupees	Rupees
12 Non-current investments						
Unquoted Trade Investment (At cost)						
(a) Investment in equity instruments						
(i) of Subsidiaries						
3,330,000 fully paid up equity shares (as at March 31, 2014: Nil) of Rs. 10 each of Mahindra Univeg Private Limited		33,300,000		-		
(ii) of other entities						
2,121,000 fully paid up equity shares (as at March 31, 2014: 2,121,000) of Rs. 10 each of Vayugrid Marketplace Services Private Limited		5,875,170		5,875,170		
Less: Diminution in value of Investment		(5,875,170)		-		
TOTAL		33,300,000		5,875,170		
13 Long-term loans and advances						
a) Secured, considered good						
Loan to Vayugrid Marketplace Services Private Limited		8,244,067		7,614,780		
Less: Transferred to Other Current Assets		(8,244,067)		-		
b) Unsecured, considered good						
(i) Advance income tax [Net of provision of Rs. NIL (as at March 31, 2014 Rs. NIL)]		313,169		313,169		
(ii) Balance with government authorities						
- VAT		1,023,313		277,266		
- Duty paid under protest		289,000		289,000		
TOTAL		1,625,482		8,494,215		
14 Other non-current assets						
(a) Accruals						
- Interest accrued on deposits		171,992		23,801		
(b) Others						
- Bank deposits with more than 12 months maturities #		2,015,140		1,996,807		
TOTAL		2,187,132		2,020,608		
# includes deposits of Rs. 2,015,140 (as at March 31, 2014: Rs.1,996,807) pledged against counter guarantees given by bank.						
15 Inventories						
(At lower of weighted average cost and net realisable value)						
Stock-in-trade [includes goods sent on consignment Rs.57,407,991 (as at March 31, 2014: Rs.329,791,712)]		154,720,152		439,283,723		
Packing materials [includes goods-in-transit Rs.2,106,515(as at March 31, 2014: Rs.12,761,211)]		61,324,051		50,094,208		
TOTAL		216,044,203		489,377,931		
16 Trade receivables (Unsecured)						
(a) Outstanding for a period exceeding six months from the date they are due for payment						
(i) Considered good				5,551,590	685,327	
(ii) Considered doubtful				4,888,269	3,156,579	
Less: Provision for doubtful debts				(4,888,269)	(3,156,579)	
				5,551,590	685,327	
(b) Other trade receivables						
Considered good				100,295,244	147,476,303	
TOTAL				105,846,834	148,161,629	
17 Cash and cash equivalents						
(a) Cash in hand				25,923	146,212	
(b) Balances with banks:						
(i) in current accounts				9,286,992	25,039,630	
(ii) In other deposit accounts - original maturity of 3 months or less				38,001,426	-	
TOTAL				47,314,341	25,185,842	
Of the above, the balances that meet the definition of Cash and cash equivalents as per AS 3 Cash Flow Statements				47,314,341	25,185,842	
18 Short-term loans and advances Unsecured, considered good						
Advances to employees				65,216	577,278	
Prepaid expenses				1,226,690	908,003	
Advances for supply of goods and services				17,566,094	5,203,260	
TOTAL				18,858,000	6,688,541	
19 Other current assets						
(a) Interest accrued on fixed deposits				6,605	11,461	
(b) Export incentive receivable						
- Considered good				104,825,440	28,640,794	
(c) Discount earned on Forward Contract				138,567	-	
(d) Liabilities on Forward Contract				130,767	-	
(e) Loan to Vayugrid Marketplace Services Private Limited - Secured				8,244,067	-	
(f) Others				149,307	29,221	
TOTAL				113,494,753	28,681,476	
20 Revenue from operations						
(a) Sale of traded goods (refer Note 37 & 41)				1,486,891,371	1,390,152,878	
(b) Other operating revenue						
Export incentives				87,605,645	63,640,019	
TOTAL				1,574,497,016	1,453,792,897	

21 Other income

	Year Ended March 31, 2015	Year Ended March 31, 2014
	Rupees	Rupees
(a) Interest Income		
– Interest on deposits with banks	5,130,032	3,293,512
– Interest on Loans & advances	699,208	899,224
(b) Provision no longer required written back	–	1,151,939
(c) Other non-operating income	3,079,487	7,357,521
(d) Foreign exchange gain (net)	431,792	21,750,684
(e) Profit on sale of Fixed Assets	1,072,200	–
TOTAL	10,412,719	34,452,881

22 Packing material consumed

Opening stock of packing material	126,520,733	113,130,320
Add: Purchase of packing material (refer note no. 35)	126,222,536	152,727,915
Less: Closing stock of packing material	(91,732,002)	(126,520,733)
TOTAL	161,011,267	139,337,502

23 Changes in inventories of stock-in-trade

Opening stock-in-trade	362,857,197	260,293,271
Less: Closing stock-in-trade	(124,312,201)	(362,857,197)
Less: Stock written off	–	(116,254)
TOTAL	238,544,996	(102,680,180)

24 Employee benefits expense

Salaries and wages (refer Note 31 & 39)	39,242,282	37,660,191
Contribution to provident and other funds (refer Note 32)	1,840,482	1,910,104
Staff welfare expense	604,970	349,831
TOTAL	41,687,734	39,920,126

25 Finance costs

(a) Interest expenses on:		
(i) borrowings	4,387,445	8,478,061
(ii) interest on delayed/deferred payment of income-tax, etc.	1,998	31
(iii) others	1,517	–
TOTAL	4,390,960	8,478,092

26 Other expenses

Commission to consignment agent (refer Note 36)	93,155,180	94,265,793
Clearing and forwarding charges (refer Note 36)	142,974,840	140,052,364
Overseas freight (refer Note 36)	110,170,618	119,222,221
Food safety/quality expenses (refer Note 36)	9,702,407	15,783,942
Rent	4,526,837	1,397,173
Rates and taxes	215,974	145,124
Communication expenses	889,844	781,017
Travelling and conveyance expenses	12,139,678	8,725,487
Legal and professional fees	12,460,718	2,240,695
Payments to Auditor (refer Note 30)	477,530	368,137
Repairs		
– plant and machinery	16,959	5,734
– others	188,048	86,813
Corporate Social Responsibility Expenses	1,016,141	–
Business Promotion Expenses	6,519,583	5,996,361
Insurance	274,563	729,918
Provision for doubtful debts/advances	1,731,690	433,761
Diminution in value of Investment	5,875,170	–
Miscellaneous expenses	5,146,660	3,717,499
TOTAL	407,482,440	393,952,039

27. Contingent Liabilities

During the current year pursuant to income assessment for FY 2011-12 of the company, an interim order u/s 143(3) of the Income Tax Act, 1961, has been received for income adjustment of Rs. 6,509,227/-. The company has filed an appeal against the order with CIT. The amount of tax payable pursuant to the said adjustment is unascertained. In view of the management the above demand would not devolve on the company.

28. Capital Commitment

Estimated amount of contracts remaining to be executed on capital account and not provided for as at March 31, 2015 is Rs. 1,370,383/- (as at March 31, 2014 is NIL).

29. Change in useful life pursuant to companies Act, 2013

Pursuant to the transition provisions prescribed in Schedule II to the Companies Act, 2013, the Company has fully depreciated the carrying value of assets net of residual value, where the remaining useful life of the asset was determined to be nil as on April 1, 2014, and has adjusted an amount of Rs. 62,507/- against the opening Surplus balance in the Statement of Profit and Loss under Reserves and Surplus.

The depreciation expense in the Statement of Profit and Loss for the year is higher by Rs. 537,102/- consequent to the change in the useful life of the assets.

30. Payments to the Auditors (including service tax):

Particulars	(Rupees)	
	Year Ended March 31, 2015	Year Ended March 31, 2014
a. For Statutory Audit	477,530	337,080
b. For other services	–	28,090
c. For reimbursement of expenses	–	2,967
Total	477,530	368,137

31. During the year, the Company has reimbursed amounts aggregating to Rs. 1,200,000/- (for the year ended March 31, 2014: Rs. 1,200,000/-) to its Holding Company on account of Deputation charges in respect of the Company's Chief Executive Officer cum Manager who is appointed as a "Manager" under the provisions of the Companies Act, 2013 read with Schedule V of the said Act.

32. Employee Benefit Plans:
A. Defined Contribution Plan:

On account of defined contribution plans the Company's contribution to Provident Fund aggregating to Rs. 1,414,391/- (For the year ended March 31, 2014: Rs. 1,121,316/-) has been recognised in Statement of Profit and Loss.

B. Defined Benefit Plan: Gratuity (Funded)

Amount recognised in Balance Sheet

Particulars	(Rupees)	
	As at March 31, 2015	As at March 31, 2014
Present Value of Funded Obligations	4,514,429	3,345,039
Fair Value of Plan Assets	(2,643,796)	(1,568,259)
Net Liability	1,870,633	1,776,780
Amounts in the Balance Sheet		
Liabilities	1,870,633	1,776,780
Assets	–	–
Net Liability	1,870,633	1,776,780

Expense recognised in the Statement of Profit and Loss

Particulars	(Rupees)	
	Year Ended March 31, 2015	Year Ended March 31, 2014
Current Service Cost	515,875	413,436
Interest on Defined Benefit Obligation	352,705	238,251
Expected Return on Plan Assets	(135,903)	(122,684)
Net Actuarial Losses/(Gains) recognised in year	266,182	102,933

		(Rupees)			
Particulars	Year Ended March 31, 2015	Year Ended March 31, 2014			
Past Service Cost	-	-			
Total expense, included in "Employee Benefits Expense"	998,859	631,936			
Reconciliation of Defined Benefit Obligations					
		(Rupees)			
Particulars	As at March 31, 2015	As at March 31, 2014			
Change in Defined Benefit Obligation					
Opening Defined Benefit Obligation	3,345,039	2,576,682			
Current Service Cost	515,875	413,436			
Interest Cost	352,705	238,251			
Actuarial Losses/(Gain)	300,810	116,670			
Past Service Cost	-	-			
Closing Defined Benefit Obligation	4,514,429	3,345,039			
Reconciliation of Plan Assets					
		(Rupees)			
Particulars	As at March 31, 2015	As at March 31, 2014			
Change in the Fair Value of Assets					
Opening Fair Value of Plan Assets	1,568,259	1,416,268			
Expected Return on Plan Asset	135,903	1,22,684			
Actuarial Gain/(Losses)	34,628	13,737			
Contributions by Employer	905,006	15,570			
Closing Fair Value of Plan Assets	2,643,796	15,68,259			
Expected contribution during next year	500,000	500,000			
Category of Assets					
		As at March 31, 2015	As at March 31, 2014		
Particulars					
Insurer Managed Funds	100%	100%			
Assumptions					
		As at March 31, 2015	As at March 31, 2014		
Particulars					
Discount Rate (p.a.)	7.85%	9.15%			
Expected Rate of Return on Assets (p.a.)	7.50%	7.50%			
Salary Escalation Rate (p.a.)	10.00%	10.00%			
Experience Adjustments:					
Particulars	March 31, 2015	March 31, 2014	March 31, 2013	March 31, 2012	March 31, 2011
Defined Benefit Obligation	4,514,429	3,345,039	2,576,682	2,050,671	1,185,409
Plan Asset	2,643,796	1,568,259	1,416,268	1,299,329	1,067,948
Surplus/ (Deficit)	(1,870,633)	(1,776,780)	(1,160,414)	(751,342)	(117,461)
Experience Adjustment on plan Liabilities	(499,215)	70,645	(224,239)	394,772	40,171
Experience adjustment on plan assets	34,628	13,737	2,721	152,331	12,759

The expected rate of return on plan assets is based on the average long term rate of return expected on investments of the fund during the estimated term of obligation.

The estimate of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

33. Earnings Per Share:

Basic and Diluted earnings per share

		(Rupees)		
Particulars	Year Ended March 31, 2015	Year Ended March 31, 2014		
a. Profit for the year attributable to equity shareholders	49,888,713	68,293,769		
b. Weighted average number of Equity shares - Basic and Diluted	11,615,336	7,276,158		
c. Nominal value of Equity share	10	10		
d. Earnings per Share - Basic and Diluted	4.30	9.39		

34. Deferred tax (liabilities)/assets

		(Rupees)		
Particulars	As at March 31, 2015	As at March 31, 2014		
Tax effect of items constituting deferred tax liabilities	-	-		
Tax effect of items constituting deferred tax assets				
-On difference between book balance and tax balance of fixed assets	371,733	-		
-Provision for compensated absences, gratuity and other employee benefits	2,686,522	-		
-Provision for doubtful debts/advances	1,603,591	-		
Deferred tax assets (net)	4,661,846	-		

35. CIF Value of Imports:

		(Rupees)		
Particulars	Year Ended March 31, 2015	Year Ended March 31, 2014		
Purchase of Traded Goods	54,350,970	52,034,442		
Purchase of Packing materials	64,411,385	71,326,615		
Purchase of Capital goods	-	3,943,940		

36. Expenditure in Foreign Currencies

		(Rupees)		
Particulars	Year Ended March 31, 2015	Year Ended March 31, 2014		
Commission to consignment agent	93,155,180	94,265,793		
Expenses incurred by consignee agent:				
- Clearing and forwarding charges	142,974,840	140,052,364		
- Overseas freight	110,170,618	119,222,221		
- Other expenses	9,702,407	15,783,942		
Travelling	3,440,760	2,161,035		

37. Earnings in Foreign Exchange:-

		(Rupees)		
Particulars	Year Ended March 31, 2015	Year Ended March 31, 2014		
Export of Goods on FOB basis	898,804,660	884,125,489		

38. Foreign Currency Balances:-

The year-end foreign currency exposures that have not been specifically hedged by a derivative instrument or otherwise are given below:

Amounts receivables in foreign currency on account of the following:

Particulars	March 31,	March 31,	March 31,	March 31,
	2015	2014	2015	2014
	In Rupees		In Foreign Currency	
	12,910,086	8,408,415	USD 207,624	USD 141,080
Trade Receivables	2,317,275	2,965,747	GBP 25,309	GBP 30,020
	26,865,835	113,675,282	EURO 401,942	EURO 1,392,197
Advance Given	-	372,084	-	USD 6,140

Amounts payable in foreign currency on account of the following:

Particulars	March 31,	March 31,	March 31,	March 31,
	2015	2014	2015	2014
	In Rupees		In Foreign Currency	
Trade Payables	9,687,528	37,370,233	EURO 141,300	EURO 446,852
	1,46,08,837	44,864,850	USD 231,189	USD 740,344
	-	6,082,812	-	EURO 74,499
Advance Given	1,589,694	-	USD 25,566	-
	-	3,444,118	-	GBP 34,863
Loan Taken	94,690,500	-	EURO 1,400,000	-

39. Related Party Disclosures:

A. List of Related Parties and Relationships:

Name of the Related Parties where control exists	Relation
Mahindra & Mahindra Limited	Holding Company
Mahindra Holidays & Resorts India Limited	Fellow Subsidiary Company
Bristlecone India Limited	Fellow Subsidiary Company
Mahindra BPO Services Private Limited	Fellow Subsidiary Company
Mahindra Logistics Limited	Fellow Subsidiary Company
Mahindra Univeg Private Limited	Subsidiary Company
Mr. Vikram Puri (refer note no. 31)	Key Managerial Personnel
Mr. Anil Saboo (as per Companies Act, 2013)	Key Managerial Personnel
Mr. Baria Feroz (as per Companies Act, 2013)	Key Managerial Personnel

B. Transactions with Mahindra & Mahindra Limited, Holding Company:

Sr. No.	Nature of Transaction	Rupees
1.	Deputation of personnel: [Including for "Manager" as per Note 29]	95,61,467 (10,561,933)
2.	Other expenses	24,229 (26,803)
3.	Reimbursement of expenses charged to the company	15,83,567 (986,229)
4.	Inter Corporate Deposit Paid	- (65,000,000)
5.	Internal Audit Fees	449,440 (-)
6.	Interest on Inter Corporate Deposit	- (4,422,602)

Sr. No.	Nature of Transaction	Rupees
7.	Interest on unsecured Loan	612,494 (612,494)
8.	Rent	24,56,392 (-)
9.	Professional Fees	16,14,608 (-)
10.	Staff Welfare	1,98,000 (-)
11. Closing Balance:		
	Unsecured Loan	6,805,479 (6,805,479)
	Payables	3,43,40,203 (26,000,893)

Note: Figures in brackets pertain to previous year.

C. Transactions with Fellow subsidiaries:

Sr. No.	Nature of Transaction	Rupees
1.	Expenses:	
(a)	Professional fees	
	- Bristlecone India Limited	80,555 (60,674)
	- Mahindra BPO Services Limited	596,255 (522,056)
(b)	Travelling expenses	
	- Mahindra Holidays & Resorts India Limited	460,803 (902,180)
(c)	Freight expenses	
	- Mahindra Logistics Limited	5,165,814 (418,440)
(d)	Sale of packing Materials	
	- Mahindra Univeg Pvt. Limited	918,162 (-)
(e)	Reimbursement of Expenses	
	- Mahindra Univeg Pvt. Limited	67,200 (-)
(f)	Reimbursement of Duty	
	- Mahindra Univeg Pvt. Limited	30,630,573 (-)
(g)	Investment JV	
	- Mahindra Univeg Pvt. Limited	33,300,000 (-)
(h)	Interest	
	- Mahindra Univeg Pvt. Limited	56,848 (-)
(i)	Sale of Fixed Assets	
	- Mahindra Univeg Pvt. Limited	1,018,679 (-)
(j)	Receipt of advance - Mahindra Univeg Pvt. Limited	
	- Receipt of Advances	22,44,000 (-)
	- Repayment of Advances	22,44,000 (-)
2.	Closing Balance (Payable):	
	- Mahindra Holidays & Resorts India Limited	59,088 (145,899)
	- Mahindra BPO Services Limited	156,503 (147,268)

Note: Figures in brackets pertain to previous year.

40. Segment Reporting:

A. Primary Segment - Business Segment

The Company's business activity falls within a single business segment viz. 'trading in fruits'. All other activities of the Company revolve around its main business. Hence, there are no separate reportable primary segments as defined by Accounting Standard 17 on "Segment Reporting".

B. Secondary Segment - Geographical Segment

The Company has identified two segments under this category based on geographical locations of customers.

Particulars	(Rupees)	
	Domestic	Overseas
Revenue	222,465,565	1,264,425,805
	(128,070,830)	(1,262,082,048)
Segment Assets	460,218,313	95,624,165
	(599,104,518)	(125,049,444)
Capital expenditure	9,212,326	-
	(9,941,526)	-

Note: Figures in brackets pertain to previous year.

41. Information for each class of goods traded during the year:

Particulars	(Rupees)	
	Purchases	Sales
Grapes	932,864,158	1,279,407,830
	(796,159,773)	(1,266,246,516)
Apple	127,286,394	134,617,598
	(56,028,689)	(30,403,830)
Banana	43,653,630	45,211,878
	15,458,018	13,703,011
Orange	14,122,239	18,016,838
	(30,968,817)	(27,132,886)
Pears	4,457,208	4,429,099
	(14,824,201)	(15,289,982)
Others	3,446,582	5,208,128
	(6,448,829)	(37,376,653)
Total	1,125,830,211	1,486,891,371
	(919,888,327)	(1,390,152,878)

Note: Figures in brackets pertain to previous year.

42. Disclosures under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006:

Total outstanding dues of Micro and Small enterprises, which are outstanding for more than the stipulated period are given below:

Sr. No.	Particulars	(Rupees)	
		As at March 31, 2015	As at March 31, 2014
I	Dues remaining unpaid as at the year-end:		
	Principal	NIL	NIL
	Interest	NIL	NIL
II	Interest paid in terms of Section 16 of the MSMED Act	NIL	NIL
III	Amount of interest due and payable for the period of delay in making payments	1,517	1,600
IV	Amount of interest accrued and remaining unpaid as at the year end	10,774	9,257
V	Amount of interest due and payable on previous year's outstanding amount	9,257	7,657
VI	Amount of interest written back during the period as the same is not payable	NIL	NIL

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

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

For Mahindra Shubhlabh Services Limited

Ashok Sharma	Chairman
M. G. Bhide	} Director
K. Chandrasekar	
Anoop Mathur	
Dr. Veena Mishra	
Hardeep Singh	
Vikram Puri	Chief Executive Officer
Anil Saboo	Chief Financial Officer
Feroze Baria	Company Secretary

Mumbai, April 30, 2015

Report on the performance and financial position of each of the subsidiaries, associates and joint venture companies included in the Consolidated Financial Statements of the Company for the year ended 31st March, 2015 is given in separate section in the prescribed format AOC-I, pursuant to Section 134(3)(q) read with Rule 8 of the Companies (Accounts) Rules, 2014.

Form AOC-1

(Pursuant to first provision to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part "A": Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in Rs.)

Sl. No.	Particulars	Details
1.	Name of the subsidiary	Mahindra Univeg Private Limited
2.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	31 st March, 2015. Same as Holding Company
3.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	Not applicable
4.	Share capital	Rs. 5,55,00,000
5.	Reserves & surplus	Rs. 4,88,39,125
6.	Total assets	Rs. 19,80,97,931
7.	Total Liabilities	Rs. 9,37,58,806
8.	Investments	Nil
9.	Turnover	Rs. 12,23,59,210
12.	Profit before taxation	(-) Rs. 37,60,875
11.	Provision for taxation	Nil
12.	Profit after taxation	(-) Rs. 37,60,875
13.	Proposed Dividend	Nil
14.	% of shareholding	60%

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

- Names of subsidiaries which are yet to commence operations: Nil
- Names of subsidiaries which have been liquidated or sold during the year: Nil

Part “B”: Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

Name of associates/Joint Ventures		Nil		
1.	Latest audited Balance Sheet Date			
2.	Shares of Associate/Joint Ventures held by the company on the year end			
	No.			
	Amount of Investment in Associates/Joint Venture			
	Extend of Holding %			
3.	Description of how there is significant influence			
4.	Reason why the associate/joint venture is not consolidated			
5.	Net worth attributable to shareholding as per latest audited Balance Sheet			
6.	Profit/Loss for the year			
	i. Considered in Consolidation			
	ii. Not Considered in Consolidation			

1. Names of associates or joint ventures which are yet to commence operations.
2. Names of associates or joint ventures which have been liquidated or sold during the year.

Note: This Form is to be certified in the same manner in which the Balance Sheet is to be certified.

The company does not have any Associates or Joint Ventures other than its Subsidiary Mahindra Univeg Private Limited.

DIRECTORS' REPORT

To the Members,

Your Directors present their First Report together with the audited accounts of your Company for the year ended 31st March, 2015.

THE COMPANY

The Company was incorporated on 9th July, 2014 to inter alia carry on the business of whole-sale fruits and vegetables. The Company is a subsidiary of Mahindra Shubhlabh Services Limited which in turn is a subsidiary of Mahindra & Mahindra Limited.

FINANCIAL HIGHLIGHTS AND STATE OF COMPANY'S AFFAIRS

(Rs. in lakhs)

Particulars	For the period 9 th July, 2014 to 31 st March, 2015.
Gross Income	1223.59
Profit Before Interest and Depreciation	(37.61)
Finance Charges	-
Gross Profit	(37.61)
Provision for Depreciation	-
Net Profit Before Tax	(37.61)
Provision for Tax	-
Net Profit After Tax	(37.61)
Balance of Profit brought forward	-
Balance available for appropriation	-
Proposed Dividend on Equity Shares	-
Tax on proposed Dividend	-
Transfer to General Reserve	-
Surplus carried to Balance Sheet	(37.61)
Net Worth	1043.39

No material changes and commitments have occurred after the closure of year under review year till the date of this Report which would affect the financial position of the Company.

OPERATIONS

Your Company has started active operations from January, 2015 beginning with sourcing, ripening and marketing of banana and distribution of imported fruits into the Indian market. It is also gearing up for its business in sourcing, storage and marketing of Domestic Apples in the forthcoming season. All required processes and operating procedures have been streamlined and system configuration is underway to transact on a realtime basis.

Banana volumes have increased consistently since Jan 15 every month without any significant deviations in net variable margins and quality issues. Your Company also launched

Saboro branded Banana in the National Costal Region (NCR) market, which presently is 5% of daily volumes.

Imports business has also gained significant traction with operations in Mumbai and NCR markets. Your Company sold around 25 containers in March 15, which is the highest number of containers in a month till date. A team has been put in place for Domestic Apples business as well and initial surveys on sourcing and marketing has also commenced.

DIVIDEND

Your Directors do not recommend any dividend for the year ended 31st March, 2015.

SHARE CAPITAL

The present Authorised Share Capital of the Company is Rs. 6 crores. The Company was incorporated with a paid-up capital of Rs. 1 lakh.

During the period under review, your Company issued and allotted 32,30,000 Equity Shares of Rs.10/- (Rupees Ten Only) each, aggregating Rs. 3,23,00,000/- (Rupees Three Crore Twenty Three Lakh Only) to Mahindra Shubhlabh Services Limited and 22,20,000 Equity Shares of face value of Rs. 10/- each for cash at an issue price of Rs. 33.69 per equity share (including a premium of Rs. 23.69 per equity share), aggregating upto Rs. 7,48,00,000/- (Seven Crore Forty Eight lakhs only) to UNIVEG BV.

BOARD OF DIRECTORS

Mr. Ashok Sharma (DIN: 02766679) and Mr. Nikhil Sohoni (DIN: 06852639) were appointed as First Directors of the Company. Mr. Francis Kint (DIN: 06910694) was appointed as Additional Director by the Board at its Meeting held on 5th September, 2014.

Mr. Vikram Puri (DIN: 00234881) and Mr. Hein Deprez (DIN: 06910718) were appointed as an Additional Directors at the Meeting of the Board of Directors of the Company held on 15th December, 2014.

The Company had received Notice from a Member under section 160 of the Companies Act, 2013, signifying the intention to propose Mr. Francis Kint, Mr. Vikram Puri and Mr. Hein Deprez as candidates for the office of Director. Subsequently the Company at its Extra Ordinary General Meeting of Members held on 15th December, 2014 had appointed Mr. Francis Kint, Mr. Vikram Puri and Mr. Hein Deprez as Directors of the Company.

In accordance with Section 152(6) of the Companies Act, 2013 Mr. Francis Kint (DIN: 06910694) retire at the ensuing Annual General Meeting of the Company and being eligible, offers himself for re-appointment. The Board recommends his re-appointment.

The Company has also received Notice from a Member under section 160 of the Companies Act, 2013, signifying the intention to propose Mr. Ashok Sharma and Mr. Nikhil Sohoni as candidates for the office of Director. The Board of Directors recommends their appointment at the ensuing Annual General Meeting of the Company.

MEETINGS

The Board of Directors met five times during the period 9th July, 2014 to 31st March, 2015 viz; on 24th July, 2014, 26th August, 2014, 5th September, 2014, 15th December, 2014 and 30th January, 2015.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed;
- (b) that such accounting policies have been selected and applied consistently and judgments and estimates made are reasonable and prudent, so as to give a true and fair view of the state of affairs of the company at 31st March, 2015 and of the loss of the company for the financial year ended of that date;
- (c) that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) that the annual accounts have been prepared on a going concern basis; and
- (e) that proper systems have been identified to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

RISK MANAGEMENT POLICY

Your Company has formulated a Risk Management Policy including identification therein of the elements of risk which in the opinion of Board may threaten the existence of the Company. Your Company's risk management policy sets out the objectives and elements of risk management within the organization and helps to promote risk awareness amongst employees and to integrate risk management within the corporate culture.

Implementation of Risk Management Policy is expected to be helpful in managing the risks associated with the business of the Company.

KEY MANAGERIAL PERSONNEL

Pursuant to provisions of Section 2(51) and Section 203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, your Company has appointed Mr. Sudipta Mukhopadhyay as Chief Executive Officer of the Company with effect from 15th December, 2014 and Mr. Rajesh Somani as Company Secretary of the Company with effect from 30th January, 2015.

AUDITORS

M/s. B.K. Khare & Co; Chartered Accountants (Firm Registration No. 105102W), the first Auditors of the Company holds office as Auditors of the Company till the conclusion of first Annual General Meeting (AGM) of the Company and have given their

consent for re-appointment. They being found eligible, offer themselves for re-appointment for a period of 5 years from the conclusion of this Annual General Meeting [AGM] till the conclusion of sixth AGM.

As required by the provisions of Section 139 read with Section 141 of the Companies Act, 2013, the Company has received a written consent and certificate from M/s. B.K. Khare & Co; Chartered Accountants, to the effect that their re-appointment, if made, would be in conformity with the conditions and criteria specified in the said sections.

The Members are requested to appoint Auditors and fix their remuneration.

The Auditors Report does not contain any qualification, reservation or adverse remark.

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

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

PARTICULARS OF PUBLIC DEPOSITS, LOANS, GUARANTEES AND INVESTMENTS

Your Company has not accepted any deposits within the meaning of Section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014.

The Company has not made any loans/advances of the nature which are otherwise required to be disclosed in the annual accounts of the Company pursuant to of the Listing Agreement of the ultimate parent company, – Mahindra & Mahindra Limited, with the Stock Exchanges.

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

PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES

All the contracts/ arrangements / transactions entered, during the year under review, with related parties referred to in sub section 1 of Section 188 of Companies Act, 2013, and Rules made thereunder, were carried out in ordinary course of business and at arm's length.

Particulars of material contracts or arrangements or transactions with related parties, required to be furnished in terms of Section 134 of companies Act, 2013 are furnished in form AOC – 2 as Annexure II and the same forms part of this Report.

EXTRACT OF ANNUAL RETURN:

Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of Annual Return in Form MGT 9 is provided as Annexure III which forms a part of this Annual Report.

INTERNAL CONTROLS

Your Company has commenced active operations from January, 2015 and has implemented a proper system of internal financial control and monitoring procedures, commensurate with the size, scale and complexity of its operations. The Operating Management of the Company regularly conducts reviews to assess the adequacy of financial and operating controls for the businesses of the Company. The Company has set up a process whereby significant issues, if any shall be reported to the Board of Directors of the Company.

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

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

GENERAL DISCLOSURES

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

1. Issue of equity shares with differential rights as to dividend, voting or otherwise.
2. Details relating to deposits covered under Chapter V of the Companies Act, 2013.
3. Issue of Shares (Including Sweat Equity Shares) to employees of the Company under any Scheme.

4. There were no Shares having voting rights not exercised directly by the employees and for the purchase of which or subscription to which loan was given by the Company.
5. Disclosure of remuneration of employees under Section 197(12) of the Companies Act, 2013 read with Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, since your Company is an unlisted Company.

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

ACKNOWLEDGEMENT

The Directors take this opportunity to place on record their sincere appreciation for the valuable contribution by employees of the Company at all levels. The Directors also appreciate the cooperation given by Customers, Suppliers and Government authorities.

For and on behalf of the Board

Ashok Sharma
Chairman

Mumbai, 30th April, 2015

ANNEXURE I TO THE DIRECTORS' REPORT

PARTICULARS AS PER RULE 8(3) OF THE COMPANIES (ACCOUNTS) RULES, 2014

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE OUTGO:

(A) Conservation of energy-

- (i) the steps taken or impact on conservation of energy:
The operations of your Company are not energy-intensive. However adequate measures have been initiated to reduce energy consumption.
- (ii) the steps taken by the company for utilizing alternate sources of energy: Not Applicable
- (iii) the capital investment on energy conservation equipment: Nil

(B) Technology absorption:

- (i) the efforts made towards technology absorption: None
- (ii) the benefits derived like product improvement, cost reduction, product development or import substitution: Not Applicable
- (iii) in case of imported technology (imported during the last

three years reckoned from the beginning of the financial year: Not Applicable

- (iv) the expenditure incurred on Research and Development. Nil

(C) Foreign Currency earnings and outgo

The Foreign Exchange earned during the year: Rs. 7,48,00,000

The Foreign Exchange outgo during the year: Rs. 8,48,36,715

For and on behalf of the Board

Ashok Sharma
Chairman

Mumbai, 30th April, 2015

ANNEXURE II TO THE DIRECTORS' REPORT**FORM NO. AOC.2**

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto (Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

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

Sr. No.	Nature of contracts/ transactions	Name of the related party	Nature of relationship	Duration of contracts	Salient terms of contracts/ transactions	Amount
1.	Purchase of goods	Univeg BV	Joint Venture partner	On going	At prevailing market price	81,877,693
	Purchase of services	Univeg BV	Joint Venture partner	On going	At prevailing market price	3,289,082
2.	Purchase of services	Mahindra Integrated Business Solutions Private Limited	Fellow Subsidiary	On going	At prevailing market price	247,305
3.	Purchase of services	Mahindra Logistics Limited	Fellow Subsidiary	On going	At prevailing market price	77,076

Note: for the purpose of materiality, the following criteria have been considered.

- 10% of turnover of the Company or Rs. one hundred crore, whichever is lower is considered as material for the purpose of disclosure in respect of Contracts/transactions/arrangements for sale, purchase, or supply of any goods or materials.
- 10% of net worth of the Company or Rs. one hundred crore, whichever is lower is considered as material for the purpose of disclosure in respect of Contracts/transactions/arrangements for selling or otherwise disposing of or buying property of any kind.
- 10% of the net worth of the Company or 10 % of turnover of the Company or Rs. one hundred crore, whichever is lower is considered as material for the purpose of disclosure in respect of Contracts/transactions/arrangements for leasing of property of any kind.
- 10% of turnover of the Company or Rs. fifty crores, whichever is lower is considered as material for the purpose of disclosure in respect of Contracts/transactions/arrangements for rendering of services.

For and on behalf of the Board

Ashok Sharma
Chairman

Mumbai, 30th April, 2015

ANNEXURE III TO THE DIRECTORS' REPORT

Form No. MGT-9

**Extract of Annual Return
as on the financial year ended on 31st March, 2015**[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies
(Management and Administration) Rules, 2014]**I. REGISTRATION AND OTHER DETAILS:**

1. CIN	U01403MH2014PTC255946
2. Registration Date	9 th July, 2014
3. Name of the Company	Mahindra UNIVEG Private Limited
4. Category/Sub-Category of the Company	Company limited by shares/ Indian Non-Government Company
5. Address of the Registered Office and Contact details	Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai-400018, Maharashtra. Tel: +91 22 24905633 Fax: +91 22 24900833
6. Whether listed Company (Yes/No)	No
7. Name, Address and Contact details of Registrar and Transfer Agent, if any	Not Applicable

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sr. No.	Name and description of main products/services	NIC Code of the Product	% to total turnover of the company.
1.	WHOLESALE OF FRUITS & VEGETABLES	46301	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -

Sr. No.	Name and address of the company	CIN/GIN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1.	Mahindra Shubhlabh Services Limited Mahindra Towers, P.K. Kurne Chowk, Worli, Mumbai 400 018	U01409MH2000PLC125781	Holding	60	2(46)
2.	Mahindra & Mahindra Limited Gateway Building, Apollo Bunder, Mumbai 400 001	L65990MH1945PLC004558	Ultimate Holding Company	-	2(46)

IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the incorporation				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1. Indian									
a. Individual/ HUF	-	-	-	-	-	-	-	-	-
b. Central Govt.	-	-	-	-	-	-	-	-	-
c. State Govt.	-	-	-	-	-	-	-	-	-
d. Bodies Corp.	-	99,999	99,999	100	-	33,29,999	33,29,999	60	(40)
e. Bank/ FI	-	-	-	-	-	-	-	-	-
f. Director	-	1*	1	0	-	1*	1	0	0
Sub - Total - A - (1)	-	-	-	-	-	-	-	-	-
2. Foreign									
a. NRI - Individuals	-	-	-	-	-	-	-	-	-

Category of Shareholders	No. of Shares held at the incorporation				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
b. Other Individuals	-	-	-	-	-	-	-	-	-
c. Body Corporate	-	-	-	-	-	22,20,000	22,20,000	40	40
d. Bank/ FI					-	-	-	-	-
e. Any Others					-	-	-	-	-
Sub Total – A (2)		1,00,000	1,00,000	100	-	55,50,000	55,50,000	100	-
Total Share Holding of Promoters (A) = (A)(1)+(A)(2)		1,00,000	1,00,000	100	-	55,50,000	55,50,000	100	-
B. Public Shareholding									
1. Institution									
a. Mutual Funds									
b. Bank/ FI									
c. Cent. Govt.									-
d. State Govt.									-
e. Venture Capital									-
f. Insurance Co.									
g. FIs									
h. Foreign Venture Capital Fund									-
i. Others (specify)									-
Sub – Total – B (1)									
2. Non – Institution									
a. Body Corp.									-
(i) Indian									
(ii) Overseas									
b. Individual									
(i) Individual shareholders holding nominal share capital upto Rs. 1 lakh									-
(ii) Individual shareholders holding nominal share capital in excess of Rs. 1 Lakh									-
c. Others (specify)									
Sub – Total – B (2)									
Total Public Shareholding (B) = (B) (1)+B(2)									
C. Shares held by Custodian for GDRs & ADRs									
Grand Total (A+B+C)		1,00,000	1,00,000	100	-	55,50,000	55,50,000	100	-

ii. Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the time of incorporation			Shareholding at the end of the year			% change in shareholding during the year
		No. of shares	% of total shares of the company	% of shares pledged/encumbered to total shares	No. of shares	% of total shares of the company	% of shares pledged/encumbered to total shares	
1.	Mahindra Shubhlabh Services Limited	99,999	100	Nil	33,29,999	60	Nil	(40)
2.	Mr. Ashok Sharma	1*	0.00	Nil	1*	0.00	Nil	-
3.	UNIVEG BV	-	-	Nil	22,20,000	40	Nil	40
	Total	99,999	100	Nil	55,50,000	100	Nil	-

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

Sr. No.		Shareholding at the time of incorporation		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
	At the incorporation				
1.	Mahindra Shubhlabh Services Limited	99,999	100	99,999	100
	Allotment of 32,30,000 Equity Shares of Rs. 10/- each on rights basis on 5th September, 2014	32,30,000	100	32,30,000	100
	At the end of the year	33,29,999	60	33,29,999	60
2.	Mr. Ashok Sharma	1	0.00	1	0.00
	No change	-	-	-	-
	At the end of the year	1	0.00	1	0.00
3.	UNIVEG BV	Nil	Nil		
	Allotment of 22,20,000 Equity Shares of Rs. 10/- each to Joint Venture Partner on 5th September, 2014 on preferential allotment basis	22,20,000	40	22,20,000	40
	At the end of the year	22,20,000	40	22,20,000	40

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

Sr. No.	Top Ten Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
1.	NOT APPLICABLE				

v. Shareholding of Directors and Key Managerial Personnel:

Sr. No.	For each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
1.	Mr. Ashok Sharma	1*	0.00%	1	0.00%

* 1 Equity Share of Rs. 10 each is held by Mr. Ashok Sharma as nominee of Mahindra Shubhlabh Services Limited to comply with the statutory provisions of Companies Act with regard to minimum number of members.

V. INDEBTEDNESS

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

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	(Rs. In lakhs)	
				Total	indebtedness
Indebtedness at the beginning of the financial year					
1) Principal Amount	Nil	Nil	Nil		Nil
2) Interest due but not paid	Nil	Nil	Nil		Nil
3) Interest accrued but not due	Nil	Nil	Nil		Nil
Total of (1+2+3)					
Change in indebtedness during the financial year	Nil	Nil	Nil		Nil
+ Addition	Nil	Nil	Nil		Nil
- Reduction	Nil	Nil	Nil		Nil
Net Change	Nil	Nil	Nil		Nil
Indebtedness at the end of the financial year					
1) Principal Amount					
2) Interest due but not paid	Nil	Nil	Nil		Nil
3) Interest accrued but not due	Nil	Nil	Nil		Nil
Total of (1+2+3)	Nil	Nil	Nil		Nil

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

NOT APPLICABLE

B. Remuneration of other directors:

The Company has not paid any Remuneration to any of the Directors.

I. Independent Directors :-

The Company is not required to appoint any Independent Director.

II. Other Non-Executive Directors :-

The Non-Executive Directors of the Company are not paid any Remuneration

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

Sr. No.	Particulars of Remuneration	Key Managerial Personnel		Total Amount (Rs. in lakhs)
		Sudipta Mukhopadhyay (Chief Executive Officer)	Rajesh Somani (Company Secretary)	
1.	Gross Salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act	14.23		14.23
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961			
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961			
2.	Stock option			
3.	Sweat Equity			
4.	Commission - As % of Profit - Others, specify			
5.	Others (Contribution to the Provident Fund)	0.39		0.39
	Others		0.58	0.58
	Total (C)	14.62	0.58	15.20

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

	Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority (RD/NCLT/ court)	Appeal made, if any (give details)
A. COMPANY						
Penalty	-	-	Not applicable	Not applicable	Not applicable	Not applicable
Punishment	-	-	Not applicable	Not applicable	Not applicable	Not applicable
Compounding	-	-	Not applicable	Not applicable	Not applicable	Not applicable
B. DIRECTORS						
Penalty	-	-	Not applicable	Not applicable	Not applicable	Not applicable
Punishment	-	-	Not applicable	Not applicable	Not applicable	Not applicable
Compounding	-	-	Not applicable	Not applicable	Not applicable	Not applicable
C. OTHER OFFICERS IN DEFAULT						
Penalty	-	-	Not applicable	Not applicable	Not applicable	Not applicable
Punishment	-	-	Not applicable	Not applicable	Not applicable	Not applicable
Compounding	-	-	Not applicable	Not applicable	Not applicable	Not applicable

For and on behalf of the Board

Ashok Sharma
Chairman

Mumbai, 30th April, 2015

INDEPENDENT AUDITOR'S REPORT

To the Members of MAHINDRA UNIVEG PRIVATE LIMITED

Report on the Financial Statements

1. We have audited the accompanying financial statements of **MAHINDRA UNIVEG PRIVATE LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2015, and the Statements of Profit and Loss and Cash Flow for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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

Report on Other Legal and Regulatory Requirements

9. As required by the Companies (Auditor's Report) Order, 2015, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
10. As required by Section 143(3) of the Act, we report that:
 - a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c. the Balance Sheet, the Statement of Profit and Loss and Cash Flow dealt with by this Report are in agreement with the books of account;
 - d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);
 - e. On the basis of written representations received from the directors as on March 31, 2015 taken on record by the Board of Directors, none of the directors

is disqualified as on March 31, 2015, from being appointed as a director in terms of Section 164(2) of the Act.

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

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

For **B. K. Khare & Co.**
Chartered Accountants
Firm's Registration Number 105102W

Padmini Khare Kaicker
Partner
Membership Number 044784

Mumbai, April 30, 2015

**ANNEXURE TO THE AUDITOR'S REPORT
REFERRED TO IN OUR REPORT OF EVEN
DATE:**

1. The Company does not have any fixed assets and hence this clause is not applicable.
2. (a) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.
(b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
(c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventory and the discrepancies noticed on physical verification of inventory as compared to the book records were not material and have been properly dealt with in the books of account.
3. The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii), (iii)(a) and (iii)(b) of the said Order are not applicable to the Company.
4. In our opinion and according to the information and explanations given to us, the Company is having an adequate internal control system commensurate with the size and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods. On the basis of our examination of the books and records of the Company and according to the information and explanations given to us, we have neither come across, nor have we been informed of, any continuing failure to correct any major weaknesses in the aforesaid internal control system.
5. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 and the Rules framed thereunder to the extent notified.
6. The Central Government of India has not prescribed the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company.
7. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, have generally been regularly deposited with the appropriate authorities. Delay in deposit have not been serious.
(b) According to the information and explanations given to us and records of the Company examined by us, there are no dues of income tax, sales tax, wealth tax, service –tax, duty of excise, duty of customs, value added tax, and cess which have not been deposited on account of any dispute.
(c) There are no amounts required to be transferred by the Company to the Investor Education and Protection Fund in accordance with the provisions of the Companies Act, 1956 and the rules made thereunder.
8. As the Company is registered for a period of less than five years, the provisions of clause 3(viii) of the Order are not applicable to the Company.
9. As the Company does not have any borrowings from any financial institution or bank nor has it issued any debentures as at the balance sheet date, the provisions of Clause 3(ix) of the Order are not applicable to the Company.
10. In our opinion, and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year. Accordingly, the provisions of Clause 3(x) of the Order are not applicable to the Company.
11. The Company has not raised any term loans during the year and accordingly the provisions of clause 3(xi) of the Order are not applicable to the Company.
12. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.

For B. K. Khare and Co.
Chartered Accountants
Firm's Registration Number 105102W

Padmini Khare Kaicker
Partner
Membership Number 044784

Mumbai, April 30, 2015

BALANCE SHEET AS AT 31ST MARCH, 2015

Particulars	Note No.	As at 31 st March, 2015 Rupees
I. EQUITY AND LIABILITIES		
Shareholders' funds		
Share capital.....	1	55,500,000
Reserves and surplus.....	2	48,839,125
		<u>104,339,125</u>
Non-current liabilities		
Long-term provisions	3	1,059,796
		<u>1,059,796</u>
Current liabilities		
Trade payables.....	4	86,664,790
Other current liabilities	5	5,944,894
Short-term provisions	6	89,326
		<u>92,699,010</u>
TOTAL		<u><u>198,097,931</u></u>
II. ASSETS		
Non-current assets		
Long term loans & advances.....	7	1,477,623
		<u>1,477,623</u>
Non-current assets		
Inventories	8	36,426,863
Trade receivables	9	45,546,521
Cash and cash equivalents	10	112,361,115
Short-term loans and advances.....	11	1,018,334
Other current assets.....	12	1,267,475
		<u>196,620,308</u>
TOTAL		<u><u>198,097,931</u></u>

See accompanying notes forming part of Financial statements

In terms of our report attached

For B. K. Khare & Co.

Chartered Accountants

FRN: 105102W

Padmini Khare Kaicker

Partner

Membership No.: 044784

Place: Mumbai

Date: 30th April, 2015**For Mahindra Univeg Private Limited****Ashok Sharma***Director***Nikhil Sohoni***Director***Sudipta Mukhopadhyay***Chief Executive Officer***Rajesh Somani***Company Secretary*

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

Particulars	Note No.	For the year ended 31st March, 2015
		Rupees
Revenue from operations.....	13	117,760,620
Other income.....	14	4,598,590
III Total revenue		122,359,210
IV Expenses		
Purchases of stock-in-trade (refer note no 27)		142,637,046
Changes in inventories of stock-in-trade.....	15	(35,462,397)
Consumption of Packing Material	16	2,410,080
Employee benefits expense.....	17	7,931,130
Other expenses	18	8,604,225
Total expenses		126,120,085
V Profit before tax (III-IV)		(3,760,875)
VI Tax expense		
Current tax expenses		-
VII Profit for the year (V-VI)		(3,760,875)
VIII Earnings per equity share:		
Basic and diluted earnings per equity share of Rs. 10 each.....	23	(0.68)

See accompanying notes forming part of Financial statements

In terms of our report attached

For B. K. Khare & Co.

Chartered Accountants

FRN: 105102W

Padmini Khare Kaicker

Partner

Membership No.: 044784

Place: Mumbai

Date: 30th April, 2015

For Mahindra Univeg Private Limited

Ashok Sharma

Director

Nikhil Sohoni

Director

Sudipta Mukhopadhyay

Chief Executive Officer

Rajesh Somani

Company Secretary

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

Particulars	For the year ended 31st March, 2015
A. CASH FLOW FROM OPERATING ACTIVITIES:	
Net profit before tax	(3,760,875)
Adjustments for :	
Depreciation	
Unrealised foreign exchange (gain)/loss	300,349
Sundry balances written back	
Interest receipts on fixed deposit	(4,581,934)
Operating profit before working capital changes	(8,042,459)
(Increase)/decrease in trade receivables	(45,546,521)
(Increase)/decrease in inventories	(36,426,863)
(Increase)/decrease in loans and advances and other assets	(3,431,997)
Increase/(decrease) in trade payables, other liabilities and provisions	93,458,457
	8,053,076
Cash generated from/(used in) operations	10,617
Income tax paid (net of refund)	-
NET CASH GENERATED/(USED) IN OPERATING ACTIVITIES	10,617
B. CASH FLOW FROM INVESTING ACTIVITIES:	
Purchase of fixed assets	-
Proceeds from sale of fixed assets	-
(Increase)/decrease in fixed deposits during the year	-
Purchase of investments	-
Interest received on fixed deposits	-
NET CASH USED IN INVESTING ACTIVITIES	-
C. CASH FLOW FROM FINANCING ACTIVITIES:	
Increase in share Capital	55,500,000
Increase in share premium	52,600,000
Interest Received	4,250,499
NET CASH (USED)/GENERATED FROM FINANCING ACTIVITIES	112,350,499
Net (decrease)/increase in cash and cash equivalents	112,361,115
Cash and cash equivalents at the beginning of the year	-
Cash and cash equivalents at the end of the year	112,361,115
Cash and cash equivalents as per Note 10	112,361,115

Notes:-

- (i) The cash flow statement has been prepared under the "indirect method" as set out in Accounting Standard 3 on "Cash flow statements" issued by the institute of Chartered Accountants of India.
- (ii) Components of cash and cash equivalents for the purpose of Cash Flow comprise cash in hand and bank balances in current account and fixed deposit accounts with original maturity of less than 12 months

See accompanying notes forming part of Financial statements

In terms of our report attached

For B. K. Khare & Co.Chartered Accountants
FRN: 105102W**Padmini Khare Kaicker**Partner
Membership No.: 044784
Place: Mumbai
Date: 30th April, 2015**For Mahindra Univeg Private Limited****Ashok Sharma***Director***Nikhil Sohoni***Director***Sudipta Mukhopadhyay***Chief Executive Officer***Rajesh Somani***Company Secretary*

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

		As at 31 st March, 2015 Rupees	As at 31 st March, 2015 Rupees
1. Share Capital			
Authorised			
60,00,000 equity shares of Rs.10 each		60,000,000	
		<u>60,000,000</u>	
Issued, subscribed and fully paid up			
Mahindra Shubhlabh Services Limited holding 33,30,000 equity shares of Rs 10 each and UNIVEG BV holding 22,20,000 equity shares of Rs 10 each		55,500,000	
		<u>55,500,000</u>	
(a) Shares held by holding company:			
	March 31, 2015		
Particulars	No. of shares		
Mahindra Shubhlabh Services Limited	3,330,000		
(b) Equity shares held by each shareholder holding more than 5 percent equity shares in the Company are as follows:			
	March 31, 2015		
Name of shareholders	No of Shares	% of Holding	
Mahindra Shubhlabh Services Limited	3,330,000	60.00%	
UNIVEG BV	2,220,000	40.00%	
Others			
Total	<u>5,550,000</u>	<u>100.00%</u>	
(c) Rights, Preferences and Restrictions attached to Equity Shares			
The company has only one class of shares referred to as equity shares having a par value of Rs 10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.			
2. Reserves and Surplus			
Surplus/(Deficit) in the Statement of Profit and Loss			
Opening balance			
Add: Profit for the year		(3,760,875)	
Closing balance		<u>(3,760,875)</u>	
Share Premium			
UNIVEG BV paid @ 23.6937 per share for holding equity Shares 22,20,000		52,600,000	
TOTAL		<u>48,839,125</u>	
3. Long-term provisions			
Provision for employee benefits			
- Compensated absences		616,132	
- Gratuity (refer note no 21)		443,664	
TOTAL		<u>1,059,796</u>	
4. Trade payables			
Trade payables :			
- Micro and Small Enterprises (refer note no 30)		-	
- Other Sundry Creditors		86,664,789	
TOTAL		<u>86,664,790</u>	
5. Other Current Liabilities			
(i) Payables to statutory authorities (includes statutory dues such as TDS, PF, etc.)			562,699
(ii) Trade deposits			15,000
(iii) Others			5,367,195
			<u>5,944,894</u>
6. Short-term provisions			
Provision for employee benefits			
- Compensated absences			89,326
TOTAL			<u>89,326</u>
7. Long Term loans & advances			
Unsecured, considered good			
Balance with government authorities-Custom Revenue Deposits			777,623
Deposit with others			700,000
TOTAL			<u>1,477,623</u>
8. Inventories			
(At lower of cost and net realisable value)			
Closing stock Banana			603,057
Closing Stock -Imported Fruits			34,859,340
Closing Stock-Packing material			964,466
TOTAL			<u>36,426,863</u>
9. Trade receivables (Unsecured)			
(a) Outstanding for a period exceeding six months from the date they are due for payment			
(i) Considered good			-
(ii) Considered doubtful			-
Less: Provision for doubtful debts			-
TOTAL			<u>-</u>
(b) Other trade receivables			
Considered good			45,546,521
TOTAL			<u>45,546,521</u>
10. Cash and cash equivalents			
Cash in hand			352,731
Balances with banks:			
- in current accounts			13,026,920
- in deposit accounts with maturity of less than 12 months as at the balance sheet date			98,981,463
TOTAL			<u>112,361,115</u>
Of the above, the balances that meet the definition of Cash and cash equivalents as per AS 3 <i>Cash Flow Statements</i>			112,361,115
11. Short-term loans and advances			
i) Secured, considered good			-
ii) Unsecured, considered good			-
Staff Advance			96,457
Advance to supplier			921,877
TOTAL			<u>1,018,334</u>

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

	As at 31 st March, 2015 Rupees
12. Other Current assets	
TDS Receivable	458,196
Accrued Interest	331,435
Prepaid Expenses	477,844
TOTAL	<u><u>1,267,475</u></u>
13. Revenue from operations	
Sale of Fruits	117,760,620
TOTAL	<u><u>117,760,620</u></u>
14. Other income	
a) Interest Income	
Interest on deposits with banks	4,525,086
Other Interest	56,848
b) Other non-operating income	16,656
TOTAL	<u><u>4,598,590</u></u>
15. Changes in inventories of stock-in-trade	
Opening Stock	-
Less: Closing Stock	35,462,397
Change in Inventories	<u><u>(35,462,397)</u></u>
16. Consumption of Packing Material	
Purchase of Packing Material	2,031,732
Purchase of Crate	1,342,814
Less: Closing Stock of Packing Material	964,466
Total Consumption	<u><u>2,410,080</u></u>
17. Employee benefits expense	
Salaries and wages	6,917,786
Contribution to provident and other funds	258,600
Staff welfare expense	45,649
HR related Expenses	709,095
Total	<u><u>7,931,130</u></u>
18. Other expenses	
Rent	94,106
Rates and taxes	69,942
Communication expenses	88,269
Travelling and conveyance expenses	1,383,185
Legal and professional fees	4,205,549
Payments to Auditor (refer Note 22)	224,720
Field Expenses	164,000
Repairs - others	15,535
Insurance	5,897
Printing and Stationery	105,114
Postage & Courier	5,444
Foreign exchange loss (net)	300,349
Business Promotion Expenses	86,880
Incorporation Expenses	1,041,220
Miscellaneous expenses	814,015
Total	<u><u>8,604,225</u></u>

19. Corporate Information:

Mahindra Univeg Pvt. Ltd. is a Joint Venture company formed by Mahindra Shubhlabh Services Limited and Univeg BV with 60:40 sharing basis. It has started active operations from last quarter of the financial year beginning with sourcing, ripening and marketing of banana and distribution of imported fruits into the Indian market. It is also gearing up for its business in sourcing, storage and marketing of Domestic Apples in the forthcoming season.

20. Significant accounting policies:
(i) Basis of accounting

The financial statements have been prepared in accordance with the Generally Accepted Accounting Principles (IGAAP) under the historical cost convention as a going concern and on accrual basis and in accordance with the provisions of the Companies Act, 2013 and the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended).

(ii) Use of estimates

The preparation of the financial statements, in conformity with the generally accepted accounting principles, requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Differences between actual results and estimates are recognised in the period in which the results are known/materialise.

(iii) Revenue Recognition

Revenue from sales is recognised when the significant risks and rewards associated with ownership of goods are transferred to the buyers and no significant uncertainty exists as to the amount of consideration derived from the sales.

Export benefits are accounted for in the year of export based on eligibility and when there is no uncertainty in receiving the same. Interest income is recognised on time proportion basis.

(iv) Fixed Assets & Depreciation

All fixed assets are stated at their original cost of acquisition less accumulated depreciation. Depreciation is provided on straight-line method in the manner prescribed in Schedule II to the Companies Act, 2013.

(v) Inventories:

Stock-in-trade comprising of goods purchased for resale and packing material is valued at the lower of cost and net realisable value. Cost includes all expenses incurred in bringing the goods to the point of sale.

(vi) Presentation and Disclosure of Financial Statements

Assets and Liabilities are classified as Current or Non-Current based on the company's normal operating cycle and as per the provisions of the Companies Act, 2013 and rules made thereunder. Based on the nature of business and its activities, the Company has ascertained its operating cycle as twelve months for the purpose of Current & Non-Current classification of Assets & Liabilities.

(vii) Employee Benefits
A. Short term benefits:

Short term employee benefits including performance incentives are recognised as an expense at the undiscounted amount in the Statement of Profit and Loss of the year in which the related service is rendered.

B. Long term benefits:
Defined Contribution Plan: Provident Fund

The eligible employees of the Company are entitled to receive post employment benefits in respect of provident fund, in which both employees and the Company makes monthly contribution at a specified percentage of the employees' eligible salary. Provident Fund is classified as Defined contribution plans as the Company has no further obligations beyond making the contribution.

The Company's contributions to Defined Contribution Plan are charged to Statement of Profit and Loss as incurred.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Defined Benefit Plan: Gratuity

The Company has an obligation towards gratuity, a defined retirement plan covering eligible employees. The plan provides a lump sum payment to vested employees at retirement, death while in employment or on termination of employment. Vesting occurs upon completion of five years of service. The company accounts for liability of future gratuity benefits based on an external actuarial valuation on Projected Unit Credit method carried out for assessing the liability as at each balance sheet date. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the period in which they occur.

Other Long term employee benefits: Compensated Absences

The Company provides for the encashment of leave or leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits for future encashment/availment. The liability is provided based on the number of days of unutilised leave at each balance sheet date on the basis of an independent actuarial valuation. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the period in which they occur.

(viii) Foreign Currency Transactions

Foreign currency transactions are recorded at the exchange rates prevailing on the date of the transaction. Gains and losses arising out of subsequent fluctuations are accounted for on actual payment or realisation. Monetary items denominated in foreign currency as at the Balance Sheet date are converted at the exchange rates prevailing on that date. Exchange differences are recognised in the Statement of Profit and Loss.

(ix) Taxation

Tax expense comprises of both current and deferred tax only.

Provision for Current tax is measured at the amount computed under the Income Tax Act, 1961, or Book Profit computed under section 115JB, whichever is higher, and correspondingly set-off available under section 115JAA is credited to the Statement of Profit & Loss of the financial year.

MAT credit is recognised as an asset only when, and to the extent, there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognised as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of credit to the Statement of Profit and Loss and shown as MAT Credit Entitlement. The Company reviews the same at each Balance Sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent that there is no longer convincing evidence to the effect that Company will pay normal income tax during the specified period.

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

(x) Provisions

A provision is recognised when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to their present values and are determined based on management estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates.

21. Employee Benefit Plans:

A. Defined Contribution Plan:

On account of defined contribution plans the Company's contribution to Provident Fund aggregating to Rs. 2,58,600 has been recognised in Statement of Profit and Loss.

B. Defined Benefit Plan: Gratuity

Amount recognised in Balance Sheet

Particulars	(Rupees) As at 31 st March, 2015
Present Value of Funded Obligations	–
Fair Value of Plan Assets	–
Present Value of unfunded Obligations	4,43,664
Net Liability	
Amounts in the Balance Sheet	
Liabilities	4,43,664
Assets	
Net Liability	4,43,664

Expense recognised in the Statement of Profit and Loss

Particulars	(Rupees) As at 31 st March, 2015
Current Service Cost	52,748
Interest on Defined Benefit Obligation	15,453
Expected Return on Plan Assets	–
Net Actuarial Losses / (Gains) recognised in year	(10,692)
Past Service Cost	0
Total expense, included in "Employee Benefits Expense"	57,509

Change in Defined Benefit Obligation

Particulars	(Rupees) As at 31 st March, 2015
Opening Defined Benefit Obligation	0
Current Service Cost	52,748
Interest Cost	15,453
Actuarial Losses / (Gain)	(10,692)
Liabilities Assumed on acquisition/ Settled on Divestiture	3,86,155
Past Service Cost	
Closing Defined Benefit Obligation	4,43,664

Experience Adjustment

Particulars	As at 31 st March, 2015
Defined Benefit Obligation	4,43,664
Plan Assets	0
Surplus/Deficit	4,43,664
Exp. Adj on Plan Liabilities	(29,680)
Exp. Adj on Plan Assets	0

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Financial Assumptions at the Valuation Date

Particulars	As at 31 st March, 2015
Discount Rate (p.a)	7.90%
Expected Rate of return on Assets(p.a)	0.00%
Salary Escalation Rate (p.a)	8.00%

The estimate of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

22. Payments to the Auditors (including service tax):

Particulars	Year Ended 31 st March, 2015
For Statutory Audit	2,24,720
Total	2,24,720

23. Earnings Per Share:

Particulars	(Rupees) Year Ended 31 st March, 2015
a. Profit for the year attributable to equity shareholders	(37,60,875)
b. Weighted average number of Equity shares - Basic and Diluted	55,50,000
c. Nominal value of Equity share	10
d. Earnings per Share – Basic and Diluted	(0.68)

24. CIF Value of Imports:

Particulars	(Rupees) Year Ended 31 st March, 2015
Purchase of Traded Goods	8,18,77,693

25. Expenditure in Foreign Currencies:

Particulars	(Rupees) Year Ended 31 st March, 2015
Professional Fee	27,89,082
Travelling	1,69,940

26. Related Party Disclosures:

A. List of Related Parties and Relationships:

Name of the Related Parties where control exists	Relation
Mahindra Shubhlabh Services Limited	Holding Company
Mahindra Integrated Solutions Private Limited	Fellow Subsidiary Company
Mahindra Logistics Limited	Fellow Subsidiary Company
Univeg BV	JV Partner

B. Transactions with Mahindra Shubhlabh Services Ltd, Holding Company:

Sr. No.	Nature of Transaction	Rupees
1.	Investment in Joint Venture	3,33,00,000
2.	Reimbursement of Expenses	
	– Custom duty	3,06,30,573
	– Packing material & Consumables	19,36,840
	– Incorporation of expenses	9,20,200
	– Logistic	67,200
3.	Business Advance	(22,44,000)
4.	Interest Income	(56,848)
5.	Collection from Customers	(4,32,288)
	Closing Balance:	
	Payables	Nil

C. Transactions with Univeg BV, Joint Venture Partner:

Sr. No.	Nature of Transaction	Rupees
1.	Investment in Joint Venture	7,48,00,000
2.	Purchase of Fruits	8,18,77,693
3.	Professional Fee & Reimbursement	32,89,082
	Closing Balance:	
	Payables	7,70,14,336

D. Transactions with Fellow subsidiaries:

Sr. No.	Nature of Transaction	Rupees
1.	Expenses:	
	(a) Professional fees	
	– Mahindra Integrated Business Solutions Private Limited	2,47,305
	(b.) Freight expenses	77,076
	– Mahindra Logistics Limited	
2.	Closing Balance:	
	Payables	
	– Mahindra Integrated Business Solutions Private Limited	2,22,575
	– Mahindra Logistic Limited	77,076

27. The Company has entered into a Joint Venture agreement with M/S Univeg BV and in terms of the business plan forming part of the agreement, an amount of Rs. 76,73,884 receivable from M/S Univeg BV is adjusted to the Purchase account as detailed below:

Particulars	Rupees
Total Imports from M/s Univeg BV	8,18,77,693
Less: Amount receivable as per the Agreement	76,73,884
Net Purchases included in Purchase of Stock in Trade as per P&L A/c	7,42,03,809

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

28. Segment Reporting:

A. Primary Segment - Business Segment

The Company's business activity falls within a single business segment viz. 'trading in fruits'. All other activities of the Company revolve around its main business. Hence, there are no separate reportable primary segments as defined by Accounting Standard 17 on "Segment Reporting".

B. Secondary Segment - Geographical Segment

The Company is doing only domestic sale so there is no secondary segment report.

29. Information for each class of goods traded during the year:

Particulars	(Rupees)	
	Purchases	Sales
Grapes	72,84,946	71,90,000
Apple	5,77,66,200	7,44,30,570
Kiwi	1,39,96,531	1,60,14,105
Banana	1,52,63,886	2,01,25,945
Orange	28,30,016	-
Total	9,71,41,579	11,77,60,620

30. Disclosures under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006:

Total outstanding dues of Micro and Small enterprises, which are outstanding for more than the stipulated period are given below:

Sr. No.	Nature of Transaction	Rupees
I	Dues remaining unpaid as at the year-end	
	Principal	NIL
	Interest	NIL

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

31. The Balances of Sundry creditors/Debtors and parties whom loans/ advances have been given are subject to confirmation.

32. This being the first year of operations, prior period figures have not been given.

In terms of our report attached

For B. K. Khare & Co.

Chartered Accountants

FRN: 105102W

Padmini Khare Kaicker

Partner

Membership No.: 044784

Place: Mumbai

Date: 30th April, 2015

For Mahindra Univeg Private Limited

Ashok Sharma

Director

Nikhil Sohoni

Director

Sudipta Mukhopadhyay

Chief Executive Officer

Rajesh Somani

Company Secretary

DIRECTORS' REPORT

Your Directors are pleased to present the 33rd Annual Report on business and operations of your Company along with the audited financial statements and accounts for the year ended 31st March, 2015.

FINANCIAL HIGHLIGHTS

(Rs. in lacs)

	For the Year ended 31 st March, 2015	For the Year ended 31 st March, 2014
Turnover (Net)	16922.90	17472.52
Other Income	256.26	256.60
	17179.16	17729.12
Profit Before Interest, Depreciation & Tax	660.80	1285.74
Finance cost	119.56	235.34
Depreciation	273.76	279.41
Profit Before Tax	267.48	770.99
Tax expense	88.00	-
Profit After Tax	179.48	770.99
Transfer to General Reserve	-	-
Add : Balance Brought Forward	(1085.47)	(1856.46)
Depreciation on transaction to Schedule II to the Companies Act, 2013	(69.26)	-
Deficit Carried to the Balance Sheet	(975.25)	(1085.47)

* Figures have been regrouped wherever necessary.

Operations and Financial Overview

During the year under review, your Company's turnover was at Rs. 169.23 crore as compared to Rs. 174.73 crore for the previous year affecting the performance marginally. The Profit Before Tax was at Rs. 2.67 crore vs. Rs. 7.71 crore in the previous year, The Profit after tax was at Rs. 1.79 crore vs. Rs. 7.71 crore in the previous year.

The year 2014-15 was quite challenging amidst untimely rain, pendency in subsidies release, delays in introduction of Subsidy scheme as per National Mission on Sustainable Agriculture (NMSA) guidelines by few States resulting in subdued demand from farmer community.

Despite these constraints and challenging environment, the Company could achieve this performance.

During the year under review, the Company has entered into Memorandum of Understanding with M/s S – Rain Control A/S, Denmark, an automation products manufacturer in Irrigation Systems. This will assist in catering to farmers using hi-end technology for farming. This new business will contribute significantly to the Company's top line and bottom line in the years to come.

Dividend

Your Directors do not recommend any dividend considering the need to augment resources for operational purposes.

Corporate Governance & Management Discussion and Analysis Report

Your Company believes in sound practices of good Corporate Governance. Transparency, Accountability, and Responsibility are the fundamental guiding principles for all decisions, transactions, and policy matters of the Company. A Report on Corporate Governance alongwith a certificate from the Statutory Auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement, forms part of this Annual Report.

Further, the Management Discussion and Analysis Report for the year under review, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchange, is given in Annexure I to this Report.

Stock Options

The Nomination and Remuneration Committee of the Board of Directors of the Company, inter alia, administers and monitors the Employees' Stock Option Scheme of the Company in accordance with the applicable SEBI Guidelines.

During the year under review 6125 Nos. Stock Options got vested under the Employees Stock Option Scheme – 2010, and were exercised immediately after vesting. Accordingly, the Company made the allotment of 6125 Equity Shares on 21st November, 2014 against these options exercised by the employees.

In pursuance of the approval of the Members at the previous Annual General Meeting held on 31st July, 2014 your Company has formulated and implemented New Employee Stock Option Scheme – 2014 (the Scheme) for grant of Employee Stock Options to employees of the Company in the form of Stock Options and/or Restricted Stock Units ("RSUs") and/or other instruments ("Options") exercisable into Equity Shares. The Nomination and Remuneration Committee of the Board of Directors has granted 80,424 Stock Options during the year under review, comprising about 0.29% of the current paid up capital of the Company.

The applicable disclosures as stipulated under the SEBI Guidelines as on March 31, 2015 (cumulative position) with regard to the Employees' Stock Option Scheme (ESOS) are provided in Annexure II to this Report.

The Company has received a certificate from the Auditors of the Company that the Scheme has been implemented in accordance with the SEBI Guidelines and the resolution passed by the members. The certificate would be placed at the Annual General Meeting for inspection by members.

Voting rights on the shares issued to employees under the ESOS are either exercised by them directly or through their appointed proxy.

Share Capital

During the year, with the allotment of 6125 equity shares on exercising of Stock Options by employees, the total paid up equity share capital of the Company increased from 2,76,38,239 equity shares of Rs. 10/- each to 2,76,44,364 equity shares of Rs. 10/- each. The said equity shares have been listed on the Bombay Stock Exchange Limited and they rank pari passu with the existing equity shares in all respects.

Accordingly, the Paid-up Share Capital of the Company stood at Rs. 27,64,43,640 divided into 2,76,44,364 equity shares of Rs. 10 each as on 31st March, 2015.

Holding Company

The promoters of the Company i.e. Mahindra and Mahindra Limited (M & M) hold 1,51,44,433 equity shares which represents 54.78 percent of the total paid up capital of the Company. Your Company continues to be a subsidiary company of M & M. The Company does not have any subsidiary company.

Contracts and arrangements with Related Parties

During the financial year, all contracts/arrangements/transactions entered by the Company with related parties were in the ordinary course of business on an arm's length basis. During the year, the Company had not entered into any contract/arrangement/transaction with related parties which could be considered material in accordance with the policy of the Company with materiality of related party transactions.

All related party transactions are placed before the Audit Committee for approval wherever applicable. Prior omnibus approval is also obtained from the Audit Committee for the related party transactions which are of repetitive nature as well as the transactions which cannot be foreseen and accordingly, the required disclosures are made to the Committee on quarterly basis in terms of approval of the Committee.

The Company's major related party transactions are generally with its holding and associate companies. The related party transactions are entered into based on considerations of various business exigencies, such as synergy in operations, sale transactions through tenders or otherwise. All related party transactions are negotiated on an arms-length basis, and are intended to promote the Company's interests.

The Policy on materiality of related party transactions and dealing with related party transactions as approved by the Board may be accessed on the Company's website at the link: http://www.epcmahindra.com/pdf/EPC_Policy_on_Related_Party_Transactions.pdf. The related party transactions have been set out in the Note No. 31 to the financial statement.

Risk Management

During the year, your Directors have constituted a Risk Management Committee under the chairmanship of Mr. Nikhilesh Panchal and Mr. Ashok Sharma and Mr. Anand Daga being other members. The Committee has been entrusted with the responsibility to assist the Board in (a) Overseeing and approving the Company's enterprise wide risk management framework; and (b) Overseeing that all the risks that the organization faces such as strategic, financial, credit, market, liquidity, security, property, IT, legal, regulatory, reputational and other risks have been identified and assessed and there is an adequate risk management infrastructure in place capable of addressing those risks. The Risk Management Policy was reviewed and recommended by the Risk Management Committee and approved by the Board of Directors.

The Company manages, monitors and reports on the principal risks and uncertainties that can impact its ability to achieve its strategic objectives, risk mitigation measures and internal controls and processes.

Industrial Relations

The industrial Relations continue to be peaceful and cordial at all levels. The Directors wish to place on record their sincere appreciation of the Company's employees at all levels. The Company's consistent growth is made possible by their hard work solidarity, co-operation and support.

The Management Discussion and Analysis Report gives an overview of the developments in Human Resources/Industrial Relations during the year.

Safety, Health and Environmental Performance

Your Company's commitment towards safety, health and environment is being continuously enhanced and your Company encourages involvement of all its employees in activities related to safety, including promotion of safety standards.

During the year under review, no major accidents occurred. The Safety Committee regularly reviews the adherence of safety norms. Some of the programmes undertaken by the Company such as the behaviour based safety training, Knowledge based fire extinguisher training, and fire fighting training and safety awareness have resulted in the reduction of number of accidents.

Various health checkup programmes for employees were regularly undertaken by the Company during the year.

Requirements relating to various environmental legislations and environment protection have been duly complied by your Company.

Directors and Key Managerial Personnel

Pursuant to the provisions of Section 149 of the Companies Act, 2013, the Non independent Director Mr. S Durgashankar would retire and, being eligible, has offered himself for reappointment. Ms. Sangeeta Prasad was co-opted on the Board on 28th October, 2014 and holds office upto the ensuing Annual General Meeting, being eligible, has offered herself for appointment.

The Company has received Notices in writing from Member alongwith requisite deposit, proposing Ms. Sangeeta Prasad for appointment to the office of Director at the ensuing Annual General Meeting.

The Shareholders in the Annual General Meeting held on 31st July, 2014 appointed Mr. Ashok Sharma as Whole Time Director designated as Executive Director and CEO of the Company with effect from 1st October, 2014, on a consolidated remuneration of Rs. 12,00,000 per annum for a period of three years. Mr. Ashok Sharma is also receiving a remuneration from the holding Company M/s. Mahindra and Mahindra Limited. The Board of Directors has approved the re-designation of Mr. Ashok Sharma as Executive Director with effect from 1st June, 2015.

Pursuant to the provisions of Section 203 of the Companies Act, 2013, the Board of Directors has further approved appointment of Mr. Sanjeev Mohoni as Chief Executive Officer of the Company with effect from 1st June, 2015 who will be looking after day to day affairs of the Company.

In terms of the provisions of Section 149 of the Companies Act, 2013 and other applicable provisions, if any, the Shareholders have appointed Mr. Vinayak Patil, Mr. Nikhilesh Panchal and Mr. Anand Daga as Independent Directors of the Company for a period of 5 years in the Annual General Meeting held on 31st July, 2014 who are not liable to retire by rotation.

The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed both under the Act and Clause 49 of the Listing Agreement with the Stock Exchange.

The information required pursuant to Section 197(12) read with Rule 5(1) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of ratio of remuneration of a director to the median remuneration of the employees of the Company for the financial year is given in the Annexure III to this Report.

The Company has devised a Policy for performance evaluation of Independent Directors, Board, Committees and other individual Directors which include criteria for performance evaluation of the non-executive directors and executive director. The statement indicating the manner in which formal annual evaluation of the Directors, the Board and Board level committees are given in detail in the report on Corporate Governance, which forms part of this Annual Report.

The Company had on the basis of the Policy for performance evaluation of Independent Directors, Board, Committees and other individual Directors, followed a process of evaluation by the Board for its own performance and that of its Committees and individual Directors.

The details of programmes for familiarisation of Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company and related matters are put up on the website of the Company.

The following policies of the Company are attached herewith marked as Annexure IV and Annexure V:

- a) Policy on Appointment of Directors and Senior Management and Succession Planning for Orderly Succession to the Board and the Senior Management.

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

Directors' Responsibility Statement

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

- a) in the preparation of the annual accounts for the year ended March 31, 2015, the applicable accounting standards read with requirements set out under Schedule III to the Act, have been followed and there are no material departures from the same;
- b) the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2015 and of the profit of the Company for the year ended on that date;
- c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the Directors have prepared the annual accounts on a 'going concern' basis;
- e) the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- f) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee (CSR Committee) has formulated and recommended to the Board, a Corporate Social Responsibility Policy (CSR Policy) indicating the activities to be undertaken by the Company, which has been approved by the Board.

The CSR Policy may be accessed on the Company's website at the link: http://www.epcmahindra.com/pdf/EPC_CSR_Policy.pdf

The key philosophy of all CSR initiatives of the Company is guided by three core commitments of Scale, Impact and Sustainability.

The Company has identified few focus areas of engagement which are as under:

- Rural Transformation: Creating sustainable livelihood solutions, addressing poverty, hunger and malnutrition.
- Health: Affordable solutions for healthcare through improved access, awareness and health seeking behaviour.
- Education: Access to quality education, training and skill enhancement.
- Environment: Environmental sustainability, ecological balance, conservation of natural resources.
- Disaster Response: Managing and responding to disaster.

During the year under review your Company initiated few projects such as renovation of school building in the rural area, girl child education, pure drinking water, medical equipment for old age and disabled persons. These projects were mainly implemented directly through employee participation. The Company has also actively participated in the "Mahindra's Hariyali Project of 1 Million tree plantation.

During the year under review, the Company has spent Rs. 13.79 lacs which is around 2.05% of the average net profits of last three financial year on CSR activities.

The Annual Report on CSR activities is annexed herewith marked as Annexure VI.

Internal Complaints Committee

During the year under review, no complaints were reported to/resolved by the Committee for the year ended 31st March, 2015 in accordance with the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

Vigil Mechanism/Whistle Blower policy

In order to ensure that the activities of the Company and its employees are conducted in a fair and transparent manner by adoption of highest standards of professionalism, honesty, integrity and ethical behaviour, the Company has adopted a vigil mechanism policy. This policy is explained in Report on Corporate Governance and also posted on the website of the Company.

Internal Financial Control Systems and their adequacy

Your Company has laid down set of standards, processes and structures which enables to implement internal financial control across the organisation and ensure that the same are adequate and operating effectively.

Auditors

The Auditors, Messrs. Deloitte Haskins & Sells, Chartered Accountants, Baroda holds office until the conclusion of the ensuing Annual General Meeting. The Auditors are eligible for reappointment under Section 139(1) of the Companies Act, 2013 and have furnished a certificate to this effect. The Directors recommend their reappointment as Auditors of the Company upto the conclusion of the next Annual General Meeting.

Cost Auditors

The Company had filed the Cost Audit Report as per the Companies (Cost Accounting Records) Rules, 2011 prescribed under Section 209(1)(d) of the Companies Act, 1956 pertaining to the financial year 2013-14 before the due date of filing.

Pursuant to section 148 of the Companies Act, 2013, the Board of Directors, on the recommendation of the Audit Committee appointed M/s Shilpa & Company, Cost Accountants, as the Cost Auditors of the Company for the financial year 2015-16. M/s Shilpa & Company have confirmed that their appointment, is within the limits of section 139 of the Companies Act, 2013 and have also certified that they are free from any disqualification specified under sections 141(3) and 148(5) of the Companies Act, 2013.

The Audit Committee has also received a Certificate from the Cost Auditor certifying their independence and arm's length relationship with the Company.

The Directors recommend the remuneration payable to the Cost Auditors of the Company for the year 2015-16. The approval from Shareholders for the remuneration payable to the Cost Auditors is being sought at the ensuing Annual General Meeting.

Secretarial Auditors

Pursuant to provisions of Section 204 of the Companies Act, 2013, the Board has appointed Mr. Sachin Bhagwat Practising Company Secretary, to conduct Secretarial Audit for the financial year 2014-15. The Secretarial Audit Report for the financial year ended on 31st March, 2015 is annexed as Annexure VII to this Report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

Public Deposits & Loans/Advances

During the year, the Company did not accept any fixed deposit. The deposits accepted in the previous years were repaid on 30th September, 2014. There were unclaimed/unpaid deposits and unclaimed/unpaid interest warrants outstanding as on March 31, 2015 amounting to Rs. 4.83 lacs. Your Company has neither made any loans or advances nor any guarantees or securities provided which are required to be disclosed in the Annual Accounts of the Company pursuant to Clause 32 of the Listing Agreement.

DISCLOSURES:**CSR Committee**

The CSR Committee comprises M/s Ashok Sharma (Chairman), S Durgashankar and Vinayak Patil as other members.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee comprises Directors namely M/s Anand Daga (Chairman), S Durgashankar and Vinayak Patil as other members.

Audit Committee

The Audit Committee comprises Directors namely M/s Vinayak Patil (Chairman), S Durgashankar and Anand Daga as other members.

All the recommendations made by the Audit Committee were accepted by the Board.

Meetings of the Board

Five meetings of the Board of Directors were held during the year. For further details, please refer Report on Corporate Governance of this Annual Report.

Extract of Annual Return

Pursuant to sub-section 3 (a) of Section 134 and sub-section 3 of Section 92 of the Companies Act, 2013, read with Rule 12 of the Companies (Management and Administration) Rules 2014, the extracts of Annual Return of the Company as at 31st March, 2015 is annexed herewith as Annexure VIII to this Report.

General

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

1. Details relating to deposits covered under Chapter V of the Companies Act, 2013.
2. Issue of equity shares with differential rights as to dividend, voting or otherwise.
3. Issue of shares (including sweat equity shares) to employees of the Company under any scheme save and except ESOS referred to in this Report.

4. There were no material changes and commitments, if any, affecting the financial position of the Company which have occurred between the end of the financial year and the date of this Report.
5. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.

Energy Conservation and Technology Absorption and Foreign Exchange Earnings and Outgo

The particulars relating to energy conservation, technology absorption, foreign exchange earnings and outgo as required to be disclosed under sub-section(3) (m) of Section 134 of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 are provided in Annexure IX to this Report.

Particulars of Employees

The Company had no employee, who was employed throughout the financial year and was in receipt of remuneration of not less than Rs. 60,00,000 per annum during the year ended 31st March, 2015 or was employed for a part of the financial year and was in receipt of remuneration of not less than Rs. 5,00,000 per month during any part of the year.

Acknowledgements

Your Directors take this opportunity to place on record their sincere appreciation for the co-operation and continued support received from customers, vendors, suppliers, bankers, business associates and shareholders.

For and On behalf of the Board

Ashok Sharma
Executive Director & CEO

Vinayak Patil
Director

Place : Nashik
Dated : 27th April, 2015

ANNEXURE I TO DIRECTORS' REPORT

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

Water scarcity already affects every continent. Around 1.2 billion people, or almost one-fifth of the world's population, live in areas of physical scarcity, and 500 million people are approaching this situation. Another 1.6 billion people, or almost one quarter of the world's population, face economic water shortage.

Water scarcity is among the main problems to be faced by many societies and the World in the 21st century. Water use has been growing at more than twice the rate of population increase in the last century, and, although there is no global water scarcity as such, an increasing number of regions are chronically short of water.

Water scarcity is both a natural and a human-made phenomenon. There is enough freshwater on the planet for seven billion people but it is distributed unevenly and too much of it is wasted, polluted and unsustainably managed.

Eventually many water saving technologies have been evolved to conserve scarce water resource and increase the existing water use efficiency in Indian agriculture.

Micro-irrigation such as Drip Irrigation and Sprinkler Irrigation are amongst these technologies in use over last three decades. These irrigation systems are more efficient than conventional flood irrigation method, because they deliver low volumes of water directly to plants' roots, minimizing losses to wind, runoff, evaporation and these irrigations systems use 30 to 70 percent less water than conventional irrigation systems for different crops.

The awareness of use of Irrigation technology has established a stronghold in the Asian regions, where it is best utilised in India and China but still there is ample market potential with a continuously growing population. The various State Governments are also encouraging farmers to use irrigation techniques by introduction of various mega subsidy projects.

Industry Structure and Developments

The Indian micro irrigation market is mainly contributed by drip irrigation system in terms of revenue. The drip and sprinkler irrigation technologies differ in terms of flow rate, pressure requirement, wetted area and mobility. India has mammoth potential for both the irrigation methods. Major States having maximum area coverage under micro irrigation are Maharashtra, Andhra Pradesh, Karnataka, Gujarat, and Tamil Nadu.

The MI Industry has been segmented on the basis of types of micro irrigation system such as drip and sprinkler irrigation system, by States, crop pattern/types, by applications of micro irrigation system and by organizational structure of the industry.

The Indian micro irrigation market is highly competitive with the presence of large and small scale drip and sprinkler irrigation systems producers and marketers across numerous states across India.

The micro irrigation systems market is classified mainly into the organized and unorganized segments in the country. The Company is presently a major supplier of micro irrigation systems (MIS) in India. Our strong brand name, expertise in agronomy services, and wide spread network have contributed to our growth.

Opportunities and Outlook

The long term outlook of the Micro Irrigation Industry is robust. The real boost to the business is likely to come from the micro irrigation projects launched by various State Governments and the recently introduced National Mission for Sustainable Agriculture (NMSA). Agricultural growth can be sustained by promoting conservation and sustainable use of these scarce natural resources through appropriate location specific measures. Towards this end, NMSA has been formulated for enhancing agricultural productivity especially in rainfed areas focusing on integrated farming, water use efficiency, soil health management and synergizing resource conservation. NMSA derives its mandate from Sustainable Agriculture Mission which is one of the eight Missions outlined under National Action Plan on Climate Change (NAPCC).

Water scarcity is the most driving factor of the MI Industry. The area available for crop cultivation, growing population in the country and GDP in the agriculture sector contributes to the growing demand for MIS. The other major contributor to this market is growing pollution levels due to which the water level has declined and in the near future this trend is expected to continue.

The stability of the Government at Centre and States also contributes to the growth of MI Industry by way of consistent policies on subsidies to farmer community.

Operations and Financial Performance

During the year 2014-15, your Company achieved Sales Turnover of Rs. 169.23 crore as compared to Rs. 174.73 crore in the preceding year. Performance was marginally affected due to the following reasons: low demand for micro irrigation systems owing to untimely rains across many parts of India and many State Governments have yet to release guidelines in line with NMSA guidelines.

The Company's profitability was under pressure due to additional provisioning on account of receivables and slow moving inventories despite reduction in input costs and optimum utilisation of its resources.

The Company has further introduced Design Quality Index (DQI) and Installation Quality Index (IQI). It helps in the measurement of quality of designs and installation of products being supplied to farmers. Your Company continued its focus on various Quality initiatives such as 1S 2S, Total Productive Maintenance (TPM), Continuous Improvement Teams (CIT), Mahindra Yellow Belt Programme, Kaizen, Parivartan, and display of Quality Parameters on all machines.

These measures have resulted in significant improvement in production efficiencies and reduction in rejections.

During the year, the Company has entered into Memorandum of Understanding with S-Rain Control A/s, Denmark to introduce automation irrigation control products catering to farmers farming with hi-tech solutions. The Company is also in the process of introducing new products helping farmer community for crop protection.

Risks, Concerns and Threats

The major threats to the MI Industry are from unorganised sector who mainly provide low quality irrigation systems which sustain for hardly one cropping season.

The availability of trained personnel, fluctuation in polymer prices, erratic climatic conditions and seasonality in agriculture sector are the major threats being faced by the MI Industry. The installation of MI Systems results in higher initial cost thereby putting burden on farmers.

Industry growth is heavily dependent on Government policies and release of capital subsidies. Long lead time in release of State subsidies result in a greater requirement of working capital for the MIS Industry. However, with the implementation of National Mission on Micro Irrigation by the Central Government, it is expected that we shall have greater uniformity in release of subsidies.

Internal Control Systems

Your Company has adequate internal control procedures commensurate with its size and nature of business. The internal control system is supplemented by extensive internal audits, regular reviews by management and well-documented policies and guidelines to ensure reliability and speedy compilation of financial statements, safeguarding the assets and interests of the Company and ensuring compliance with laws and regulations. The Company continuously upgrades these

systems in line with best accounting practices. The Company is also in the process of implementation of compliance management systems.

The Audit Committee of Board of Directors periodically reviews the audit plans, observations and recommendations of the internal and external auditors with reference to significant risk areas and adequacy of internal controls.

Human Resources

Your Company continues to maintain its unique track record of industrial harmony. One of our top priorities has been to build talent across the organisation, business process, quality assurance and customer care.

Human resources initiatives such as skill level upgradation, training, appropriate reward and recognition systems and productivity improvement are the key focus areas for development of the employees of the Company. The measures for safety, training, welfare and development of employees receive highest priority.

As we look ahead, we are confident that our strong, positive people philosophy and practices will make us a preferred destination for talent.

As on 31st March, 2015, the total number of employees of your Company was 430.

Cautionary Note

This report contains forward-looking statements based on certain assumptions and expectations of future events. Actual performance, results or achievements and risks and opportunities may differ from those expressed or implied in any such forward - looking statements. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent developments, information or events.

ANNEXURE II TO DIRECTORS' REPORT

Disclosures with respect to Employees Stock Option Schemes of the Company pursuant to the provisions of the Companies Act, 2013.

Particulars	Employees Stock Options Scheme, 2010	Employees Stock Options Scheme, 2014
(a) Options granted	60,500	80,424
(b) Options vested	32,000	Nil
(c) Options exercised	32,000	Nil
(d) The total number of shares arising as a result of exercise of option	32,000	80,424
(e) Options lapsed	28,500	Nil
(f) Exercise price	Rs. 35	Rs. 10
(g) Variation of terms of options	Nil	Nil
(h) Money realised by exercise of options	11,20,000	Nil
(i) Total number of options in force	Nil	80,424
(j) Employee wise details of options granted to		
(i) Key Managerial Personnel	1) Mr. Ratnakar Nawghare – 3,000	1) Mr. Mayur Bumb – 11,059 2) Mr. Ratnakar Nawghare – 7,029
(ii) Any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year	1) Mr. Vinayak Patil – (Director) – 10,000 2) Mr. A R Kshirsagar* – 6,500 3) Mr. Kiran Soman – 5,000 4) Mr. P. Ravi** – 5000 * Resigned w.e.f. 31 st December, 2012 ** Resigned w.e.f. 7 th October, 2014	1) Mr. Kiran Soman – 16,862 2) Mr. Deepak Bajaj – 6,498 3) Mr. Kedarnath Keskar – 4,688 4) Mr. Makarand Mallikar – 4,675 5) Mr. Ranveer Singh Malhotra – 4,644 6) Mr. Hemant Sahu – 4,130 7) Mr. Arvind Gulghane – 4,024
(iii) Identified employees who were granted options, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant	Nil	Nil
(k) Basic and Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard (AS) 20 'Earnings Per Share'	NA	Rs. 0.65

ANNEXURE III TO DIRECTORS' REPORT

DETAILS PERTAINING TO REMUNERATION AS REQUIRED UNDER SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

Sr. No.	Requirements	Disclosure								
1	The ratio of the remuneration of each director to the median remuneration of the employees for the financial year.	3.96								
2	The percentage increase in remuneration of each Director, CFO & CS.	ED & CEO – NA* CFO – 8% CS – 6%								
3	The percentage increase in the median remuneration of employees in the financial year.	The median remuneration of the employees in the financial year was increased by 10%. The calculation of % increase in median remuneration is done based on comparable employees. For this we have excluded employees who were not eligible for any increment.								
4	The number of permanent employees on the rolls of the company.	There were 303 employees as on 31 st March, 2015.								
5	The explanation on the relationship between average increase in remuneration and company performance.	Factors considered while recommending increases in the fixed compensation: a) Performance of the Company; b) Remuneration with peer companies; c) Industry benchmarking and consideration towards cost of living adjustment/ inflation. d) ESOP scheme, which is part of the remuneration on a long term basis, is prepared in accordance with SEBI and other regulatory guidelines and shareholders. e) The Company follows holistic performance review mechanism to ensure that the increase is commensurate with the effort and it is aligned with the performance with the Company.								
6	Comparison of the remuneration of the key managerial personnel against the performance of the company.	For the FY 2014–15 KMP's were paid approx 40% of net profit for the year as compared to 8% in FY 2013 – 14. The percentage is increased mainly due to lower profits of the current year.								
7	a) Variations in the market capitalisation of the Company: b) Price Earnings ratio of the Company: c) Percent increase over/decrease in the market quotations of the shares of the Company as compared to the rate at which the Company came out with the last public offer in the year:	The market capitalisation as on March 31, 2015 was Rs. 447.01 Crores as against Rs. 283.71 crore as on March 31, 2014. Price Earnings ratio of the Company was 248.77 as at March 31, 2015 and was 36.79 as at March 31, 2014. The Company had come out with Rights Issue offer in the year 2012. An amount of Rs. 1000 invested in the said Rights Issue would be worth Rs. 4042 as on March 31, 2015 indicating a Compounded Annual Growth Rate of 135%.								
8	Average percentage increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.	The average percentage change in Managerial employees is 12% whereas the average percentage change in Non – Managerial employees is 1% in 2014-15.								
9	Comparison of each remuneration of the Key Managerial Personnel against the performance of the company	The comparison of remuneration of each of the Key Managerial personnel against the performance of the Company. <table border="1"> <thead> <tr> <th>Particulars</th> <th>% of Net Profits for FY 2014-15</th> </tr> </thead> <tbody> <tr> <td>ED & CEO</td> <td>3.3%</td> </tr> <tr> <td>CFO</td> <td>18.1%</td> </tr> <tr> <td>CS</td> <td>11.6%</td> </tr> </tbody> </table>	Particulars	% of Net Profits for FY 2014-15	ED & CEO	3.3%	CFO	18.1%	CS	11.6%
Particulars	% of Net Profits for FY 2014-15									
ED & CEO	3.3%									
CFO	18.1%									
CS	11.6%									
10	The key parameters for any variable component of remuneration availed by the directors	No variable component of remuneration is being given to the Whole Time Director. The Whole Time Director is receiving consolidated remuneration.								
11	The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year; and	Ratio is 1.67. There are 22 such employees receiving remuneration more than the director's remuneration.								
12	Affirmation that the remuneration is as per the remuneration policy of the company	Yes, it is affirmed.								

* The remuneration of ED & CEO started from 1st October, 2014.

ANNEXURE IV TO DIRECTORS' REPORT

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

DEFINITIONS

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

“**Board**” means Board of Directors of the Company.

“**Company**” means EPC Industrié Limited.

“**Committee(s)**” means Committees of the Board for the time being in force.

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

“**HR**” means the Human Resource department of the Company.

“**Key Managerial Personnel**” (KMP) refers to key managerial personnel as defined under the Companies Act, 2013 and includes:

- (i) Managing Director (MD), or Chief Executive Officer (CEO); or Manager; or Whole time Director (WTD)
- (ii) Chief Financial Officer (CFO); and
- (iii) Company Secretary (CS).

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

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

I. APPOINTMENT OF DIRECTORS

- The NRC reviews and assesses Board composition and recommends the appointment of new Directors. In evaluating the suitability of individual Board member, the NRC shall take into account the following criteria regarding qualifications, positive attributes and independence of director:
 1. All Board appointments will be based on merit, in the context of the skills, experience, independence and knowledge, for the Board as a whole to be effective.
 2. Ability of the candidates to devote sufficient time and attention to his professional obligations as Independent Director for informed and balanced decision making
 3. Adherence to the Code of Conduct and highest level of Corporate Governance in letter and in spirit by the Independent Directors

- Based on recommendation of the NRC, the Board will evaluate the candidate(s) and decide on the selection of the appropriate member. The Board through the Whole Time Director will interact with the new member to obtain his/her consent for joining the Board. Upon receipt of the consent, the new Director will be co-opted by the Board in accordance with the applicable provisions of the Companies Act 2013 and Rules made thereunder.

REMOVAL OF DIRECTORS

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

SENIOR MANAGEMENT PERSONNEL

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

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

II. SUCCESSION PLANNING:

Purpose

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

Board:

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

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

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

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

Senior Management Personnel:

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

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

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

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

Policy Statement

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

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

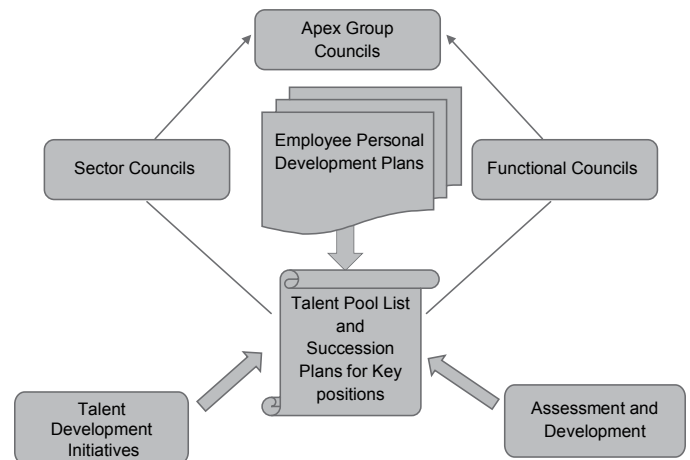
The framework lays down an architecture and processes to address these questions using the **3E** approach:

- a) **Experience** i.e. both long and short-term assignments. This has 70% weightage

- b) **Exposure** i.e. coaching and mentoring – 20% weightage
- c) **Education** i.e. learning and development initiatives – 10% weightage

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

The Talent Management process can be represented pictorially as under:



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

ANNEXURE V TO DIRECTORS' REPORT

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

Purpose

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

Policy Statement

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

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

NON-EXECUTIVE INCLUDING INDEPENDENT DIRECTORS:

The Nomination and Remuneration Committee (NRC) shall decide the basis for determining the compensation, both Fixed and variable, to the Non Executive Directors, including Independent Directors, whether as commission or otherwise. The NRC shall take into consideration various factors such as director's participation in Board and Committee meetings during the year, other responsibilities undertaken, such as membership or Chairmanship of committees, time spent in carrying out their duties, role and functions as envisaged in Schedule IV of the Companies Act 2013 and Clause 49 of the Listing Agreement with the Stock Exchange and such other factors as the NRC may consider deem fit for determining the compensation. The Board shall determine the compensation to Non-Executive Directors within the overall limits specified in the Shareholders resolution.

Whole Time Director or Executive Director or CEO:

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

Key Managerial Personnel (KMPs)

The terms of remuneration of Chief Financial Officer (CFO) shall be determined by the Audit Committee from time to time. The terms of remuneration of the Company Secretary shall be finalised/ revised by the Whole Time Director or such other person as may be authorised by the Board from time to time. The remuneration shall be consistent with the competitive position of the salary for similar positions in the industry and their Qualifications, Experience, Roles and Responsibilities. Pursuant to the provisions of section 203 of the Companies Act 2013 the Board shall approve the remuneration at the time of their appointment.

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

Employees

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

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

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

- Performance
- Potential
- Criticality
- Longevity in grade

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

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

ANNEXURE VI TO DIRECTORS' REPORT**Annual Report on Corporate Social Responsibility (CSR) activities for the financial year 2014-15**

1	Brief outline of the Company's CSR Policy including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR Policy and projects or programs and the composition of CSR Committee.	Refer Sections: (a) Corporate Social Responsibility and (b) Disclosures: CSR Committee in the Annual Report
2	Average net profit of the Company for last three financial years	Rs. 6,73,74,452
3	Prescribed CSR expenditure (two percent of the amount mentioned in item 2 above)	Rs. 13,47,489
4	Details of CSR spent during the financial year	Rs. 13,79,980
5	Total amount to be spent for the financial year	Rs. 13,79,980
6	Amount unspent, if any	Nil
7	Manner in which the amount spent during the financial year	Details given below

These projects were implemented under the monitoring of CSR Committee. The details of CSR spent during the financial year under the aforesaid CSR activities are mentioned below:

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S. No.	CSR project or activity identified	Sector in which the project is covered	Projects or programmes (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or program wise	Amount spent on the projects or programmes Sub-heads: (1) Direct expenditure on projects or programs (2) Overheads:	Cumulative expenditure upto the reporting period.	Amount spent: Direct or through implementing agency
1	Renovation of school	Rural Development	Local District Nashik, Maharashtra	3,20,000	3,02,213	3,02,162	Direct
2	Nanhi Kali	Education	Local District Nashik, Maharashtra	6,90,000	6,90,000	6,90,000	K C Mahindra Education Trust
3	Installation of RO Plant	Pure water project	Ananthapuram District, Telangana	2,80,000	2,80,000	2,80,000	Sudha Welfare Society
4	Motor Pump Assembly	Rural Development	Local Talegaon, District Nashik, Maharashtra	85,000	84,157	84,157	Direct
5	Medical equipment for old age/disable persons to M/s. Manohar Rugna Seva Kendra.	Health	Local Nashik Maharashtra	25,000	23,610	23,610	Direct
	Total			14,00,000	13,79,980	13,79,980	

* The K. C. Mahindra Education Trust was founded by the late Mr. K. C. Mahindra in the year 1953, with an objective of promoting literacy and higher learning in the country.

Responsibility Statement

The Responsibility Statement of the Corporate Social Responsibility Committee of the Board of Directors of the Company is reproduced below:

The implementation and monitoring of Corporate Social Responsibility (CSR) Policy, is in compliance with CSR objectives and policy of the Company.

For and on behalf of the Board

Ashok Sharma
Executive Director & CEO
& Chairman of CSR Committee

Vinayak Patil
Director

Place : Nashik
Dated : 27th April, 2015

ANNEXURE VII TO DIRECTORS' REPORT

SECRETARIAL AUDIT REPORT

For the financial year ended 31st March, 2015

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

To,
The Members,
EPC Industrié Limited
Plot No. H-109, M.I.D.C. Ambad
Nashik 422010

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

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2015, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2015 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of foreign direct investment, overseas direct investment and external commercial borrowings; **(Not applicable to the Company during the audit period)**
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; **(Not applicable to the Company during the Audit period)**
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;

- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **(Not applicable to the Company during the audit period)**
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **(Not applicable to the Company during the audit period);** and
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; **(Not applicable to the Company during the audit period)**

(vi) No other law was specifically applicable to the Company.

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

- (i) Secretarial Standards issued by the Institute of Company Secretaries of India. **(Not notified and hence not applicable to the Company during the audit period)**
- (ii) Listing Agreements entered into by the Company with the Stock Exchange.

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

I further report that

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

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

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

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

I further report that during the audit period the no specific events/actions took place having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards etc. referred to above.

Place : Pune

Date : 24th April, 2015

Sachin Bhagwat

ACS: 10189

CP: 6029

ANNEXURE VIII TO DIRECTORS' REPORT

PARTICULARS AS PER SECTION 134 (3) (m) OF THE COMPANIES ACT, 2013 READ WITH RULE 8(3) OF THE COMPANIES (ACCOUNTS) RULES, 2014 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31st MARCH, 2015

A. Conservation of Energy

Your Company has always been giving priority to the conservation of energy and technology upgradation. To conserve energy and reduce energy cost, various initiatives were taken during the year.

(a) the steps taken or impact on conservation of energy:

- New designed extruders and downstream equipment for higher output in place of old one.
- Power factor is being maintained at unity.
- Improvement in productivity and savings in power consumption due to in-house technological innovations.
- Installation of newly designed moulds and high speed machines.
- Continuous raw material supply for higher productivity.
- Continuous improvements within production area, efficient production planning and improved preventive maintenance resulting into higher up time.

(b) the steps taken by the company for utilising alternate sources of energy:

The Company has explored the potential of using the alternate sources of energy through pilot projects which may be considered for implementation in future and your Company would continue to explore alternative sources of energy in future.

(c) the capital investment on energy conservation equipments:

Nil

B. Technology Absorption,

(i) the efforts made towards technology absorption

Technology is the key enabler and core facilitator to achieve goals of your Company. Since inception, your Company has been at the forefront of leveraging technology to provide better products and services to its customers. The Company's efforts are always focused on making in-house developments, improvement in products and processes, reduction in costs.

(ii) the benefits derived like product improvement, cost reduction, product development or import substitution

Technology has always responded by being a true strategic partner with the business and growth of the Company. Many first mover implementations/developments have provided business, long lasting advantages to the Company.

Apart from product development, product improvement and effective cost management, technology has played a major role in ensuring high level of customer satisfaction and providing competitive advantage.

(iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year) - Nil

- (a) the details of technology imported -NA
- (b) the year of import -NA
- (c) whether the technology been fully absorbed - NA
- (d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof: NA

(iv) Expenditure of Research and Development:

	(Rs. In Thousands)	
	2014-15	2013-14
(a) Capital Expenditure	Nil	Nil
(b) Recurring Expenditure	233	545
(c) Total	233	545
(d) Total R&D expenditure as a % of total turnover	0.01	0.01

C. Foreign Exchange Earnings & Outgo

The Company is assessing the potential countries where the exports business can be explored.

Particulars with regard to foreign exchange earned and outgo are given in the Note No. 28 to the Financial Statements.

For and on behalf of the Board

Ashok Sharma
Executive Director & CEO

Vinayak Patil
Director

Place : Nashik
Dated : 27th April, 2015

ANNEXURE IX TO DIRECTORS' REPORT**EXTRACT OF ANNUAL RETURN**as on the financial year ended on 31st March, 2015**[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]****I. REGISTRATION AND OTHER DETAILS:**

i)	CIN:-	L25200MH1981PLC025731
ii)	Registration Date:-	28/11/1981
iii)	Name of the Company:-	EPC Industrié Limited
iv)	Category/Sub-Category of the Company:	Public Limited
v)	Address of the Registered office and contact details:-	Plot No.H-109, MIDC Ambad, Nashik-422 010 Ph No: 0253-2381081/6642000
vi)	Whether listed company: Yes/No	Yes
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any:-	Sharepro Services (I) Pvt. Ltd 13AB, Samhita Warehousing Complex 2 nd Floor, Sakinaka Telephone Exchange Lane Off: Andheri Kurla Road, Sakinaka Andheri (East), Mumbai-400 072 Tel No. 022-67720421/403

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name and description of main products/services	NIC Code of the Product/service	% to total turnover of the company
1	Micro Irrigation Systems - Drip & Sprinklers	842400	94.4%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

S. No.	Name and address of the company	CIN/GLN	Holding/ Subsidiary/Associate	% of shares held	Applicable Section
1	Mahindra and Mahindra Limited	L65990MH1945PLC004558	Holding	54.78	2(46)

IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**i) Category-wise Share Holding**

Category of Shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A. Promoters									
(1) Indian									
a) Individual/HUF									
b) Central Govt.									
c) State Govt(s)									
d) Bodies Corp.	1,51,44,433	1,51,44,433	1,51,44,433	54.80	1,51,44,433	1,51,44,433	1,51,44,433	54.78	0.02% changed due to allotment of 6,125 shares to the optionees under ESOP Scheme-2010

Category of Shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
e) Banks/Fl									
f) Any other									
Sub-Total (A)(1):-	1,51,44,433	1,51,44,433	1,51,44,433	54.80	1,51,44,433	1,51,44,433	1,51,44,433	54.78	
(2) Foreign									
a) NRIs-Individuals									
b) Other-Individuals									
c) Bodies Corp.									
d) Banks/Fl									
e) Any other									
Sub-Total (A)(2):-									
Total shareholding of Promoter (A) = (A)(1) + (A)(2)	1,51,44,433	1,51,44,433	1,51,44,433	54.80	1,51,44,433	1,51,44,433	1,51,44,433	54.78	
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	0		0	0.00	3,55,836	0	3,55,836	1.29	
b) Banks/Fl		200	200	0.00	0	200	200	0.00	
c) Central Govt(s)									
e) Venture Capital Funds									
f) Insurance Companies									
g) FIs									
h) Foreign Venture Capital Funds									
i) Others (specify)	0	0	0	0.00	4,52,389	0	4,52,389	1.64	
Sub-Total (B)(1):-	0	200	200	0.00	4,52,389	0	8,08,425	2.93	
2. Non-Institutions									
a) Bodies corp.	65,23,623	24,660	65,48,283	23.69	52,09,733	4460	52,14,193	18.86	
i) Indian									
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 Lakh	15,57,500	6,67,030	22,24,530	8.05	25,08,228	6,32,550	31,40,778	11.36	
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 Lakh	34,67,299	0	34,67,299	12.55	30,48,495	0	30,48,495	11.03	
c) Others (specify)	1,41,894	1,11,600	2,53,494	0.92	1,78,840	1,09,200	2,88,040	1.04	
Sub-Total (B)(2):-	1,16,90,316	8,03,290	1,24,93,606	45.20	1,09,45,296	7,46,210	1,16,91,506	42.29	
Total Public Shareholding (B) = (B)(1) + (B)(2)	1,16,90,316	8,03,490	1,24,93,806	45.20	1,13,97,685	7,46,210	1,24,99,931	45.22	
C. Shares held by custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	
Grand Total (A+B+C)	1,16,90,316	1,59,47,923	2,76,38,239	100.00	1,13,97,685	7,46,210	2,76,44,364	100.00	

(ii) Shareholding of Promoters/Promoter Group

Sl. No.	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of shares	% of total shares of the company	% of shares pledged/encumbered to total shares	No. of shares	% of total shares of the company	% of shares pledged/encumbered to total shares	
1	Mahindra and Mahindra Ltd.	1,51,44,433	54.80	Nil	1,51,44,433	54.78	Nil	0.02 Due to allotment of 6125 shares under ESOP Scheme-2010

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

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
	At the beginning of the year	No change*			
	Date wise increase/decrease in promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.):	No change*			
	At the end of the year	No change*			

* The shareholding of Promoters has not changed in absolute terms.

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

Sl. No.	For each of the Top 10 Shareholders	Shareholding at the beginning of the year		Date	Increase/Decrease in shareholding	Reasons	Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company				No. of Shares	% of total shares of the company
	At the beginning of the year							
	Date wise increase/decrease in promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.):							
	At the end of the year							
1	RELIANCE NET LIMITED	14,89,700	5.39	20/03/2015	-5,19,700	Transfer	9,70,000	3.51
				27/03/2015	-5,30,000	Transfer	4,40,000	1.59
				31/03/2015	-4,40,000	Transfer	0	0.00
2	SCIL VENTURES LIMITED	7,80,000	2.82	11/07/2014	-1,09,200	Transfer	6,70,800	2.43
				25/07/2014	-17,600	Transfer	6,53,200	2.36
				31/03/2015			6,53,200	2.36
3	RAJASHEKAR SWAMINATHAN IYER	7,24,600	2.62	02/05/2014	-6,351	Transfer	7,18,249	2.60
				23/05/2014	-1,28,249	Transfer	5,90,000	2.13
				06/06/2014	-20,000	Transfer	5,70,000	2.06
				05/09/2014	-70,000	Transfer	5,00,000	1.81
				12/09/2014	-53,200	Transfer	4,46,800	1.62
				31/03/2015			4,46,800	1.62
4	AADI FINANCIAL ADVISORS LLP	6,25,000	2.26	1/4/2014	0	Nil movement during the year		
				31/3/2015			6,25,000	2.26
5	MARCO PRIVATE LIMITED	5,20,000	1.88	1/4/2014	0	Nil movement during the year		
				31/3/2015			5,20,000	1.88
6	RELIANCE CAPITAL LIMITED	4,89,658	1.77	23/5/2014	-1,27,744	Transfer	3,61,914	1.31
				13/6/2014	-1,22,914	Transfer	2,39,000	0.86
				20/3/2014	2,65,000	Transfer	5,04,000	1.82
				27/3/2015	5,21,000	Transfer	10,25,000	3.71
				31/3/2015			10,25,000	3.71
7	TRENTON INVESTMENTS COMPANY PRIVATE LIMITED	4,84,549	1.75	04/04/2014	-15,121	Transfer	4,69,428	1.70
				11/04/2014	-1,50,428	Transfer	3,19,000	1.15
				09/05/2014	-73,840	Transfer	2,45,160	0.89
				16/05/2014	-86,387	Transfer	1,58,773	0.57
				31/3/2015	-1,58,773	Transfer	0	0.00
8	SHARDUL SECURITIES LIMITED	3,35,000	1.21	23/05/2014	-30,500	Transfer	3,04,500	1.10
				30/05/2014	-19,386	Transfer	2,85,114	1.03
				06/06/2014	-10,114	Transfer	2,75,000	0.99
				13/06/2014	-5,000	Transfer	2,70,000	0.98
				20/06/2014	-20,000	Transfer	2,50,000	0.90
				11/07/2014	-58,000	Transfer	1,92,000	0.69
				18/07/2014	-15,423	Transfer	1,76,577	0.64
				25/07/2014	-7,577	Transfer	1,69,000	0.61
				01/08/2014	-1,000	Transfer	1,68,000	0.61
				08/08/2014	-1,000	Transfer	1,67,000	0.60

Sl. No.	For each of the Top 10 Shareholders	Shareholding at the beginning of the year		Date	Increase/Decrease in shareholding	Reasons	Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company				No. of Shares	% of total shares of the company
				22/08/2014	-1,785	Transfer	1,65,215	0.60
				29/08/2014	-715	Transfer	1,64,500	0.60
				05/09/2014	-3,500	Transfer	1,61,000	0.58
				12/09/2014	-39,500	Transfer	1,21,500	0.44
				19/09/2014	-8,000	Transfer	1,13,500	0.41
				24/10/2014	-2,500	Transfer	1,11,000	0.40
				31/10/2014	-3,000	Transfer	1,08,000	0.39
				07/11/2014	-3,000	Transfer	1,05,000	0.38
				14/11/2014	-4,000	Transfer	1,01,000	0.37
				21/11/2014	-3,100	Transfer	97,900	0.35
				28/11/2014	-3,900	Transfer	94,000	0.34
				05/12/2014	-4,000	Transfer	90,000	0.33
				12/12/2014	-3,000	Transfer	87,000	0.31
				19/12/2014	-1,000	Transfer	86,000	0.31
				31/12/2014	-1,500	Transfer	84,500	0.31
				02/01/2015	-500	Transfer	84,000	0.30
				09/01/2015	-2,100	Transfer	81,900	0.30
				16/01/2015	-3,900	Transfer	78,000	0.28
				23/01/2015	-18,000	Transfer	60,000	0.22
				30/01/2015	-2,000	Transfer	58,000	0.21
				06/02/2015	-500	Transfer	57,500	0.21
				13/02/2015	-1,500	Transfer	56,000	0.20
				27/02/2015	-500	Transfer	55,500	0.20
				06/03/2015	-16,500	Transfer	39,000	0.14
				13/03/2015	-5,000	Transfer	34,000	0.12
				31/3/2015			34,000	0.12
9	MUKUL MAHAVIR PRASAD AGRAWAL	3,20,269	1.16	1/4/2014	0	Nil movement during the year		
				31/3/2015			3,20,269	1.16
10	PARAM CAPITAL RESEARCH PVT. LTD.	2,80,000	1.01	01/04/2014	0	Nil movement during the year		
				31/3/2015			2,80,000	1.01
11	AMUNDI FUNDS A/C AMUNDI FUNDS EQUITY INDIA SELECT			13/6/2014	0	0	17,945	0.06
				20/6/2014	54,461	Transfer	72,406	0.26
				30/6/2014	46,944	Transfer	1,19,350	0.43
				11/7/2014	24,226	Transfer	1,43,576	0.52
				18/7/2014	6,608	Transfer	1,50,184	0.54
				1/8/2014	2,000	Transfer	1,52,184	0.55
				7/11/2014	50,000	Transfer	2,02,184	0.73
				31/3/2015			2,02,184	0.73
12	PAYONE ENTERPRISES PRIVATE LIMITED	1,35,000	0.49	27/3/2015	0	0	1,35,000	0.49
				31/3/2015	5,71,000	Transfer	7,06,000	2.55
13	SBI MAGNUM COMMA FUND			13/6/2014	0	0	97,273	0.35
				25/7/2014	13,563	Transfer	1,10,836	0.40
				29/8/2014	1,70,000	Transfer	2,80,836	1.02
				31/3/2015			2,80,836	1.02

At the end of the year (or on the date of separation, if separated during the year)

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	For each of the Directors and KMP	Shareholding at the beginning of the year		Date	Increase/Decrease in shareholding	Reasons	Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company				No. of Shares	% of total shares of the company
	At the beginning of the year							
	Date wise increase/decrease in promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.):							
	At the end of the year							
	DIRECTORS							
1	Mr. ASHOK SHARMA	Nil	Nil	Nil	Nil	Nil	Nil	Nil
2	Mr. S DURGASHANKAR	Nil	Nil	Nil	Nil	Nil	Nil	Nil
3	Mr. NIKHILESH PANCHAL	Nil	Nil	Nil	Nil	Nil	Nil	Nil
4	Ms. SANGEETA PRASAD	Nil	Nil	Nil	Nil	Nil	Nil	Nil
5	Mr. ANAND DAGA	Nil	Nil	Nil	Nil	Nil	Nil	Nil
6	Mr. VINAYAK PATIL	15,200	0.05	1/4/2014		0.00	15,200	0.05
				20/6/2014	-15,200	Transfer	0	0.00
				1/12/2014	2,500	ESOS Allotment	2500	0.00
				3/12/2014	-2,500	Transfer	0	0.00
				31/3/2015			0	0.00
	Key Managerial Personnel							
1	Mr. MAYUR BUMB (CFO)	100	0.00	1/4/2014	0	0	100	0.00
				23/5/2014	-100	Transfer	0	0.00
				30/6/2014	1	Transfer	1	0.00
				31/3/2015			1	0.00
2	Mr. RATNAKAR NAWGHARE (CS)	3,200	0.01	1/4/2014	0	0	0	0.00
				1/12/2014	750	ESOS Allotment	3,950	0.01
				31/3/2015			3,950	0.01

At the end of the year (or on the date of separation, if separated during the year)

V. INDEBTEDNESS**Indebtedness of the Company including interest outstanding/accrued but not due for payment.****(Rs.)**

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	-	1,31,33,044	15,02,57,000	16,33,90,044
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	0	82,97,567	82,97,567
Total (i+ii+iii)	-	1,31,33,044	15,85,54,567	17,16,87,611
Change in indebtedness during the financial year				
i) Addition	-	-	-	-
ii) Reduction	-	57,27,171	15,85,54,567	16,42,81,738
Net Change	-	57,27,171	15,85,54,567	16,42,81,738
Indebtedness at the end of the Financial year				
i) Principal Amount	-	74,05,873	0	74,05,873
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	-	74,05,873	-	74,05,873

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**A. Remuneration to Managing Director, Whole-Time Directors and/or Manager:**

Sl. No.	Particulars of Remuneration	Name of MD/WTD/Manager		
		Mr. Ashok Sharma - WTD		Total Amount
1	Gross Salary			
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	6,00,000		6,00,000
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961.	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income Tax Act, 1961.	-	-	-
2	Stock option	-	-	-
3	Sweat Equity	-	-	-

Sl. No.	Particulars of Remuneration	Name of MD/WTD/Manager		
		Mr. Ashok Sharma - WTD		
4	Commission – as % of profit – others, specify	–	–	–
5	Others, please specify	–	–	–
	Total (A)	6,00,000		6,00,000
	Ceiling as per the Act	–		

B. Remuneration to other directors;

Sl. No.	Particulars of Remuneration	Name of Directors			Total Amount
		Mr. Vinayak Patil	Mr. Nikhilesh Panchal	Mr. Anand Daga	
1	Independent Directors				
	* Fees for attending board committee meetings	80,000	80,000	80,000	2,40,000
	* Commission	–	–	–	–
	* Others, please specify	–	–	–	–
	Total (1)	80,000	80,000	80,000	2,40,000
2	Other Non-Executive Directors				
	* Fees for attending board committee meetings	–	–	–	–
	* Commission	–	–	–	–
	* Others, please specify	–	–	–	–
	Total (2)	–	–	–	–
	Total (B) = (1 + 2)	80,000	80,000	80,000	2,40,000
	Total Managerial Remuneration				
	Overall Ceiling as per the Act				

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD:

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		Total
		Chief Executive Officer	Company Secretary	
1	Gross Salary			
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	32.32	20.54	52.86
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961.	0.22	0.29	0.51
	(c) Profits in lieu of salary under section 17(3) Income Tax Act, 1961.	–	–	–
2	Stock Options granted during the year	(11,059)	(7,029)	(18,088)
3	Sweat Equity	–	–	–
4	Commission – as % of profit – others, specify	–	–	–
5	Others, please specify	–	–	–
	Total (A) (Total of Remuneration does not include the number of Stock Options)	32.54	20.83	53.37

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

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

NIL

REPORT ON CORPORATE GOVERNANCE

The Company is committed to maintain the highest standards of corporate governance. The Directors adhere to the requirements set out by the Securities and Exchange Board of India's Corporate Governance Practices and have implemented all the stipulations prescribed.

A detailed report on corporate governance pursuant to the requirements of clause 49 of the listing agreement forms part of the Annual Report. A certificate from the statutory auditors of the Company, confirming compliance of conditions of Corporate Governance as stipulated under clause 49 of the Listing Agreement is annexed.

I. BOARD OF DIRECTORS

The composition of the Board of Directors is in conformity with the provisions of the Listing Agreement and the Companies Act, 2013. The Board consists of Executive Director & CEO and five Non-Executive Directors. The number of Non-executive Directors comprising three Independent Directors is more than one-half of the total number of Directors. All the Directors have made necessary disclosures under Corporate Governance norms and the applicable provisions of the Companies Act, 2013. The Board reviews and approves strategy and oversees the actions and results of management to ensure that the long term objectives of enhancing stakeholders' value are met.

Apart from reimbursement of expenses incurred in the discharge of their duties and the remuneration that a Director may receive for professional services rendered to the Company through a firm in which he is a partner, none of the Independent Directors have any material pecuniary relationships or transactions with the Company, its Promoters, its Directors, its Senior Management or its Affiliates which in their judgment would affect their independence. All the independent Directors have given confirmation in this regard. None of the Directors of the Company are inter-se related to each other.

Professional fees for the year under review to Khaitan & Co., Advocate & Solicitors, in which Mr. Nikhilesh Panchal, Non-Executive and Independent Director is a partner, amounts to Rs. 61,447 (including out of pocket expenses).

The Senior Management personnel have made disclosures to the Board confirming that there are no material, financial and/or commercial transactions between them and the Company, which could have potential conflict of interest with the Company at large.

A. Composition of the Board

Currently, the Board comprises of six Directors. The names and categories of Directors, the number of Directorships and Committee positions held by them in the companies are given below. None of the Directors on the Board is a Member of more than 10 Committees and Chairman of more than 5 Committees (as specified in applicable Clause 49 of the Listing Agreement), across all the Companies in which he is a Director.

Sr. No.	Directors	Category	Total Number of Directorships of public companies #, Committee Chairmanships and Memberships, as on 31 st March, 2015.		
			Directorships \$	Committee Chairmanships +	Committee Memberships +
EXECUTIVE					
1	Mr. Ashok Sharma Executive Director & CEO	Related to Promoter	2	-	1
NON-EXECUTIVE					
2	Mr. Vinayak Patil	Independent	1	2	-
3	Mr. S. Durgashankar	Related to Promoter	4	1	3
4	Mr. Nikhilesh Panchal	Independent	5	-	2
5	Mr. Anand Daga	Independent	1	-	1
6	Ms. Sangeeta Prasad	Related to Promoter	8	1	1

Excludes private limited companies/foreign companies and companies u/s. 8

\$ Includes Directorship in EPC Industrié Limited

+ Committees considered are Audit Committee and Stakeholders Relationship Committee including that of EPC Industrié Limited.

B. Board Procedure

A detailed Agenda folder, along with necessary supporting papers are sent to each Director in advance of the Board meetings and to the concerned Directors of the Committee Meetings. To enable the Board to discharge its responsibilities effectively, the Executive Director & CEO apprises the Board at every meeting of the overall performance of the Company. The Board also inter alia reviews strategy and business plans, annual operating and capital expenditure budgets, compliance reports of all laws applicable to the Company as well as steps taken by the Company to rectify instances of non-compliances, review of major legal issues, adoption of quarterly/half yearly/annual results, risk management, significant labour issues, major accounting provisions and write-offs, minutes of meetings of the Audit and other Committees of the Board and information on recruitment of Officers just below the Board level, including the Company Secretary and Compliance Officer.

C. Independent Directors and Performance Evaluation

In accordance with the provisions of the Companies Act, 2013, the Company has appointed three Independent Directors in the Annual General Meeting held on 31st July, 2014 for a period of 5 years. The terms of their appointment is available on the website of the Company.

The Nomination and Remuneration Committee has laid down the evaluation criteria for Independent Directors and the same has been done by the entire Board of Directors. The performance criteria includes whether a directors possesses sufficient skills, experience and level of preparedness to add value to discussions and decisions, challenge views constructively, knowledge about Company's business, the industry in which company operates and global trends etc.

The Independent Directors had a meeting on 23rd January, 2015 without the attendance of non-independent directors and members of management to review performance of non-independent directors and the Board as a whole and performance of chairman of the Board of Directors.

The Company had organized programmes at regular intervals to familiarize the independent directors with the company, their roles, rights, responsibilities in the company, nature of the industry in which the company operates, business model of the company, etc. Quarterly updates on relevant statutory changes on important laws are regularly circulated to Directors. Plant visits are organized for the Directors to enable them to understand the operations of the Company.

D. Number of Board Meetings, Attendance of the Directors at Meetings of the Board and at the Annual General Meeting.

The Board meets atleast once in a quarter to consider among other business, quarterly performance of the Company and the financial results. During the financial year under review, five Board Meetings were held on the following dates – 29th April, 2014, 26th May, 2014, 31st July, 2014, 28th October, 2014 and 23rd January, 2015. The gap between two Meetings did not exceed four months. These meetings were well attended. The 32nd Annual General Meeting of the Company was held on 31st July, 2014.

The attendance of the Directors at these meetings is as under:

Directors	Number of Board Meetings Attended	Attendance at the AGM
Mr. Ashok Sharma	5	Yes
Mr. Vinayak Patil	5	Yes
Mr. S. Durgashankar	5	Yes
Mr. Nikhilesh Panchal	5	Yes
Mr. Anand Daga	4	Yes
Ms. Sangeeta Prasad	2	NA

E. Directors seeking appointment/re-appointment

M/s. S. Durgashankar and Sangeeta Prasad are seeking appointment/reappointment.

Brief resume of these Directors are presented below:

1) Mr. S. Durgashankar

Mr. S. Durgashankar has a Bachelor's Degree in Commerce and is a Member of the Institute of Chartered Accountants of India, New Delhi. Mr. S. Durgashankar is currently President - Mergers and Acquisitions, Corporate Accounts and Corporate Secretarial of Mahindra & Mahindra Ltd., and has rich experience of over 31 years in the areas of Finance, Accounts, Treasury, and Commercial Operations, Project Evaluation and Risk Assessment in addition to tackling multiple complex matters like recasting the accounts for the past several years and handling legal cases.

Mr. S. Durgashankar is on the Board of following Companies:

- i) Mahindra Integrated Business Solutions Private Limited
- ii) Mahindra Namaste Private Limited
- iii) Mahindra Trucks and Buses Limited
- iv) Mahindra Heavy Engines Private Limited
- v) Mahindra HZPC Private Limited
- vi) Swaraj Automotives Limited
- vii) Swaraj Engines Limited

Mr. S Durgashankar is the chairman/member of the following committees of the Company and of other companies.

Sr. No.	Name of the Company	Name of the Committee	Position held (Chairman/Member)
1	EPC Industrié Limited	Audit Committee	Member
2	EPC Industrié Limited	Nomination and Remuneration Committee	Member
3	EPC Industrié Limited	CSR Committee	Member
4	Mahindra Trucks and Buses Limited	Audit Committee	Chairman
5	Mahindra Trucks and Buses Limited	Nomination and Remuneration Committee	Chairman
6	Mahindra Heavy Engines Private Limited	Audit Committee	Chairman
7	Mahindra Heavy Engines Private Limited	Nomination and Remuneration Committee	Chairman
8	Swaraj Engines Limited	Audit Committee	Member
9	Swaraj Automotives Limited	Stakeholders Relationship Committee	Member

Mr. S. Durgashankar does not hold any shares in the Company.

2) Ms. Sangeeta Prasad

Ms. Sangeeta Prasad has a Bachelor's degree in Electrical Engineering and has done Masters in Business Administration from IIM Lucknow. She is a Chevening scholar from UK and completed General Management Programme at INSEAD, Fontainebleau.

Ms. Prasad is currently heading the Integrated Business City and Industrial Cluster as CEO at Mahindra Lifespace Developers Ltd aimed at sustainable city creation.

She has a rich and varied experience of over 20 years of different business functions.

Ms. Prasad has been awarded Leadership award in the International Women Leaders Forum in 2013. Further, she was also recognized amongst the top 30 Emerging Woman Leaders in a survey conducted by Business Today Magazine in the year 2010. Ms. Prasad was also one of the Speakers at the World Economic Forum, Davos, 2012 on "URBANISATION - Trends, Challenges and Opportunities".

Ms. Prasad is a Member, Board of Governors, IIM Lucknow. She was part of the CEO delegation at the 'Make in India' summit in the Hannover Messe exposition in Germany. She was a part of a panel discussion on Smart Cities in the Summit along with eminent Corporate and government representatives from India and Germany.

Ms. Sangeeta Prasad is on the Board of following Companies:

- i) Mahindra World City(Jaipur) Limited
- ii) Knowledge Township Limited
- iii) Mahindra World City(Maharashtra) Limited

- iv) Mahindra World City Developers Limited
- v) Industrial Township (Maharashtra) Limited
- vi) Maharashtra Industrial Park Chennai Limited
- vii) Mahindra Residential Developers Limited

Ms. Sangeeta Prasad is the chairman/member of the following committees of the Company and of other companies.

Sr. No.	Name of the Company	Name of the Committee	Position held (Chairman/Member)
1	Knowledge Township Limited	Audit Committee	Member
2	Knowledge Township Limited	Nomination and Remuneration Committee	Member
3	Industrial Township (Maharashtra) Limited	Audit Committee	Chairperson
4	Mahindra World City Developers Limited	Corporate Social Responsibility Committee	Member
5	Mahindra Residential Developers Limited	Corporate Social Responsibility Committee	Member
6	Mahindra Residential Developers Limited	Nomination and Remuneration Committee	Member
7	Mahindra World City (Jaipur) Limited	Contract Committee	Member
8	Mahindra World City (Jaipur) Limited	Loan and Investment Committee	Member
9	Mahindra World City (Jaipur) Limited	Corporate Social Responsibility Committee	Member

Ms. Sangeeta Prasad does not hold any shares in the Company.

F. Code of Conduct

Your Company had adopted Code of Ethics ("Code") recommended by Bombay Chamber of Commerce and Industry for its Directors and Senior Management personnel and employees. The Code of Ethics has been posted on the Company's website <http://www.epcmahindra.com>. This Code enunciates the underlying principles governing the conduct of the business and seeks to reiterate the fundamental precept that good governance must and would always be an integral part of the Company's culture. The Code further provides the duties of Independent Directors as laid down in the Companies Act, 2013.

All Board Members and Senior Management Personnel have affirmed compliance with the Code. A declaration signed by Executive Director and CEO is enclosed at the end of this Report.

G. Uses & Application of Funds raised under Rights Issue

In the year 2012, the Company had allotted 1,03,58,199 equity shares at a price of Rs. 40 per share (including a premium of Rs. 30/- per share) resulting in total issue size of Rs. 41.43 crores under the Rights Issue.

The uses and application of funds raised under Rights Issue are given in Note No. 28.6 to the Financial Statement. The Uses and Application of funds under Rights Issue are monitored regularly by the Audit Committee.

II. REMUNERATION TO AND APPOINTMENT OF DIRECTORS/KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES

A. Remuneration Policy

During the year under review, the Company has adopted a Policy on compensation of Directors, Key Managerial Personnel and other employees and a policy on appointment of Directors and senior management and succession planning orderly succession to the Board and senior management.

While deciding on the remuneration for Directors, Key Managerial Personnel and other employees the Board, Nomination and Remuneration Committee ("Committee") considers the performance of the Company, the current trends in the industry, the qualification of the appointee(s), their experience, past performance and other relevant factors. The Board/Committee regularly keeps track of the market trends in terms of compensation levels and practices in relevant industries. This information is used to review the Company's remuneration policies.

B. Remuneration to Directors

Mr. Ashok Sharma was re-appointed as Whole Time Director of the Company On 1st October, 2014, for a period of three years and designated as Executive Director and CEO, on a consolidated remuneration of Rs. 12,00,000/- per annum as per the approval of Shareholders in the Annual General Meeting held on 31st July, 2014. There are no fixed or variable components of the remuneration payable to Mr. Ashok Sharma. Mr. Ashok Sharma is also receiving a remuneration from Mahindra and Mahindra Limited.

The tenure of office of the Whole Time Director is for three years from 1st October, 2014 and can be terminated by either party by giving three months notice in writing as per the Company's policy. There is no separate provision for payment of severance fees.

The Non-executive independent Directors are paid sitting fees of Rs. 20,000 for attending the meetings of the Board of Directors. The sitting fees paid to Non-Executive Directors for the year ended 31st March, 2015 alongwith their shareholdings are as under:

Directors	Sitting Fees for the Board Meetings held during the year ended 31 st March, 2015 (Rs. in Lacs)	No. of Ordinary (Equity) Shares held as on 31 st March, 2015
Mr. Ashok Sharma	Nil	Nil
Mr. Vinayak Patil	0.80	Nil
Mr. S. Durgashankar	Nil	Nil
Mr. Nikhilesh Panchal	0.80	Nil
Mr. Anand Daga	0.80	Nil
Ms. Sangeeta Prasad	Nil	Nil

Details of Options granted to the Directors including the vesting and exercise period, exercise price are given in Annexure I to the Directors' Report.

III. RISK MANAGEMENT

The assessment of various risks pertaining to the various aspects of business and the steps taken to mitigate risks is discussed in the meetings of the Board of Directors. The Company has adopted Risk Management Policy during the year and the same would be monitored by the Risk Management Committee. The details of the Risk Management Committee and its broad terms of reference are given in this report.

IV. COMMITTEES OF THE BOARD

A. Audit Committee

The Board of Directors of the Company has an Audit Committee which comprises Mr. Vinayak Patil as the Chairman of the Committee and Mr. S Durgashankar and Mr. Anand Daga as other members of the Committee.

All the members of the Audit Committee possess strong accounting and financial management knowledge.

The Company Secretary is the Secretary of the Audit Committee.

During the year under review, pursuant to terms of the relevant provisions of Companies Act, 2013, the Company has adopted the following additional terms of reference as follows:

The terms of reference of this Committee are very wide. The broad terms of reference of the Audit Committee include:

- a) Review of the Company's financial reporting process and its financial statements.
- b) Review of accounting and financial policies and practices.
- c) Review of the internal control and internal audit system.
- d) Discussing with statutory Auditors to ascertain any area of concern.
- e) the recommendation for appointment, remuneration and terms of appointment of auditors of the company;
- f) review and monitor the auditor's independence and performance, and effectiveness of audit process;
- g) examination of the financial statement and the auditors' report thereon;
- h) approval or any subsequent modification of transactions of the company with related parties;
- i) scrutiny of inter-corporate loans and investments;
- j) valuation of undertakings or assets of the company, wherever necessary;
- k) evaluation of internal financial controls and risk management systems;
- l) Monitoring the end use of funds raised through public offers and related matters
- m) If required, call for the comments of the auditors about internal control systems, the scope of audit, including the observations of the auditors
- n) Review of the financial statements before their submission to the Board

- o) If required, discuss with the internal and statutory auditors and the management of the company any issues related to internal control system, scope of audit and financial statements.
- p) Investigate into any matter in relation to the items specified above or matters which are referred to it by the Board and for this purpose, to obtain professional advice from external sources and have full access to information contained in the records of the Company.
- q) Establish vigil mechanism as may be prescribed to enable directors and employees to report genuine concerns and also shall provide for adequate safeguards against victimization of persons who use such mechanism.
- r) Review the uses/application of funds raised by the Company either by public/rights issue of shares or any other securities.

Generally all items listed in Clause 49 II (D & E) of the Listing Agreement are covered in the terms of reference and Role of the Audit Committee. The Audit Committee has been granted powers as prescribed under Clause 49 II (C) of the Listing Agreement.

The meetings of the Audit Committee are also attended by the Executive Director & CEO, Statutory Auditors, Chief Financial Officer, Internal Auditor and the Company Secretary. The Chairman of the Audit Committee, Mr. Vinayak Patil was present at the 32nd Annual General Meeting of the Company held on 31st July, 2014.

The Committee met four times during the year under review. The Committee Meetings were held on the following dates – 29th April, 2014, 31st July, 2014, 28th October, 2014 and 23rd January, 2015. The gap between two meetings did not exceed four months. The attendance at the Meetings is as under:

Members	Number of Meetings attended
Mr. Vinayak Patil	4
Mr. S. Durgashankar	4
Mr. Anand Daga	4

B. Nomination and Remuneration Committee

The Company has Nomination and Remuneration Committee pursuant to Section 178 of the Companies Act, 2013. The Committee comprises three Non-Executive Directors namely Mr. Anand Daga – Chairman, Mr. S. Durgashankar and Mr. Vinayak Patil majority of whom are Independent Directors. The Committee met on 29th April, 2014, 26th May, 2014, 28th October, 2014 and 21st November, 2014 and the meeting was generally attended by all the members of the Committee.

The Terms of Reference of the Nomination and Remuneration Committee is to:

- a) Identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria to be laid down, recommend to the Board their appointment and removal; and shall carry out evaluation of every Director's performance.

- b) Formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.
- c) Review performance of the Executive Director and recommend to the Board the remuneration payable to him and administering the Employees Stock Options Scheme.

The Committee also administers the Company's ESOP Scheme and take appropriate decisions in terms of the said scheme.

During the year the Company has adopted the policy on directors and Key Managerial Personnel and other employees, appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a director and other matters provided under sub-section (3) of section 178 of the Companies Act, 2013. The Nomination and Remuneration Committee has further determined the criteria for evaluation of Independent Directors performance and the performance of Chairman, Board and committees.

C. Stakeholders Relationship Committee:

The Company has Stakeholders Grievances Committee under the provisions of The Companies Act, 2013. The Committee functions under the Chairmanship of Mr. Vinayak Patil. Mr. Ashok Sharma and Mr. Nikhilesh Panchal are the other Members of the Committee. Mr. Ratnakar Nawghare, Company Secretary is the Compliance Officer of the Company. The Stakeholders Relationship Committee resolves the grievances of security holders of the Company. This Committee met four times during the year under review. The Committee Meetings were held on the following dates – 29th April, 2014, 31st July, 2014, 28th October, 2014 and 23rd January, 2015.

The attendance at the Meetings is as under:

Members	Number of Meetings attended
Mr. Vinayak Patil	4
Mr. Ashok Sharma	4
Mr. Nikhilesh Panchal	4

As per Section 178(7) of the Companies Act, 2013, the Chairperson of the Committee or, in his absence, any other member of the Committee authorised by him in this behalf shall attend the General Meetings of the Company. During the year under review, there was one complaint received from the Shareholder. There were no investor complaints remaining unresolved and pending as at 31st March, 2015.

D. Corporate Social Responsibility (CSR) Committee:

During the year under review and pursuant to the provisions of Section 135 of the Companies Act, 2013, the Corporate Social Responsibility Committee (CSR) of the Board was constituted and functions under the Chairmanship of Mr. Ashok Sharma. Mr. S. Durgashankar and Mr. Vinayak Patil are the other Members of the Committee. The Committee met on 29th April, 2014 and 23rd January, 2015 and it was attended by all members of the Committee.

The broad terms of reference of CSR Committee are as under:

- To approve the CSR policy recommended by the CSR committee and disclose the contents of such policy in its report and place it on company's website;
- To ensure the CSR activities are undertaken by the company;
- To ensure 2 percent spending on CSR activities;
- To report CSR activities in Board's report and disclose non-compliance (if any) with the CSR provisions.

E. Risk Management Committee

During the year under review, the Risk Management Committee of the Board was constituted under the Chairmanship of Mr. Nikhilesh Panchal. Mr. Ashok Sharma and Mr. Anand Daga are the other members of the Committee.

The broad roles and responsibilities of the Committee would be:

- Assessment of the Company's risk profile and key areas of risk in particular.
- Recommending to the Board and adopting risk assessment and rating procedures.
- Examining and determining the sufficiency of the Company's internal processes for reporting on and managing key risk areas.
- Assessing and recommending to the Board acceptable levels of risk.
- Review and monitoring of Risk management and risk mitigations measures.

V. DISCLOSURES

A. Disclosure on materially significant Related Party transactions

During the financial year 2014-15 there were no materially significant transactions entered into between the Company and its Promoters, Directors or the Management etc. that may have potential conflict with the interest of the Company at large. Further details of related party transactions are given in Note No. 31 to the Financial Statements.

All the transactions with related parties were in the ordinary course of business and on arms length basis. In terms of Clause 49 (VII) of the Listing Agreement the Company started obtaining prior approval of the audit committee for entering into any transaction with related parties. The audit committee granted omnibus approval for certain transactions to be entered with the related parties, during the year. The policy on Related Transaction is incorporated on the Company website: <http://www.epcmahindra.com/InvestorInformation.aspx>

B. Disclosure on Whistle Blower Policy

In terms of the provisions of Section 177(9) of the Companies Act, 2013 the Company has already in the year 2011 implemented a vigil mechanism which includes implementation of the Whistle Blower policy. No employee has been denied access to the Chairman of Audit Committee. The Company in conjunction with

the Corporate Disclosure and Investigation policy of its ultimate holding Company has informed its employees that any non-compliant behavior of directors or employees including the non-compliance of its code of conduct to the notice of the management for investigation and necessary action, may be reported by them using the speak-up line number provided therein. The policy is posted on the Company website: <http://www.epcmahindra.com/InvestorInformation.aspx>

C. Disclosure on Familiarisation programmes on Independent Directors

During the year under review the Company has taken steps to familiarize its directors including Independent Directors by periodic presentations about the Company operations, business model, business strategy and risks involved, industry in which the Company operates and their roles and responsibilities. The details of such programme is posted on the Company website: <http://www.epcmahindra.com/corporategovernance.aspx>

D. Disclosure on Director's performance evaluation criteria

The Company has introduced the board and directors' performance evaluation criteria. All board members will be requested annually to provide their assessment of the performance of the Board and its Committees by way of response to a questionnaire. Additionally, all Board members will be asked to do a self-evaluation of their performance annually. The performance of executive directors will be evaluated by the Nomination and Remuneration Committee and the performance of independent directors will be evaluated by the Board. The director being evaluated will not participate in the meeting at the time of their respective evaluation.

E. Disclosure of Accounting Treatment in preparation of Financial Statements

Your Company has followed the Accounting Standards laid down by the Companies (Accounting Standards) Rules, 2006 and the Accounting Standards prescribed under the Companies Act, 2013 in preparation of its financial statements.

F. Code of Conduct for Prevention of Insider Trading

Pursuant to the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, as amended, the Company has formulated, adopted and implemented the Code of Conduct for prevention of Insider Trading.

The code lays down Guidelines, which advise designated employees on procedures to be followed and disclosures to be made, while dealing with shares of the Company and cautioning them of the consequences of violations.

Under the said Code, the Company has appointed Mr. Ratnakar Nawghare as the Compliance Officer. All Board members and Senior Management personnel have affirmed compliance with the Code. The Code of Conduct of the Company is also posted on the investor relation page of the Company's website www.epcmahindra.com

VI. SHAREHOLDER INFORMATION

1. 33rd Annual General Meeting

Date : 31st July, 2015

Time : 2.30 p.m.

Venue: Plot No. H-109, MIDC Ambad, Nashik- 422 010

2. Dates of Book Closure

Dates of Book Closure for Annual General Meeting will be 25th July, 2015 to 31st July, 2015 (both days inclusive)

3. Date of Dividend Payment

No dividend has been recommended for the Financial Year ended 31st March, 2015.

4. Financial Year of the Company

The financial year covers the period from 1st April to 31st March.

Financial Reporting for:

Quarter ending

30th June, 2015 – Second week of August, 2015

Half-year ending

30th September, 2015 - Second week of November, 2015

Quarter ending

31st December, 2015 - Second week of February, 2016

Year ending

31st March, 2016 - End May, 2016

Note: The above dates are indicative.

5. Registered Office

Plot No. H-109, MIDC Ambad, Nashik- 422 010

6. Listing of Equity Shares on Stock Exchange

Your Company's Shares are listed on Bombay Stock Exchange Limited (BSE). The requisite listing fees have been paid in full to the Stock Exchange.

7. A. Stock Code

1. Bombay Stock Exchange Limited (BSE): 523754

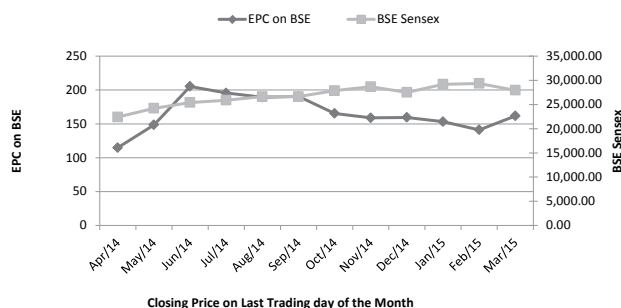
2. Demat International Securities Identification Number (ISIN) in NSDL and CDSL for Equity Shares: INE 215D01010

B. Corporate Identity Number:

L25200MH1981PLC025731

8. Stock Performance

The performance of the Company's shares relative to the BSE Sensitive Index is given in the chart below:



9. Stock Price Data of Equity Shares listed on Bombay Stock Exchange Limited:

Month	High Price	Low Price
April, 2014	132.30	101.00
May, 2014	165.90	108.00
June, 2014	224.90	148.15
July, 2014	226.80	177.10
August, 2014	203.05	168.55
September, 2014	237.00	180.00
October, 2014	193.45	162.10
November, 2014	181.30	142.00
December, 2014	168.00	140.00
January, 2015	182.00	149.00
February, 2015	156.80	132.00
March, 2015	178.00	132.50

10. Registrar and Transfer Agent

Sharepro Services (India) Private Limited
Unit: EPC Industrié Limited
13AB, Samhita Warehousing Complex,
2nd Floor, Sakinaka Telephone Exchange Lane,
Off Andheri Kurla Road, Sakinaka,
Andheri (East), Mumbai-400 072.
Tel. No. : +91-22-67720421/403
Fax: +91-22-28591568
Email : sharepro@shareproservices.com

The Registrar and Transfer Agents also have an office at:

Sharepro Services (India) Private Limited
912, Raheja Centre, Free Press Journal Road,
Nariman Point, Mumbai-400 021.
Tel. No.: +91-22-22881568/69
Fax : +91-22-22825484.

11. Share Transfer System

Trading in Equity Shares of the Company through Bombay Stock Exchange is permitted only in dematerialized form. Shares sent for transfer in physical form are registered and returned within a period of thirty days from the date of receipt of the documents, provided the documents are valid and complete in all respects.

The Board of Directors in FY 2011-12 had authorised Mr. Ashok Sharma, Executive Director and CEO to approve the share transfers, issue of duplicate shares etc. and the same gets confirmed by the Board in their subsequent meeting.

As of date, there are no pending share transfers pertaining to the year under review.

12. Distribution of Shareholding as on 31st March, 2015:

Shareholding	Shareholders		Shares	
	Number	% to total holders	Number	% to total capital
Upto 500	9,288	87.66	14,03,000	5.08
501 – 1,000	594	5.61	4,94,823	1.79
1,001 – 5,000	531	5.01	12,09,528	4.38
5,001 – 10,000	70	0.66	5,46,009	1.97
10,001– 1,00,000	94	0.89	27,90,229	10.09
1,00,001 & above	18	0.17	2,12,00,775	76.69
TOTAL	10,595	100.00	2,76,44,364	100.00

Shareholding Pattern as on 31st March, 2015

Category	No. of shares held	%
Promoters	1,51,44,433	54.78
Banks	200	0.00

Category	No. of shares held	%
Private Corporate Bodies	52,14,193	18.86
Indian Public	61,89,273	22.39
NRI/OCBs/Others	10,96,265	3.97
GRAND TOTAL	2,76,44,364	100.00

13. Dematerialisation of Shares

97.30% of the paid-up Equity Share Capital is held in dematerialised form with National Securities Depository Limited and Central Depository Services (India) Limited as on 31st March, 2015. The Company's Shares are liquid and actively traded on the Bombay Stock Exchange Limited.

14. Outstanding GDRs/ADRs/Warrants or any Convertible Instruments, Conversion date and likely impact on equity

Nil

15. Plant Locations

Your Company's manufacturing facility is located at Plot No. H - 109, MIDC Ambad, Nashik- 422 010.

16. Address for correspondence

Shareholders may correspond with the Registrar and Transfer Agents at:

Sharepro Services (India) Private Limited
Unit: **EPC Industrié Limited**

13AB, Samhita Warehousing Complex,
2nd Floor, Sakinaka Telephone Exchange Lane,
Off. Andheri Kurla Road, Sakinaka,
Andheri (East), Mumbai - 400 072.

Telephone Nos.: +91-22-67720421/403

Fax: +91-22-28591568

Email: sharepro@shareproservices.com

for all matters relating to transfer/dematerialisation of shares and any other query relating to Equity Shares of your Company.

Your Company has also designated rvnawghare@epcind.com as an exclusive email ID for Investors for the purpose of registering complaints. Shareholders would have to correspond with the respective Depository Participants for Shares held in dematerialized form. For all investor related matters, the Company Secretary & Compliance Officer can be contacted at:

EPC Industrié Limited

Plot No. H-109, MIDC Ambad, Nashik-422 010.

Telephone Nos.: +91-253-2381081/82

Fax: +91-253-2382975

email: rvnawghare@epcind.com

Your Company can also be visited at its website:
www.epcmahindra.com

VII. OTHER DISCLOSURES

1. Details of General Meetings and Special Resolutions passed.

Year ended	Date	Time	Special Resolution passed
31 st March, 2012	Wednesday 1 st August, 2012	2.30 p.m.	For Amendments in the Articles of Association of the Company.
31 st March, 2013	Wednesday 31 st July, 2013	2.30 p.m.	For Variation in the terms referred to in letter of offer dated May 3, 2012 in respect of utilization of proceeds of rights issue

Year ended	Date	Time	Special Resolution passed
31 st March, 2014	Thursday 31 st July, 2014	2.30 p.m.	1. Grant of Stock Options under EPC Industrié Limited Employee Stock Option Scheme - 2014. 2. Re-appointment of Mr. Ashok Sharma as the Whole time Director.

All the above Meetings were held at Plot No. H-109, MIDC Ambad, Nashik- 422 010.

One Extra-ordinary General Meeting was held during the last three years, the details are as under:

Date	Time	Special Resolution passed
Wednesday 3 rd April, 2013	11:30 a.m.	For Amendment in the Articles of Association Under Section 31 of the Companies Act, 1956.

The above meeting was held at the Registered Office of the Company at Plot No.H-109, MIDC Ambad, Nashik - 422 010.

2. Postal Ballot

During the year under review, the Company has not passed any special resolution through postal ballot. Further, the Company does not have any proposal for passing any special resolution through postal ballot, at the ensuing Annual General Meeting.

3. Details of non-compliance etc.

Your Company has complied with all the requirements of regulatory authorities.

During the last three years, there were no instances of non-compliance by the Company and no penalty or strictures were imposed on the Company by the Stock Exchange or SEBI or any statutory authority, on any matter related to the capital markets.

The Company and the erstwhile Promoter's group company had filed the revised consent application on 8th January, 2014, in terms of SEBI Circular dated May 25, 2012 (Ref CIR/EFD/1/2012) ("May Circular 2012") seeking settlement for non-disclosure in respect of the transaction dated 31st March, 2003 and for delay in yearly disclosure as of 31st March, 2005, under Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997.

SEBI vide its letter dated 27th November, 2013 issued a notice of Inquiry against aforesaid delays. The Company in response to it, filed the consent application on 8th January, 2014 and reply on 10th January, 2014. The SEBI has returned the Consent application, however, the Company has requested SEBI to provide an opportunity for personal hearing to settle the matter. The Inquiry proceedings are kept in abeyance till the outcome of consent application.

4. Means of Communication

The quarterly, half-yearly and yearly results are published in Business Standard, Free Press Journal & Navshakti which are national and local dailies respectively. These are not sent individually to the Shareholders. The Company's results and official news releases are displayed on the Company's website <http://www.epcmahindra.com>.

No presentations were made to institutional investors/analysts.

5. Management Discussion and Analysis Report

Management Discussion and Analysis Report (MDA) has been attached to the Directors' Report and forms part of this Annual Report.

6. Compliance with Mandatory requirements

Your Company has complied with the mandatory requirements of Clause 49 of the Listing Agreement relating to Corporate Governance.

7. Compliance with Non-Mandatory requirements:

a. Nomination and Remuneration Committee

Your Company has set up the Nomination and Remuneration Committee pursuant to Clause 49 of Listing Agreement.

b. Audit Qualifications

During the year under review, there is no audit qualification in your Company's financial statements. Your Company continues to adopt best practices to ensure unqualified financial statements.

Your Company has not adopted the other non-mandatory requirements as specified in Annexure I D of Clause 49.

8. CEO/CFO Certification

The Executive Director & CEO and the Chief Financial Officer of the Company give annual certification on financial reporting and internal controls to the Board in terms of Clause 49 of the Listing Agreement. The Executive Director & CEO and the Chief Financial Officer also give quarterly certification on financial results while placing the financial results before the Board in terms of Clause 41 of the Listing Agreement. The annual certificate given by the Chairman and Managing Director and the Chief Financial Officer is published in this Report.

Your Company has not adopted the other non-mandatory requirements as specified in Annexure I D of Clause 49.

Nashik
27th April, 2015

DECLARATION BY THE EXECUTIVE DIRECTOR AND CEO UNDER CLAUSE 49 OF THE LISTING AGREEMENT

To
The Members of EPC Industrié Limited,

I, Ashok Sharma, Executive Director & CEO of EPC Industrié Limited declare that all the Members of the Board of Directors and Senior Management Personnel have affirmed compliance with the Code of Conduct for the year ended 31st March, 2015.

Nasik,
April 27, 2015

Ashok Sharma
Executive Director & CEO

CERTIFICATE

To
The Members of
EPC Industrié Limited,

We have examined the compliance of the conditions of Corporate Governance by EPC Industrié Limited ("the Company") for the year ended March 31, 2015, as stipulated in Clause 49 of the Listing Agreement of the said Company with the stock exchange in India.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the

directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Deloitte Haskins & Sells
Chartered Accountants
Firm Registration No.117364W

Ketan Vora
Partner
Membership Number: 100459

Nashik, April 27, 2015

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF EPC INDUSTRIÉ LIMITED

Report on the Financial Statements

1. We have audited the accompanying financial statements of **EPC Industrié Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit.
4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal financial control relevant to the Company's preparation and fair presentation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

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

Report on Other Legal and Regulatory Requirements

8. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
9. As required by Section 143(3) of the Act, we report that:
 - (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (d) in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - (e) on the basis of the written representations received from the directors as on March 31, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015 from being appointed as a director in terms of Section 164(2) of the Act.
 - (f) with respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 28.1 to the financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For Deloitte Haskins & Sells
Chartered Accountants
(Firm's Registration No. 117364W)

Ketan Vora
Partner
Membership Number: 100459

Nashik, April 27, 2015

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 8 under "Report on Other Legal and Regulatory Requirements" section of our report of even date to the members of EPC Industrié Limited on the financial statements for the year ended March 31, 2015)

1. In respect of its fixed assets:
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
 - (b) The Company has a programme of verification of fixed assets to cover all the items in a phased manner over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
2. In respect of its inventories:
 - (a) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals.
 - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and material discrepancies noticed on physical verification have been properly dealt with in the books of account.
3. The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the Register maintained under Section 189 of the Act and accordingly the sub-clauses (a), and (b) of clause (iii) of the Order are not applicable to the Company.
4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of services. However, such internal control system in respect of sale of goods, needs to be strengthened. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in such internal control system.
5. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 2014, as amended, with regard to the deposits accepted. According to the information and explanations given to us, no order has been passed by

the Company Law Board or the National Company Law Tribunal or the Reserve Bank of India or any Court or any other Tribunal.

6. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014 as amended and prescribed by the Central Government under Section 148(1) of the Act and are of the opinion that, *prima facie*, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
7. According to the information and explanations given to us, in respect of statutory dues:
 - (a) The Company has generally been regular in depositing undisputed statutory dues, including provident fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, value added tax, duty of customs, duty of excise, cess and any other material statutory dues applicable to it with the appropriate authorities.
 - (b) There were no undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, value added tax, duty of customs, duty of excise, cess and other material statutory dues in arrears, as at March 31, 2015 for a period of more than six months from the date they became payable.
 - (c) Details of dues of income tax, sales tax, wealth tax, service tax, duty of customs, duty of excise, value added tax and cess which have not been deposited as on March 31, 2015 on account of disputes are given below:

Statute	Nature of Dues	Forum where Dispute is pending	Period to which the amount relates	Amount involved (Rupees)
Income Tax Act, 1961	Income Tax	Commissioner of Income Tax (Appeals)	FY 1992-93	23,66,859
		Commissioner of Income Tax (Appeals)	FY 2009-10	1,99,880
Central Excise Act, 1944	Excise Duty	Commissioner of Central Excise (Appeals)	FY 1996-97	35,76,000
		Commissioner of Central Excise	FY 1997-98	8,12,000
		Superintendent of Central Excise	FY 1998-99	35,56,000
Maharashtra Value Added Tax, 2002	Value added tax	Dy. Commissioner of Sales Tax (Appeals)	FY 2008-09	2,28,870
		The Joint Commissioner of Sales Tax (Appeals)	FY 2009-10	5,14,682

- (d) There are no amounts that are due to be transferred to Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and the Rules made thereunder.
8. The accumulated losses of the Company as at the end of the financial year are less than fifty percent of its net worth and the Company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
9. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks. The Company has not borrowed from financial institutions and has not issued any debentures.
10. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
11. In our opinion and according to the information and explanations given to us, the term loans have been applied by the Company during the year for the purposes for which they were obtained, other than temporary deployment pending application.
12. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

For Deloitte Haskins & Sells
Chartered Accountants
(Firm's Registration No. 117364W)

Ketan Vora
Partner
Membership Number: 100459

Nashik, April 27, 2015

CEO AND CFO CERTIFICATION

We, Ashok Sharma - Executive Director and CEO and Mayur Bumb, Chief Financial Officer, responsible for the finance function certify that:

- A) We have reviewed the financial statements and the cash flow statement for the year ended 31st March, 2015 and that to the best of our knowledge and belief, We confirm that:
- 1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - 2) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B) To the best of our knowledge and belief, no transactions entered into by the Company during the year ended 31st March, 2015 are fraudulent, illegal or violative of the Company's code of conduct/ethics.
- C) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls,
- over financial reporting, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- D) We have indicated to the Auditors and the Audit Committee that:
- 1) there has not been any significant change in internal control over financial reporting during the year under reference;
 - 2) there has not been any significant change in the accounting policies during the year requiring the disclosure in the notes to the financial statements; and
 - 3) We are not aware of any instance during the year of significant fraud with involvement therein of the Management or any employee having a significant role in the Company's internal control system over financial reporting.

Chief Financial Officer Executive Director & CEO

Nashik
April 27, 2015

BALANCE SHEET AS AT MARCH 31, 2015

Particulars	Note No.	As at March 31, 2015 Rupees	As at March 31, 2014 Rupees
A. EQUITY AND LIABILITIES			
1. Shareholders' funds			
(a) Share capital	2	276,463,140	276,401,890
(b) Reserves and surplus	3	867,753,710	853,988,131
		<u>1,144,216,850</u>	<u>1,130,390,021</u>
2. Non-current liabilities			
(a) Long-term borrowings	4	4,261,666	7,405,873
(b) Long-term provisions	5	16,279,095	12,330,214
		<u>20,540,761</u>	<u>19,736,087</u>
3. Current liabilities			
(a) Short-term borrowings	6	-	541,000
(b) Trade payables	7	240,648,173	200,884,365
(c) Other current liabilities	8	107,909,091	266,427,343
(d) Short-term provisions	9	10,477,842	8,151,538
		<u>359,035,106</u>	<u>476,004,246</u>
TOTAL		<u><u>1,523,792,717</u></u>	<u><u>1,626,130,354</u></u>
B. ASSETS			
1. Non-current assets			
(a) Fixed assets			
(i) Tangible assets	10A	297,649,894	317,744,486
(ii) Intangible assets	10B	2,334,065	3,473,863
(iii) Capital work-in-progress		1,804,761	366,404
		<u>301,788,720</u>	<u>321,584,753</u>
(b) Non-current investments	11	-	55,000
(c) Deferred tax assets (net)	12	-	-
(d) Long-term loans and advances	13	61,188,563	60,065,506
(e) Other non-current assets	14	6,180,400	2,210,554
		<u>369,157,683</u>	<u>383,915,813</u>
2. Current assets			
(a) Current investments	15	55,000	-
(b) Inventories	16	282,809,501	359,458,517
(c) Trade receivables	17	570,086,629	584,032,690
(d) Cash and bank balances	18	269,950,366	242,444,469
(e) Short-term loans and advances	19	15,022,994	30,125,933
(f) Other current assets	20	16,710,544	26,152,932
		<u>1,154,635,034</u>	<u>1,242,214,541</u>
TOTAL		<u><u>1,523,792,717</u></u>	<u><u>1,626,130,354</u></u>
See accompanying notes to the financial statements	1-36		

In terms of our report attached

For and on behalf of the Board of Directors

For Deloitte Haskins & Sells
Chartered Accountants

Ashok Sharma

Executive Director & CEO

Anand Daga
Nikhilesh Panchal
Vinayak Patil
Sangeeta Prasad

} Directors

Ketan Vora
Partner

Mayur Bumb
R. V. Nawghare

Chief Financial Officer
Company Secretary

Place : Nashik
Date : April 27, 2015

Place : Nashik
Date : April 27, 2015

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

Particulars	Note No.	For the year ended March 31, 2015 Rupees	For the year ended March 31, 2014 Rupees
1. Revenue from operations (Gross)	21	1,692,596,960	1,747,808,535
Less: Excise Duty		307,118	556,189
Revenue from operations (Net)		1,692,289,842	1,747,252,346
2. Other income	22	25,625,872	25,659,873
3. Total revenue (1 + 2)		1,717,915,714	1,772,912,219
4. Expenses			
(a) Cost of materials consumed	23	973,812,067	1,185,277,117
(b) Purchases of Stock in Trade		55,199,916	16,926,581
(c) Changes in inventories of finished goods, work-in-progress and stock in trade	24	45,666,940	(59,638,197)
(d) Employee benefits expense	25	197,343,386	181,334,765
(e) Finance costs	26	11,956,250	23,534,387
(f) Depreciation and amortisation expense	10C	27,375,842	27,941,444
(g) Other expenses	27	379,812,926	320,437,374
Total expenses		1,691,167,327	1,695,813,471
5. Profit before tax (3 – 4)		26,748,387	77,098,748
6. Tax expense:			
(a) Current tax expense		8,800,000	6,810,000
(b) (Less): MAT credit		–	(6,810,000)
(c) Net current tax expense		8,800,000	–
(d) Deferred tax		–	–
		8,800,000	–
7. Profit for the year (5 – 6)		17,948,387	77,098,748
8. Earnings per share (Face Value of Rs. 10/- each):	34		
(a) Basic		0.65	2.79
(b) Diluted		0.65	2.79
See accompanying notes to the financial statements	1-36		

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Ketan Vora
Partner

For and on behalf of the Board of Directors

Ashok Sharma

Executive Director & CEO

Anand Daga
Nikhilesh Panchal
Vinayak Patil
Sangeeta Prasad

} Directors

Mayur Bumb
R. V. Nawghare

Chief Financial Officer
Company Secretary

Place : Nashik
Date : April 27, 2015

Place : Nashik
Date : April 27, 2015

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2015

Particulars	For the year ended March 31, 2015		For the year ended March 31, 2014	
	Rupees	Rupees	Rupees	Rupees
A. Cash flow from operating activities				
Net Profit before tax		26,748,387		77,098,748
<i>Adjustments for:</i>				
Depreciation and amortisation	27,375,842		27,941,444	
Net (Profit)/Loss on sale/write off of assets	611,297		967,430	
Expense on employee stock option scheme	2,590,305		98,783	
Finance costs	11,956,250		23,534,387	
Interest income	(22,882,195)		(23,951,362)	
Dividend income	-		(358,461)	
Profit on sale of current investments	(705,545)		(313,233)	
Liabilities/provisions no longer required written back	(358,991)		(368)	
Provision for doubtful trade and other receivables, loans and advances (net)	62,505,534		(676,976)	
Bad trade and other receivables, loans and advances written off	7,120,051		9,044,319	
		88,212,548		36,285,963
Operating profit before working capital changes		114,960,935		113,384,711
<i>Changes in working capital:</i>				
<i>Adjustments for (increase)/decrease in operating assets:</i>				
Inventories	76,649,016		(120,041,508)	
Trade receivables	(59,649,370)		(170,026,785)	
Short-term loans and advances	15,102,939		(6,580,047)	
Long-term loans and advances	1,831,897		(1,492,553)	
Other current assets	10,066,439		(24,638,000)	
<i>Adjustments for increase/(decrease) in operating liabilities:</i>				
Trade payables	40,122,799		36,094,058	
Other current liabilities	(1,009,905)		31,736,846	
Short-term provisions	2,326,304		2,529,454	
Long-term provisions	3,948,881		6,510,513	
		89,389,000		(245,908,022)
Cash generated from/(used in) operations		204,349,935		(132,523,311)
Net income tax paid		(11,132,877)		(9,929,527)
Net cash flow generated from/(used in) operating activities (A)		193,217,058		(142,452,838)
B. Cash flow from investing activities				
Capital expenditure on fixed assets, including capital advances	(14,594,668)		(32,017,778)	
Proceeds from sale of fixed assets	28,659		714,921	
Purchase of Current Investments	(210,000,000)		(302,500,000)	
Sale of Current Investments	210,705,545		303,181,908	
Bank balances not considered as Cash and cash equivalents - Matured/(Placed) - Net	7,907,852		150,924,002	
Interest received	22,258,143		26,823,645	
Dividend received	-		1,135	
Net cash flow from investing activities (B)		16,305,531		147,127,833

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2015 (Contd.)

Particulars	For the year ended March 31, 2015		For the year ended March 31, 2014	
	Rupees	Rupees	Rupees	Rupees
C. Cash flow from financing activities				
Proceeds from issue of equity shares	214,375		258,125	
Proceeds from short term borrowing	-		206,000	
Repayment of short-term borrowing	(186,000)		(3,182,000)	
Proceeds from long term borrowing	-		36,709,000	
Repayment of long-term borrowings	(155,443,171)		(7,574,183)	
Finance costs paid	(18,694,044)		(18,948,002)	
Net cash flow (used in)/generated from financing activities (C)		(174,108,840)		7,468,940
Net increase in Cash and cash equivalents (A+B+C)		35,413,749		12,143,935
Cash and cash equivalents at the beginning of the year		101,380,270		89,236,335
Cash and cash equivalents at the end of the year		136,794,019		101,380,270
Reconciliation of Cash and cash equivalents with the Balance Sheet:				
Cash and cash equivalents as per Balance Sheet [Refer Note no. 18]		269,950,366		242,444,469
Less: Bank balances not considered as Cash and cash equivalents as				
Balances with banks held as margin money/security against		84,884,976		89,576,708
Earmarked balances with banks		48,271,371		51,487,491
Net Cash and cash equivalents [as defined in AS 3 Cash Flow Statements]		136,794,019		101,380,270
Cash and cash equivalents at the end of the year comprises				
(a) Cash on hand		301,764		293,799
(b) Balances with banks				
(i) In current accounts		55,514,970		39,696,997
(ii) In deposit accounts		80,977,285		61,389,474
		136,794,019		101,380,270

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants**Ketan Vora**
PartnerPlace : Nashik
Date : April 27, 2015

For and on behalf of the Board of Directors

Ashok Sharma**Anand Daga**
Nikhilesh Panchal
Vinayak Patil
Sangeeta Prasad**Mayur Bumb**
R. V. Nawghare

Executive Director & CEO

} Directors

Chief Financial Officer
Company SecretaryPlace : Nashik
Date : April 27, 2015

NOTES TO THE FINANCIAL STATEMENTS

NOTE NO. 1 - SIGNIFICANT ACCOUNTING POLICIES

A. Corporate Information:

EPC Industrié Limited is a Public Limited Company. It was incorporated on 28th November, 1981 under the Companies Act, 1956. It is engaged in the business of Micro Irrigation Systems such as Drip and Sprinklers, Agricultural Pumps, Greenhouses and Land Landscape Products. The Company is a subsidiary of Mahindra and Mahindra Limited.

B. Basis of Accounting:

The financial statements are prepared in accordance with the generally accepted accounting principles in Indian (GAAP) and comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013 ("the 2013 Act"), read with Rule 7 of the Companies (Accounts) Rules, 2014 and relevant provisions of the 2013 Act, as applicable. The financial statements have been prepared on accrual basis under the historical cost convention except for certain categories of fixed assets acquired before June 24, 1998, that are carried at revalued amounts. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

C. Use of Estimates:

The preparation of financial statements in conformity with GAAP requires that the management of the Company makes estimates and assumptions that affect the reported amounts of income and expenses of the period, the reported balance of assets and liabilities and the disclosures relating to contingent liabilities as of the date of the financial statements. Differences, if any, between the actual results and estimates, is recognised in the period in which the results are known/materialise.

D. Tangible Assets:

Fixed assets are carried at cost less accumulated depreciation/impairment losses, if any. Cost includes cost of acquisition or construction and is stated at historical cost.

Fixed Assets (other than Office Premises at Ahmedabad, Furniture & Fixtures, Office Equipments and Vehicles) have been revalued as on June 24, 1998 and the resultant surplus has been added to the block of the assets.

Depreciation on all assets, is provided on Straight Line Method as per the useful life prescribed in Schedule II to the Companies Act, 2013. Leasehold Assets are written off over the period of lease. Depreciation on additions to assets or on sale/disposal of assets is calculated from the beginning of the month of such addition or up to the month of such sale/scrapped as the case may be.

Fixed assets retired from active use and held for sale are stated at the lower of their net book value and net realisable value and are disclosed separately in the Balance Sheet.

During the year, pursuant to the notification of Schedule II to the Companies Act, 2013 with effect from April 1, 2014, the Company revised the estimated useful life of its assets to align the useful life with those specified in Schedule II. The details of useful life are as follows:

Asset	Revised useful life	Previous useful life (approx)
Buildings		
Factory Building	30 Years	30 Years
Office Building	60 Years	60 Years
Plant and Equipment	15 to 19 Years	19 Years
Furniture and Fixtures	10 Years	16 Years
Office Equipments	5 Years	21 Years
Factory Equipments	10 Years	10 Years
Moulds and Dies	6 Years	6 Years
Computers and Data processing Equipment	3 Years	3 Years
Vehicles - Cars	8 Years	11 Years
Vehicles - two wheelers	10 Years	11 Years

Pursuant to the transition provisions prescribed in Schedule II to the Companies Act, 2013, the Company has fully depreciated the carrying value of assets, net of residual value, where the remaining useful life of the asset was determined to be nil as on April 1, 2014, and has adjusted

an amount of Rs. 69,26,238/- (net of deferred tax of Rs. Nil) against the opening Deficit in the Statement of Profit and Loss under Reserves and Surplus.

The depreciation expense in the Statement of Profit and Loss for the year is higher by Rs. 3,08,594/- consequent to the change in the useful life of the assets.

E. Intangible Assets:

Intangible assets are recognised only when economic benefit attributable to the assets will flow to the enterprise and cost can be measured reliably. They are being amortised over the estimated useful life of three years.

The estimated useful life of the intangible assets and the amortisation period are reviewed at the end of each financial year and the amortisation period is revised to reflect the changed pattern, if any.

F. Impairment of Assets:

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

G. Investments:

Long term investments are valued at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of investments. Current investments are valued at the lower of cost and fair value.

H. Inventories:

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

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

Finished goods produced and purchased for sale, manufactured components and work-in-progress are carried at cost and net realisable value whichever is lower. Excise duty is included in the value of finished goods where applicable.

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

I. Foreign Exchange Transactions:

Transaction in foreign currencies are recorded at the exchange rates prevailing on the date of transaction. Monetary items are translated at the year-end rates. The exchange difference between the rate prevailing on the date of transaction and on the date of settlement as also on translation of monetary items at the end of the year is recognised as income or expense, as the case may be.

J. Revenue recognition:

Sales of goods are recognised, net of estimated returns and trade discounts. Sales include excise duty but exclude sales tax and value added tax.

Revenue is recognised when the risks and rewards of ownership are passed on to the customers and no significant uncertainty as to its measurability and collectability exists.

K. Other income:

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the applicable rates. Dividend income is accounted for when the right to receive it is established.

L. Government Grants:

Capital Incentive Subsidy, not specifically related to fixed assets, is credited to Capital Incentive Reserve and retained till the requisite conditions are fulfilled. The Company is entitled to various incentives from government authorities. The Company accounts for its entitlement as income on accrual basis and no significant uncertainty as to its measurability and collectability exists.

M. Employee benefits:**a) Short term employee benefits**

All employee benefits falling due wholly within twelve months of rendering the service are classified as short term employee benefits. The benefits like salaries, wages, short term compensated absences, etc. and the expected cost of bonus, ex-gratia, are recognised in the period in which the employee renders the related service.

b) Post-employment benefits**(i) Defined contribution plans**

The Company's contribution to provident fund, employee state insurance scheme and superannuation fund are considered as defined contribution plans and are charged as an expense as they fall due based on the amount of contribution required to be made and when services are rendered by the employee.

(ii) Defined benefit plans

The employees' gratuity fund scheme, managed by LIC is a defined benefit plan. The present value of obligation is determined based on actuarial valuation carried out as at the end of each financial year using the Projected Unit Credit Method.

The obligation is measured at the present value of the estimated future cash flows. The discount rate used for determining the present value of the obligation under defined benefit plans, is based on the market yield on government securities, of a maturity period equivalent to the weighted average maturity profile of the related obligations at the Balance Sheet date.

Actuarial gains and losses are recognised immediately in the Statement of Profit and Loss.

In case of funded plans, the fair value of the plan assets is reduced from the gross obligation under the defined plans to recognise the obligation on the net basis.

Gains or losses on the curtailment or settlement of any defined benefit plan are recognised when the curtailment or settlement occurs. Past service cost is recognised as expense on a straight line basis over the period until benefit become vested.

c) Long term employee benefits

The obligation for long term employee benefits such as long term compensated absences, long service award, etc. is recognised in the similar manner as in the case of defined benefit plans as mentioned in (b) (ii) above.

d) Employee Stock Compensation Cost

The Company has formulated Employee Stock Option Schemes (ESOS) ("the Scheme") in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999. The Scheme provides for grant of options to employees of the Company to acquire equity shares of the Company that vest in a graded manner and that are to be exercised within a specified period. In accordance with the SEBI Guidelines; the excess, if any, of the closing market price on the day prior to the grant of the options under ESOS over the exercise price is amortised on a straight-line basis over the vesting period.

N. Leases:

In respect of Operating Leases, Lease payments are recognised as expenses and Lease income are recognised as income on a straight line basis over the lease term. Initial direct costs are recognised immediately as expenses.

O. Borrowing Costs:

All borrowing costs are charged to the Statement of Profit and Loss except:

- (a) Borrowing costs that are attributable to the acquisition or construction of assets that necessarily take a substantial period of time to get ready for their intended use, which are capitalised as part of the cost of such assets.
- (b) Expenses incurred on raising long term borrowing are amortised over the period of borrowing. On early buyback, conversion or repayment of borrowings, any unamortised expenditure is fully written off in that year.

P. Product Warranty:

In respect of warranties given by the Company on sale of certain products, the estimated costs of these warranties are accrued at the time of sale. The estimates for accounting of warranties are reviewed and revisions are made as required.

Q. Taxes on income:

Income Taxes are accounted for in accordance with Accounting Standard on "Accounting for Taxes on Income", (AS-22). Tax expenses comprise both current tax and deferred tax. Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act 1961, and other applicable tax laws.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.

Deferred tax asset is measured based on the tax rates and the laws enacted or substantively enacted as at the balance sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In respect of carry forward losses and unabsorbed depreciation, deferred tax assets are recognized only to the extent there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realized.

R. Provisions, Contingent Liabilities and Contingent Assets:

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

Contingent liabilities are not recognised but are disclosed in the notes. Contingent assets are neither recognised nor disclosed in the financial statements.

S. Share issues expenses:

Share issue expenses are adjusted against the Securities Premium Account as permissible under Section 57 of the Companies Act, 2013, to the extent any balance is available for utilisation in the Securities Premium Account.

NOTE NO. 2 - SHARE CAPITAL

Particulars	As at March 31, 2015		As at March 31, 2014	
	Number of Shares	Rupees	Number of Shares	Rupees
(a) Authorised				
Equity shares of Rs. 10 each	32,000,000	320,000,000	32,000,000	320,000,000
Preference shares of Rs. 100 each	1,800,000	180,000,000	1,800,000	180,000,000
	<u>33,800,000</u>	<u>500,000,000</u>	<u>33,800,000</u>	<u>500,000,000</u>
(b) Issued				
Equity shares of Rs. 10 each	27,648,264	276,482,640	27,642,139	276,421,390
		<u>276,482,640</u>		<u>276,421,390</u>
(c) Subscribed and fully paid up Equity shares of Rs. 10 each	27,644,364	276,443,640	27,638,239	276,382,390
(d) Forfeited Shares (Amount originally paid-up)	3,900	19,500	3,900	19,500
Total		<u>276,463,140</u>		<u>276,401,890</u>

Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

Particulars	As at March 31, 2015		As at March 31, 2014	
	Number of Shares	Rupees	Number of Shares	Rupees
Balance as at the beginning of the year	27,638,239	276,382,390	27,630,864	276,308,640
Add: Issued during the year - ESOS	6,125	61,250	7,375	73,750
Balance as at the end of the year	<u>27,644,364</u>	<u>276,443,640</u>	<u>27,638,239</u>	<u>276,382,390</u>

Rights, preferences and restrictions attached to the equity shares

The Company is having only one class of equity shares having par value of Rs. 10 each. Each holder of equity share is entitled to one vote per share. In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of equity shares held by the shareholders.

Shares held by the holding company

1,51,44,433 shares (As at March 31, 2014: 1,51,44,433 shares) are held by the Holding Company viz., Mahindra and Mahindra Limited.

Details of shareholders holding more than 5% shares in the Company

Particulars	As at March 31, 2015		As at March 31, 2014	
	Number of Shares	% holding	Number of Shares	% holding
Mahindra and Mahindra Limited	15,144,433	54.78%	15,144,433	54.80%
Reliance Net Limited	-	-	1,489,700	5.39%

Shares reserved for issue under options

Shares reserved for issue under options 5,52,765 shares (As at March 31, 2014 - 4,74,125 shares) of Rs. 10 each towards outstanding employee stock options granted [Refer Note No. 29]

Particulars	As at March 31, 2015 Rupees	As at March 31, 2014 Rupees
(a) Capital incentive reserve		
As per last Balance Sheet	4,000,000	4,000,000

NOTE NO. 3 - RESERVES AND SURPLUS

(a) Capital incentive reserve		
As per last Balance Sheet	4,000,000	4,000,000

Particulars	As at March 31, 2015 Rupees	As at March 31, 2014 Rupees
(b) Securities premium account		
Opening balance	915,811,465	915,413,215
Add: Premium received on shares allotted during the year	153,125	184,375
Add: Transferred from Shares options outstanding account	177,625	213,875
Closing balance	<u>916,142,215</u>	<u>915,811,465</u>
(c) Revaluation reserve		
Opening balance	28,690,775	31,419,014
Less: Utilised for set off against depreciation	-	(2,728,239)
Closing balance	<u>28,690,775</u>	<u>28,690,775</u>
(d) Share options outstanding account		
Opening balance	213,875	427,750
Add: Amounts recorded on grants during the year	13,458,956	-
	<u>13,672,831</u>	<u>427,750</u>
Less: Amounts reduced on grants lapsed during the year	(36,250)	-
Less: Transferred to Securities premium account on exercise	(177,625)	(213,875)
	<u>13,458,956</u>	<u>213,875</u>
Less: Deferred stock compensation expense	(10,866,387)	(33,986)
Closing balance	<u>2,592,569</u>	<u>179,889</u>
(e) General Reserve		
As per last Balance Sheet	13,853,275	13,853,275
(f) Deficit in Statement of Profit and Loss		
Opening balance	(108,547,273)	(185,646,021)
Add: Profit for the year	17,948,387	77,098,748
Less: Depreciation on transition to Schedule II to the Companies Act, 2013 [Refer Note no.1 D]	(6,926,238)	-
Closing balance	<u>(97,525,124)</u>	<u>(108,547,273)</u>
Total	<u>867,753,710</u>	<u>853,988,131</u>

NOTE NO. 4 - LONG-TERM BORROWINGS**Unsecured**

Deferred payment liabilities	4,261,666	7,405,873
[Sales Tax Deferral Scheme is payable in 5 annual instalments after 10 years from the year of availment of respective incentive. These loans are repayable:		
(i) In the second year - Rs. 17,40,505 (As at March 31, 2014 Rs. 31,44,207)		
(ii) In the third to fifth year - Rs. 17,36,253 (As at March 31, 2014 Rs. 28,98,007)		
(iii) After five years - Rs. 7,84,908 (As at March 31, 2014 Rs. 13,63,659)]		
Total	<u>4,261,666</u>	<u>7,405,873</u>

NOTE NO. 5 - LONG-TERM PROVISIONS

Provision for compensated absences [Refer Note no. 30 (b)]	9,526,447	6,730,214
Provision for warranty [Refer Note no. 35)]	6,752,648	5,600,000
Total	<u>16,279,095</u>	<u>12,330,214</u>

NOTE NO. 6 - SHORT-TERM BORROWINGS**Unsecured**

Public Deposits	-	541,000
(For a period of one year and carry an interest rate of 8.50% to 9% p.a.)		
Total	<u>-</u>	<u>541,000</u>

Particulars	As at March 31, 2015 Rupees	As at March 31, 2014 Rupees	Particulars	As at March 31, 2015 Rupees	As at March 31, 2014 Rupees
NOTE NO. 7 - TRADE PAYABLES			NOTE NO. 8 - OTHER CURRENT LIABILITIES		
Trade Payable - Micro and Small enterprises	28,671,551	4,834,262	(a) Current maturities of long-term debt Unsecured		
Trade Payable - Other than Micro and Small enterprises	211,976,622	196,050,103	(i) Deferred payment liabilities	3,144,207	5,727,171
Total	240,648,173	200,884,365	(ii) Public Deposits	-	149,716,000
Disclosures required under section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 are as below:			(b) Interest accrued		
(a) Dues remaining unpaid as at March 31			(i) Interest accrued but not due on Public Deposits	-	8,297,567
Principal	28,671,551	4,834,262	(ii) Interest accrued on trade Payables	1,752,526	-
Interest on the above	75,985	-	(c) Other payables		
(b) Interest paid in terms of Section 16 of the Act, along with the amount of payment made to the supplier beyond the appointed day during the year			(i) Statutory remittances (Contributions to PF and ESIC, Withholding Taxes, Excise Duty, VAT, Service Tax, etc.)	8,577,082	10,814,846
Principal paid beyond the appointed date	61,188,701	3,004,919	(ii) Payables on purchase of fixed assets	1,187,473	14,062
Interest paid in terms of Section 16 of the Act	-	-	(iii) Trade/security deposits received	33,737,602	31,025,195
(c) Amount of interest due and payable for the period of delay on payments made beyond the appointed day during the year	1,559,801	-	(iv) Advances from customers	56,864,577	57,903,780
(d) Further interest due and payable even in the succeeding years, until such date when the interest due as above are actually paid to the small enterprises	116,740	-	(v) Others - Employee Deductions	445,275	568,533
(e) Amount of interest accrued and remaining unpaid as at March 31	1,752,526	-	(vi) Provision for liabilities	1,717,380	2,039,467
			(vii) Unclaimed matured public deposits and interest [Refer Note no. 28.5]	482,969	320,722
			Total	107,909,091	266,427,343
Due to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.			NOTE NO. 9 - SHORT-TERM PROVISIONS		
			(a) Provision for employee benefits:		
			(i) Provision for compensated absences	3,106,000	3,618,503
			(ii) Provision for gratuity (net) [Refer Note no. 30 (b)]	5,406,808	3,045,235
			(b) Provision for tax [net of advance tax Rs. 10,62,200 (As at March 31, 2014 Rs. 10,62,200)]	165,034	87,800
			(c) Provision for Warranty [Refer Note no. 35]	1,800,000	1,400,000
			Total	10,477,842	8,151,538

NOTE NO. 10 - FIXED ASSETS**A. Tangible assets**

Description of Assets	Gross block			Accumulated depreciation				Net Block		
	As at April 1, 2014	Additions	Disposals	As at March 31, 2015	Upto March 31, 2014	Depreciation/ Amortisation for the year	Transition Pursuant to Schedule II	Eliminated on disposal of assets	Upto March 31, 2015	As at March 31, 2015
Leasehold Land	39,390,388 (39,390,388)	- (-)	- (-)	39,390,388 (39,390,388)	6,699,580 (6,301,737)	431,245 (397,843)	- (-)	- (-)	7,130,825 (6,699,580)	32,259,563 (32,690,808)
Buildings										
Owned	83,600,137 (78,535,032)	2,264,339 (5,065,105)	- (-)	85,864,476 (83,600,137)	39,926,437 (37,475,366)	3,119,826 (2,451,071)	1,280,088 (-)	- (-)	44,326,351 (39,926,437)	41,538,125 (43,673,700)
Leasehold	2,290,550 (2,290,550)	- (-)	- (-)	2,290,550 (2,290,550)	2,176,023 (2,086,947)	24,957 (89,076)	- (-)	- (-)	2,200,980 (2,176,023)	89,570 (114,527)
Plant and Equipment	355,229,778 (321,814,798)	4,688,621 (33,414,980)	9,951,260 (-)	349,967,139 (355,229,778)	158,524,853 (143,215,129)	12,106,681 (15,309,724)	4,412,394 (-)	9,554,340 (-)	165,489,588 (158,524,853)	184,477,551 (196,704,925)
Electrical Installations	13,684,353 (13,614,632)	- (69,721)	- (-)	13,684,353 (13,684,353)	8,845,848 (8,148,280)	762,892 (697,568)	137,789 (-)	- (-)	9,746,529 (8,845,848)	3,937,824 (4,838,505)
Furniture and Fixtures	8,137,050 (7,024,712)	974,952 (1,112,338)	105,724 (-)	9,006,278 (8,137,050)	5,188,065 (4,806,167)	423,608 (381,898)	36,318 (-)	102,296 (-)	5,545,695 (5,188,065)	3,460,583 (2,948,985)
Vehicles	8,091,194 (10,554,341)	2,729,024 (-)	64,385 (2,463,147)	10,755,833 (8,091,194)	1,775,111 (1,792,562)	1,217,898 (782,046)	- (-)	61,166 (799,497)	2,931,843 (1,775,111)	7,823,990 (6,316,083)
Office Equipments	3,965,952 (3,572,017)	148,048 (393,935)	116,542 (-)	3,997,458 (3,965,952)	1,409,974 (1,205,335)	933,795 (204,639)	580,994 (-)	105,463 (-)	2,819,300 (1,409,974)	1,178,158 (2,555,978)
Factory Equipments	12,153,952 (12,139,467)	125,516 (14,485)	435,425 (-)	11,844,043 (12,153,952)	9,331,686 (8,952,381)	300,192 (379,305)	16 (-)	252,302 (-)	9,379,592 (9,331,686)	2,464,451 (2,822,266)
Moulds and Dies	96,922,448 (96,882,287)	1,356,000 (40,161)	- (-)	98,278,448 (96,922,448)	73,899,727 (67,177,186)	5,355,208 (6,722,541)	461,052 (-)	- (-)	79,715,987 (73,899,727)	18,562,461 (23,022,721)
Computers	10,646,138 (9,503,850)	966,200 (1,253,468)	848,779 (111,180)	10,763,559 (10,646,138)	8,590,150 (7,277,433)	1,104,797 (1,405,195)	17,587 (-)	806,593 (92,478)	8,905,941 (8,590,150)	1,857,618 (2,055,988)
Total	634,111,940 (595,322,074)	13,252,700 (41,364,193)	11,522,115 (2,574,327)	635,842,525 (634,111,940)	316,367,454 (288,438,523)	25,781,099 (28,820,906)	6,926,238 (-)	10,882,160 (891,975)	338,192,631 (316,367,454)	297,649,894 (317,744,486)

Note: Figures in bracket relate to the previous year

B. Intangible assets acquired

(Amount in Rupees)

Description of Assets	Gross block			Accumulated amortisation					Net Block	
	As at April 1, 2014	Additions	Disposals	As at March 31, 2015	Upto March 31, 2014	Depreciation/Amortisation for the year	Transition Pursuant to Schedule II	Eliminated on disposal of assets	Upto March 31, 2015	As at March 31, 2015
Computer software	14,353,342	454,945	-	14,808,287	10,879,479	1,594,743	-	-	12,474,222	2,334,065
	(12,077,209)	(2,276,133)	(-)	(14,353,342)	(9,030,702)	(1,848,777)	(-)	(-)	(10,879,479)	(3,473,863)
Total	14,353,342	454,945	-	14,808,287	10,879,479	1,594,743	-	-	12,474,222	2,334,065
	(12,077,209)	(2,276,133)	(-)	(14,353,342)	(9,030,702)	(1,848,777)	(-)	(-)	(10,879,479)	(3,473,863)

Note: Figures in bracket relate to the previous year

C. Depreciation and amortisation

	For the year ended March 31, 2015	For the year ended March 31, 2014
Depreciation and amortisation for the year on tangible assets (Note No. 10 A)	25,781,099	28,820,906
Depreciation and amortisation for the year on intangible assets (Note No. 10 B)	1,594,743	1,848,777
	27,375,842	30,669,683
Less: Utilised from revaluation reserve	-	2,728,239
Depreciation and amortisation considered in the Statement of Profit and Loss	27,375,842	27,941,444

NOTE NO. 11 - NON-CURRENT INVESTMENTS

Particulars	As at March 31, 2015 Rupees	As at March 31, 2014 Rupees
Other investments unquoted, (At cost)		
Investment in government securities - National Savings Certificates	-	55,000
[Pledged with sales tax authority, Aggregate face value of Rs. 55,000]		
Total	-	55,000

NOTE NO. 12 - DEFERRED TAX ASSETS (NET)

Particulars	As at March 31, 2015 Rupees	As at March 31, 2014 Rupees
<u>Tax effect of items constituting deferred tax liability</u>		
On difference between book balance and tax balance of fixed assets	37,252,418	36,364,866
Tax effect of items constituting deferred tax liability	37,252,418	36,364,866
<u>Tax effect of items constituting deferred tax assets</u>		
Provision for compensated absences and gratuity	5,964,319	4,345,668
Provision for doubtful debts/advances	33,688,064	13,619,583
Disallowances under Section 40(a)(i), 43B of the Income Tax Act, 1961	22,147,819	17,905,360
Unabsorbed depreciation	10,786,371	34,332,487
Tax effect of items constituting deferred tax assets	72,586,573	70,203,098
Restricted to the extent of deferred tax liability	37,252,418	36,364,866
Net deferred tax asset	-	-

The Company has recognised deferred tax asset on unabsorbed depreciation to the extent of the corresponding deferred tax liability on the difference between the book balance and the written down value of fixed assets under Income Tax net off of other balances constituting deferred tax asset.

NOTE NO. 13 - LONG-TERM LOANS AND ADVANCES

Particulars	As at March 31, 2015 Rupees	As at March 31, 2014 Rupees
Unsecured, considered good, unless otherwise stated		
(a) Capital advances	1,130,130	508,053
(b) Security deposits	6,407,784	7,051,384
(c) Prepaid Expenses	1,068,407	1,488,038
(d) Advance income tax	18,712,355	15,964,620
Net of provisions Rs.2,33,65,142 (As at March 31, 2014 Rs. 1,49,80,000)		
(e) MAT credit entitlement	14,565,142	14,980,000
(f) Balances with government authorities		
(i) CENVAT credit receivable	2,625,443	3,394,109
(ii) Excise Refund Claim	16,679,302	16,679,302
Total	61,188,563	60,065,506

NOTE NO. 14 - OTHER NON-CURRENT ASSETS

Particulars	As at March 31, 2015 Rupees	As at March 31, 2014 Rupees
Trade receivables		
Unsecured, considered good	6,180,400	2,210,554
Doubtful	936,199	557,560
	7,116,599	2,768,114
Less: Provision for doubtful trade receivables	936,199	557,560
Total	6,180,400	2,210,554

NOTE NO. 15 - CURRENT INVESTMENTS

Particulars	As at March 31, 2015 Rupees	As at March 31, 2014 Rupees
Current maturity of long-term investments in government securities - National Savings Certificates		
[Pledged with sales tax authority, Aggregate face value of Rs. 55,000]	55,000	-
Total	55,000	-

Particulars	As at March 31, 2015 Rupees	As at March 31, 2014 Rupees
NOTE NO. 16 - INVENTORIES		
(At lower of cost and net realisable value)		
(a) Raw materials & Components [Goods-in-transit Rs. 28,84,665/- (As at March 31, 2014 Rs. 87,62,806)]	158,504,265	189,486,341
(b) Work-in-progress	5,007,858	14,884,925
(c) Finished goods	93,019,951	149,560,628
(d) Stock-in-Trade [Goods-in-transit Rs. 19,10,285/- (As at March 31, 2014 Rs. Nil)]	26,277,427	5,526,623
Total	282,809,501	359,458,517

NOTE NO. 17 - TRADE RECEIVABLES

Trade receivables outstanding for a period exceeding six months from the date they were due for payment

Unsecured, considered good	94,409,981	171,699,675
Doubtful	100,954,324	41,419,889
	195,364,305	213,119,564
Less: Provision for doubtful trade receivables	100,954,324	41,419,889
	94,409,981	171,699,675
Other Trade receivables		
Unsecured, considered good	475,676,648	412,333,015
Total	570,086,629	584,032,690

Debts due from a private company in which a director is a director or member

77,215 77,215

NOTE NO. 18 - CASH AND BANK BALANCES

(A) Cash and cash equivalents		
Cash on hand	301,764	293,799
Balances with banks		
(i) In current accounts	55,514,970	39,696,997
(ii) In deposit accounts	80,977,285	61,389,474
(B) Other bank balances		
(i) Balances with banks held as margin money/security against borrowings and guarantees*	84,884,976	89,576,708
(ii) Earmarked balances with banks **	48,271,371	51,487,491
Total	269,950,366	242,444,469

* Includes margin monies amounting to Rs. 5,11,98,083/- [As at March 31, 2014 Rs. 4,24,05,382/-] with maturity greater than 12 months from the Balance Sheet date.

** Includes Rs 1,10,078/- [As at March 31, 2014 Rs 3,03,305/-] towards interest payable on Public Deposits Rs. 3,95,000/- [As at March 31, 2014 Rs. Nil] toward unclaimed Public Deposits, Rs 4,77,66,293/- [As at March 31, 2014 Rs 5,01,84,186/-] being unutilised proceeds out of the Rights Issue and Rs. Nil [As at March 31, 2014 Rs. 1,000,000/-] towards liquid assets maintained in respect of public deposits.

NOTE NO. 19 - SHORT-TERM LOANS AND ADVANCES

Unsecured, considered good, unless otherwise stated

(a) Security deposits	1,852,499	1,402,148
(b) Loans and advances to employees	1,543,250	1,734,241
(c) Prepaid expenses	2,986,471	2,494,204
(d) Balances with government authorities		
(i) VAT credit receivable	1,690,637	4,477,483
(ii) Advance Service Tax/Entry Tax/Customs duty	58,676	703,602

Particulars	As at March 31, 2015 Rupees	As at March 31, 2014 Rupees
(e) Others		
(i) Advances to Creditors		
Unsecured, considered good	6,891,212	19,314,006
Doubtful	2,592,460	-
Less: Provision for doubtful advances	(2,592,460)	-
	6,891,212	19,314,006
(ii) Advances Recoverable	249	249
Total	15,022,994	30,125,933

NOTE NO. 20 - OTHER CURRENT ASSETS

Octroi Refund Receivable	14,567,561	24,638,000
Interest accrued on deposits	2,138,983	1,514,932
Insurance Claim Receivable	4,000	-
Total	16,710,544	26,152,932

Particulars

For the year ended March 31, 2015 Rupees	For the year ended March 31, 2014 Rupees
---	---

NOTE NO. 21 - REVENUE FROM OPERATIONS (GROSS)

(a) Sale of products (Refer Note (i) below)	1,647,008,199	1,714,594,980
(b) Sale of services (Refer Note (ii) below)	6,013,840	4,166,132
(c) Other operating revenues (Refer Note (iii) below)	39,574,921	29,047,423
	1,692,596,960	1,747,808,535

Notes

(i) Sale of products comprises:

Manufactured goods:

Finished Goods	1,199,287,995	1,185,189,559
Components	391,467,183	503,716,222
Green House	5,022,898	3,027,662
Land Landscape	8,896,834	-
Traded Goods	42,333,289	22,661,537

Total - Sale of products 1,647,008,199 1,714,594,980

(ii) Sale of services comprises:

Agronomy Services	1,488,845	1,192,780
Installation Services	4,524,995	2,973,352
Total - Sale of services	6,013,840	4,166,132

(iii) Other operating revenues comprise:

Sale of scrap	4,486,360	4,409,423
Octroi Refund	35,088,561	24,638,000
Total - Other operating revenues	39,574,921	29,047,423

NOTE NO. 22 - OTHER INCOME

(a) Interest income		
On deposits with banks	22,526,125	23,642,458
Interest on Deposits/Debtors	356,070	308,904
(b) Dividend income from		
Long Term Investments	-	1,135
Current Investments	-	357,326

Particulars	For the year ended March 31, 2015 Rupees	For the year ended March 31, 2014 Rupees
(c) Other non-operating income		
Liabilities no longer required written back	358,991	368
Profit on sale of Current Investments	705,545	313,233
Miscellaneous income	1,027,756	-
Discount earned	638,770	931,449
Rent income	-	105,000
Bad debts recovered	12,615	-
Total	25,625,872	25,659,873

NOTE NO. 23 - COST OF MATERIALS CONSUMED

Opening stock	189,486,341	129,083,030
Add: Purchases	942,829,991	1,245,680,428
	1,132,316,332	1,374,763,458
Less: Closing stock	158,504,265	189,486,341
Total	973,812,067	1,185,277,117
Material consumed comprises:		
Raw Material - Plastic Granules	584,281,884	703,931,595
Components	389,530,183	481,345,522
Total	973,812,067	1,185,277,117

NOTE NO. 24 - CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADEInventories at the end of the year:

Finished goods	93,019,951	149,560,628
Work-in-progress	5,007,858	14,884,925
Stock-in-trade	26,277,427	5,526,623
	124,305,236	169,972,176

Inventories at the beginning of the year:

Finished goods	149,560,628	88,040,728
Work-in-progress	14,884,925	15,974,340
Stock-in-trade	5,526,623	6,318,911
	169,972,176	110,333,979

Net decrease/(increase)	45,666,940	(59,638,197)
--------------------------------	-------------------	---------------------

NOTE NO. 25 - EMPLOYEE BENEFITS EXPENSE

Salaries and wages	172,183,828	158,644,513
Contributions to provident and other funds [Refer Note no. 30 (a)]	13,880,169	14,635,892
Expense on employee stock option scheme [Refer Note no. 29]	2,590,305	98,783
Staff welfare expenses	8,689,084	7,955,577
Total	197,343,386	181,334,765

NOTE NO. 26 - FINANCE COSTS

(a) Interest expense on:		
(i) Borrowings		
Cash Credit	322,532	2,389,906
Public Deposits	8,836,170	14,954,991
(ii) Trade payables	1,755,409	166,866
(iii) Others		
Interest on delayed payment of taxes	5,906	-
Interest under EPCG Scheme	-	4,589,924

Particulars	For the year ended March 31, 2015 Rupees	For the year ended March 31, 2014 Rupees
(b) Other borrowing costs		
Processing fees/Guarantee Commission	1,036,233	1,432,700
Total	11,956,250	23,534,387

NOTE NO. 27 - OTHER EXPENSES

Consumption of stores and spare parts	4,371,214	3,659,879
Consumption of packing materials	7,539,498	6,160,002
Decrease of excise duty on inventory	-	(22,953)
Power and fuel	27,751,924	33,278,291
Rent including lease rentals [Refer Note no.33]	13,477,688	11,723,062
Repairs and maintenance - Buildings	2,005,412	896,059
Repairs and maintenance - Machinery	3,631,643	3,730,381
Repairs and maintenance - Others	2,419,199	2,136,587
Manufacturing Processing Charges	8,776,987	4,522,693
Site Expenses	7,710,953	663,127
Insurance	1,655,738	1,794,831
Rates and taxes	3,122,608	9,091,347
Communication	5,595,942	5,358,033
Travelling and conveyance	39,071,140	32,883,336
Printing and stationery	2,552,574	2,172,472
Freight and forwarding	43,882,220	46,297,923
Sales commission	78,524,495	62,293,060
Warranty Claim	5,677,413	14,083,468
Sales promotion expense	1,369,595	4,778,533
Advertisements	8,028,494	11,692,846
Legal and professional fees	23,198,598	25,608,689
Payments to auditors [Refer Note below]	2,534,847	2,022,261
Bad trade and other receivables, loans and advances written off	7,120,051	9,044,319
Loss on fixed assets sold/scrapped/written off	611,297	967,430
Net Loss on foreign currency transactions	148,184	38,951
Provision for doubtful trade receivables and advances (net)	62,505,534	(676,976)
Directors' Fees	240,000	180,000
Donations (including Rs. 9,70,000 for CSR activity)	970,000	800,000
Expenses on Corporate social responsibility activities	409,980	-
Miscellaneous expenses	14,909,698	25,259,723
Total	379,812,926	320,437,374

Note:

Payments to the auditors comprises (including Service tax):

a) To Statutory auditors		
For audit	1,755,625	1,404,500
For other services	560,396	455,058
Reimbursement of expenses	50,286	12,703
	2,366,307	1,872,261
b) To Cost auditors for Cost audit	168,540	150,000
Total	2,534,847	2,022,261

NOTE NO. 28 - ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS

Particulars	As at March 31, 2015 Rupees	As at March 31, 2014 Rupees
28.1 Contingent liabilities (to the extent not provided for)		
(a) Claims against the Company not acknowledged as debts	2,649,921	1,533,641
(b) Custom Duty/Interest on account of commitment to Export, under Export Promotion Capital Goods Scheme	21,886,226	19,992,408
(c) Demands against the Company, relating to issues of deductibility and taxability in respect of which the company is in appeal/Department is in appeal		
Income Tax:	4,933,598	4,933,598
Sales Tax:	743,552	743,552
Excise Duty:	7,944,000	7,944,000
(d) Long Term Loans & Advances include refund claim made for excise duty paid under protest consequent upon the judicial pronouncement made by CESTAT in favour of the Company, which was disputed by the department before higher authorities.	16,679,302	16,679,302
<p>The Commissioner (Appeals), Central Excise and Customs, Nashik has sanctioned the claim on merit but taking recourse to the principle of "Unjust Enrichment" has ordered the claim to be transferred to the credit of the "Consumer Welfare Fund".</p> <p>The Company had filed an appeal against the order. On hearing the appeal the Hon' CESTAT, Mumbai remanded back the case to the adjudicating authorities to examine the issue afresh. The Adjudicating Authority issued a Show Cause Notice and after personal hearing passed an order rejecting the claim without following the guidelines given by the Hon' CESTAT.</p> <p>The Company had filed an appeal against the order with the Commissioner (Appeals), Central Excise & Customs, Nashik. The order Passed by the Commissioner (Appeals), Central Excise & Customs, Nashik is similar to order as given in order in appeal. The Company has filed an appeal to CESTAT Mumbai and no hearing has happened thereafter. The Claim is still tenable, no provision has been considered.</p>		

Note: In respect of items mentioned above, till the matters are finally decided, the timing of outflows of economic benefits cannot be ascertained.

28.2 Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for in respect of Tangible assets

1,376,038	568,990
------------------	---------

28.3 The year-end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:

Payable : USD	162,596	56,010
Rupees	10,176,865	3,363,400
Receivable : USD	1,397	595
Rupees	87,438	35,755

28.4 Disclosure as per Clause 32 of the Listing Agreements with the Stock Exchange

The Company has not given any loans and advances in the nature of loans to subsidiaries, associates and firms/companies in which directors are interested. Further, the Company has not made any loans and advances where there is no repayment schedule or repayment beyond seven years or no interest or interest lower than the prevailing yield of one year, three year, five year or ten year Government Security closest to the tenure of the loan as per section 186 of the Companies Act, 2013.

28.5 There are no amounts due to Investor Education and Protection Fund.**28.6 Disclosure required in terms of Chapter VII of SEBI (Issue of Capital & Disclosure requirements') Regulations 2009**

In June, 2012, the Company had allotted 1,03,58,199 equity shares at a price of Rs. 40 per share (including a premium of Rs. 30/- per share) resulting in total issue size of Rs. 41,43,27,960 under the Rights Issue.

The uses and application of funds raised under the Rights Issue are given as under:

	Actual Utilisation	Revised Proposed Utilisation
Issue Related Expenses	13,018,040	13,018,040
Procurement of plant and machinery	6,926,626	54,692,920
Working capital requirements	270,000,000	270,000,000
General Corporate Purposes	76,617,000	76,617,000
Funds Utilised	366,561,666	414,327,960
Un-utilised Rights Issue proceeds*	47,766,294	-
Total	414,327,960	414,327,960

* Temporarily invested in Fixed Deposits with Banks

Particulars	For the year ended March 31, 2015 Rupees	For the year ended March 31, 2014 Rupees
-------------	--	--

28.7 Value of imports calculated on CIF basis:

Raw materials and Components	21,369,633	8,813,530
	21,369,633	8,813,530

28.8 Expenditure in foreign currency:

Travelling	300,244	254,001
	300,244	254,001

28.9 Earnings in foreign currency:

(i) Export of goods on F.O.B. Basis	932,248	745,535
(ii) Freight & Insurance	150,309	55,890
	1,082,557	801,425

28.10 Details of consumption of imported and indigenous items:

<u>Imported</u>			
Raw materials and Components	16,318,649	7,695,017	
	1.68%	0.65%	
<u>Indigenous</u>			
Raw materials and Components	957,493,418	1,177,582,100	
	98.32%	99.35%	
	973,812,067	1,185,277,117	

28.11 Value of imported and indigenous Spare Parts consumed is as follows:

<u>Imported</u>			
Spare Parts	788,888	535,121	
	18.05%	14.62%	
<u>Indigenous</u>			
Spare Parts	3,582,326	3,124,758	
	81.95%	85.38%	
	4,371,214	3,659,879	

NOTE NO. 29 - DISCLOSURES ON EMPLOYEE SHARE BASED PAYMENTS**Employee Stock Option Scheme**

(a) Pursuant to the "Employees Stock Option Scheme - 2010" (ESOS) approved by the Shareholders in the Annual General Meeting held on July 21, 2010, the Company had granted 60,500 Stock Options to the three non-executive Directors and some permanent employees on November 19, 2010, as per the recommendation of the Compensation Committee, at exercise price of Rs. 35/- each.

Pursuant to the "Employees Stock Option Scheme - 2014" (ESOS) approved by the Shareholders in the Annual General Meeting held on July 31, 2014, the Company had granted 80,424 Stock Options to the eligible employees on October 28, 2014 as per the recommendation of the Nomination and Remuneration Committee, at exercise price of Rs. 10/- each.

In respect of the ESOP-2010 options granted, the equity settled options vest in 4 tranches of 25% each upon the expiry of 12 months, 24 months, 36 months and 48 months respectively from the date of the grant. Each tranche is exercisable within two years from the respective date of vesting. The number of options exercisable in each tranche is minimum 25% of the options vested, except in case of the last date of the exercise, where the employee can exercise all the options vested but not exercised till that date.

In respect of the ESOP-2014 options granted, the equity settled options vest in 5 tranches of 20% each upon the expiry of 12 months, 24 months, 36 months, 48 months and 60 months, respectively from the date of the grant. Each tranche is exercisable after one year from the respective date of vesting. The number of options exercisable in each tranche is minimum 20% of the options granted.

The compensation costs of the stock options granted are accounted by the Company on the basis of intrinsic value of share on the date of grant of options.

The difference between the fair price of the share underlying the options granted on the date of grant of option and the exercise price of the option (being the intrinsic value of the option) representing Stock compensation expense is expensed over the vesting period.

(b) Employee stock options details are as follows:

Particulars	During the year ended		During the year ended	
	March 31, 2015		March 31, 2014	
	Options (Numbers)	Weighted average exercise price per option (Rupees)	Options (Numbers)	Weighted average exercise price per option (Rupees)
Option outstanding at the beginning of the year	7,375	35	14,750	35
Granted during the year	80,424	10	-	NA
Vested during the year	6,125	35	7,375	35
Exercised during the year	6,125	35	7,375	35
Lapsed during the year	1,250	35	-	35
Options outstanding at the end of the year	80,424	10	7,375	35

(c) The impact on Earnings per Share if the 'fair value' of the options (on the date of the grant) were considered instead of the 'intrinsic value' is as under:

Particulars	For the year ended March 31, 2015 Rupees	For the year ended March 31, 2014 Rupees
Net Profit (as reported)	17,948,387	77,098,748
Add : stock based employee compensation (intrinsic value)	2,590,305	98,783
Less : stock based compensation expenses determined under fair value method for the grants issued (See note (d) below)	(2,645,383)	(142,520)

Particulars	For the year ended March 31, 2015 Rupees	For the year ended March 31, 2014 Rupees
Net Profit (proforma)	17,893,309	77,055,011
Basic earnings per share (as reported)	0.65	2.79
Basic earnings per share (proforma)	0.65	2.79
Diluted earnings per share (as reported)	0.65	2.79
Diluted earnings per share (proforma)	0.65	2.79

(d) The fair value of the options has been determined under the Black-Scholes model. The assumptions used in this model for calculating fair value are as below:

Assumptions	Grant dated November 19, 2010	Grant dated October 28, 2014
Risk Free Interest Rate	7.65%	8.06%
Expected Life	3.50 years	3.50 years
Expected Annual Volatility of Shares	58%	55%
Expected Dividend Yield	Nil	Nil

NOTE NO. 30 - EMPLOYEE BENEFIT PLANS

(a) Defined contribution plans

The Company makes Provident Fund and Superannuation Fund contributions to defined contribution plans for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised Rs. 70,79,141 [Year ended March 31, 2014 Rs. 75,88,127] for Provident Fund contributions and Rs. 18,71,565 [Year ended March 31, 2014 Rs. 16,95,221] for Superannuation Fund contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

(b) Defined benefit plans

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

- Gratuity
- Compensated absences

The following table sets out the funded status of the defined benefit schemes and the amount recognised in the financial statements:

Particulars	For the year ended March 31, 2015		For the year ended March 31, 2014	
	Gratuity Funded	Compensated Absence Unfunded	Gratuity Funded	Compensated Absence Unfunded
Components of employer expense				
Current service cost	4,374,080	2,974,039	3,539,913	1,877,502
Interest cost	1,560,257	447,733	1,131,580	329,068
Expected return on plan assets	(1,257,746)	-	(1,199,489)	-
Actuarial losses/(gains)	(1,037,507)	751,071	1,614	(96,834)
Total expense recognised in the Statement of Profit and Loss	3,639,084	4,172,843	3,473,618	2,109,736
Actual contribution and benefit payments for year				
Actual benefit payments	-	(1,651,694)	(500,786)	(2,231,626)
Actual contributions	707,685	1,651,694	2,500,000	2,231,626
Net asset/(liability) recognised in the Balance Sheet				
Present value of defined benefit obligation	21,488,476	8,218,960	17,262,679	5,697,811
Fair value of plan assets	16,081,668	-	14,217,444	-
Funded status [Surplus/(Deficit)]	(5,406,808)	(8,218,960)	(3,045,235)	(5,697,811)
Net asset/(liability) recognised in the Balance Sheet	(5,406,808)	(8,218,960)	(3,045,235)	(5,697,811)

Rupees

Particulars	For the year ended March 31, 2015		For the year ended March 31, 2014	
	Gratuity Funded	Compensated Absence Unfunded	Gratuity Funded	Compensated Absence Unfunded
Change in defined benefit obligations (DBO) during the year				
Present value of DBO at beginning of the year	17,262,679	5,697,811	14,289,847	5,819,701
Current service cost	4,374,080	2,974,039	3,539,913	1,877,502
Interest cost	1,560,257	447,733	1,131,580	329,068
Actuarial (gains)/losses	(1,138,714)	751,071	(1,197,875)	(96,834)
Benefits paid	-	(1,651,694)	-	(2,231,626)
Benefit Paid Directly by Company	(569,826)		(500,786)	-
Present value of DBO at the end of the year	21,488,476	8,218,960	17,262,679	5,697,811
Change in fair value of assets during the year				
Plan assets at beginning of the year	14,217,444	-	11,717,444	-
Expected return on plan assets	1,257,746	-	1,199,489	-
Actual company contributions	707,685	1,651,694	2,500,000	2,231,626
Actuarial gains/(losses)	(101,207)	-	(1,199,489)	-
Benefits paid	-	(1,651,694)	-	(2,231,626)
Plan assets at the end of the year	16,081,668	-	14,217,444	-
Actual return on plan assets	1,156,539	-	1,279,570	-
Composition of the plan assets is as follows:				
Insurer managed funds	16,081,668	-	14,217,444	-
Actuarial assumptions				
Discount rate	7.77%	7.77%	9.19%	9.19%
Expected return on plan assets	-	-	-	-
Salary escalation	10.00%	10.00%	10.00%	10.00%
Attrition	5.00%	5.00%	5.00%	5.00%
Mortality tables	LIC (2006-08) Ult.	LIC (2006-08) Ult.	LIC (2006-08) Ult.	LIC (2006-08) Ult.
Estimate of amount of contribution in the immediate next year	5,406,808	6,738,136	3,045,235	3,618,503

The discount rate is based on the prevailing market yields of Government of India securities as at the Balance Sheet date for the estimated term of the obligations.

The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factors.

Experience adjustments	2014-2015	2013-2014	2012-2013	2011-2012	2010-2011
Gratuity					
Present value of DBO	21,488,476	17,262,679	14,289,847	13,094,312	12,830,399
Fair value of plan assets	16,081,668	14,217,444	11,717,444	9,766,440	9,965,346
Funded status [Surplus/(Deficit)]	(5,406,808)	(3,045,235)	(2,572,403)	(3,327,872)	(2,865,053)
Experience gain/(loss) adjustments on plan liabilities	(3,684,263)	593,704	681,634	697,153	197,459
Experience gain/(loss) adjustments on plan assets	(101,207)	80,081	903,287	(912,595)	124,025
Compensated absences					
Present value of DBO	8,218,960	5,697,811	5,819,701	5,672,137	6,122,240
Fair value of plan assets	-	-	-	-	-

Experience adjustments	2014-2015	2013-2014	2012-2013	2011-2012	2010-2011
Funded status [Surplus/(Deficit)]	(8,218,960)	(5,697,811)	(5,819,701)	(5,672,137)	(6,122,240)
Experience gain/(loss) adjustments on plan liabilities	1,100,374	690,538	414,951	870,704	(28,253)
Experience gain/(loss) adjustments on plan assets	-	-	-	-	-

NOTE NO. 31 - RELATED PARTY DISCLOSURES**(a) Parties where control exists**

Name	Relationship
Mahindra and Mahindra Limited	Holding Company

(b) Other related parties with whom transactions have been undertaken

Name	Relationship
Mahindra EPC Services Pvt Ltd	Fellow subsidiary
Mahindra Logistics Limited	Fellow subsidiary
Mahindra Holidays and Resorts India Ltd	Fellow subsidiary
Mr. Ashok Sharma	Key Management Personnel (Executive Director & CEO)
Mr. Mayur Bumb	Key Management Personnel (Chief Financial Officer)

(c) Details of related party transactions during the year and balances outstanding:

Particulars	For the year ended March 31, 2015 (Rupees)	For the year ended March 31, 2014 (Rupees)
Sale of goods		
Mahindra EPC Services Pvt Ltd	-	512,040
Purchase of Vehicles		
Mahindra and Mahindra Limited	1,428,068	-
Remuneration		
Mr. Ashok Sharma	6,00,000*	-
Mr. Mayur Bumb	3,253,573	-
Management contracts including for deputation of personnel		
Mahindra and Mahindra Limited	11,575,326	19,314,713
Mahindra Logistics Limited	387,642	337,080
Travelling Expense		
Mahindra Holidays and Resorts India Ltd	-	21,901
Mahindra and Mahindra Limited	1,099,020	-
Rent		
Mahindra and Mahindra Limited	495,797	-
Reimbursement of expenses to		
Mahindra and Mahindra Limited	78,220	284,851
Professional Fees		
Mahindra and Mahindra Limited	3,147,168	-
Balances outstanding at the end of the year		
Trade payables		
Mahindra and Mahindra Limited	19,046,849	22,166,373
Mahindra Logistics Limited	29,429	25,590

* The amount has been reimbursed to the Holding Company.

NOTE NO. 32 - SEGMENT REPORTING

The Company is engaged in the business of 'Micro Irrigation System' (MIS). All other activities of the Company revolve around the main business and accordingly there are no separate reportable segments, as per the Accounting Standard on 'Segment Reporting' (AS 17).

NOTE NO. 33 - DETAILS OF LEASING ARRANGEMENTS**As Lessee**

The Company has entered into operating lease arrangements for certain facilities and office premises. The leases are generally cancellable and are for a period of 11 months to 10 years under lease & license agreements and may be renewed by mutual consent on mutually agreeable terms.

Particulars	For the year ended March 31, 2015 Rupees	For the year ended March 31, 2014 Rupees
(i) Lease payments recognised in the Statement of Profit and Loss	6,247,475	4,798,385
(ii) Future minimum lease payments not later than one year	1,612,772	1,412,560
later than one year and not later than five years	932,228	1,022,234

NOTE NO. 34 - EARNINGS PER SHARE

Particulars	For the year ended March 31, 2015 Rupees	For the year ended March 31, 2014 Rupees
Basic		
Net Profit for the year attributable to the equity shareholders	17,948,387	77,098,748
No. of shares outstanding at the beginning of the year	27,638,239	27,630,864
Weighted average No. of Shares for ESOP	2,198	2,202
Weighted average No. of Shares outstanding during the year	27,640,437	27,633,066
Par value per share	10	10
Earnings per share - Basic	0.65	2.79
Diluted		
Net Profit for the year attributable to equity shareholders (on dilution)	17,948,387	77,098,748
Weighted average number of equity shares for Basic EPS	27,640,437	27,633,066

Particulars

Particulars	For the year ended March 31, 2015 Rupees	For the year ended March 31, 2014 Rupees
Add: Effect of ESOPs which are dilutive	75,378	4,958
Weighted average number of equity shares - for diluted EPS	27,715,815	27,638,024
Par value per share	10	10
Earnings per share - Diluted	0.65	2.79

NOTE NO. 35 - PROVISION FOR WARRANTY

(a) Provision for warranty is made in respect of sale of certain products, the estimated cost of which is accrued at the time of sale. The products are generally covered under a free warranty period ranging from 6 months to 5 years.

(b) The movement in provision for warranty is as follows:

Particulars	For the year ended March 31, 2015 Rupees	For the year ended March 31, 2014 Rupees
Balance as at April 1	7,000,000	-
Add : Provision made during the year	5,677,413	14,083,468
Less : Utilisation during the year	4,124,765	7,083,468
Balance as at March 31	8,552,648	7,000,000
Out of the above,		
Classified as Non Current	6,752,648	5,600,000
Classified as Current	1,800,000	1,400,000
	8,552,648	7,000,000

NOTE NO. 36 - PREVIOUS YEAR'S FIGURES

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

For and on behalf of the Board of Directors

Ashok Sharma	}	Executive Director & CEO
Anand Daga		Directors
Nikhilesh Panchal		
Vinayak Patil		
Sangeeta Prasad		
Mayur Bumb		Chief Financial Officer
R. V. Nawghare		Company Secretary

Place : Nashik
Date : April 27, 2015

REPORT OF THE DIRECTORS TO THE MEMBERS

Your Directors are pleased to present their 40th Annual Report together with the Audited Accounts for the Financial Year ended 31st March, 2015.

FINANCIAL RESULTS :

	Year ended 31 st March 2015	(Rs. in Crores) Year ended 31 st March 2014
Net Revenue from Operations	93.83	80.64
Other Income	0.78	0.62
Total Revenue	94.61	81.26
Profit before Depreciation, Finance Charges and Tax	4.51	4.62
Finance Costs	0.01	0.02
Depreciation & Amortization Expense	0.96	1.06
Profit for the year	3.54	3.54
Prior period adjustments	(+) 0.03	(+) 0.01
Profit Before Tax.....	3.57	3.55
Tax Provision		
– Current	1.35	1.15
– Deferred	(0.19)	(0.01)
– Short tax provision of earlier years.....	–	0.06
Profit After Tax.....	2.41	2.35
Surplus – Opening Balance after adjustment for carrying value of assets	4.15	3.85
Surplus available for appropriation.....	6.56	6.20
Appropriations:		
Proposed Dividend	0.84	0.84
Tax on Dividend	0.17	0.14
Transfer to General Reserve	0.50	0.50
Surplus – Closing Balance	5.05	4.72

REVIEW OF OPERATIONS

Members may kindly note that fiscal 2015 was a challenging year as both automobile industry and tractor industry, with which your Company's business is mainly linked, experienced tough market conditions. The domestic tractor industry, after remaining almost flat during the first half, witnessed a significant decline in the second half of the year under review. This industry trends has impacted tractor seats business of your Company. However, with some signs of improvement in passenger vehicles – car segment and increased off takes by the new customer introduced in the last quarter of pervious year, the seat mechanism business has recorded overall improvement over last year. During the year, the Company also registered growth in the business from agri implements.

In view of the above facts, total net revenue for the financial year 2014-15 stood at Rs. 94.61 crores against the previous year's revenue of Rs. 81.26 crores. On the aforesaid revenue, profit before tax at Rs. 3.57 crores remained almost at previous year's level of Rs. 3.55 crores primarily due to change in the product mix. Profit after tax for the year was Rs. 2.41 crores

(previous year - Rs. 2.35 crores). These post tax earnings translated into an Earning Per Share (EPS) of Rs. 10.07 (previous year - Rs. 9.79).

DIVIDEND

Your Directors have recommended a dividend of Rs. 3.50 per Equity Share of face value of Rs. 10.00 each for the financial year 2014-15, same as declared and paid in the previous year. The dividend would be payable to those Members whose names shall appear in the Register of Members as on Book Closure date. The dividend including dividend distribution tax, surcharge and education cess would absorb a sum of Rs. 1.01 crores (previous year - Rs. 0.98 crore).

FINANCE

The fund position of the Company stayed comfortable throughout the financial year 2014-15. As a result, after meeting routine capital expenditure and working capital requirements to support the operations, net interest income for the year was Rs. 0.59 crore against Rs. 0.50 crore for the previous year.

SHARE CAPITAL

The Company has neither issued any shares with differential voting rights nor granted stock options or sweat equity during the year under review. The Issued and Paid-up Share Capital of the Company remained unchanged during the year and stood at Rs. 2.40 crores at the end of the financial year 2014-15.

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

During the year under review, the Company has not extended any loans, given guarantees or provided securities and made investment pursuant to Section 186 of the Companies Act, 2013.

INDUSTRIAL RELATIONS

Industrial relations were cordial throughout the year under review. The Company has entered into a new four year wage agreement with the workers.

SAFETY, HEALTH AND ENVIRONMENTAL PERFORMANCE

Your Company is committed towards excellence in Safety, Occupational Health and Environment. This is also to ensure sustainable business growth. The Company has a well-established Safety, Occupational and Environmental Policy which inter alia ensures safety of public, employees, plant and equipment by ensuring compliance with all statutory rules and regulations on regular basis. Your Company also imparts training to its employees as per the predefined training calendar, carries out statutory safety audits of its facilities as per legal requirement and promotes eco-friendly activities. In reiteration of its commitment to improve the well being of the employees, Medical Check-ups, both curative and preventive have been organized regularly, including educating the employees on Industrial Hygiene at the work place. The Company's Plant is ISO 14001 : 2004 and OHSAS 18001 : 2007 certified.

CORPORATE SOCIAL RESPONSIBILITY

Keeping with the Company's core value of Good Corporate Citizenship, your Company is committed to display its social responsibility by taking various initiatives benefiting the society at large. These initiatives include organizing plantation of trees at various locations, awareness campaign on ill effects of tobacco, organizing medicines, beds and sheets to destitute people's home etc.

During the year under review, the Company was not covered under the provisions of Section 135 of the Companies Act, 2013 related to Corporate Social Responsibility.

SUSTAINABILITY INITIATIVE

Your Company is conscious of its responsibility towards preservation of natural resources and continuously taking various initiatives to reduce the consumption of electricity and water.

DIRECTORS

Shri S.C. Bhargava, consequent to not seeking the re-appointment, ceased to be Director of the Company with effect from the last Annual General Meeting of the Company held on 31st July, 2014. Consequent to their resignations, Shri Sanjeev Goyle and Shri G.Rathinam ceased to be

Directors of the Company with effect from 13th June, 2014 and 29th January, 2015 respectively. Your Board has placed on record its deep appreciation of the contributions of Shri Bhargava, Shri Goyle and Shri Rathinam as Directors of the Company.

As shared in the last year's Directors' Report, consequent upon their resignations, Dr. Pawan Goenka and Shri V.S. Parthasarathy ceased to be Directors of the Company with effect from 9th April, 2014 and 29th April, 2014 respectively and Shri S. Durgashankar joined the Company's Board with effect from 18th June, 2014. Further, Members also approved the appointment of Shri Hardeep Singh and Smt. Neera Saggi as Independent Directors under the Companies Act, 2013 for a period of 5 years, not liable to retire by rotation.

The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013.

Consequent to the desire expressed by Shri Rajesh Jejurikar to step down from the Chairmanship of the Company, the Board of Directors in their meeting held on 29th January, 2015 has appointed Shri Hardeep Singh as Chairman of the Company in place of Shri Jejurikar.

In terms of Section 152 of the Companies Act, 2013, Shri A.K. Mahajan shall retire by rotation at the forthcoming Annual General Meeting and being eligible, offer himself for re-appointment.

REMUNERATION POLICY

The Board has, on the recommendation of the Nomination & Remuneration Committee (NRC), framed policies on appointment of Directors and Senior Management and their remuneration. The NRC reviews and assesses Board composition and recommends the appointment of new Directors as and when required. In evaluating the suitability of individual Board member, the NRC takes into account the criteria as laid down in the policy. Based on recommendation of the NRC, the Board evaluates the candidature and decides on the selection of the appropriate member. The NRC identify persons who are qualified to become Executive Director(s) and who may be appointed in senior management team. The NRC also decides the basis for determining the compensation, both Fixed and variable, to the Non-Executive Directors, including Independent Directors, whether as commission or otherwise. The remuneration to Executive Director(s), if any, is recommended by NRC to the Board. The remuneration consists of both fixed compensation and variable compensation as approved by the Board within the overall limits specified in the Shareholders resolution.

DIRECTORS' MEETINGS

A calendar of Meetings is prepared and circulated in advance to the Directors. During the year, four Board Meetings were convened and held. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.

DIRECTORS' RESPONSIBILITY STATEMENT

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors in terms of Section 134(3)(c) of the Companies Act, 2013 state that:

- a) in the preparation of Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departure, if any;
- b) in the selection of the accounting policies, consulted the Statutory Auditors and applied them consistently and made judgment and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2015 and of the profit of the Company for the year ended on that date;
- c) proper and sufficient care has been taken for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the Annual Accounts have been prepared on a going concern basis;
- e) internal financial controls to be followed by the Company have been laid down, which are adequate and operating effectively;
- f) proper systems have been devised to ensure compliance with the provisions of all applicable laws and such systems are adequate and operating effectively.

AUDIT COMMITTEE

The Audit Committee comprises Shri Hardeep Singh (Chairman) and Shri Rajesh Jejurikar and Smt. Neera Saggi as other members. All the recommendations made by the Audit Committee were accepted by the Board.

KEY MANAGERIAL PERSONNEL

Shri Arun Arora, Manager, Shri Rajesh K Kapila, Company Secretary and Shri Kulvinder S Dhiman, Chief Financial Officer of the Company are the Key Managerial Personnel of the Company as per the provisions of the Companies Act, 2013. While Shri Kapila was already in the office as Company Secretary before the commencement of the Companies Act, 2013, the Board appointed Shri Arun Arora as Manager and Shri Kulvinder S Dhiman as Chief Financial Officer with effect from 29th April, 2014. Further, the Members also approved the appointment of Shri Arun Arora as Manager of the Company for a period of 5 years.

INTERNAL FINANCIAL CONTROL SYSTEMS

The Company has laid down adequate internal financial controls with reference to financial statements. During the year, such controls were tested and no material weakness in their operating effectiveness was observed.

VIGIL MECHANISM/WHISTLE BLOWER POLICY

The Company has a vigil mechanism through Whistle Blower Policy to deal with instance of fraud and mismanagement, if any. The policy is posted on the website of the Company.

RELATED PARTY TRANSACTIONS

All related party transactions that were entered during the financial year 2014-15 were in the ordinary course of the business and were on arm's length basis. There were no materially significant related party transactions made by the Company which may have a potential conflict of the interest with its Promoters, Directors, Key Managerial Personnel or other persons. All such Related Party Transactions are placed before the Audit Committee for approval, wherever applicable. Details of related parties and transactions with them are covered at Note 2.27 of the Annual Accounts.

AUDITORS

M/s J.S. Chopra & Associates, Chartered Accountants, Statutory Auditors of the Company, hold office till the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. They have expressed their willingness to act as Auditors of the Company, if appointed, and have further confirmed that the said appointment, if made, would be within the prescribed limits under Section 141(3)(g) of the Companies Act, 2013 and that they are not disqualified for re-appointment. The Members are requested to appoint Auditors and fix their remuneration.

The Audit Report issued by the Auditors of the Company forms part of the Annual Report and does not contain any qualification, reservation or adverse remark.

COST AUDITORS

Pursuant to Section 148(3) of the Companies Act, 2013 read with The Companies (Cost Records and Audit) Amendment Rules, 2014, the Board of Directors on the recommendation of Audit Committee has appointed M/s Aggarwal Vimal & Associates, Cost Accountants, as the Cost Auditors of the Company for the financial year ending on 31st March, 2016. M/s Aggarwal Vimal & Associates have confirmed that their appointment, if approved, will be within the limits of Section 141(3)(g) of the Companies Act, 2013 and have also certified that they are free from disqualification specified under Section 141(3) of the Companies Act, 2013.

The Cost Audit Report for the financial year ended 31st March, 2014 was filed within the due date on 24th September, 2014.

SECRETARIAL AUDIT

Pursuant to Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s A.Arora & Co., a firm of Company Secretaries in practice to undertake the Secretarial Audit of the Company. The Report of the Secretarial Audit is annexed herewith as Annexure A. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

DEPOSITS

The Company has not accepted deposit from the public falling within the ambit of Section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

There are no significant material orders passed by the Regulators/Courts which would impact the going concern status of the Company and its future operations.

EXTRACT OF ANNUAL RETURN

The details forming part of the extract of the Annual Return in Form MGT-9 is annexed herewith as Annexure B.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Particulars in respect of the above activities stipulated under Section 134(3)(m) of the Companies Act, 2013, read with Rule 8 of the Companies (Accounts) Rules, 2014 is annexed herewith as Annexure C.

DE-RECOGNITION OF DELHI STOCK EXCHANGE

Members are aware that the Company's equity shares were listed exclusively at Delhi Stock Exchange (DSE). However, the Securities and Exchange Board of India (SEBI) vide its order dated 19th November, 2014 had withdrawn the recognition of DSE. In the back drop of these developments, the Company is taking initiatives to get its equity shares listed at one of the nationwide stock exchange.

PARTICULARS OF EMPLOYEES

The information required pursuant to Section 197 read with Rule 5 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees

of the Company, will be provided upon request. In terms of Section 136 of the Companies Act, 2013, the Report and Accounts are being sent to the Members and others entitled thereto, excluding the information on employees' particulars which is available for inspection by the Members at the Registered Office of the Company during business hours on working days of the Company up to the date of the ensuing Annual General Meeting. If any Member is interested in obtaining a copy thereof, such Member may write to the Company Secretary in this regard.

ACKNOWLEDGMENT

Your Directors would like to thank various Government Authorities and Banks for the cooperation extended by them and also take this opportunity to express their deep sense of appreciation to all the stakeholders of the Company for the support provided by them during the year. The Directors also place on record the appreciation to all the employees of the Company for the efforts put in by them.

FOR AND ON BEHALF OF THE BOARD

Place : Mumbai
Date : 27th April, 2015

HARDEEP SINGH
Chairman

ANNEXURE A TO DIRECTORS' REPORT

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED MARCH 31, 2015

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

To,
The Members,
Swaraj Automotives Limited
Phase IV, S.A.S.Nagar,
Punjab

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by SWARAJ AUTOMOTIVES LIMITED (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the SWARAJ AUTOMOTIVES LIMITED'S books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on March 31, 2015 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by SWARAJ AUTOMOTIVES LIMITED ("the Company") for the financial year ended on March 31, 2015 according to the provisions of:

- | | |
|--|--|
| <ul style="list-style-type: none"> (i) The Companies Act, 2013 (the Act) and the rules made thereunder; (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder; (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder; (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'): <ul style="list-style-type: none"> a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and The Securities and Exchange | <ul style="list-style-type: none"> Board of India (Substantial Acquisition of Shares and Takeovers) (Amendment) Regulations, 2013; b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992; c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009-Not applicable as the company has not issued any securities during the financial year under review. d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999-Not applicable as the company has not granted any options to its employees during the financial year under review. e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008-Not applicable as the company has not issued any debt securities during the financial year under review. f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client-Not applicable as the company is not registered as Registrar to an Issue and Share Transfer Agent during the financial year under review. g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009-Not applicable as the company has not delisted any securities from any stock exchange during the financial year under review. h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998- Not applicable as the company has not bought back any of its securities during the financial year under review. |
| <ul style="list-style-type: none"> (vi) The major provisions and requirements have also been complied with as prescribed under all applicable Labour laws viz. The Factories Act, 1948, The Payment of Wages Act, 1936, The Minimum Wages Act, 1948, The Payment of Bonus Act, 1965, The Employees Compensation Act, 1923 etc. (vii) Environment Protection Act, 1986 and other environmental laws. (viii) Hazardous Waste (Management and Handling) Rules, 1989 and the Amendments Rules, 2003. | |

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

- a) Secretarial Standards issued by The Institute of Company Secretaries of India-Not notified hence not applicable to the company during the audit period.
- b) The Listing Agreements entered into by the Company with Delhi Stock Exchange Limited;

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

Based on our examination and the information received and records maintained, I further report that

1. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
2. Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent well in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
3. All decision is carried through majority while the dissenting members' views, if any, are captured and recorded as part of the minutes.
4. The company has proper board processes.

Based on the compliance mechanism established by the company and on the basis of the compliance certificate(s)

issued by the Company Secretary/ Officers and taken on record by the board of directors in their meeting(s), I am of an opinion that:

1. There are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.
2. Based on the examination of the relevant documents and records on test- check basis the company has Complied with the following laws specifically applicable to the company:
 - a) The Static and Mobile Pressure Vessels Rules, 1981
 - b) The Gas Cylinder Rules, 1981, Amended 2004
 - c) The Batteries (M&H) Rules, 2001

I further report that during the audit period, there were no instances of

- (i) Public/Rights/Preferential issue of shares/debentures/sweat equity.
- (ii) Redemption/buy-back of securities.
- (iii) Major decisions taken by the Members in pursuance to Section 180 of the Companies Act, 2013.
- (iv) Merger/amalgamation/reconstruction etc.
- (v) Foreign technical collaborations.

Place :Chandigarh
Date : 23rd April 2015

AJAY K. ARORA
A. ARORA & COMPANY
FCS No. 2191
C P No. 993

ANNEXURE B TO DIRECTORS' REPORT**Extract of Annual Return
as on the financial year ended on March 31, 2015**

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

FORM NO. MGT-9**I. Registration and Other Details**

CIN	L45202PB1974PLC003516
Registration Date	20-11-1974
Name of the Company	Swaraj Automotives Limited
Category/Sub-Category of the Company	Public Limited Company
Address of the Registered Office and contact details	Phase IV, Industrial Area, S.A.S. Nagar (Mohali) Punjab – 160055 Tel. No. 0172-2271620-27
Whether listed company	No
Name, address and contact details of Registrar and Transfer Agent, if any	M/s MCS Share Transfer Agent Limited F-65, 1 st Floor, Okhla Industrial Area, Phase I, New Delhi – 110020 Tel No. 011-41406149

II. Principal Business Activities of the Company

All the Business Activities contributing 10% or more of the total turnover of the Company shall be stated:

Name and Description of main Products/Services	NIC Code of the Product/Service	% to total turnover of the Company
Auto components	2930	86.3%
Agri implements	28212	13.7%

III. Particulars of Holding, Subsidiary and Associate Companies

Name and address of the Company	CIN	Holding/Subsidiary/ Associate	% of shares held	Applicable Section
Mahindra & Mahindra Limited	L65990MH1945PLC004558	Holding	71.19	2(46)

IV. Share Holding Pattern (Equity Share Capital Breakup as percentage of Total Equity)**(i) Category-wise Share Holding**

Category of Shareholders	No. of Shares held at the beginning of the year (as on 01-04-2014)				No. of Shares held at the end of the year (as on 31-03-2015)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individuals/HUF	–	–	–	–	–	–	–	–	–
b) Central Govt.	–	–	–	–	–	–	–	–	–
c) State Govt.(s)	–	–	–	–	–	–	–	–	–
d) Bodies Corporate	1778655	–	1778655	74.18	1778655	–	1778655	74.18	–

Category of Shareholders	No. of Shares held at the beginning of the year (as on 01-04-2014)				No. of Shares held at the end of the year (as on 31-03-2015)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
e) Banks/FI	-	-	-	-	-	-	-	-	-
f) Any Other...	-	-	-	-	-	-	-	-	-
Sub-Total (A)(1):	1778655	-	1778655	74.18	1778655	-	1778655	74.18	-
(2) Foreign									
a) NRIs-Individuals	-	-	-	-	-	-	-	-	-
b) Other-Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corporate	-	-	-	-	-	-	-	-	-
d) Banks/FI	-	-	-	-	-	-	-	-	-
e) Any Other...	-	-	-	-	-	-	-	-	-
Sub-Total (A)(2):	-	-	-	-	-	-	-	-	-
Total shareholding of Promoters (A)=(A)(1)+(A)(2)	1778655	-	1778655	74.18	1778655	-	1778655	74.18	-
B. Public Shareholding									
(1) Institutions									
a) Mutual Fund	-	-	-	-	-	-	-	-	-
b) Banks/FI	194865	-	194865	8.13	194865	-	194865	8.13	-
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt. (s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	40220	-	40220	1.68	40220	-	40220	1.68	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-Total (B)(1):	235085	-	235085	9.81	235085	-	235085	9.81	-
(2) Non-Institutions									
a) Bodies Corporate									
i) Indian	20256	94894	115150	4.80	256	94994	95250	3.97	-0.83
ii) Overseas	204132	-	204132	8.51	204132	-	204132	8.51	-
b) Individuals									
i) Individual Shareholders holding nominal share capital upto Rs. 1 lakh	25825	38866	64691	2.70	21000	38591	59591	2.49	-0.21
ii) Individual Shareholders holding nominal share capital in excess of Rs 1 lakh	-	-	-	-	25000	-	25000	1.04	1.04
c) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-Total (B)(2):	250213	133760	383973	16.01	250388	133585	383973	16.01	-
Total Public Shareholding (B)=(B)(1)+(B)(2)	485298	133760	619058	25.82	485473	133585	619058	25.82	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	2263953	133760	2397713	100.00	2264128	133585	2397713	100.00	-

(ii) Shareholding of Promoters

Shareholder's Name	Shareholding at the beginning of the year (as on 01-04-2014)			Shareholding at the end of the year (as on 31-03-2015)			% change in shareholding during the year
	No. of Shares	% of total shares of the Company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total shares of the Company	% of Shares Pledged/encumbered to total shares	
Mahindra & Mahindra Ltd.	1706925	71.19	–	1706925	71.19	–	–
Punjab State Industrial Development Corp. Ltd.	71730	2.99	–	71730	2.99	–	–
Total	1778655	74.18	–	1778655	74.18	–	–

(iii) Change in Promoters Shareholding

	Shareholding at the beginning of the year (as on 01-04-2014)		Cumulative Shareholding during the year (01-04-2014 to 31-03-2015)	
	No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
At the beginning of the year	1778655	74.18	1778655	74.18
Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.)	Nil	Nil	Nil	Nil
At the end of the year	1778655	74.18	1778655	74.18

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

Name of Shareholder	Shareholding at the beginning of the year (as on 01-04-2014)		Change in Shareholding (No. of Shares)		Cumulative Shareholding during the year (01-04-2014 to 31-03-2015)	
	No. of Shares	% of total shares of the Company	Increase/(Decrease)	Date/Reason	No. of Shares	% of total shares of the Company
1. CDC-PTL Holdings Limited	204132	8.51	–	–	204132	8.51
2. ICICI Bank Limited	106389	4.44	–	–	106389	4.44
3. Punjab Wireless Systems Limited	90000	3.75	–	–	90000	3.75
4. IDBI Bank Limited	88476	3.69	–	–	88476	3.69
5. Hema Rajendrabhai Gandhi	24000	1.00	1000	08-08-2014/ Transfer	25000	1.04
6. Life Insurance Coporation of India	22832	0.95	–	–	22832	0.95
7. Gursharan Kaur	5000	0.21	–	–	5000	0.21
8. JCT Electronics Limited	4894	0.20	–	–	4894	0.20
9. National Insurance Co. Limited	4416	0.18	–	–	4416	0.18
10. The Oriental Insurance Co. Limited	4416	0.18	–	–	4416	0.18

Note: Top ten shareholders of the Company as on 31st March, 2015 has been considered for the above disclosure.

(v) Shareholding of Directors and Key Managerial Personnel

Name of Director and KMP	Shareholding at the beginning of the year (as on 01-04-2014)		Change in Shareholding (No. of Shares)		Cumulative Shareholding during the year (01-04-2014 to 31-03-2015)	
	No. of Shares	% of total shares of the Company	Increase/(Decrease)	Date/Reason	No. of Shares	% of total shares of the Company
Directors	–	–	–	–	–	–
KMPs						
1. Sh. Rajesh K Kapila, Company Secretary	11	–	–	–	11	–

V. Indebtedness

The Company has not availed any loan during the year and is debt free Company.

VI. Remuneration of Directors and Key Managerial Personnel

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

(Rs. in Lacs)

Sr. No.	Particulars of Remuneration	Sh. Arun Arora (Manager)	Total Amount
1.	Gross salary		
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	46.23	46.23
	(b) Value of perquisites under Section 17(2) Income Tax Act, 1961	1.53	1.53
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	-	-
2.	Stock Option*	-	-
3.	Sweat Equity	-	-
4.	Commission		
	– as % of profit	-	-
	– others	-	-
5.	Others	-	-
	Total (A)	47.76	47.76

*Excludes stock options from Holding Company - Mahindra & Mahindra Limited

B. Remuneration to other Directors:

1. Independent Directors

(Rs. in Lacs)

Particulars of Remuneration	Name of Directors			Total Amount
	Sh. Hardeep Singh	Smt. Neera Saggi (Appointed w.e.f. 01-10-2014)	Sh. S.C. Bhargava (Ceased to be Director w.e.f. 31-07-2014)	
– Fee for attending Board/Committee Meetings	1.10	1.00	0.50	2.60
– Commission	1.75	0.87	-	2.62
– Others	-	-	-	-
Total (B)(1)	2.85	1.87	0.50	5.22

2. Other Non-Executive Directors

(Rs. in Lacs)

Particulars of Remuneration	Name of Directors		Total Amount
– Fee for attending Board/Committee Meetings	-	-	-
– Commission	-	-	-
– Others	-	-	-
Total (B)(2)	-	-	-
Total (B) = (B)(1) + (B)(2)			5.22

Note: Remuneration paid to the directors/manager is well within the limit prescribed in the Companies Act, 2013.

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

(Rs. in Lacs)

Sr. No.	Particulars of Remuneration	Sh. Rajesh K Kapila (Company Secretary)	Sh. Kulvinder S. Dhiman (CFO)	Total Amount
1.	Gross Salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	21.47	9.97	31.44
	(b) Value of perquisites under Section 17(2) Income Tax Act, 1961	0.74	0.10	0.84
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	-	-	-
2.	Stock Option*	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission			
	– as % of profit	-	-	-
	– others	-	-	-
5.	Others	-	-	-
	Total (C)	22.21	10.07	32.28

*Excludes stock options from Holding Company - Mahindra & Mahindra Limited

VII. Penalties/Punishment/Compounding of Offences

There were no penalties/punishment/compounding of offences for the year ended 31st March, 2015.

ANNEXURE C TO DIRECTORS' REPORT

Particulars as per the Companies (Accounts) Rules, 2014 and forming part of the Directors' Report for the year ended 31st March, 2015

A. CONSERVATION OF ENERGY:

(a) Steps taken for conservation of energy:

Some of the initiatives taken by the Company during the year for conservation of energy are given below:

1. Optimization of heating load in Pre-treatment tanks by replacing high KW ordinary heaters with lower KW radiant immersion heaters.
2. Installation of timers on motors used in Powder Coating Booth to avoid idle running of motors.
3. Installation of electrostatic guns and improvement in carrying capacity of hangers used in agri implements Paint Shop to improve its overall efficiency.
4. Installation of lower MT hydraulic pneumatic presses in Adjuster Shop.
5. Light points at Shop Floor area connected to lower KVA auto start Gen Set to avoid running of higher KVA Gen Set.
6. Replacement of high Watt mercury vapour lamps with low Watt CFLs.

(b) Steps taken by the company for utilising alternate sources of energy: The Company is exploring potential of using alternate source of energy which may be considered for implementation in future.

(c) Capital investments on energy conservation equipments: Nil

Total annual estimated savings for the year – Rs. 9.00 lacs

B. TECHNOLOGY ABSORPTION:

Research & Development:

1. Areas in which Research & Development is carried out: Seats & seat mechanisms and agri implements.

Benefits derived as a result of the above efforts: Improvement in the business.

2. Future plan of action: Continuous focus on seats & seat mechanisms and agri implements.

3. Expenditure on R&D: The Company spent revenue expenditure of Rs.1.15 lacs on Research & Development work during the year, which was 0.01% of the total turnover.

Technology absorption, adaptation and innovation:

On-going programmes on product improvement for performance, reliability and upgradation of products with customer as focus continued with vigour.

No technology has been imported during the last 3 years.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

During the year, there were no exports. Foreign Exchange Outgo is contained in Note No. 2.32 of Notes on Accounts.

FOR AND ON BEHALF OF THE BOARD

Place : Mumbai
Date : 27th April, 2015

HARDEEP SINGH
Chairman

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SWARAJ AUTOMOTIVES LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of Swaraj Automotives Limited ('the Company') which comprise the Balance Sheet as at 31 March 2015, the statement of Profit and Loss and the Cash Flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements, that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial control system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Management and Board of Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements

give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March 2015;
- (ii) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (iii) in the case of the Cash Flow statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143(3) of the Act, we report that:
 - a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c. the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d. in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the applicable Accounting Standards referred to in section 133 of the Companies Act, 2013, read with rule 7 of the Companies (Accounts) Rules, 2014 ; and
 - e. on the basis of written representations received from the Directors as on 31 March 2015, and taken on record by the Board of Directors, none of the Directors is disqualified as on 31 March 2015, from being appointed as a Director in terms of sub section (2) of section 164 of the Companies Act, 2013.
 - f. With respect to the other matters to be included in the auditor's report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to best of our information and according to the explanation given to us.
 - 1) The company has disclosed the impact of pending litigation on its financial position in its financial statements,
 - 2) The Company did not have any long term contracts including derivative contracts, for which there were any material foreseeable losses.
 - 3) There has been no delay in transferring amounts, required to be transferred, to the investor's education and protection fund by the company during the year.

For **J.S. CHOPRA & ASSOCIATES**
Chartered Accountants
Firm registration number : 008849N

Jagdeep S. Chopra, FCA
Partner
Membership No.: 087476

Place : Chandigarh
Dated : 27 April, 2015

ANNEXURE TO THE AUDITORS' REPORT

The Annexure referred to in our report to the members of Swaraj Automotives Limited ('the Company') for the year ended 31 March 2015. We report that:

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) According to the information and explanations given to us, the management has a policy of physical verification of fixed assets in a phased manner. Some of these fixed assets have been physically verified by the management during the current year and the discrepancies noticed on comparison between book records and physical inventory were not material and have been properly dealt with in the books of accounts. In our opinion, the frequency of verification is reasonable having regard to the size of the Company and nature of its assets.
2. (a) The inventories have been physical verified by the management during the year and at the year end. In our view, the frequency of verification is reasonable.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management is reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) On the basis of our examination of the records of inventories, we are of the opinion that the Company has maintained proper records of inventories. According to the information and explanations given to us, there were no material discrepancies noticed on physical verification of inventory as compared to the book records, and these have been properly dealt with in the books of accounts.
3. According to the information and explanation given to us, the Company has not granted any loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under section 189 of the Companies Act
4. In our opinion and according to the information and explanations given to us during the course of audit, there

is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory, fixed assets and for the sale of goods and services. Further, on the basis of our examination and according to the information and explanations given to us, we have neither come across nor have any information of any instances of major weaknesses in the aforesaid internal control system.

5. We have been informed that the Company has not accepted any deposits from the public within the meaning of Sections 73 & 76 of the Act and the rules framed there under.
6. We have broadly reviewed the books of account maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records as per sub section (1) of section 148 of the Companies Act 2013, in respect of its products and are of the opinion that prima facie, the prescribed accounts and records have been maintained. However, we have not carried out a detailed examination of the records with a view to determine whether these are accurate or complete.
7. In respect of statutory dues:
 - (a) According to information and explanations given to us, and the records of the Company, examined by us, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees' State Insurance, Income tax, Sales tax, Wealth tax, Service tax, Custom Duty, Excise Duty, Value added tax, Cess and any other statutory dues where applicable, have been generally regularly deposited during the year with the appropriate authorities.

According to information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding for a period of more than six months as at 31 March, 2015 from the date they became payable.
 - (b) The disputed statutory dues that have not been deposited on account of matters pending before appropriate authorities are reported below. According to the information and explanations given to us, the following dues of Excise Duty have not been deposited by the Company on account of disputes.

S.No.	Name of the Statute	Nature of the dues	Amount of Tax Liability (Rs. Lacs)	Period to which the amount relates	Forum where dispute is pending
1	Central Excise	Excise Duty	0.34	2005-06	Appellate Tribunal
2	Central Excise	Excise Duty	9.78	2005-06 to April 2008	Appellate Tribunal
	Total		10.12		

- (c) As explained to us and as per records shown, the amount required to be transferred to investor education and protection fund in accordance with the relevant provisions of the Companies Act, 2013 and rules made thereunder has been transferred to such fund within time.
8. The Company does not have any accumulated losses at the end of the financial year and has not incurred any cash losses during the financial year covered by our audit or in the immediately preceding financial year.
9. Based on our audit procedures and according to the information and explanation given to us, the Company has not defaulted in repayment of dues to financial institutions or banks or debenture holders.
10. According to information and explanations given to us, the Company has not given any guarantee during the year, for loans taken by others from bank or financial institutions, the terms and conditions whereof are prejudicial to the interest of the Company.
11. According to information and explanation given to us, the Company did not have any term loans outstanding during the year.
12. Based upon the audit procedures performed and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year, that causes the financial statements to be materially misstated.

For J.S. CHOPRA & ASSOCIATES
Chartered Accountants
Firm registration number : 008849N

Jagdeep S. Chopra, FCA
Partner
Membership No.: 087476

Place : Chandigarh
Dated : 27 April, 2015

BALANCE SHEET AS AT 31ST MARCH, 2015

(Rs. in Lacs)

Particulars	Note	2015		2014	
EQUITY & LIABILITIES					
Shareholder's Funds					
Share Capital	2.1	239.77		239.77	
Reserves & Surplus	2.2	2277.03	2516.80	2193.57	2433.34
Non-Current Liabilities					
Other Long-term Liabilities	2.3	7.65		11.35	
Long-term Provisions.....	2.4	288.00	295.65	272.10	283.45
Current Liabilities					
Trade Payables	2.5	1969.08		1991.51	
Other Current Liabilities.....	2.6	49.94		30.16	
Short-term Provisions	2.7	259.68	2278.70	235.01	2256.68
TOTAL			5091.15		4973.47
ASSETS					
Non-Current Assets					
Fixed Assets.....	2.8				
– Tangible Assets		930.82		1012.06	
– Intangible Assets.....		0.08		0.36	
– Capital Work-in-progress		51.82		34.21	
– Capital Spares.....		0.89		1.12	
Deferred Tax Assets (Net)	2.9	115.53		68.77	
Long-term Loans & Advances.....	2.10	27.08	1126.22	27.76	1144.28
Current Assets					
Inventories.....	2.11	582.34		431.83	
Trade Receivables	2.12	2007.96		2116.08	
Cash & Cash Equivalents	2.13	766.13		812.09	
Short-term Loans & Advances	2.14	576.43		434.19	
Other Current Assets.....	2.15	32.07	3964.93	35.00	3829.19
TOTAL			5091.15		4973.47
Significant Accounting Policies	1				
Notes on Accounts	2				

As per our report of even date attached

The Notes referred to above form an integral part of these financial statements

For J.S. CHOPRA & ASSOCIATESChartered Accountants
(FRN008849N)**J.S.CHOPRA**Partner
Membership No. 087476Chandigarh, 27th April, 2015**RAJESH K. KAPILA**
Company Secretary**KULVINDER S. DHIMAN**
Manager – Finance**FOR AND ON BEHALF OF THE BOARD****HARDEEP SINGH**
Chairman**RAJESH JEJURIKAR**
DirectorMumbai, 27th April, 2015

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

		(Rs. in Lacs)	
Particulars	Note	2015	2014
Revenue from Operations (Gross)	2.16	10363.54	9088.52
Less: Excise Duty		980.62	1024.97
Net Revenue from Operations		9382.92	8063.55
Other Income	2.17	77.69	62.52
Total Revenue		9460.61	8126.07
Expenses			
Cost of Materials Consumed	2.18	7007.76	5800.37
Changes in Inventories of Finished Goods and Work-in-Progress	2.19	(105.44)	(28.72)
Employee Benefits Expense	2.20	1497.75	1317.84
Finance Costs	2.21	1.45	2.47
Depreciation & Amortization Expense	2.8	96.10	105.86
Other Expenses	2.22	609.25	573.81
Total Expenses		9106.87	7771.63
Profit for the year		353.74	354.44
Prior period adjustments		(+) 3.27	(+) 0.93
Profit Before Exceptional and Extraordinary items and Tax		357.01	355.37
Exceptional and Extraordinary items		-	-
Profit Before Tax		357.01	355.37
Tax Expense			
– Current Tax		135.13	115.04
– Deferred Tax (Net)		(19.45)	(1.20)
– Short tax provision of earlier year		-	6.68
Profit After Tax		241.33	234.85
Earning per Equity Share	2.28		
Basic/Diluted Earning Per Share (Rs.)		10.07	9.79
Significant Accounting Policies	1		
Notes on Accounts	2		

As per our report of even date attached

For J.S. CHOPRA & ASSOCIATESChartered Accountants
(FRN008849N)**J.S.CHOPRA**Partner
Membership No. 087476Chandigarh, 27th April, 2015

The Notes referred to above form an integral part of these financial statements

FOR AND ON BEHALF OF THE BOARD

RAJESH K. KAPILA
Company Secretary**KULVINDER S. DHIMAN**
Manager – Finance**HARDEEP SINGH**
Chairman**RAJESH JEJURIKAR**
DirectorMumbai, 27th April, 2015

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

	(Rs. in Lacs)	
	2015	2014
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax and Extraordinary Items	357.01	355.37
Adjustments for :		
Depreciation	96.10	105.86
Interest Paid	0.43	2.43
Provision for Earned Leave & Gratuity	31.96	5.05
Provision for Doubtful Debts & Warranty	10.28	25.27
Interest Income	(60.84)	(52.33)
Profit on Sale of Assets	(1.25)	(2.69)
Adjustment in fixed assets	-	(0.22)
Capital grant-in-aid	(3.70)	(3.70)
	72.98	79.67
Operating Profit before Working Capital Changes	429.99	435.04
Adjustments for:		
Trade Receivables	102.02	(440.54)
Inventories	(150.51)	(7.41)
Loans & Advances	(138.82)	(126.75)
Trade Payables	(2.64)	295.79
	(189.95)	(278.91)
Cash Generated From Operations	240.04	156.13
Direct taxes refund/(paid)	(133.33)	(130.26)
Net Cash From Operating Activities	106.71	25.87
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(121.18)	(67.55)
Sale of Fixed Assets	6.28	9.24
Interest received	60.84	52.33
	(54.06)	(5.98)
Net Cash Used in Investing Activities	(54.06)	(5.98)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of Corporate Loans	-	-
Dividend paid	(98.18)	(84.15)
Interest Paid	(0.43)	(2.43)
	(98.61)	(86.58)
Net Cash Used in Financing Activities	(98.61)	(86.58)
Net Increase/(Decrease) in Cash & Cash Equivalents	(45.96)	(66.69)
Opening Cash & Cash Equivalents (#1)	812.09	878.78
Closing Cash & Cash Equivalents (#2)	766.13	812.09
#1 Cash & Bank Balances	812.09	878.78
Cash Credit Account	-	-
Opening Cash & Cash Equivalents	812.09	878.78
#2 Cash & Bank Balances	766.13	812.09
Cash Credit Account	-	-
Closing Cash & Cash Equivalents	766.13	812.09

Notes:

- The above Cash Flow Statement has been prepared under the indirect method as set out in the Accounting Standard - 3 on Cash Flow Statement issued by the Institute of Chartered Accountants of India.
- Figures in bracket indicates the cash outgo.
- Previous year figures have been regrouped wherever found necessary.

As per our report of even date attached

For **J.S. CHOPRA & ASSOCIATES**Chartered Accountants
(FRN008849N)**J.S.CHOPRA**

Partner

Membership No. 087476

Chandigarh, 27th April, 2015

FOR AND ON BEHALF OF THE BOARD

RAJESH K. KAPILA
Company Secretary**KULVINDER S. DHIMAN**
Manager – Finance**HARDEEP SINGH**
Chairman**RAJESH JEJURIKAR**
DirectorMumbai, 27th April, 2015

1. SIGNIFICANT ACCOUNTING POLICIES

1.1 BASIS OF ACCOUNTING

The financial statements are prepared in accordance with historical cost convention and on accrual basis, and as per applicable Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 2013.

1.2 USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management of the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of these financial statements and the reported amounts of revenues and expenses for the year. The management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known/materialise.

1.3 REVENUE RECOGNITION

- i) Sales are recognised at the time of despatches to customers or their respective transporters for onward despatches to customers. Impact of variation in selling price with respect to despatched goods are recognised as and when confirmed. Sales include excise duty, wherever applicable. Sales are recorded net of Trade Discounts, Rebates & Sales Tax. In respect of Toolings developed for the customers to be used for the production of components, sale is recognised on completion of such Toolings.
- ii) Incomes from services rendered are booked based on agreements/arrangements with the concerned parties.

1.4 PROVISIONS & CONTINGENT LIABILITIES

A provision is recognized when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Contingent Liabilities are not recognised in the financial statements but disclosed in the Notes.

1.5 FIXED ASSETS/DEPRECIATION

- i) Fixed Assets are stated at cost less accumulated depreciation. Depreciation is provided on a Straight-Line Method based on useful life basis as specified and in the manner prescribed in Schedule II to the Companies Act, 2013, except for the fixed assets mentioned in para (ii) to (v) below. Cost is inclusive of Freight, Duties, Levies and any other directly attributable cost of bringing the assets to their working condition for intended use.
- ii) Depreciation on dies manufactured by the Company is charged @ 20%. Depreciation on vehicles (cars) is charged @ 25%.
- iii) Intangible Assets (Others than Software) are stated at cost less accumulated amortisation. These are amortised over a period of 6 years, which is the estimated useful life of the asset. Software expenditure capitalised during the year is amortised over 3 years from the date of its capitalization.
- iv) Capital spares are amortised in a systematic manner over the useful life of the assets to which it relates.
- v) Assets individually costing up to Rs.5000/- are depreciated at 100% within one year from the date of purchase.
- vi) Capital Work in progress includes cost of assets not ready for intended use before the year end.

1.6 INVENTORIES

- i) Stores, Spare Parts, Loose Tools, Raw Materials, Components and Packing Materials are valued at material cost determined on the basis of moving weighted average cost method with due provisioning for non useable/obsolete items and impact of provisioning for price variation, if any.
- ii) Work-in-progress and Finished goods are valued at lower of cost or net realisable value as certified by Management. Cost includes material cost and an appropriate portion of manufacturing overheads, wherever applicable, incurred in bringing them to their present location and condition. Finished goods include excise duty, wherever applicable.

- iii) Scrap/damaged goods value is incorporated in books on the basis of expected realisable value.

1.7 EMPLOYEE BENEFITS

- i) Defined contribution plans
The Company's contribution to Provident Fund is considered as defined contribution plan and is charged as an expense to the Statement of Profit and Loss for the year when the contributions are due. The Company contributes to Life Insurance Corporation of India to cover its liability towards its master policies of employees' superannuation and gratuity. Payment of gratuity at the time of retirement is routed through the trust created by the company.
- ii) Defined benefit plans
The company operates a defined benefit plan for its employees in the form of gratuity fund. The cost of providing benefit under the plan is determined on the basis of actuarial valuations being carried out at each Balance Sheet date. Actuarial gains and losses for defined benefit plan are recognized in the Statement of Profit and Loss in the period in which they occur. The retirement benefit obligation recognized in the Balance Sheet represents the present value of the defined benefit obligation.
- iii) Short term employee benefits
All employee benefits payable within twelve months of receiving the employee services are classified as Short-term employee benefits and benefits payable after twelve months of receiving the employee services are classified as Long-term employee benefits.
The undiscounted amount of short term employee benefits expected to be paid in exchange of services rendered by employees is recognized during the period when the employee renders services. These benefits include salaries, bonus, leave travel allowance and performance incentives.
The employees of the Company are entitled to compensated absences. The Company has a policy for leave encashment, whereby the balance of leave is either availed or encashed in the following year, and hence the same is classified as short term. The short term leave encashment liability has been measured based on the actual leave balance outstanding at the year end.

1.8 RESEARCH & DEVELOPMENT

Expenditure on Research and Development has been classified into Revenue and CWIP/Assets, and accordingly charged to Statement of Profit & Loss and depicted in Balance Sheet.

1.9 TAXATION

- i) **Current tax** is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act 1961. Advance tax and provision for current tax are presented in the balance sheet after off-setting advance tax paid and income tax provisions.
- ii) **Deferred Tax** is recognised, subject to consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred Tax charge or credit is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date.
Deferred Tax liabilities are recognised for all timing differences. Deferred Tax assets arising from unabsorbed depreciation or carry forward losses are recognised only if there is virtual certainty of that there will be sufficient future taxable income available to realise such assets.
Deferred Tax assets are recognised for timing differences of other items only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised.
Deferred Tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off.
Deferred Tax Assets are reviewed at each balance sheet date for their realisability.

1.10 GRANTS-IN-AID

Capital grants received in previous years are allocated to income over the periods and in proportions in which the depreciation on those assets is charged.

1.11 FOREIGN CURRENCY TRANSACTIONS

Foreign currency transactions are recorded at exchange rates prevailing at the date of transaction. Exchange differences, if any, arising on settlement of transactions except those relating to fixed assets are recognized as income or expense in the year in which they arise. In case of fixed assets, the cost is adjusted for exchange differences arising on payment of liabilities incurred for the purpose of acquiring such fixed assets.

1.12 PRODUCT WARRANTY

In respect of warranty given by the Company on sale of agricultural implements - Rice Transplanter and Rotavator, the estimated costs of this warranty are accrued at the time of sale. The estimates for accounting of warranty are reviewed and revisions are made as required.

2. NOTES ON ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2015

2.1 SHARE CAPITAL

Particulars	(Rs. in Lacs)	
	As at 31 st March	
	2015	2014
Authorised		
Equity Shares, Rs.10/- par value		
30,00,000 (2014 – 30,00,000) Equity Shares	300.00	300.00
Redeemable Cumulative Preference Shares, Rs.100/- par value		
50,000 (2014 – 50,000) Redeemable Cumulative Preference Shares	50.00	50.00
	<u>350.00</u>	<u>350.00</u>
Issued, Subscribed & Paid-up		
Equity Shares, Rs. 10/- par value		
23,97,713 (2014 – 23,97,713) Equity Shares fully paid-up	239.77	239.77
	<u>239.77</u>	<u>239.77</u>

The Company has issued only one class of shares referred to as Equity Shares having a par value of Rs.10/-. Each Equity Shareholder is entitled to one vote per share.

The Company declares and pays dividend in Indian Rupees. The Board of Directors, in their meeting held on 27th April, 2015 proposed a dividend of Rs.3.50 per equity share. Dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. The total dividend appropriation for the year ended 31st March, 2015 amounted to Rs.101.00 lacs including corporate dividend tax of Rs.17.08 lacs (2014 - Rs.98.18 lacs including corporate dividend tax of Rs.14.26 lacs).

Equity Shares held by Holding Company on 31-03-2015:

– Name of Holding Company	Mahindra & Mahindra Limited
– Shares Held	17,06,925 (71.19%)

Equity Shareholders holding more than 5% shares:

Name	31.03.2015		31.03.2014	
	No. of Shares Held	% of Share-holding	No. of Shares Held	% of Share-holding
Mahindra & Mahindra Limited	1,706,925	71.19%	1,706,925	71.19%
CDC-PTL Holdings Limited	204,132	8.51%	204,132	8.51%

Reconciliation of number of Equity Shares outstanding and the amount of Share Capital:

	31.03.2015		31.03.2014	
	No. of Shares	Share Capital (Rs. in Lacs)	No. of Shares	Share Capital (Rs. in Lacs)
Number of equity shares at the beginning	2,397,713	239.77	2,397,713	239.77
Movement in equity shares during the year	–	–	–	–
Number of equity shares at the closing	2,397,713	239.77	2,397,713	239.77

In the last 5 years, the Company has not :

- allotted any shares as fully paid up pursuant to contract(s) without being received in cash,
- allotted any bonus shares,
- bought back its shares.

2.2 RESERVES AND SURPLUS

Particulars	(Rs. in Lacs)			
	As at 31 st March			
	2015	2014		
General Reserve – Opening Balance	1722.24	1672.24		
Add : Transferred from Surplus	50.00	1772.24	50.00	1722.24
Surplus – Opening Balance	471.33	384.66		
Less : Adjustment for carrying value of Assets (Refer Note 2.36)	56.87	–		
	<u>414.46</u>	<u>384.66</u>		
Add : Profit for the Year	241.33	234.85		
	<u>655.79</u>	<u>619.51</u>		
Less : Appropriations				
Proposed Dividend	83.92	83.92		
Tax on Proposed Dividend	17.08	14.26		
Transfer to General Reserve	50.00	504.79	50.00	471.33
	<u>2277.03</u>	<u>2193.57</u>		

2.3 OTHER LONG TERM LIABILITIES

Particulars	(Rs. in Lacs)			
	As at 31 st March			
	2015	2014		
Grants-in-Aid (Refer Note 1.10)				
Capital Grant				
Opening Balance	11.34	15.04		
Less : Depreciation	3.70	7.64	3.70	11.34
Deposits & Earnest Money	0.01	0.01		
	<u>7.65</u>	<u>11.35</u>		

Capital Grant represents the un-appropriated portion of grant-in-aid received in kind, in 1997-98, from United Nations Office for Project Services for implementation of United Nations Development Programme Montreal Protocol for phasing out of CFC's in the manufacture of cold cured PU Foam.

The un-appropriated portion of grant-in-aid in previous year was as per terms and conditions of agreement between Government of India and UNDP dated 06.01.1997.

2.4 LONG-TERM PROVISIONS

Particulars	(Rs. in Lacs)	
	As at 31 st March	
	2015	2014
Provision for Employee Benefits (Refer Note 1.7)		
– Provision for Gratuity (Refer Note 2.33)	199.79	189.80
– Provision for Leave Encashment	88.21	82.30
	<u>288.00</u>	<u>272.10</u>

2.5 TRADE PAYABLES

(Refer Note 2.34)

Particulars	(Rs. in Lacs)	
	As at 31 st March	
	2015	2014
Trade Payables – Micro & Small Enterprises	157.56	90.85
Trade Payables – Other than Micro & Small Enterprises	1661.11	1776.11
Accruals	150.41	124.55
	1969.08	1991.51

2.6 OTHER CURRENT LIABILITIES

Particulars	(Rs. in Lacs)	
	As at 31 st March	
	2015	2014
Grants-in-Aid (Refer Note 1.10 & 2.3)		
– Capital Grant	3.70	3.70
Deposits & Earnest Money	1.00	1.18
Advances from Customers	12.12	0.65
Unpaid/Unclaimed Dividend *	3.74	3.02

2.8 FIXED ASSETS

(Refer Note 1.5)

Description	GROSS BLOCK				DEPRECIATION/AMORTISATION				NET BLOCK	
	Cost as at 01-04-2014	Additions during the year	Sale/ Adjustments during the year	Cost as at 31-03-2015	As at 01-04-2014	Provided during the year	Disposal/ Adjustments* during the year	As at 31-03-2015	As at 31-03-2015	As at 31-03-2014
	A) TANGIBLE ASSETS									
Land – Freehold	451.81	–	–	451.81	–	–	–	–	451.81	451.81
Buildings	415.86	–	–	415.86	248.45	8.19	20.74	277.38	138.48	167.41
Plant & Machinery	990.50	65.25	(5.10)	1050.65	688.99	56.19	38.75	783.93	266.72	301.51
Electrical Installations	123.96	3.00	–	126.96	96.07	1.59	11.32	108.98	17.98	27.89
Furniture & Fixtures	11.06	6.05	–	17.11	9.07	1.63	–	10.70	6.41	1.99
Office Equipments	118.57	20.23	(5.03)	133.77	86.85	14.39	6.45	107.69	26.08	31.72
Vehicles	124.03	8.61	(11.05)	121.59	94.30	13.55	(9.60)	98.25	23.34	29.73
TOTAL (A)	2235.79	103.14	(21.18)	2317.75	1223.73	95.54	67.66	1386.93	930.82	1012.06
B) INTANGIBLE ASSETS										
Software	26.42	–	5.03	31.45	26.06	0.56	4.75	31.37	0.08	0.36
TOTAL (B)	26.42	–	5.03	31.45	26.06	0.56	4.75	31.37	0.08	0.36
GRAND TOTAL (A+B)	2262.21	103.14	(16.15)	2349.20	1249.79	96.10	72.41	1418.30	930.90	1012.42
Previous Year	2117.32	160.08	(15.19)	2262.21	1152.79	105.86	(8.86)	1249.79	1012.42	964.53

Capital Work-in-progress

51.82 34.21

Capital Spares

0.89 1.12

* In line with Schedule II of the Companies Act, 2013, adjustments include Rs 84.18 lacs being the carrying value of assets having Nil revised remaining useful life as on 1st April, 2014.

Depreciation for the year on Motor vehicles, Air Conditioners and Coolers, Office Equipment and certain Plant & Machinery costing Rs.389.36 lacs (2014 - Rs.348.78 lacs) has not been charged since 95% of its original cost has already been charged to depreciation.

2.9 DEFERRED TAX

(Refer Note 1.9)

Particulars	(Rs. in Lacs)	
	As at 31 st March	
	2015	2014
Deferred Tax Liabilities		
– Difference between book & tax depreciation	71.86	78.14
Deferred Tax Assets		
– Provision for Employees Cost	(146.15)	(135.56)
– Others (Refer Note 2.36)	(41.24)	(187.39)
	(11.35)	(146.91)
Deferred Tax Liabilities/(Assets)	(115.53)	(68.77)

Pursuant to Accounting Standard 22 – Accounting for taxes on income, the Company estimates deferred tax liability/(asset) using the applicable rate of taxation based on the impact of timing differences between financial statements and taxable income for the current year.

2.10 LONG-TERM LOANS & ADVANCES

(Unsecured-considered good unless otherwise stated)

Particulars	(Rs. in Lacs)	
	As at 31 st March	
	2015	2014
Capital Advances	3.47	6.94
Security Deposits		
– Considered Doubtful	–	1.94
Less : Provision for doubtful security deposits	–	–
		1.94
– Others	20.11	20.11
		16.54
Prepaid Expenses	3.50	4.28
	27.08	27.76

2.11 INVENTORIES

(Refer Note 1.6)

Particulars	(Rs. in Lacs)	
	As at 31 st March	
	2015	2014
Raw Materials & Components	286.91	241.00
Work-in-Progress	110.91	123.53
Finished Goods	149.67	31.61
Stores and Spares	24.56	24.86
Loose Tools	10.29	10.83
	582.34	431.83

Inventory as at 31st March, 2015 has been physically verified and certified by the Management.

2.12 TRADE RECEIVABLES

Particulars	(Rs. in Lacs)	
	As at 31 st March	
	2015	2014
Debts outstanding from the date they are due for payment		
Unsecured		
For more than six months		
– Considered Doubtful	37.09	32.45
Less : Provision for doubtful debts	37.09	–
	–	32.45
– Considered good	101.01	101.01
		140.66
Unsecured		
For less than six months		
– Considered good *	1906.95	1975.42
	2007.96	2116.08

* Include dues from Holding Company & Associate Companies amounting to Rs. 803.27 lacs (2014 - Rs.737.06 lacs) (Refer Note 2.27).

Provision for doubtful debts - as at 31st March, 2015:

The Company periodically evaluates Trade Receivables due from its customer for their recoverability. Provision for Doubtful Debts is assessed on the basis of various factors like ability of the customer to pay and risk perception of the industry, etc. Provision for doubtful debts, at the Balance Sheet date, normally pertains to debt or dues outstanding for six months or longer from the invoice date.

2.13 CASH & CASH EQUIVALENTS

Particulars	(Rs. in Lacs)	
	As at 31 st March	
	2015	2014
Cash on hand	0.65	1.44
Balances with Banks		
– In Current Accounts	146.91	243.98
Balance with Banks held as Margin Money and Deposit against Guarantees	12.90	24.43
Other Bank Balances		
– Deposit Account with more than 12 months maturities	260.58	401.00
– Deposit Account with less than 12 months maturities	341.35	601.93
	138.22	539.22
Unpaid/Unclaimed Dividend Accounts	3.74	3.02
	766.13	812.09

Cash and cash equivalents comprise cash balances on hand, bank balance and term deposits with banks.

Deposits are with State Bank of Patiala and Axis Bank, which can be withdrawn by the Company at any point without prior notice or penalty on the principal.

Cash and cash equivalents as of 31st March, 2015 include restricted cash and bank balances of Rs.16.64 lacs (2014 - Rs.27.45 lacs). The restrictions are primarily on account of cash and bank balances held as margin money and deposits against guarantees and unpaid/unclaimed dividends.

2.14 SHORT-TERM LOANS & ADVANCES

(Unsecured-considered good unless otherwise stated)

Particulars	(Rs. in Lacs)	
	As at 31 st March	
	2015	2014
Deposit with Excise & Taxation Authorities	28.64	29.65
Insurance Claim recoverable	0.23	1.36
Prepaid Expenses	7.28	8.27
Advances to Suppliers	10.96	21.41
Advances to Employees	1.99	1.70
Balance with Excise Authorities	19.31	20.94
Security Deposits	9.70	11.70
Value Added Tax Recoverable	482.26	338.97
Income Tax (net of provisions) (Refer Note 1.9)	–	0.19
Others	16.06	–
	576.43	434.19

2.15 OTHER CURRENT ASSETS

Particulars	(Rs. in Lacs)	
	Year ended 31 st March	
	2015	2014
Interest Accrued on Fixed Deposits	32.07	35.00
	32.07	35.00

2.16 REVENUE FROM OPERATIONS

Particulars	(Rs. in Lacs)	
	Year ended 31 st March	
	2015	2014
Sale of Products (Refer Note 2.31 A)	10275.61	9009.16
Other Operating Revenues		
– Sale of Scrap	87.93	79.36
	10363.54	9088.52

2.17 OTHER INCOME

Particulars	(Rs. in Lacs)	
	Year ended 31 st March	
	2015	2014
Interest Income	60.84	52.33
Profit on Sale of Fixed Assets	1.25	2.69
Miscellaneous Income	15.60	7.50
	<u>77.69</u>	<u>62.52</u>

2.18 COST OF MATERIALS CONSUMED

(Refer Note 2.31 B)

Particulars	(Rs. in Lacs)			
	Year ended 31 st March			
	2015		2014	
Opening Stock	251.83		276.77	
Add : Purchases	6943.75	5686.27		
Job Charges	109.38	7053.13	89.16	5775.43
		<u>7304.96</u>		<u>6052.20</u>
Less : Closing Stock		297.20		251.83
		<u>7007.76</u>		<u>5800.37</u>

2.19 CHANGES IN INVENTORIES OF FINISHED GOODS & WORK-IN-PROGRESS

Particulars	(Rs. in Lacs)	
	Year ended 31 st March	
	2015	2014
Opening Stock	155.14	126.42
Less : Closing Stock	260.58	155.14
	<u>(105.44)</u>	<u>(28.72)</u>

2.20 EMPLOYEE BENEFITS EXPENSE

Particulars	(Rs. in Lacs)	
	Year ended 31 st March	
	2015	2014
Salaries & Wages	1209.09	1066.81
Contribution to Provident & Other Funds	71.26	61.35
Gratuity & Superannuation (Refer Note 1.7)	63.45	35.73
Workmen & Staff Welfare	153.95	153.95
	<u>1497.75</u>	<u>1317.84</u>

2.21 FINANCE COSTS

Particulars	(Rs. in Lacs)	
	Year ended 31 st March	
	2015	2014
Bank Charges	1.02	0.04
Other Interest Cost	0.43	2.43
	<u>1.45</u>	<u>2.47</u>

2.22 OTHER EXPENSES

Particulars	(Rs. in Lacs)	
	Year ended 31 st March	
	2015	2014
Power, Fuel & Water Charges	188.87	170.96
Consumption of Stores & Spares	37.26	34.62
Rent	2.80	4.68
Rates and Taxes	7.48	2.94
Insurance	4.29	3.39
Repairs and Maintenance		
– Buildings	3.40	3.80
– Machinery	37.42	34.75
– Others	33.46	26.25
Postage & Telephone	3.98	3.66
Printing & Stationery	9.46	8.30
Legal and Professional Charges	10.99	2.99

Particulars	(Rs. in Lacs)	
	Year ended 31 st March	
	2015	2014
Advertisement	8.10	5.06
Freight Outward	160.63	168.56
Sales Promotion Expenses	5.40	5.44
Travelling & Conveyance Expenses	48.07	45.92
Provision for Bad & Doubtful Debts	6.10	24.20
Auditors' Remuneration		
– Statutory Audit Fees	1.20	0.90
– Other Services	0.75	0.77
– Reimbursement of Expenses	0.61	0.73
Tax Auditors' Fees	0.25	0.20
Cost Auditors' Fees	–	0.30
Directors' Sitting Fees	2.60	0.50
Design & Development Expenses	1.15	0.46
Warranty Claims	17.22	4.00
Miscellaneous Expenses	17.76	20.43
	<u>609.25</u>	<u>573.81</u>

2.23 The Company is having Nil outstanding as on 31st March, 2015 (2014 - Nil) against Cash Credit limit from State Bank of Patiala, secured by pari-passu first charge over stocks in trade, stores, spares and book debts and additional charge over the fixed assets of the Company.

2.24 CONTINGENT LIABILITIES & COMMITMENTS

(Not provided for in Accounts as certified by the Management)

Contingent Liabilities

Particulars	(Rs. in Lacs)	
	As at 31 st March	
	2015	2014
Claims against the Company, not acknowledged as debts		
i) Telephone & Telex (Disputed Amount)	1.47	1.47
ii) Employees/Workers dispute	8.00	8.00
iii) Excise/Service Tax/Sales Tax demand (pending in appeal)	10.12	124.55*
Counter guarantees to bank	–	11.54

* Includes Rs. 99.04 lacs against demand order raised by Sales Tax Authorities on account of short submission of C Forms related to assessment of FY 2009-10. Against the said Order, the Company has filed an appeal before the Appellate Authority after depositing Rs.24.76 lacs being 25% of demand raised for considering all the balance C Forms available for re-assessment.

Commitments

Particulars	(Rs. in Lacs)	
	As at 31 st March	
	2015	2014
Estimated amount of contracts remaining to be executed on capital account (net of advances)	22.54	86.79

2.25 CURRENT ASSETS

Parties' accounts are subject to reconciliation and confirmation by them.

2.26 As the Company's principal business activity fall within a single primary business segment, viz. "Automobile Components", the disclosure requirements of Accounting Standard – 17 "Segment Reporting", issued by the Institute of Chartered Accountants of India are not applicable.

2.27 In accordance with Accounting Standard –18, the related party disclosures for the year ended 31st March, 2015 are as follows:

i)	Holding Company	Mahindra & Mahindra Limited
ii)	Associate Company	Swaraj Engines Limited*
iii)	Fellow Subsidiary	Mahindra Engineering Services Limited**
iv)	Key Management Personnel	Shri Arun Arora

v) Transactions with related parties :	(Rs. in Lacs)		
	Holding Company	Associate Company	Fellow Subsidiary
a) Sale of finished goods & material	4755.58	-	-
	(3795.54)	(542.83)	(-)
Mahindra & Mahindra Limited	4755.58	-	-
	(3795.54)	(-)	(-)
Swaraj Engines Limited	-	-	-
	(-)	(542.83)	(-)
b) Reimbursement in respect of services received	91.90	-	30.28
	(86.44)	(10.43)	(-)
Mahindra & Mahindra Limited	91.90	-	-
	(86.44)	(-)	(-)
Swaraj Engines Limited	-	-	-
	(-)	(10.43)	(-)
Mahindra Engineering Services Limited	-	-	30.28
	(-)	(-)	(-)
c) Reimbursement in respect of services rendered	102.51	-	-
	(10.25)	(-)	(-)
Mahindra & Mahindra Limited	102.51	-	-
	(10.25)	(-)	(-)
d) Inter-Corporate Deposit paid	-	-	-
	(-)	(-)	(-)
e) Interest paid	-	-	-
	(-)	(-)	(-)
f) Dividend Paid	59.74	-	-
	(51.21)	(-)	(-)
Mahindra & Mahindra Limited	59.74	-	-
	(51.21)	(-)	(-)
Aggregate balances outstanding as at the year end			
- Receivables	803.27	-	-
	(656.30)	(80.76)	(-)
- Payables	2.56	-	-
	(-)	(-)	(-)

Previous year's figures are given in brackets.

*Ceased to be Associate Company w.e.f. 01-04-2014

**Ceased to be Fellow Subsidiary w.e.f. 08-12-2014 consequent to the merger of Mahindra Engineering Services Limited into Tech Mahindra Limited.

2.28 EARNING PER SHARE (EPS)

Particulars	Year ended 31 st March	
	2015	2014
Profit attributable to equity shareholder (Rs. in lacs)	241.33	234.85
Basic/Weighted average number of equity shares	23,97,713	23,97,713
Basic/Diluted Earning Per Share (Face Value Rs. 10/- per share)	Rs.10.07	Rs.9.79

2.29 Miscellaneous income under Other Income includes a sum of Rs. 3.70 lacs (2014 - Rs. 3.70 lacs) being the depreciation on Plant & Machinery received as Capital Grant in aid which is adjusted against the grant received.

2.30 Trade Receivables includes debts aggregating to Rs. 37.09 lacs, which may be doubtful of recovery. Adequate provisions for doubtful balances have been made in financial statements. Out of provision for doubtful debts/security deposits made in earlier years, Rs. 3.40 lacs (2014 - Rs. 53.81 lacs) has been written off during the year.

2.31 Information with regard to Production, Sales & Stocks, as certified by the management.

A. Production, Sales & Stock of Finished Goods

Particulars	Unit	Year ended 31 st March	
		2015	2014
i) Seats for Light Commercial Vehicles			
Opening stock	Sets	168	9
Production	"	8371	7156
Sales	"	8357	6997
Closing stock	"	182	168
ii) Seats Others			
Opening stock	Nos.	288	392
Production	"	127102	136356
Sales	"	126825	136460
Closing stock	"	565	288
iii) Seat Components			
Opening stock	Nos.	5109	4826
Production	"	2170967	2310372
Sales	"	2170536	2310089
Closing stock	"	5540	5109
iv) Agricultural Implements			
Opening stock	Nos.	-	-
Production	"	2258	267
Sales	"	2101	267
Closing stock	"	157	-
v) Sales of Products (including Excise Duty)		2015	2014
		(Rs. in Lacs)	(Rs. in Lacs)
Seat Components		4665.06	4169.11
Seats of Light Commercial Vehicles		550.34	468.40
Tools, Dies & Fine Blanking Components		-	106.31
Exhaust Brake & Cover Service Hole		22.12	23.37
Tractor Parts		3627.79	4014.30
Combine Parts		-	0.17
Agricultural Implements		1410.30	227.50
		10275.61	9009.16

B (a) Consumption of Raw Materials & Components

Particulars	Unit	Year ended 31 st March			
		2015		2014	
		Qty.	Rs. in lacs	Qty.	Rs. in lacs
PU Foam Material	MT	160.99	276.74	174.95	288.14
CRCA Sheet & Steel Sheet	MT	759.10	446.41	1511.01	845.44
Paints & Chemicals	MT	118.42	183.01	119.94	184.02
Trim Comp., Frames & Silencer etc.	Nos. (in lacs)	5.96	450.01	6.36	481.76
Stopper, B. Plates, Arm Plate, H Plate	"	50.34	492.04	50.21	551.09
Guide Block, Sect-disc Lever etc.	"	67.86	621.28	61.28	506.33
Upper Rail, Lower Rail, Pawl Lock etc.	"	25.08	466.39	20.72	344.67
Tractor Seat Parts	-	-	1440.62	-	1280.12
Agricultural Implement Parts	-	-	1478.06	-	265.35
Packing Materials	-	-	158.44	-	88.54
Job Work Charges	-	-	109.38	-	89.16
Others	-	-	885.38	-	875.75
			7007.76		5800.37

Notes:

- It is not possible to furnish quantitative information of all the components in view of large number of items varied in size and nature.
- Quantities and values of all items in Analysis of Raw Materials consumed represent the issues from stores made during the year. The figure of others is a balancing figure, based on total consumption shown in Note 2.18 and includes adjustments for excess/shortage found on physical verification.

(b) Value of imported and indigenous Raw Materials & Components, Stores and Spares etc. consumed & percentage of each to total consumption

Particulars	Year ended 31 st March			
	2015		2014	
	%age	Rs. in Lacs	%age	Rs. in Lacs
a) Raw material & Components				
i) Imported	0.49	34.58	-	-
ii) Indigenous	99.51	6973.18	100.00	5800.37
	100.00	7007.76	100.00	5800.37
b) Stores & Spares				
i) Imported	-	-	-	-
ii) Indigenous	100.00	37.26	100.00	34.62
	100.00	37.26	100.00	34.62

2.32 Value of Import on CIF Basis

Particulars	(Rs. in Lacs)	
	Year ended 31 st March	
	2015	2014
Raw Materials & Components	37.38	-
Stores & Spares	-	-
	37.38	-

2.33 Employee Defined Benefits:

Defined benefit plans - as per Actuarial Valuation

	Gratuity Plan	
	2015	2014
	(Rs. in Lacs)	(Rs. in Lacs)
I. Expenses Recognised in the Statement of Profit & Loss Account		
1. Current Service Cost	21.16	20.11
2. Interest	35.28	40.15
3. Expected Return on plan assets	(19.67)	(18.98)
4. Actuarial (Gain)/Loss	23.49	(8.65)
5. Total Expense	60.26	32.63
II. Net Asset/(Liability) recognised in the Balance Sheet		
1. Present value of Defined Benefit Obligation	500.18	476.57
2. Fair Value of plan assets	239.73	227.36
3. Funded Status [Surplus/(Deficit)]	(260.45)	(249.21)
4. Net Asset/(Liability)	(260.45)	(249.21)
III. Change in the obligation during the year		
1. Present value of Defined Benefit Obligation as at beginning of the year	476.57	454.61
2. Current service cost	21.16	20.11
3. Interest Cost	35.28	40.15
4. Benefit payments	(54.21)	(31.63)
5. Actuarial (Gain)/Loss	21.38	(6.66)
6. Present value of Defined benefit Obligation as at end of the year	500.18	476.57
IV. Change in the Fair Value of Assets		
1. Fair Value of plan assets at the beginning of the year	227.36	193.14
2. Expected return on plan assets	19.67	18.98
3. Contribution by employer	49.02	44.88
4. Actual benefits paid	(54.21)	(31.63)
5. Actuarial (Gain)/Loss on Plan assets	(2.11)	1.99
6. Fair value of plan assets at the end of the year	239.73	227.36
7. Actual return on plan assets	17.56	20.97

V. The major categories of plan assets as a percentage of total plan

Funded with LIC	100%	100%
-----------------	------	------

VI. Actuarial Assumptions

1. Imputed Rate	7.85%	9.15%
2. Expected rate of return on plan assets	8.75%	9.50%
3. In-service Mortality	IAL 2006-08 Ultimate	IAL 2006-08 Ultimate
4. Turnover Rate	5.00%	5.00%
5. Salary Rise – Officers/workers	8%/6%	10%/7.5%
6. Remaining Working life	13.95 Yrs	14.28 Yrs

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

S.No Particulars	Rs. in Lacs	
	2015	2014
(a) Dues remaining unpaid as at 31 st March		
– Principal	-	-
– Interest on above	-	-
(b) Interest paid in terms of section 16 of the act along with the amount of payments made to the supplier beyond the appointed date during the year		
– Principal paid beyond the appointed date	222.38	36.95
– Interest paid in terms of section 16 of the act	0.08	0.09
(c) Amount of interest due and payable for the period of delay in payments made beyond the appointed date during the year	0.68	-
(d) Further interest due and payable even in the succeeding year, until such date when the interest due as above are actually paid to the small enterprises	-	-
(e) Amount of interest accrued and remaining unpaid as at 31 st March	0.68	-

2.35 Prior period adjustments includes income/expenses pertaining to earlier years amounting to Rs. 3.27 lacs (2014 – Rs. 0.93 lacs).

2.36 In compliance with the provisions of the Companies Act, 2013 ('the Act'), the Company has reworked the depreciation with reference to estimated economic useful life of Fixed Assets prescribed by Schedule II of the Act except for Dies and Vehicles (Motor Car), where lower useful life has been considered in line with the existing practice.

Due to revision in estimated economic useful life, the charge for depreciation is lower by Rs. 1.82 lacs for the year ended 31st March 2015. Further, Rs. 56.87 lacs (net of tax) has been adjusted to Surplus (Retained Earnings – opening balance as on 1st April, 2014), being the carrying value of assets having Nil revised remaining useful life as on 1st April, 2014. Tax impact on the same, Rs. 27.31 lacs has been adjusted in the Deferred Tax Assets.

2.37 Research & Development Expenditure

Particulars	Year ended 31 st March	
	2015	2014
	(Rs. in Lacs)	(Rs. in Lacs)
a. Revenue Expenditure (Charged to Statement of Profit and Loss)	1.15	0.46
b. Capital Expenditure (Capitalised under CWIP/Assets)	46.63	5.31
	47.78	5.77

2.38 Previous year figures have been regrouped/recast, wherever necessary, so as to correspond with those of the current year.

DIRECTORS' REPORT

Your directors present their Second Report together with the audited financial statements of your Company for the year ended 31st March 2015.

FINANCIAL HIGHLIGHTS AND STATE OF COMPANY'S AFFAIRS

(Rs. in lacs)

	For the Year ended 31 st March, 2015	For the Year ended 31 st March, 2014
Income	2,162.32	Nil
Total Expenditure	2,067.87	6.84
Profit before Taxation		
Provision for Tax:		
Current Tax	32.17	Nil
Deferred Tax	(0.93)	Nil
Profit after Taxation	63.22	(6.84)
Balance of Profit from earlier years	(6.84)	Nil
Balance Carried Forward	56.38	(6.84)
Any amount carry forward to reserve	Nil	Nil
Networth	1,555.39	(1.84)

No material changes and commitments have occurred after the closure of the year under review till the date of this report which would affect the financial position of the Company.

OPERATIONS

During the year under review, the lower production of Potatoes in Rabi 2014, in India led to strong demand and firm prices of seed potatoes. Such Market conditions, coupled with the strength of company's brand and its product quality drove the performance of the Company which resulted in Greater than 100% increase in revenues and Greater than 100% increase in profits before tax. The Company achieved all time high revenues of Rs.2162 lac and all time high Profits of Rs.63.22 lac.

Khet-Se-Kaliyan-Tak ("KSKT") initiatives adopted by the Company over the last few years, together has resulted in a strong bonding relationship with the farmers and led to significantly improved yields of marketable grades of seed potatoes per acre. The Company has strengthened the unique Services model and also initiated building up trading skills for leveraging the opportunities in generic varieties.

The Company has placed strict controls on the virus levels and is continuously being managed over the season. Consequently, there have been no quality issues in the current financial year.

Company has imported 18 new potato varieties germplasm from the partner company HZPC, and same will be tested

for their potential under Indian agro-climatic conditions for three years trials. First year field trials have been conducted successfully during the year, and it appears that some varieties hold good potential in Indian markets.

DIVIDEND

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

SHARE CAPITAL

The authorized share capital of your Company as on 31st March 2015 stood at Rupees Eight Crore divided into eighty lakhs equity shares of face value Rs. 10/- each.

During the year under review, your Company allotted 46,80,000 equity shares of face value Rs.10/- each at par to Mahindra & Mahindra Limited on Rights basis and 31,60,000 equity shares of face value Rs. 10/- at premium of Rs. 22.46835/- each to Participatie Maatschappij Buitenland B.V. on preferential allotment basis.

The paid-up share capital of your Company as on 31st March 2015 stood at Rs. 7,89,00,000 divided into 78,90,000 equity shares of face value Rs. 10/- each.

CHANGE OF NAME:

The name of the Company has been changed from Mahindra Investments (International) Private Limited to Mahindra HZPC Private Limited with effect from 13th February, 2015.

BOARD OF DIRECTORS

Composition:

Composition of the Board of Directors is follows:

Director	Designation	Nature of Directorship	DIN
Mr S Durgashankar	Director	Non Independent & Non Executive	00044713
Mr Vikram Puri	Director	Non Independent & Non Executive	00234881
Mr Ashok Sharma	Director	Non Independent & Non Executive	02766679
Mr Hermanus Verveld	Additional Director	Non Independent & Non Executive	06951085
Mr Gerardus Franciscus Backx	Additional Director	Non Independent & Non Executive	06956234

Mr. Hermanus Verveld and Gerardus Franciscus Backx were appointed as an Additional Directors on the Board with effect from 25th September, 2014. They shall hold office upto the date of the ensuing Annual General Meeting. The Company has received the notices in writing from a member proposing their candidature for the office of Director, liable to retire by rotation.

Mr. Vikram Puri retires by rotation at the forthcoming Annual General Meeting, and being eligible, has offered himself for re-appointment.

Number of Meetings:

The Board met Six times during the year under review, i.e. on 22nd April 2014, 30th April 2014, 7th July 2014, 25th September 2014, 10th November 2014 and 21st January 2015.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- in the preparation of the annual financial statements for the year ended 31st March 2015 the applicable accounting standards have been followed;
- they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year on 31st March 2015 and of the profit of the Company for the financial year ended on that date;
- they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- they have prepared the annual accounts on a going concern basis; and
- they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

KEY MANAGERIAL PERSON

Ms. Ami Mehta has been appointed as Company Secretary of the Company with effect from 10th November, 2014

Mr. Davinder Singh has been appointed as Chief Executive Officer of the Company with effect from 10th November, 2014

RISK MANAGEMENT POLICY

The Board has formulated a Risk Management Policy for the Company which identifies elements of risk if any which may threaten the existence of the Company. Implementation of the Risk Management Policy is expected to be helpful in managing the risks associated with the business of the Company.

STATUTORY AUDITORS

At the First Annual General Meeting, M/s. Joglekar & Gokhale, Chartered Accountants (Registration Number- 104327W), were appointed as the statutory auditors of your Company to hold office from the conclusion of the First Annual General Meeting till the conclusion of Second Annual General Meeting. M/s. Joglekar & Gokhale, Chartered Accountants resigned as Statutory Auditor of the Company with effect from 8th November, 2014.

At the Extra Ordinary General Meeting, held on 10th November, 2014, M/s. B. K. Khare & Co., Chartered Accountants, (ICAI registration Number - 105102W) were appointed as the statutory auditors of your Company to hold office till the conclusion of 6th Annual General Meeting.

M/s. B. K. Khare & Co., Chartered Accountants, (ICAI registration Number 105102W) have given a written consent to act as Statutory Auditors of your Company, if appointment is ratified, and have also confirmed that the said ratification of appointment would be in conformity with the provisions of Sections 139 and 141 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014.

The members has been requested to ratify the appointment of the statutory auditors of the Company at the ensuing Annual General Meeting for the financial year 2015-16.

The Auditors' Report does not contain any qualification, reservation or adverse remark.

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

The particulars relating to the energy conservation, technology absorption and foreign exchange earnings and outgo, as required under Section 134(3)(m) of the Companies Act, 2013 read with the Companies Rule 8(3) of The Companies (Accounts) Rules, 2014 are provided in Annexure I and form part of this report.

PARTICULARS OF EMPLOYEES AS REQUIRED UNDER RULE 5(2) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

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

CORPORATE SOCIAL RESPONSIBILITY (CSR) INITIATIVES

The provisions relating to CSR enumerated under Section 135 of the Companies Act, 2013 are not applicable to your Company.

PARTICULARS OF PUBLIC DEPOSITS, LOANS, GUARANTEES OR INVESTMENTS

Your Company has not accepted any deposits from the public, or its employees, during the year. There were no other deposits falling under Rule 2(1)(c) of the Companies (Acceptance of Deposits) Rules, 2014 at the beginning of the year, during the year and at the end of the year. There are no deposits which are not in compliance with the requirement of Chapter V of the Companies Act, 2013.

Your Company has not made any loans, investments and guarantees which are required to be disclosed in the annual accounts of the Company pursuant to Section 186 of the Companies Act, 2013.

Your Company has not made any loans/advances which are required to be disclosed in the annual accounts of the Company pursuant to Clause 32 of the Listing Agreement entered between the parent Company, Mahindra and Mahindra Limited and stock exchanges.

PARTICULARS OF TRANSACTIONS WITH RELATED PARTIES

There are no contracts or arrangements with related parties of the Company referred to under Section 188(1) of the Companies Act, 2013 which are required to disclose in the report.

EXTRACT OF ANNUAL RETURN

Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return as on 31st March 2015 in form MGT-9 is annexed as Annexure II and forms part of this report.

INTERNAL FINANCIAL CONTROLS

Pursuant to Rule 8 of the Companies (Accounts) Rules, 2014, based on the representation received and after due enquiry, your directors confirm that they have laid down internal

financial controls with reference to the Financial Statements and these controls are adequate.

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

During the year under review, no complaints were received under the Sexual Harassment of Women at work place (Prevention, Prohibition and Redressal) Act, 2013, for prevention of sexual harassment.

GENERAL

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

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

ACKNOWLEDGEMENT

Your Directors would like to place on record their sincere thanks for the cooperation and support received from your Company's bankers, stakeholders, business associates and various agencies of the Central and State Governments.

For and on behalf of the Board

Ashok Sharma - 02766679
Director

Vikram Puri - 00234881
Director

Mumbai, 29th April, 2015

ANNEXURE I TO THE DIRECTORS' REPORT

PARTICULARS AS PER THE COMPANIES (ACCOUNTS) RULES, 2014 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2015

A. CONSERVATION OF ENERGY

- (i) the steps taken or impact on conservation of energy: Nil
- (ii) the steps taken by the company for utilizing alternate sources of energy: Nil
- (iii) the capital investment on energy conservation equipment: Nil

The operations of your Company are not energy-intensive. However, adequate measures like not switching on the electric lights during day time have been initiated to reduce energy consumption.

There is no capital investment on energy conservation equipment during the year.

B. TECHNOLOGY ABSORPTION

- i) the efforts made towards technology absorption - Nil
- ii) the benefits derived like product improvement, cost reduction, product development or import substitution:- Nil
- iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year) – - Nil
- (a) the details of technology imported:- Nil
- (b) the year of import- Nil
- (c) whether the technology been fully absorbed:- Nil
- (d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof: - Nil
- iv. the expenditure incurred on Research and Development : - Nil

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

	(Rupees in Lakhs)	
	For the Financial Year Ended 31st March, 2015	For the Financial Year ended 31 st March, 2014
Total Foreign Exchange Earned	NIL	NIL
Total Foreign Exchange Used	4.37	Nil

For and on behalf of the Board

Ashok Sharma - 02766679
Director

Vikram Puri - 00234881
Director

Mumbai, 29th April, 2015

ANNEXURE II TO THE DIRECTORS' REPORT

Form No. MGT-9

Extract of Annual Return
as on the financial year ended on 31st March, 2015

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

I. REGISTRATION AND OTHER DETAILS:

1	CIN	U01403MH2013PTC242474
2	Registration Date	25 th April, 2013
3	Name of the Company	Mahindra HZPC Private Limited
4	Category/Sub-Category Company	Public Limited Company
5	Address of Registered office and contact details	Mahindra Towers, P K Kurne Chowk, Worli, Mumbai 400018. Tel : 022-24906683
6	Whether listed Company (Yes/No)	No
7	Name, Address and Contact details of Registrar and Transfer Agent, if any	Nil

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY –

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

Sr. No.	Name and Description of main products/services	NIC Code of the Product	% to total turnover of the company
1	trading in seed potatoes	01135	97.75

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/Subsidiary of the Company	% of shares held	Applicable Section
	Mahindra & Mahindra Limited	L65990MH1945PLC004558	Holding Company	60%	2(87) (i)&(ii)

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

i. Category-wise Share Holding

Category of Shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% change during the year*
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A. Promoters									
1. Indian	–	–	–	–	–	–	–	–	–
a. Individual/ HUF	–	–	–	–	–	–	–	–	–
b. Central Govt.	–	–	–	–	–	–	–	–	–
c. State Govt.	–	–	–	–	–	–	–	–	–
d. Bodies Corp.	–	50,000	50,000	100%	–	47,30,000	47,30,000	59.95%	–40.05%
e. Banks/FI	–	–	–	–	–	–	–	–	–
f. Any other	–	–	–	–	–	–	–	–	–
Sub-Total (A)(1)	–	–	–	–	–	–	–	–	–
2. Foreign	–	–	–	–	–	–	–	–	–
a. NRIs-Individuals	–	–	–	–	–	–	–	–	–
b. Other-Individuals	–	–	–	–	–	–	–	–	–
c. Bodies Corporate	–	–	–	–	–	31,60,000	31,60,000	40.05%	+40.05%
d. Banks/FI	–	–	–	–	–	–	–	–	–
e. Any others	–	–	–	–	–	–	–	–	–
Sub-Total (A)(2)	–	–	–	–	–	–	–	–	–

MAHINDRA HZPC PRIVATE LIMITED
(FORMERLY KNOWN AS MAHINDRA INVESTMENTS (INTERNATIONAL) PRIVATE LIMITED)

Category of Shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% change during the year*
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
Total Share Holder of Promoters (1+2)	–	50,000	50,000	100%	–	78,90,000	78,90,000	100%	–
B. Public Shareholding									
1. Institutions	–	–	–	–	–	–	–	–	–
a. Mutual Funds	–	–	–	–	–	–	–	–	–
b. Banks/FI	–	–	–	–	–	–	–	–	–
c. Central Govt.	–	–	–	–	–	–	–	–	–
d. State Govt.	–	–	–	–	–	–	–	–	–
e. Venture Capital	–	–	–	–	–	–	–	–	–
f. Insurance Co.	–	–	–	–	–	–	–	–	–
g. FIs	–	–	–	–	–	–	–	–	–
h. Foreign Portfolio Corporate	–	–	–	–	–	–	–	–	–
i. Foreign Venture Capital Fund	–	–	–	–	–	–	–	–	–
j. Others	–	–	–	–	–	–	–	–	–
Sub-total (B)(1)	–	–	–	–	–	–	–	–	–
2. Non-Institutions	–	–	–	–	–	–	–	–	–
a. Bodies corp.	–	–	–	–	–	–	–	–	–
b. Individuals	–	–	–	–	–	–	–	–	–
i. Individual shareholders holding nominal share capital upto Rs. 1 lakh	–	–	–	–	–	–	–	–	–
ii. Individual shareholders holding nominal share capital in excess of Rs. 1Lakh	–	–	–	–	–	–	–	–	–
c. Others									
(i) NRI (Rep)	–	–	–	–	–	–	–	–	–
(ii) NRI (Non-Rep)	–	–	–	–	–	–	–	–	–
(iii) Foreign National	–	–	–	–	–	–	–	–	–
(iv) OCB	–	–	–	–	–	–	–	–	–
(v) Trust	–	–	–	–	–	–	–	–	–
(vi) In Transit	–	–	–	–	–	–	–	–	–
Sub-total-(B)(2)	–	–	–	–	–	–	–	–	–
Net Total (1+2)	–	–	–	–	–	–	–	–	–
C. Shares held by custodian for GDRs & ADRs									
Promoter and Promoter Group	–	–	–	–	–	–	–	–	–
Public	–	–	–	–	–	–	–	–	–
Grand Total	–	50,000	50,000	100%	–	78,90,000	78,90,000	100%	–

ii. Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year*
		No. of shares	% of total shares of the company	% of shares pledged/encumbered to total shares	No. of shares	% of total shares of the company	% of shares pledged/encumbered to total shares	
1	Mahindra and Mahindra Limited	49,999	100%	–	47,29,999	59.95%	–	–40.05%
2	Participatie Maatschappij Buitenland B.V	–	–	–	31,60,000	40.05%	–	+40.05%
3.	Mr Narayan Shankar (Nominee of Mahindra and Mahindra Limited) *	1	–	–	1	–	–	–

* The nominee shareholder of Mahindra and Mahindra Limited is employee of Mahindra and Mahindra Limited and his name has been added for complying with the statutory provisions.

Change in Promoters' Shareholding :

Promoter 1:	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
Mahindra and Mahindra Limited				
At the beginning of the year	50,000	100%	50,000	100%
Increase :- On 22/04/2014 – Allotment of Equity shares on Rights basis to Mahindra and Mahindra Limited	46,80,000	–	47,30,000	–
At the end of the year	–	–	47,30,000	59.95%

Promoter 2:	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
Participatie Maatschappij Buitenland B.V				
At the beginning of the year	0	0%	0	0%
Increase :- On 25/09/2014 – Allotment of Equity shares on Preferential allotment basis to Participatie Maatschappij Buitenland B.V	31,60,000	–	31,60,000	–
At the end of the year	–	–	31,60,000	40.05%

iii.

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

Sr. No.	Top Ten Shareholders	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
1.	Nil	Nil	Nil	Nil	Nil

v. Shareholding of Directors and Key Managerial Personnel:

Sr. No.	For Each of the Directors and KMP Name of the Director/KMP	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
1.	Nil	Nil	Nil	Nil	Nil

V. INDEBTEDNESS

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

(Rs. In Crores)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year 01.04.2014	–	–	–	–
1) Principal Amount	–	–	–	–
2) Interest due but not paid	–	–	–	–
3) Interest accrued but not due	–	–	–	–
Total of (1+2+3)	–	–	–	–
Change in Indebtedness during the financial year	–	–	–	–
+ Addition	–	–	–	–
-Reduction	–	–	–	–
Net change	–	–	–	–
Indebtedness at the end of the financial year-31.03.2015	–	–	–	–
1) Principal Amount	–	–	–	–
2) Interest due but not paid	–	–	–	–
3) Interest accrued but not due	–	–	–	–
Total of (1+2+3)	–	–	–	–

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sr. No.	Particulars of Remuneration	Name of MD/WTD/Manager		Total Amount (Rs. In Lacs)
1.	Gross Salary	-	-	-
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act	-	-	-
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission	-	-	-
	- As % of profit			
	- Others, specify			
5.	Others, please specify Provident Fund & other Funds	-	-	-

Sr. No.	Particulars of Remuneration	Name of MD/WTD/Manager		Total Amount (Rs. In Lacs)
	Performance Bonus	-	-	-
	Total (A)	-	-	-
	Ceiling as per the Act	5% of the net profits of the Company		

B. REMUNERATION TO OTHER DIRECTORS:

I. Independent Directors: Not applicable

Particulars of Remuneration	Name of Directors					Total Amount (Rs. In Lacs)
Fee for attending board committee meetings	-	-	-	-	-	-
Commission	-	-	-	-	-	-
Others	-	-	-	-	-	-
Total (1) (Rs.)	-	-	-	-	-	-

II. Other Non-Executive Directors : Nil

Other Non-Executive Directors							Total Amount (Rs. In Lacs)
Fees for attending board/committee meetings	-	-	-	-	-	-	-
Commission	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-
Total (2)							
Total (B)=(1+2)							

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

(Rs. In Lacs)

Sr. No.	Particulars of Remuneration	Name of the KMP		Total Amount
		Ami Mehta (CS)	Davinder Singh (CEO) INR	
1.	Gross Salary	-	38.22	38.22
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act	-	-	-
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission – As % of profit	-	-	-
	– Others, specify	-	-	-
5.	Others, please specify Contribution to Provident Fund	-	-	-
	Performance Bonus	-	-	-
	Total (C)	-	38.22	38.22

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

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

For and on behalf of the Board

Ashok Sharma - 02766679
Director

Vikram Puri - 00234881
Director

Mumbai, 29th April, 2015

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MAHINDRA HZPC PRIVATE LIMITED

Report on the Financial Statements

1. We have audited the accompanying financial statements of **MAHINDRA HZPC PRIVATE LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2015, and the Statements of Profit and Loss and Cash Flow for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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

Report on Other Legal and Regulatory Requirements

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

- e. On the basis of written representations received from the directors as on March 31, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015, from being appointed as a director in terms of Section 164(2) of the Act.
- f. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014(as amended), in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company does not have any pending litigations which would impact its financial position.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **B. K. Khare & Co.**
Chartered Accountants
Firm's Registration Number 105102W

Padmini KhareKaicker
Partner
Membership Number 044784

Mumbai, April 29, 2015

ANNEXURE TO THE AUDITOR'S REPORT REFERRED TO IN OUR REPORT OF EVEN DATE:

- 1 (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
(b) The fixed assets of the Company have been physically verified by the Management during the year. No discrepancies were found on such verification.
- 2 (a) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.
(b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
(c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventory and the discrepancies noticed on physical verification of inventory as compared to the book records were not material and have been properly dealt with in the books of account.
- 3 The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii), (iii)(a) and (iii)(b) of the said Order are not applicable to the Company.
- 4 In our opinion and according to the information and explanations given to us, the Company is having an adequate internal control system commensurate with the size and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods. On the basis of our examination of the books and records of the Company and according to the information and explanations given to us, we have neither come across, nor have we been informed of, any continuing failure to correct any major weaknesses in the aforesaid internal control system.
- 5 The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 and the Rules framed thereunder to the extent notified
- 6 The Central Government of India has not prescribed the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company.
- 7 (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, have not generally been regularly deposited with the appropriate authorities though the delays in deposit have not been serious.
(b) According to the information and explanations given to us and records of the Company examined by us, there are no dues of income tax, sales tax, wealth tax, service –tax, duty of excise, duty of customs, value added tax, and cess which have not been deposited on account of any dispute.
(c) There are no amounts required to be transferred by the Company to the Investor Education and Protection Fund in accordance with the provisions of the Companies Act, 1956 and the rules made thereunder.
- 8 As the Company is registered for a period of less than five years, the provisions of clause 3(viii) of the Order are not applicable to the Company.
- 9 As the Company does not have any borrowings from any financial institution or bank nor has it issued any debentures as at the balance sheet date, the provisions of Clause 3(ix) of the Order are not applicable to the Company.
- 10 In our opinion, and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year. Accordingly, the provisions of Clause 3(x) of the Order are not applicable to the Company.
- 11 The Company has not raised any term loans during the year and accordingly the provisions of clause 3(xi) of the Order are not applicable to the Company.
- 12 During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.

For **B. K. Khare & Co.**
Chartered Accountants
Firm's Registration Number 105102W

Padmini KhareKaicker
Partner

Mumbai, April 29, 2015

Membership Number 044784

BALANCE SHEET AS AT MARCH 31, 2015

Particulars	Note No.	As at March 31, 2015 In Rupees	As at March 31, 2014 In Rupees
I. EQUITY AND LIABILITIES			
(1) Shareholder's funds			
(a) Share capital	3	78,900,000	500,000
(b) Reserves & Surplus	4	76,638,544	(683,755)
		<u>155,538,544</u>	<u>(183,755)</u>
(2) Non-Current liabilities			
(a) Long-term provisions	5	648,046	-
		<u>648,046</u>	<u>-</u>
(3) Current liabilities			
(a) Trade payables	6	42,580,751	57,806,771
(b) Other current liabilities	7	28,931,209	
(c) Short term provisions	8	55,962	
		<u>71,567,922</u>	<u>57,806,771</u>
Total		<u>227,754,513</u>	<u>57,623,016</u>
II. ASSETS			
(1) Non-current assets			
(a) Fixed Assets			
Tangible assets	9	7,261,334	1,636,246
(b) Deferred Tax Assets	10	93,352	-
		<u>7,354,685</u>	<u>1,636,246</u>
(2) Current assets			
(a) Inventories	11	72,653,962	55,906,927
(b) Trade receivables	12	9,077,577	-
(c) Cash and cash equivalents	13	134,837,487	79,843
(d) Short term loans and advances	14	3,612,847	-
(e) Other current assets	15	217,954	-
		<u>220,399,827</u>	<u>55,986,770</u>
Total		<u>227,754,513</u>	<u>57,623,016</u>

See accompanying notes forming part of Financial Statements

As per our Report of even date

For and on Behalf of

B K Khare & Co.

Chartered Accountants

Firm Regn. No. : 105102W

Ms Padmini Khare Kaicker

Partner

Membership No. : 44784

Mumbai, April 29, 2015

For **Mahindra HZPC Private Limited**

(Formerly known as Mahindra Investments (International)
Private Limited)

Mumbai, April 29, 2015

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

Particulars	Note No.	For the year ended March 31, 2015 Indian Rupees	For the year ended March 31, 2014 Indian Rupees
I. Revenue from operations	16	211,290,277	–
II. Other income	17	4,941,999	–
III Total Revenue (I+II)		216,232,276	–
IV. EXPENDITURE			
Purchase of stock in trade	18	167,786,649	55,906,927
Changes in inventories of stock-in-trade	19	(15,430,089)	(55,906,927)
Cost of packing material consumed	20	2,567,763	–
Employee benefits expenses	21	14,181,344	–
Finance costs	22	621,307	–
Depreciation and amortisation expenses	9	332,945	298
Other expenses	23	36,726,848	683,457
Total expenses		206,786,767	683,755
V. Profit/(Loss) before tax (III-IV)		9,445,509	(683,755)
VI. Tax expense			
Current tax expenses		3,216,561	–
Deferred Tax		(93,352)	–
VII. Profit/(Loss) for the year (V-VI)		6,322,299	(683,755)
VIII. Earnings per equity share:			
Basic and diluted earnings per equity share of Rs. 10 each	24	1.42	(14.68)

See accompanying notes forming part of the Financial Statements

As per our Report of even date

For and on Behalf of

B K Khare & Co.

Chartered Accountants

Firm Regn. No. : 105102W

Ms Padmini Khare Kaicker

Partner

Membership No. : 44784

Mumbai, April 29, 2015

For **Mahindra HZPC Private Limited**

(Formerly known as Mahindra Investments (International)

Private Limited

Mumbai, April 29, 2015

CASH FLOW STATEMENT FOR THE PERIOD ENDED MARCH 31, 2015

Particulars	For the year ended March 31, 2015 Indian Rupees	For the year ended March 31, 2014 Indian Rupees
A. Cash flow from operating activities		
Net profit before tax	9,445,509	(683,755)
Adjustments for :		
Depreciation and Amortisation	332,945	298
Interest Received (Net of Interest Paid)	(4,320,692)	-
Sundry balances written back	182,871	-
Add: other non cash expenses	17,332,800	
Operating profit before working capital changes	22,973,433	(683,457)
(Increase)/decrease in trade receivables	(9,077,577)	-
(Increase)/decrease in inventories	(16,747,035)	(55,906,927)
(Increase)/decrease in loans and advances and other assets	(3,232,094)	-
Increase/(decrease) in trade payables, other liabilities and provisions	(2,923,603)	57,806,771
	(31,980,310)	1,899,844
Cash generated from/(used in) operations	(9,006,877)	1,216,387
Income tax paid (net of refund)	(3,998,139)	-
Net Cash Generated/(used) in Operating Activities	(13,005,016)	1,216,387
B. Cash flow from investing activities		
Purchase of fixed assets	(5,965,682)	(1,636,544)
Proceeds from sale of fixed assets	7,650	-
Net cash flow used in investing activities	(5,958,032)	(1,636,544)
C. Cash flow from financing activities		
Increase in share Capital	149,400,000	500,000
Interest Received (Net of Interest Paid)	4,320,692	-
Net Cash (used)/Generated from Financing Activities	153,720,692	500,000
Net (decrease)/increase in cash and cash equivalents	134,757,644	79,843
Cash and cash equivalents at the beginning of the year	79,843	-
Cash and cash equivalents at the end of the year	134,837,487	79,843
Cash and cash equivalents as per Note 17		

Notes :-

- The Cash flow statement has been prepared under the 'Indirect Method' as set out in Accounting Standard 3 on "Cash Flow Statements" issued by the institute of Chartered Accountants of India.
- Components of Cash and Cash equivalents for the purpose of cash flow comprise cash in hand and bank balances in current account and fixed deposit accounts inclusive of Fixed Deposit for more than 12 months Rs. 400,000 (Previous Year Nil).
- Previous year figures have been regrouped/rearranged, wherever necessary.

See accompanying notes forming part of the Financial Statements

In terms of our report attached.

For and on Behalf of
For **B K Khare & Co.**

Chartered Accountants
Firm Regn. No. : 105102W

Ms Padmini Khare Kaicker

Partner
Membership No. : 44784

Mumbai, April 29, 2015

For **Mahindra HZPC Private Limited**

(Formerly known as Mahindra Investments (International)
Private Limited

Mumbai, April 29, 2015

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1. Corporate Information:

Mahindra HZPC Private Limited (Joint Venture with HZPC) is engaged in the business of contract growing, corporate farming, wholesale, retail trading of potato seeds, minitubers, table potato and processing potato, tissue culture plants and services.

2. Significant Accounting Policies:

(i) Basis of accounting policies

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under Section 211(3C) of the Companies Act, 1956 ("the 1956 Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 ("the 2013 Act") in terms of General Circular 15/2013 dated 13 September, 2013 of the Ministry of Corporate Affairs) and the relevant provisions of the 1956 Act/ 2013 Act, as applicable. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

(ii) Operating Cycle

Assets and Liabilities are classified as Current or Non – Current as per the provisions of the Revised Schedule VI notified under the Companies Act, 1956 and Company's normal operating cycle. Based on the nature of business and its activities, the Company has ascertained its operating cycle as twelve months for the purpose of Current & Non – Current classification of Assets & Liabilities.

(iii) Use of estimates

The preparation of the financial statements, in conformity with the generally accepted accounting principles, requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Differences between actual results and estimates are recognised in the period in which the results are known/materialize.

(iv) Cash flow statement

Cash flows are reported using the indirect method, whereby profit/(loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the company are segregated based on the available information.

(v) Revenue Recognition

Revenue from sale of goods are recognised when the title to the products is transferred to the buyer and are net of sales returns.

Revenue is recognised when no significant uncertainty as to collectability or realisability exists.

Interest income is recognised on Accrual basis.

(vi) Fixed Assets & Depreciation

All fixed assets are stated at their original cost of acquisition less accumulated depreciation and impairment losses, if any. Cost comprises of the purchase price and any other attributable costs of bringing the assets to its working condition for its intended use.

Depreciation is provided on straight-line method at the rates and in the manner specified in Part C of Schedule II to the Companies Act, 2013.

Assets individually costing upto Rs. 5,000 are fully depreciated in the year of purchase.

(vii) Impairment of Assets

The carrying amounts of assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal/external factors. Impairment loss is provided to the extent the carrying amount of assets exceeds their recoverable amount. Recoverable amount is the higher of an asset's net selling price and value in use. Value in use is the present value of estimated future cash flows expected to

arise from the continuing use of an asset and from its disposal at the end of its useful life. Net selling price is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the cost of disposal.

(viii) Investments

Long-term investments are carried individually at cost less provision for diminution, other than temporary, in the value of such investments..

(ix) Inventories:

Stock-in-trade and packing materials are valued at the lower of cost and net realisable value. Cost includes all expenses incurred for bringing the goods to the point of sale.

Potatoes yet to be harvested as at March 31, 2015 cannot measured reliably and hence not valued.

(x) Employee Benefits

A. Short term benefits:

Short term employee benefits including performance incentives are recognised as an expense at the undiscounted amount in the Statement of Profit and Loss of the year in which the related service is rendered.

B. Long term benefits:

Defined Contribution Plan: Provident Fund

The eligible employees of the Company are entitled to receive post employment benefits in respect of provident fund, in which both employees and the Company makes monthly contribution at a specified percentage of the employees' eligible salary. Provident Fund is classified as Defined contribution plans as the Company has no further obligations beyond making the contribution.

The Company's contributions to Defined Contribution Plan are charged to Statement of Profit and Loss as incurred.

Defined Benefit Plan: Gratuity

The Company has an obligation towards gratuity, a defined retirement plan covering eligible employees. The plan provides a lump sum payment to vested employees at retirement, death while in employment or on termination of employment. Vesting occurs upon completion of five years of service. The cost of providing benefits is determined using Projected Unit Credit method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the period in which they occur.

Other Long term employee benefits: Compensated Absences

The Company provides for the encashment of leave or leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits for future encashment/availment. The liability is provided based on the number of days of unutilised leave at each balance sheet date on the basis of an independent actuarial valuation. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the period in which they occur.

(xi) Foreign Currency Transactions

Foreign currency transactions are recorded at the exchange rates prevailing on the date of the transaction. Gains and losses arising out of subsequent fluctuations are accounted for on actual payment or realisation. Monetary items denominated in foreign currency as at the Balance Sheet date are converted at the exchange rates prevailing on that date. Exchange differences are recognised in the Statement of Profit and Loss.

(xii) Borrowing Cost

Borrowing costs, if any, that are attributable to the acquisition or construction of qualifying assets are capitalised as part of such assets. A qualifying asset is the one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to Statement of Profit and Loss.

NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2015

(xiii) Taxation

Tax expense comprises of current tax and deferred tax. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961.

Minimum Alternate Tax (MAT) credit assets is recognized only when and to the extent there is convincing evidence that the Company will pay normal income – tax during the specified period. The carrying amount of MAT credit assets is reviewed at each Balance Sheet date.

Deferred tax reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rate and tax laws enacted or substantially enacted at the balance sheet date. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets related to unabsorbed depreciation and carry forward losses are recognised only if there is virtual certainty that there will be sufficient future taxable income available to realise the assets.

(xiv) Provisions

A provision is recognised when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to their present values and are determined based on management estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates.

3. Share Capital

Particulars	As at	As at
	March 31, 2015 (Indian Rupees)	March 31, 2014 (Indian Rupees)
Authorized		
8,000,000 (as at March 31, 2014 : 8,000,000) equity shares of Rs.10 each with voting rights	80,000,000	80,000,000
	80,000,000	80,000,000
Issued, subscribed and fully paid up		
7,890,000 (as at March 31, 2014 : 50,000) equity shares of Rs.10 each with voting rights	78,900,000	500,000
Total	78,900,000	500,000

a Shares held by holding company and its subsidiary:

Particulars	March 31, 2015	March 31, 2014
	No. of shares	No. of shares
I. Mahindra & Mahindra Limited, Holding Company	4,730,000	49,999

(b) Equity shares held by each shareholder holding more than 5 percent equity shares in the Company are as follows:

Name of shareholders	March 31, 2015		March 31, 2014	
	No. of shares	% of Holding	No. of shares	% of Holding
Mahindra & Mahindra Limited	4,730,000	59.95%	50,000	100.00%

Name of shareholders	March 31, 2015		March 31, 2014	
	No. of shares	% of Holding	No. of shares	% of Holding
PMB BV	3,160,000	40.05%	–	0.00%
	7,890,000	100.00%	50,000	100.00%

4 Reserves & Surplus

Particulars	As at	As at
	March 31, 2015 (Indian Rupees)	March 31, 2014 (Indian Rupees)
Surplus/(Deficit) in the Statement of Profit and Loss		
Opening Balance	(683,755)	–
Add: Profit for the year	6,322,299	(683,755)
	5,638,544	(683,755)
Opening Balance of Share Premium	–	–
Add: Share Premium	71,000,000	–
Closing balance	71,000,000	–
Total	76,638,544	(683,755)

5. Long-term provisions

Provision for employee benefits		
– Compensated absences	347,698	–
– Gratuity	300,348	–
Total	648,046	–

6. Trade Payables

Trade payables :		
– Payable to Farmers	42,520,451	57,806,771
– Others (Inter Unit Accounts)	60,300	–
Total	42,580,751	57,806,771

7. Other current liabilities

Other payables		
(i) Payables to statutory authorities (includes statutory dues such as TDS, PF, ESIC, etc.)	843,241	–
(ii) Trade deposits	294,034	–
(iii) Advance received from customers	10,004,658	–
(iv) Others	17,789,276	–
Total	28,931,209	–

8. Short-term provisions

Provision for employee benefits		
– Compensated absences	46,121	369,367
– Gratuity	9,841	–
Total	55,962	369,367

NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2015

9. Fixed assets

	Gross block				Accumulated depreciation				Net block	
	As at 1st April, 2014	Additions during the year	Disposals	Balance as at March 31, 2015	As at April 01, 2014	For the year	on Disposals	Balance as at March 31, 2015	As at March 31, 2015	As at 31st March, 2014
Tangible Assets										
Plant and machinery	1,237,992	57,882	8,101	1,287,773	162	84,756	191	84,727	1,203,046	1,237,830
		(1,237,992)	-	(1,237,992)	-	(162)	-	(162)	(1,237,830)	-
Furniture and fixtures	97,674	-	-	97,674	17	9,279	-	9,296	88,378	97,657
		(97,674)	-	(97,674)	-	(17)	-	(17)	(97,657)	-
Vehicles	-	5,908,060	-	5,908,060	-	146,721	-	146,721	5,761,339	-
		-	-	-	-	-	-	-	-	-
Office equipment	24,458	-	-	24,458	3	4,647	-	4,650	19,808	24,455
		(24,458)	-	(24,458)	-	(3)	-	(3)	(24,455)	-
Computers	276,421	-	-	276,421	116	87,542	-	87,658	188,763	276,304
		(276,421)	-	(276,421)	-	(116)	-	(116)	(276,304)	-
TOTAL	1,636,545	5,965,942	8,101	7,594,386	298	332,945	191	333,052	7,261,334	1,636,246
Previous year	-	(1,636,545)	-	(1,636,545)	-	(298)	-	(298)	(1,636,246)	-

(Previous Year's Balances shown in Bracket)

	As at March 31, 2015 (Indian Rupees)	As at March 31, 2014 (Indian Rupees)		As at March 31, 2015 (Indian Rupees)	As at March 31, 2014 (Indian Rupees)
10. Non Current Assets			14. Short-term loans and advances		
Deferred Tax Assets	93,352	-	Advances to staff for expenses	23,687	-
	<u>93,352</u>	<u>-</u>	Prepaid expenses	22,453	-
11. Inventories			Advance Income Tax	781,578	-
(At lower of cost and net realisable value)			[Net of Provision for Income Tax of Rs. 3,216,561 (Previous year NIL)]		
Closing Inventory	72,653,962	55,906,927	Advances to suppliers	2,785,129	-
	<u>72,653,962</u>	<u>55,906,927</u>	Advances to Suppliers Considered doubtful	182,871	-
12. Trade receivables (Unsecured)			Less: Provision for doubtful debts	(182,871)	-
Other trade receivables				<u>3,612,847</u>	<u>-</u>
Considered good	9,077,577	-	15. Other current assets		
	<u>9,077,577</u>	<u>-</u>	Interest accrued on fixed deposits	217,954	-
13. Cash and cash equivalents				<u>217,954</u>	<u>-</u>
Cash in hand	1,382	-			
Balances with banks:				For the year ended	For the year ended
- in current accounts	22,101,488	79,843		March 31,	March 31,
Fixed Deposit with Bank * **	112,734,617	-		2015	2014
	<u>134,837,487</u>	<u>79,843</u>		(Indian	(Indian
Total			16. Revenue from operations	Rupees)	Rupees)
			(a) Sale of Goods	210,222,720	-
			(b) Other Operating Revenue	1,067,557	-
* includes Fixed Deposits of Rs. 600,000 (as at March 31, 2014 : Rs. Nil) pledged against guarantees given by bank			Total	<u>211,290,277</u>	<u>-</u>
** includes Fixed Deposit Maturing after 12 months for Rs. 400,000 (as at March 31, 2014 : Rs. Nil)					

MAHINDRA HZPC PRIVATE LIMITED
(FORMERLY KNOWN AS MAHINDRA INVESTMENTS (INTERNATIONAL) PRIVATE LIMITED)

	For the year ended March 31, 2015 (Indian Rupees)	For the year ended March 31, 2014 (Indian Rupees)		For the year ended March 31, 2015 (Indian Rupees)	For the year ended March 31, 2014 (Indian Rupees)
17. Other income			License & Registration Charges and ROC Expenses	1,883,861	668,300
Interest on deposits with banks	4,941,999	-	Audit fees	280,900	15,000
Total	4,941,999	-	Bank Charges	118,820	157
			Repairs & Maintenance	150,484	-
18. Purchases of Stock in Trade	167,786,649	-	Provision for Doubtful Debts	182,871	-
Total	167,786,649	-	Club and Membership Subscription	457,940	-
			Miscellaneous expenses	890,010	-
19. Changes in inventories of stock-in-trade			Total	36,726,848	683,457
Opening stock-in-trade	55,906,927	-			
Less: Closing stock-in-trade	71,337,016	55,906,927	24. Earnings Per Share		
Total	(15,430,089)	(55,906,927)	a. Profitt for the year attributable to equity shareholders	6,322,299	(683,755)
			b. Weighted average number of Equity Shares - Basic and Diluted	4,460,740	46,585
20. Packing material consumed			c. Nominal value of Equity Share in INR	10.00	10
Opening stock of packing material	-	-	d. Earnings per Share - Basic and Diluted	1.42	(14.68)
Add: Purchase of packing material	3,884,709	-	25. Employee Benefit Plans:		
Less: Closing stock of packing material	1,316,946	-	A. Defined Contribution Plan:		
Total	2,567,763	-	On account of defined contribution plans the Company's contribution to Provident Fund aggregating to Rs 2,58,163 (For the year ended 31st March 2014: Rs Nil) has been recognised in Statement of Profit and Loss.		
			B. Defined Benefit Plan: Gratuity (Funded)		
21. Employee benefits expense			Amount recognised in Balance Sheet		(Indian Rupees)
Salaries and wages	12,967,211	-	Particulars	As at 31st March, 2015	As at 31st March, 2014
Contribution to provident and other funds	962,171	-	Present Value of Funded Obligations	Nil	Nil
Staff welfare expense	251,962	-	Fair Value of Plan Assets	Nil	Nil
Total	14,181,344	-	Net Liability	310,189	Nil
			Amounts in the Balance Sheet		
22. Finance costs			Liabilities	310,189	Nil
Interest expenses on: borrowings	621,307	-	Assets	Nil	Nil
Total	621,307	-	Net Liability	310,189	Nil
			Expense recognised in the Statement of Profit and Loss		(Indian Rupees)
			Particulars	Year Ended 31st March, 2015	Year Ended 31st March, 2014
23. Other expenses			Current Service Cost	54,257	Nil
Cold Store Charges	7,161,969	-	Interest on Defined Benefit Obligation	16,602	Nil
Freight Inward	342,472	-	Expected Return on Plan Assets	Nil	Nil
Gunny Bag-Packing Material-Consumption	2,617,916	-	Net Actuarial Losses/(Gains) recognised in year	68,734	Nil
Roughing Charges	99,490	-	Past Service Cost	Nil	Nil
Advertisement & Business Promotion Expenses	1,643,765	-	Total expense, included in "Employee Benefits Expense"	1,39,593	Nil
Freight Outward	14,255,453	-			
Travelling & Local Conveyance Expenses	3,151,470	-			
Legal & Professional Charges	3,489,427	-			

MAHINDRA HZPC PRIVATE LIMITED
(FORMERLY KNOWN AS MAHINDRA INVESTMENTS (INTERNATIONAL) PRIVATE LIMITED)

Reconciliation of Defined Benefit Obligations (Indian Rupees)

Particulars	As at 31st March 2015	As at 31st March 2014
Change in Defined Benefit Obligation		
Opening Defined Benefit Obligation	Nil	Nil
Current Service Cost	54,257	Nil
Interest Cost	16,602	Nil
Actuarial Losses/(Gain)	68,734	Nil
Past Service Cost	Nil	Nil
Liabilities assumed on acquisition/(settled on Destitute)	170,596	Nil
Closing Defined Benefit Obligation	310,189	Nil

Reconciliation of Plan Assets (Indian Rupees)

Particulars	As at 31st March 2015	As at 31st March 2014
Change in the Fair Value of Assets		
Opening Fair Value of Plan Assets	Nil	Nil
Expected Return on Plan Asset	Nil	Nil
Actuarial Gain/(Losses)	Nil	Nil
Contributions by Employer	Nil	Nil
Closing Fair Value of Plan Assets	Nil	Nil
Expected contribution during next year	9,841	Nil

Category of Assets (Indian Rupees)

Particulars	As at 31st March 2015	As at 31st March 2014
Insurer Managed Funds	Nil	Nil
Assumptions (Indian Rupees)		
Particulars	As at 31st March 2015	As at 31st March 2014
Discount Rate (p.a.)	7.90%	Nil
Expected Rate of Return on Assets (p.a.)	0.00%	Nil
Salary Escalation Rate (p.a.)	8.00%	Nil

Experience Adjustments (Indian Rupees)

Particulars	31st March 2015	31st March 2014
Defined Benefit Obligation	310,189	Nil
Plan Asset	Nil	Nil
Surplus/ (Deficit)	(310,189)	Nil
Experience Adjustment on plan Liabilities	34,331	Nil
Experience adjustment on plan assets	Nil	Nil

Expected rate of return on plan assets: This is based on expectation of average long term rate of return expected on investments of the Fund during the estimated term of the obligations.

The estimates of future salary increases considered take into account the inflation, seniority, promotion and other relevant factors.

26. Payments to the Auditors (including service tax):

Particulars	Year Ended 31st March, 2015	Year Ended 31st March, 2014
For Statutory Audit	280,900	15,000
Total	280,900	15,000

27. During the year, the Company has reimbursed amounts aggregating to Rs. 3,141,671/- (for the year ended 31st March, 2014: Rs Nil) to its Holding Company on account of Deputation charges in respect of the Company's Chief Executive Officer cum Manager who is appointed as a "Manager" under the provisions of the Companies Act, 2013 read with Schedule V of the said Act.

28. Expenditure in Foreign Currencies:

Particulars	Year Ended 31st March, 2015	Year Ended 31st March, 2014
Professional Fees	436,643.00	Nil
Total	4,36,643.00	Nil

29. Related Party Disclosures:

A. List of Related Parties and Relationships:

Name of the Related Parties where control exists	Description of Relationship
Mahindra & Mahindra Limited	Holding Company

Name of the Related Parties where transactions have taken place during the period	Description of Relationship
Mahindra Holidays & Resorts India Limited	Fellow Subsidiary Company
Mahindra Integrated Business Solutions Pvt. Ltd. (formerly known as Mahindra BPO Services Limited)	Fellow Subsidiary Company
HZPC Holland B.V.	Joint Venture Partner
Swaraj Engines Limited	Associate of Holding company

Key Management Personnel	Description of Relationship
Mr. Davinder Singh Dosanjh	Chief Executive Officer & Manager
Ms. Ami Mehta	Company Secretary

B. Transactions with Mahindra & Mahindra Limited, Holding Company:

Sr. No.	Nature of Transaction	Year Ended 31st March, 2015	Year Ended 31st March, 2014
1.	Deputation of personnel: [Including for "Manager" as per Note 26]	3,821,671	(Nil)
2.	Purchase of Inventory	Nil	55,906,927
3.	Amount received from customers in FY-14 (since transferred)	5,946,942	Nil
4.	Sale of Inventory	1,195,298	Nil
5.	Fixed assets	5,312,100	1,636,544
6.	Reimbursement of expenses	Nil	248,300
7.	Unsecured Loan	15,300,000	Nil
8.	Interest on unsecured Loan	621,267	Nil
9.	Professional Services	313,489	Nil
10.	Closing Balance :		
	(i) Payables	285,589	Nil
	(ii) Receivables	1,195,298	Nil

MAHINDRA HZPC PRIVATE LIMITED
(FORMERLY KNOWN AS MAHINDRA INVESTMENTS (INTERNATIONAL) PRIVATE LIMITED)

C. Transactions with Fellow subsidiaries:

				(Indian Rupees)
Sr. No.	Nature of Transaction	Year Ended 31st March, 2015	Year Ended 31st March, 2014	
1.	Expenses:	96,628	Nil	
	(a) Professional fees			
	– Mahindra Integrated Business Solutions Pvt. Ltd. (Formerly known as Mahindra BPO Services Limited)			
	(b) Travelling expenses	65,675	Nil	
	– Mahindra Holidays & Resorts India Limited			
2.	Closing Balance:			
	Payables			
	– Mahindra Integrated Business Solutions Pvt. Ltd. (Formerly known as Mahindra BPO Services Limited)	24,276	Nil	

D. Transactions with HZPC Holland B.V, Joint Venture Partner:

				(Indian Rupees)
Sr. No.	Nature of Transaction	Year Ended 31st March, 2015	Year Ended 31st March, 2014	
1.	Professional fees	436,643	Nil	
2.	Closing balance :			
	Payables (net of tax deducted at source)	324,207	Nil	

E. Transactions with Swaraj Engines Limited, Associate of Holding Company:

				(Indian Rupees)
Sr. No.	Nature of Transaction	Year Ended 31st March, 2015	Year Ended 31st March, 2014	
1.	Office Rent Charges	11,265	Nil	
2.	Electricity Charges	3,352	Nil	
3.	Closing balance :			

Payables	14,617	Nil
----------	--------	-----

30. Segment Reporting:

A. Primary Segment - Business Segment

The Company's business activity falls within a single business segment viz. 'trading in seed potatoes'. All other activities of the Company revolve around its main business. Hence, there are no separate reportable primary segments as defined by Accounting Standard 17 on "Segment Reporting".

B. Secondary Segment - Geographical Segment

The Company, at present, does not have any Secondary Segment.

31. Information of goods traded during the year :

			(Indian Rupees)
Particulars	Year Ended 31st March, 2015	Year Ended 31st March, 2014	
Purchases	167,786,649	55,906,927	
Sales	210,222,720	Nil	

32. Disclosures under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006:

There are no amounts payable to micro or small enterprises as defined under the Micro Small and Medium Enterprises Development Act 2006 as at 31 March 2015 (2014 : Rs Nil).

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

For Mahindra HZPC Private Limited

Ashok Sharma
S Durgashankar
Vikram Puri
Verveld Herman
Verveld Herman
Backs Gerard

} Directors

DIRECTORS' REPORT

To,
**The members of
Mahindra & Mahindra Financial Services Limited**

Your Directors are pleased to present their Twenty-Fifth Report together with the audited accounts of your Company for the Financial Year ended 31st March, 2015.

The performance highlights and summarised financial results of the Company are given below:

PERFORMANCE HIGHLIGHTS

- Consolidated income for the year increased by 14% to Rs. 6060.91 Crores as compared to Rs. 5300.55 Crores in 2013-14;
- Consolidated income from operations for the year was Rs. 6021.14 Crores as compared to Rs. 5275.23 Crores in 2013-14, a growth of 14%;
- Consolidated profit before tax for the year was Rs. 1399.87 Crores as compared to Rs. 1461.53 Crores in 2013-14;
- Consolidated Profit after tax and minority interest for the year was Rs. 912.91 Crores as compared to Rs. 954.42 Crores in 2013-14.

FINANCIAL RESULTS

	Rs. in Crores			
	CONSOLIDATED		STANDALONE	
	March 2015	March 2014	March 2015	March 2014
Total Income	6,060.9	5,300.6	5,584.7	4,953.0
Less: Finance Costs	2,643.0	2,281.0	2,496.7	2,188.0
Expenditure	1,972.5	1,532.0	1,792.9	1,394.9
Depreciation/Amortisation	45.5	26.1	41.5	24.3
Total Expenses	4,661.0	3,839.1	4,331.1	3,607.2
Profit Before Tax	1,399.9	1,461.5	1,253.6	1,345.8
Less: Provision For Tax				
Current Tax	576.1	580.0	520.0	535.4
Deferred Tax	(101.1)	(83.3)	(98.2)	(76.8)
Profit After Tax for the Year before Minority Interest	924.9	964.8	831.8	887.2
Less: Minority Interest	12.0	10.4	-	-
Profit After Tax for the Year after Minority Interest	912.9	954.4	831.8	887.2
Add: Amount brought forward from Previous Years	1,883.4	1,457.5	1,728.3	1,358.8
Add: Transfer of opening balance in profit and loss statement on amalgamation of Mahindra Business & Consulting Services Private Ltd	-	-	5.3	-
Less: Transitional depreciation charge/Special Reserve	9.6	-	3.2	-
Amount available for Appropriation	2,786.7	2,411.9	2,562.2	2,246.0
Appropriations				
General Reserve	88.8	91.6	83.2	88.7
Statutory Reserve	179.3	184.7	166.4	177.5
Proposed Dividend on Equity Shares	227.5	216.1	227.5	216.1
Income-tax on Proposed Dividend	45.5	36.1	44.2	35.4
Surplus carried to Balance Sheet	2,245.6	1,883.4	2,040.9	1,728.3

TRANSFER TO RESERVES

The Company proposes to transfer an amount of Rs. 83.2 Crores to the General Reserve and Rs. 166.4 Crores to the Statutory Reserve. An amount of Rs. 2,040.9 Crores is proposed to be retained in the Statement of Profit and Loss.

DIVIDEND

Your Directors are pleased to recommend a dividend of Rs. 4 per Equity Share of the face value of Rs. 2 each payable to those Members whose names appear in the Register of Members as on the Book Closure date. The dividend including dividend tax will absorb a sum of Rs. 271.7 Crores [as against Rs. 251.5 Crores on account of dividend of Rs. 3.80 per Equity Share paid for the previous year].

OPERATIONS

Your Company during the year under review, continued to offer a wide range of financial products and services to its customers through diversification of its product portfolio within its vehicle financing business as well as through the introduction and growth of other financial products in rural and semi-urban markets. The overall disbursement registered a decline of 4% at Rs. 24,331.1 Crores as compared to Rs. 25,400.0 Crores in the previous year, on account of difficult market conditions. Despite the diminution in disbursement, your Company was able to retain its leadership position in financing the Mahindra range of vehicles and tractors in addition to extending its lending to vehicles of other Original Equipment Manufacturers (OEMs).

Your Company has a pan-India presence with a network of 1,108 offices, which is one of the largest amongst Non-Banking Financial Companies operating in rural and semi-urban areas. The new branches opened by the Company in the villages are aimed at enhancing collections and providing services closer to the customers' doorsteps. Your Company's nationwide network of branches and locally recruited employees have facilitated in catering to the diverse financial requirements of its customers as well as in developing and strengthening relationship with them. Your Company has cumulatively financed over three and half million customers since its inception.

Total Income grew by 13% to Rs. 5,584.7 Crores for the year ended 31st March, 2015 as compared to Rs. 4,953.0 Crores for the previous year. Profit Before Tax (PBT) declined by 7% to Rs. 1,253.6 Crores as compared to Rs. 1,345.8 Crores for the previous year. Profit After Tax (PAT) declined by 6% to Rs. 831.8 Crores as compared to Rs. 887.2 Crores in the previous year.

During the year under review, the Assets Under Management stood at Rs. 36,878 Crores as at 31st March, 2015 as against Rs. 34,133 Crores as at 31st March, 2014.

There is no change in the nature of business of the Company during the year under review.

DISTRIBUTION OF MUTUAL FUND PRODUCTS

During the year under review, the activity of distribution of Mutual Fund Products (MFP) was carried out across 157

branches covering 20 States. As on 31st March, 2015, the amount of Assets Under Management outstanding through the Company's Advisory and Distribution Services on MFP, aggregate of institutional and retail segment, was Rs. 1,601.45 Crores and the number of clients stood at 42,967.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

A detailed analysis of the Company's performance is discussed in the Management Discussion and Analysis Report, which forms part of this Annual Report.

CORPORATE GOVERNANCE

Your Company practices a culture that is built on core values and ethical governance practices and is committed to transparency in all its dealings. A Report on Corporate Governance along with a Certificate from the Statutory Auditors of the Company regarding the compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement are annexed to this Report.

SHARE CAPITAL

The issued, subscribed and paid-up Equity Share Capital as on 31st March, 2015 was Rs. 113.75 Crores comprising of 56,87,64,960 Equity Shares of the face value of Rs. 2 each. During the year under review, the Company has neither issued shares with differential rights as to dividend, voting or otherwise, nor has issued sweat equity, other than Employee Stock Options under the Employees' Stock Option Scheme referred to in this Report. As on 31st March, 2015, none of the Directors of the Company holds instruments convertible into Equity Shares of the Company.

STOCK OPTIONS

During the year under review, on the recommendation of the Nomination and Remuneration Committee of your Company, the Trustees of the Mahindra & Mahindra Financial Services Limited Employees' Stock Option Trust have granted 16,01,507 Stock Options to Eligible Employees under the Mahindra & Mahindra Financial Services Limited Employees' Stock Option Scheme-2010. No new Options have been granted under the Mahindra & Mahindra Financial Services Limited Employees' Stock Option Scheme - 2005.

Disclosure pertaining to details of the grants under the Mahindra & Mahindra Financial Services Limited Employees' Stock Option Scheme-2005 and Mahindra & Mahindra Financial Services Limited Employees' Stock Option Scheme-2010, in compliance with Clause 14 of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 are set out in **Annexure I** to this Report. No employee has been issued stock options during the year, equal to or exceeding 1% of the issued capital of the Company at the time of grant.

Voting rights on the Shares issued to employees under the aforesaid schemes are either exercised by them directly or through their appointed proxy.

ECONOMY

The global economy continued to expand during 2014 at a moderate, however, uneven pace at 3.3% up from 3% in 2013.

Increasingly divergent trends have been observed in major economies. U.S. exceeded growth expectations. India and the U.K. recorded significant pickups in economic growth. Eurozone showed modest recovery in growth. However, this was offset by Japan struggling to strengthen its weak recovery, further slowdown in China, Russian and Brazilian economies faltering. Weaker-than-expected growth has been reflected in falling oil prices, which in turn have pushed inflation rates lower. Central banks have responded with a new wave of stimulus measures. The Reserve Bank of India's (RBI) inflation focus, strong government mandate, over and above the benign global commodity prices have led to improvement in India's economic fundamentals.

India's macroeconomic fundamentals have improved in 2014-15. The annual growth rate of the Indian economy is estimated to have increased to 7.4% in 2014-15 as compared to 6.9% in the fiscal year 2013-14. The growth in 2014-15 is largely due to domestic demand. The growth in the exports is projected to be only 0.9% and the growth rate of imports, around -0.5%. The deceleration in imports owe substantially to the sharp decline in international oil prices. Acceleration in services and manufacturing growth in the face of subdued global demand conditions point to the strengthening of domestic demand. Manufacturing is expected to grow further with the Government of India making it a focus area with the 'Make in India' initiative. However, agriculture suffered due to poor monsoon. The Gross Value Added (GVA) at basic prices in agriculture is expected to decline from 3.7 per cent in 2013-14, an exceptionally good previous year from the point of view of rainfall, to 1.1 per cent in 2014-15. Inflation has declined by over 6 percentage points since late 2013. Current Account Deficit came down from a peak of 6.7% of GDP (in Q3, 2012-13) to an estimated 1% in 2014-15. The average Wholesale Price Index inflation declined in 2014-15 to 3.5% (April-December) vis-à-vis 8.9% in 2013-14. Average retail inflation moderated to 6.3% in 2014-15 (April-December) from 9.5% in 2013-14.

With easing of inflationary conditions, the RBI signalled softening of the monetary policy stance by cutting policy repo rates by 25 bps in January and 25 bps in February to 7.5%. RBI also reduced the Statutory Liquidity Ratio by 50 bps to 21.5% of Net Demand and Time Liabilities (NDTL). RBI decided to infuse liquidity to banks on weekends through MSF operations. Liquidity conditions are expected to be comfortable in the coming year. These conditions should augur well for a reinvigoration of private consumption demand. This coupled with a stable government, thrust on rural infrastructure and reforms, it is expected that India's growth will be strong.

The Company has maintained its leadership position for vehicles and tractors in the rural and semi-urban markets. Despite unfavourable monsoons affecting the tractor segment, the Company maintained a healthy growth of business backed by growth in the overall auto industry. All vehicle categories were in the positive territory except for commercial vehicles, which are gradually moving towards positive territory.

Source for global growth rates:

1. <http://www.imf.org/external/pubs/ft/weo/2015/update/01/info.htm>
2. <http://www.kpmg.com/IN/en/services/Tax/FlashNews/IES-2014-15.pdf>
3. <http://rbi.org.in>

FINANCE

During the year under review, the Reserve Bank of India (RBI) remained focused on keeping the economy on a disinflationary glide path and targeted to hit 8% Consumer Price Index (CPI) inflation by January 2015 and 6% by January 2016. The RBI continued its stance against inflation by holding the policy rates for the first nine months of the Fiscal Year 2014-15, while allowing the effects of past monetary policy tightening to work to bring down inflation. However, at the same time, RBI through active liquidity management operations ensured that Liquidity conditions remained broadly stable and it continued to provide liquidity through overnight and term repos. RBI remained committed to provide liquidity/credit to the productive sectors, and hence reduced the Statutory Liquidity Ratio (SLR) by 150 basis points (bps) during the year. With softening of international commodity prices, particularly crude oil, CPI decelerated sharply in second half of the year from September 2014, which allowed the RBI to cut the policy (Repo) rates by 50 bps during the last quarter of the year. The actions of RBI resulted in sovereign and corporate bond yields declining by 80 bps and more in the year. However, despite a generalized fall in the cost of funds, banks did not transmit that by reducing their base rates. Liquidity conditions remained in a deficit but stable mode throughout the year. However, your Company was able to take advantage of reduction in interest rates by devising appropriate borrowing strategies and ensuring that prudent Asset Liability Management Guidelines are adhered to.

During the year under review, your Company continued with its diverse methods of sourcing funds in addition to regular borrowings like Secured and Unsecured Debentures, Term Loans, Commercial Papers, etc., and maintained prudential Asset/Liability match throughout the year. Your Company sourced long term debentures and loans from banks and other institutions at attractive rates.

Your Company also issued Subordinated Debt amounting to Rs. 215 Crores and successfully completed five at par securitisation transactions aggregating to Rs. 722.3 Crores.

During the year, your Company actively participated in a number of investor meets both in India and abroad organised by reputed Global and Domestic Broking Houses. Your Company also periodically conducted analysts' meets and conference calls to communicate details of performance, important developments and exchange of information.

CAPITAL ADEQUACY

As on 31st March, 2015, the Capital to Risk Assets Ratio (CRAR) of your Company was 18.3%, which is well above 15.0% CRAR prescribed by the RBI.

RBI GUIDELINES

The Company has complied with all the applicable regulations of the Reserve Bank of India (RBI). As a prudent practice, your Company makes accelerated provisioning for Non-Performing Assets (NPAs) than that required by RBI for NBFCs. Your Company continues to make a general provision at 0.40% on the standard assets outstanding as against 0.25% mandated by the RBI.

CREDIT RATING

During the year under review, India Ratings & Research Private Limited, which is part of Fitch Group, upgraded the rating of the Company's National Long-term instrument and Lower Tier II Subordinated Debt programme to 'IND AAA/Stable' from 'IND AA+/Stable'.

During the year under review, CARE Ratings, has assigned the 'CARE AAA' rating to the Company's Long-term Debt instruments and Lower Tier II Subordinated Debt programme.

Brickwork Ratings India Private Limited has, during the year, upgraded the rating of the Company's Long-term Subordinated Debt Issue to 'BWR AAA/Stable' from 'BWR AA+/Positive'.

The 'AAA' ratings denote the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risks.

During the year under review, CRISIL Limited [CRISIL], has reaffirmed the rating to the Company's Long-term Debt Instruments and Bank Facilities as 'CRISIL AA+/Stable' and the Company's Fixed Deposit Programme as 'FAAA/Stable', respectively. The 'AA+/Stable' rating indicates a high degree of safety with regard to timely payment of financial obligations. The rating on the Company's Short-term Debt and Bank Loans has been reaffirmed at 'CRISIL A1+' which is the highest level of rating.

ACHIEVEMENTS

During the year under review, your Company was awarded the 'Golden Peacock HR Excellence' for 2014, the Golden Peacock National Training Award, CII National HR Excellence Award, CSR Award by Indian Development Foundation, and the BFSI Award for CSR, Health Care and Combating Diseases category.

Your Company has won three awards in the "IT-NEXT 100 CIOs" for the third year in a row as well as topped the charts by winning the highest number of PRCI (Public Relations Council of India) Awards in twelve categories. Your Company was also awarded the LACP Awards for its Annual Report for the financial year 2013-14, IDC Insights Award for Excellence in Innovation, the Financial Inclusion & Payment Systems (FIPS) Award 2014 and the RMAI - Flame Awards 2014.

The Company's ISO20000:2011 certification of Information Technology has been confirmed and extended till 11th April, 2017. Your Company has also been included in the RobecoSAM Sustainability Yearbook 2015.

FIXED DEPOSITS AND LOANS/ADVANCES

As on 31st March, 2015, your Company has mobilized funds from Fixed Deposits to the tune of Rs. 4,680 Crores, with an investor base of over 1,68,306 investors.

Your Company has initiated several measures towards improvement of service levels in sync with the requirements of the Fixed Deposit holders. As a customer-centric process, the Company communicates various intimations via SMS, e-mails, etc., to its investors. During the year under review the Company has started sending E-receipts (FDR E-receipts), pre-printed Forms 15G and 15H with barcode, bulk intimation letters, etc., on the customers' e-mail ID registered with the Company. Further, in order to encourage investments by small investors, your Company has also introduced Micro Deposits (under its Cumulative Scheme) with a minimum investment amount of Rs. 5,000 and upto a maximum investment amount of Rs. 9,000 having a tenure of 12 months to 60 months.

As at 31st March, 2015, 987 deposits amounting to Rs. 4.9 Crores had matured for payment and remained unclaimed. The unclaimed deposits have since reduced to 823 deposits amounting to Rs. 4.0 Crores.

Your Company being a Non-Banking Financial Company, the disclosures required as per Rule 8(5)(v) and (vi) of the Companies (Accounts) Rules, 2014 read with Sections 73 and 74 of the Companies Act, 2013, are not applicable to it.

The particulars of loans/advances and investment in its own shares by listed companies, their subsidiaries, associates, etc., required to be disclosed in the Annual Accounts of the Company pursuant to Clause 32 of the Listing Agreement are furnished separately.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS IN SECURITIES

Pursuant to Section 186(11) of the Companies Act, 2013 ('the Act'), the provisions of Section 186(4) of the Act requiring disclosure in the financial statement of the full particulars of the loans made and guarantees given or securities provided by a Non-Banking Financial Company in the ordinary course of its business and the purpose for which the loan or guarantee or security is proposed to be utilised by the recipient of the loan or guarantee or security are exempted from disclosure in the Annual Report.

Further, pursuant to the provisions of Section 186(4) of the Act, the details of investments made by the Company are given in the Notes to the Financial Statement.

SUSTAINABILITY INITIATIVES

Your Company continues to protect and sustain the rural livelihoods through a sustainable business model. The business model aims at transforming rural lives and driving positive change in the community. Your Company has been reporting on Triple Bottom Line Performance; i.e., People, Profit and Planet since the Financial Year 2008-09 through the Mahindra Group Sustainability Report.

During the Financial Year 2014-15, your Company released its second standalone Sustainability Report for the previous Financial Year 2013-14. This Report portrays a balanced approach towards economic activity, environmental responses and social progress. This Report is externally assured and in

line with international reporting standards of Global Reporting Initiative (GRI) G3.1 Guidelines. The theme of the Report is 'Co-Creating Opportunities Empowering Lives' and the same has been hosted on the Company's website.

During the year under review, your Company continued with its focus on sustainability awareness for employees, vendors and customers and took various initiatives in this direction. Your Company made proactive efforts to fight against global warming through Project 'Mahindra Hariyali', by planting more than 78,000 saplings across the country. Various initiatives were also taken for energy, paper and e-waste management.

In addition to this, your Company continues to report on Carbon Disclosure Project (CDP) from the Financial Year 2011-12. CDP seeks information on carbon emissions disclosures from the world's largest companies and focuses on how companies are geared up, to deal with the challenges of climate change in a carbon constrained economy. During the year under review, your Company also became part of CDP's Carbon Disclosure Leadership Index (CDLI) 2014, acknowledging the Company's efforts for climate change mitigation.

Your Company has been listed on the Dow Jones Sustainability Index (DJSI) Emerging Market Trends for the second consecutive year. To be incorporated in the DJSI, companies are assessed and selected based on their long term Environmental Social Governance (ESG) asset management plans.

Your Company was also included in the 'RobecoSAM Sustainability Yearbook', which lists the world's most sustainable companies in each industry as determined by their score in RobecoSAM's annual Corporate Sustainability Assessment (CSA). Your Company is the first and only Indian Company from amongst the Banks and Financial Services Companies in India to have made it to this list.

CORPORATE SOCIAL RESPONSIBILITY

Through its various Corporate Social Responsibility ("CSR") initiatives, the Mahindra Group is enabling entire communities to 'RISE'. With a vision of transforming the lives of youth from socially weaker and economically disadvantaged sections of society, the Mahindra Group is committed to 'building possibilities' to enable them to 'RISE' above their limiting circumstances by innovatively supporting them through programs in the domains of education, health and environment.

The Company has duly constituted a CSR Committee in accordance with Section 135 of the Companies Act, 2013 to assist the Board and the Company in fulfilling the corporate social responsibility objectives of the Company. The CSR Committee presently comprises Mr. Bharat Doshi (Chairman), Mr. Piyush Mankad, Mr. Uday Y. Phadke and Mr. Ramesh Iyer.

During the year under review, your Company organised a nationwide Blood Donation Drive, Health check-up camps and visits to Orphanages/Differently-abled Homes/Old-age homes, to re-affirm its pledge to the society. The 'Lifeline Express', a hospital on wheels, in association with Impact India Foundation, catered to the medical needs of 4,936 underprivileged people in Motihari (Bihar).

As a part of its commitment to Corporate Social Responsibility, during the year, your Company initiated projects for scholarships for undergraduate and graduate students, vocational training, financial literacy, supporting technology incubators, agri-based livelihood skills and sanitation. The Company also continued its support to Nanhi Kali, the flagship programme of the K.C. Mahindra Education Trust, which aids the education of the disadvantaged girl child.

During the year under review, your Company has spent Rs. 24.9 crores on CSR projects/programs. Your Company is in compliance with the statutory requirements in this regard.

The CSR Policy of the Company is hosted on the Company's website at the link <http://www.mahindrafinance.com/csr.aspx> and a brief outline of the CSR Policy and the CSR initiatives undertaken by the Company during the year as per Annexure prescribed in the Companies (Corporate Social Responsibility Policy) Rules, 2014 have been appended as **Annexure II** to this Report.

EXTRACT OF ANNUAL RETURN

Pursuant to sub-section 3(a) of Section 134 and sub-section (3) of Section 92 of the Companies Act, 2013, read with Rule 12 of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return as at 31st March, 2015 forms part of this Report and is appended herewith as **Annexure III**.

BOARD MEETINGS AND ANNUAL GENERAL MEETING

The calendar of the Board/Committee Meetings and the Annual General Meeting are circulated to the Directors in advance to enable them to plan their schedule for effective participation at the respective meetings. Additional Board Meetings are convened by giving appropriate notice to address business exigencies. At times certain decisions are taken by the Board/Committee through circular resolutions.

The Board met seven times in the financial year 2014-15 viz., on 23rd April, 2014, 24th July, 2014, 22nd October, 2014, 16th December, 2014, 16th January, 2015, 17th January, 2015 and 20th March, 2015. The gap between two Meetings did not exceed one hundred and twenty days. The 24th Annual General Meeting ("AGM") of the Company was held on 24th July, 2014.

Detailed information on the meetings of the Board, its Committees and the AGM is included in the Report on Corporate Governance, which forms part of this Annual Report.

MEETING OF INDEPENDENT DIRECTORS

The Independent Directors met once during the year under review. The Meeting was conducted in an informal manner without the presence of the Chairman, the Managing Director, the Non-Executive Non-Independent Directors and the Chief Financial Officer.

COMMITTEES OF THE BOARD OF DIRECTORS

The Company has various committees which have been constituted as a part of the good corporate governance practices and the same are in compliance with the requirements of the relevant provisions of applicable laws and statutes.

Your Company has an adequately qualified and experienced Audit Committee with Mr. Dhananjay Mungale as the Chairman and Mr. M. G. Bhide, Mr. Uday Y. Phadke, Ms. Rama Bijapurkar, Mr. Piyush Mankad, Mr. C. B. Bhave and Mr. V. S. Parthasarathy as Members. The recommendations of the Audit Committee were duly approved and accepted by the Board during the year under review.

The other Committees of the Board are:

- i) Nomination and Remuneration Committee
- ii) Stakeholders Relationship Committee
- iii) Corporate Social Responsibility Committee
- iv) Risk Management Committee
- v) Asset Liability Committee
- vi) Strategy Committee for Acquisitions

The details with respect to the composition, powers, roles, terms of reference, Meetings held and attendance of the Directors at such Meetings of the relevant Committees are given in detail in the Report on Corporate Governance of the Company which forms part of this Annual Report.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Directors

The Members of the Company at the Annual General Meeting held on 24th July, 2014 had appointed Mr. Piyush Mankad, Mr. M. G. Bhide, Mr. Dhananjay Mungale and Ms. Rama Bijapurkar as Independent Directors for a period of five consecutive years commencing from 24th July, 2014.

Pursuant to the provisions of Section 152 of the Companies Act, 2013 ('the Act'), Mr. Uday Y. Phadke, Non-Executive Non-Independent Director of the Company retires by rotation at the forthcoming Annual General Meeting scheduled to be held on 24th July, 2015. Mr. Phadke has expressed his desire not to seek re-appointment. It is proposed not to fill up the vacancy thereby caused.

Mr. Uday Y. Phadke joined the Board of Directors of the Company in May 1999. He was elevated as the Vice-Chairman in April 2008. While continuing as a Member of the Board of Directors Mr. Phadke stepped down as the Vice-Chairman in October 2011.

The Board acknowledged Mr. Phadke's contribution to the Company and placed on record its deep appreciation of the invaluable counsel rendered by him to the Company and his immense contribution in guiding the management during his tenure as Vice-Chairman and as a Director of the Company.

On the recommendation of the Nomination and Remuneration Committee, the Board at its adjourned Meeting held after the Annual General Meeting on 24th July, 2014 had appointed Mr. V. S. Parthasarathy as an Additional Director on the Board of Directors of the Company. Mr. Parthasarathy holds office up to the date of the Annual General Meeting of the Members to be held on 24th July, 2015.

The Company has received a notice from a Member under Section 160 of the Act, signifying his intention to propose Mr. V. S. Parthasarathy as a candidate for the office of Director of the Company at the forthcoming Annual General Meeting.

On the recommendation of the Nomination and Remuneration Committee and the Board of Directors, Mr. C. B. Bhave has been appointed as an Independent Director of the Company for a period of five consecutive years commencing from 3rd February, 2015, by the Shareholders by means of a Postal Ballot voting process.

None of the Independent Directors are due for re-appointment.

Key Managerial Personnel

Mr. Ramesh Iyer, Managing Director, Mr. V. Ravi, Chief Financial Officer and Ms. Arnavaz M. Pardiwala, Company Secretary of the Company are the Key Managerial Personnel of the Company as per the provisions of the Companies Act, 2013. Their appointment as Key Managerial Personnel have been duly formalised pursuant to Section 203 of the Companies Act, 2013, which came into effect from 1st April, 2014.

DECLARATION BY INDEPENDENT DIRECTORS

The Company has received declarations from all the Independent Directors of the Company confirming that they fulfill the criteria of independence as prescribed under sub-section (6) of Section 149 of the Companies Act, 2013 and under Clause 49 of the Listing Agreement with the Stock Exchanges.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 134(5) of the Companies Act, 2013, ('the Act') your Directors confirm that:

- i. In the preparation of the annual accounts for financial year ended 31st March, 2015, the applicable accounting standards have been followed and there are no material departures in adoption of these standards;
- ii. The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at 31st March, 2015 and of the profit of the Company for the year ended on that date.
- iii. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv. The Directors have prepared the annual accounts for financial year ended 31st March, 2015 on a 'going concern' basis.
- v. The Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and have been operating efficiently.
- vi. The Directors have devised proper systems to ensure compliance with provisions of all applicable laws and that such systems were adequate and operating effectively.

PERFORMANCE EVALUATION OF THE BOARD

The Companies Act, 2013 and revised Clause 49 of the Listing Agreement entered into with the Stock Exchanges stipulates the evaluation of the performance of the Board, its Committees, Individual Directors and the Chairperson.

The Company has formulated a Policy for performance evaluation of the Independent Directors, the Board, its Committees and other individual Directors which includes criteria for performance evaluation of the Non-Executive Directors and Executive Directors.

The evaluation framework for assessing the performance of Directors comprises of various key areas such as attendance at Board and Committee Meetings, quality of contribution to Board discussions and decisions, strategic insights or inputs regarding future growth of the Company and its performance, ability to challenge views in a constructive manner, knowledge acquired with regard to the Company's business/activities, understanding of industry and global trends, etc.

The evaluation involves self-evaluation by the Board Member and subsequent assessment by the Board of Directors. A member of the Board will not participate in the discussion of his/her evaluation.

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Board has carried out an annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Committees.

Well-defined and structured questionnaires were prepared after taking into consideration inputs received from the Directors, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, areas of responsibility, execution and performance of specific duties, obligations and governance, compliance, oversight of Company's subsidiaries, etc.

A separate exercise was carried out to evaluate the performance of individual Directors who were evaluated on several parameters such as level of engagement and contribution, independence of judgment safeguarding the interest of the Company and its minority shareholders and knowledge acquired with regard to the Company's business/activities.

The performance evaluation of the Independent Directors was carried out by the entire Board excluding the Director being evaluated. The performance evaluation of the Chairman and the Non-Independent Directors was carried out by the Independent Directors. Qualitative comments and suggestions of Directors were taken into consideration by the Chairman of the Board and the Chairman of the Nomination and Remuneration Committee. The Directors have expressed their satisfaction with the evaluation process.

Familiarisation Programme for Independent Directors

The details of programmes for familiarisation of Independent Directors with the Company, their roles, rights, responsibilities

in the Company, nature of the industry in which the Company operates, business model of the Company and related matters are given in the Report on Corporate Governance and the same are also available on the website of the Company at the link: <http://www.mahindrafinance.com/pdf/familiarisation-programme-for-IDs.pdf>.

Policies on Appointment of Directors and Remuneration of Directors, Key Managerial Personnel and Employees

In accordance with the provisions of Section 134(3)(e) of the Companies Act, 2013 ("the Act") read with Sections 178(2) of the Act and Clause 49 of the Listing Agreement, the Company has formulated a Policy on Appointment of Directors and Senior Management and succession planning for orderly succession to the Board and the Senior Management, which inter alia, includes the criteria for determining qualifications, positive attributes and independence of Directors.

The Company has also adopted the Policy on Remuneration of Directors and the Remuneration Policy for Key Managerial Personnel and Employees of the Company in accordance with the provisions of sub-section (4) of Section 178, and the same are appended as **Annexure IV-A** and **Annexure IV-B** and form part of this Report.

The criteria for determining qualifications, positive attributes and independence of a Director and the Remuneration Policy for Directors, Key Managerial Personnel and other employees have been discussed in detail in the Report on Corporate Governance.

AUDITORS

Statutory Auditors

Messrs. B. K. Khare & Co., Chartered Accountants, [ICAI Firm Registration No.105102W] the Statutory Auditors of the Company, hold office till the conclusion of the forthcoming Annual General Meeting (AGM) and are eligible for re-appointment. Pursuant to the provisions of Section 139 of the Companies Act, 2013 and the Rules framed thereunder, it is proposed to appoint Messrs. B. K. Khare & Co., as the Statutory Auditors of the Company from the conclusion of the forthcoming AGM till the conclusion of the next AGM.

As required under the provisions of Section 139(1) of the Companies Act, 2013 the Company has received a written consent from Messrs. B. K. Khare & Co., Chartered Accountants to their re-appointment and a Certificate, to the effect that their re-appointment, if made, would be in accordance with the Companies Act, 2013 and the Rules framed thereunder and that they satisfy the criteria provided in Section 141 of the Companies Act, 2013 read with Rule 4(1) of the Companies (Audit and Auditors) Rules, 2014.

The Auditors' Report does not contain any qualification, reservation or adverse remark.

Secretarial Auditor

The Board of Directors of the Company has appointed Dr. K. S. Ravichandran, Managing Partner, KSR & Co., Company

Secretaries LLP, to conduct the Secretarial Audit of the Company for the Financial Year 2014-15, pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. In accordance with the provisions of sub-section (1) of Section 204, the Secretarial Audit Report for the Financial Year 2014-15 is appended to this Report as **Annexure V**.

The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All contracts/arrangements/transactions entered into by the Company during the Financial Year with related parties were in the ordinary course of business and on an arm's length basis. During the year, the Company had not entered into any contract/arrangement/transaction with related parties which could be considered material in accordance with the Policy on Related Party Transactions. Pursuant to Section 134(3)(h) read with Rule 8(2) of the Companies (Accounts) Rules, 2014, there are no transactions to be reported under Section 188(1) of the Companies Act, 2013. None of the Non-Executive Directors has any pecuniary relationships or transactions vis-à-vis the Company.

The Policy on Related Party Transactions as approved by the Audit Committee and the Board of Directors of the Company is uploaded on the website of the Company and same can be accessed on the web link: <http://www.mahindrafinance.com/policies.aspx>.

MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY

There have been no material changes and commitments, affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statement relate and the date of this Report.

RISK MANAGEMENT POLICY

Your Company has a comprehensive Risk Management Policy in place and has laid down a well-defined risk management framework to identify, assess and monitor risks and strengthen controls to mitigate risks. Your Company has established procedures to periodically place before the Risk Management Committee and the Board of Directors, the risk assessment and minimisation procedures being followed by the Company and steps taken by it to mitigate these risks.

The development and implementation of Risk Management Policy adopted by the Company is discussed in detail in the Management Discussion and Analysis chapter, which forms part of this Annual Report.

WHISTLE BLOWER POLICY/VIGIL MECHANISM

The Company promotes ethical behaviour in all its business activities and has established a vigil mechanism for Directors and Employees to report their genuine concerns.

The Vigil Mechanism as envisaged in the Companies Act, 2013 and the Rules prescribed is implemented through the Whistle Blower Policy, to provide for adequate safeguards against victimization of persons who use such mechanism and make provision for direct access to the Chairperson of the Audit Committee.

As per the Whistle Blower Policy implemented by the Company, the Employees are free to report illegal or unethical behaviour, actual or suspected fraud or violation of the Company's Codes of Conduct or Corporate Governance Policies or any improper activity to the Chairman of the Audit Committee of the Company or Chairman of the Company or the Corporate Governance Cell.

The Whistle Blower Policy provides for protected disclosure and protection to the Whistle Blower. Under the Whistle Blower Policy, the confidentiality of those reporting violation(s) is protected and they are not subject to any discriminatory practices.

The Whistle Blower Policy has been appropriately communicated within the Company and has also been hosted on the website of the Company: http://www.mahindrafinance.com/pdf/MMFSL_VigilMechanism.pdf. No personnel have been denied access to the Audit Committee.

SUBSIDIARIES, JOINT VENTURE AND ASSOCIATES

A Report on the performance and financial position of each of the subsidiaries and the joint venture company as per the Companies Act, 2013 is provided as Annexure A to the Consolidated Financial Statement and hence not repeated here for the sake of brevity. The policy for determining material subsidiaries as approved may be accessed on the Company's website at the web link: <http://www.mahindrafinance.com/policies.aspx>

Subsidiaries

Mahindra Insurance Brokers Limited

During the year under review, Mahindra Insurance Brokers Limited (MIBL) serviced 1.1 million insurance cases, with a total of 11,37,981 cases for both Life and Non-Life Retail business. The customized Life insurance cover "Mahindra Loan Suraksha" (MLS) declined from 5,09,864 lives covered with a Sum Assured of Rs. 14,393.5 crores in the Financial Year 2013-14 to 4,59,781 lives covered with a Sum Assured of Rs. 13,515.4 crores in the Financial Year 2014-15. This primarily was on account of the general economic slowdown witnessed during the year having a cascading impact on the auto-manufacturing and auto financing industry. A substantial portion of MLS though continued to be covered in the rural markets.

MIBL achieved a growth of 22% in Gross Premium facilitated for the Corporate and Retail business lines, increasing from Rs. 825.2 crores in the Financial Year 2013-14 to Rs. 1,002.7 crores in the Financial Year 2014-15 crossing the 1,000 crores mark.

The Total Income of MIBL increased by 14% from Rs. 111.2 crores in the Financial Year 2013-14 to Rs. 126.2 crores in the

Financial Year 2014-15. The Profit before Tax increased by 2% from Rs. 63.8 crores to Rs. 65.3 crores, and the Profit after Tax increased by 2% from Rs. 42.0 crores to Rs. 42.9 crores during the same period.

Mahindra Rural Housing Finance Limited

Mahindra Rural Housing Finance Limited (MRHFL) has during the year ended 31st March, 2015, disbursed loans aggregating Rs. 989.6 crores (previous year Rs. 630.6 crores) achieving a growth of 57% over the previous year. Profit after tax was 63% higher at Rs. 44.2 crores as compared to Rs. 27.1 crores for the previous year. The outstanding loan portfolio as at 31st March, 2015 stood at Rs. 2,098.3 crores.

MRHFL continued its focus on serving customers in rural India. Majority of the loans disbursed were to customers in villages with an average annual household income of less than Rs. 2 lakhs. During the year under review, around 81,960 families were given home loans (in addition to around 1,81,120 existing families as on 31st March, 2014). MRHFL has been expanding its geographical presence, to provide affordable services for rural households and has also entered the semi-urban market segment.

Mahindra Asset Management Company Private Limited

Mahindra Asset Management Company Private Limited (MAMCPL), the wholly-owned subsidiary of the Company, which will be engaged as an investment manager to the proposed Mahindra Mutual Fund, is currently in the process of obtaining regulatory approval from the Securities and Exchange Board of India. During the year under review, MAMCPL has not commenced any business activities.

Mahindra Trustee Company Private Limited

Mahindra Trustee Company Private Limited (MTCPL), the wholly-owned subsidiary of the Company, which will be engaged as a Trustee to the proposed Mahindra Mutual Fund, is currently in the process of obtaining regulatory approval from the Securities and Exchange Board of India. During the year under review, MTCPL has not commenced any business activities.

Amalgamation of Mahindra Business & Consulting Services Private Limited ("MBCSPL") with the Company

Mahindra Business & Consulting Services Private Limited (MBCSPL), a wholly-owned subsidiary of your Company was engaged in the business of providing staffing services to the Mahindra group companies and had no business operations as on the date of announcement of the Scheme of Amalgamation of MBCSPL with the Company and their Shareholders and Creditors.

In order to have a simplified corporate structure, rationalisation of administrative, operative and marketing costs and to enable cost saving and optimum utilization of valuable resources leading to higher operational efficiency, a Scheme of Amalgamation of MBCSPL with the Company and their Shareholders and

Creditors was announced. The same was approved by the Public Shareholders by means of a Postal Ballot voting process (including e-voting) on 13th January, 2015.

The Scheme has been approved by the Honourable High Court of Judicature at Bombay on 20th March, 2015 and the same has been made effective from 18th April, 2015, by filing the certified copy of the Order with the Registrar of Companies. The appointed date of the Scheme is 1st April, 2014.

Joint Venture

Mahindra Finance USA LLC.

The joint venture company's disbursement registered a growth of 22.42% to USD 5,337.09 Lacs for the year ended 31st March, 2015 as compared to USD 4,359.69 Lacs for the previous year. Income grew by 36.35% to USD 220.43 Lacs for the year ended 31st March, 2015 as compared to USD 161.66 Lacs for the previous year. Profit Before Tax was 41.30% higher at USD 70.99 Lacs as compared to USD 50.24 Lacs for the previous year. Profit After Tax grew at a healthy rate of 38.59% to USD 45.47 Lacs as compared to USD 32.81 Lacs in the previous year.

Names of companies which have become or ceased to be subsidiaries, joint ventures or associate companies during the year

During the year under review, no company has become a subsidiary of the Company.

Consequent upon the amalgamation of Mahindra Business & Consulting Services Private Limited (MBCSPL) with the Company, MBCSPL has ceased to be a subsidiary of the Company.

Further, no company has become or ceased to be a joint venture or associate during the Financial Year 2014-15.

The Company shall provide the copy of the annual accounts of its subsidiary companies and the related information to the Members of the Company on their request. The annual accounts of the subsidiary companies will also be kept open for inspection by any Members at the Registered Office of the Company and also at the Registered Office of the respective subsidiary companies during working hours upto the date of the Annual General Meeting. The Annual Reports of the subsidiaries will also be available on your Company's website at the link: <http://www.mahindrafinance.com/annual-reports.aspx>

Material Non-Listed Indian Subsidiary

Pursuant to Clause 49 of the Listing Agreement entered into by the Company with the Stock Exchanges, if the turnover or net worth (i.e. paid-up capital and free reserves) of any unlisted Indian subsidiary company exceeds 20% of the consolidated turnover or net worth respectively of the listed holding company and its subsidiaries in the immediately preceding accounting year; that subsidiary would be termed as a 'Material Non-Listed Indian Subsidiary'.

In view of the above, there is no material non-listed Indian subsidiary of your Company for the Financial Year 2014-15.

Consolidated Financial Statements

The Consolidated Financial Statements of the Company and its four subsidiaries viz. Mahindra Insurance Brokers Limited, Mahindra Rural Housing Finance Limited, Mahindra Asset Management Company Private Limited and Mahindra Trustee Company Private Limited prepared in accordance with Accounting Standard AS 21 prescribed by The Institute of Chartered Accountants of India, form part of this Annual Report. The Consolidated Financial Statements presented by the Company include the financial results of its subsidiary companies and its joint venture viz. Mahindra Finance USA LLC.

Details of significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and the Company's operations in future

There are no significant and material orders passed by the regulators or courts or tribunals that would impact the going concern status of the Company and its future operations.

Details in respect of adequacy of internal financial controls with reference to the Financial Statements

Your Company has in place adequate internal financial controls with reference to financial statements, commensurate with the size, scale and complexity of its operations. Review of the internal financial controls environment of the Company was undertaken during the year which covered verification of entity level control, process level control and IT controls, identification, assessment and definition of key business processes and analysis of risk control matrices, etc. Reasonable Financial Controls are operative for all the business activities of the Company and no material weakness in the design or operation of any control was observed.

Particulars of Remuneration and related disclosures

Disclosures pursuant to Section 197(12) of the Companies Act, 2013 and Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are as under:

Sr. No.	Disclosure Requirement	Disclosure Details	Ratio of the remuneration of each Director to median remuneration of employees																																							
1	Ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the Financial Year 2014-15.	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Name of Director/KMP</th> <th style="text-align: left;">Designation</th> <th style="text-align: right;">Ratio of the remuneration of each Director to median remuneration of employees</th> </tr> </thead> <tbody> <tr> <td>Mr. Bharat Doshi</td> <td>Chairman</td> <td style="text-align: right;">12.54X</td> </tr> <tr> <td>Mr. Uday Y. Phadke</td> <td>Non-Executive Director</td> <td style="text-align: right;">20.68X</td> </tr> <tr> <td>Dr. Pawan Goenka</td> <td>Non-Executive Director</td> <td style="text-align: right;">NIL*</td> </tr> <tr> <td>Mr. Dhananjay Mungale</td> <td>Independent Director</td> <td style="text-align: right;">5.65X</td> </tr> <tr> <td>Mr. M. G. Bhide</td> <td>Independent Director</td> <td style="text-align: right;">5.71X</td> </tr> <tr> <td>Mr. Piyush Mankad</td> <td>Independent Director</td> <td style="text-align: right;">5.82X</td> </tr> <tr> <td>Mr. C. B. Bhawe</td> <td>Independent Director</td> <td style="text-align: right;">N. A.**</td> </tr> <tr> <td>Ms. Rama Bijapurkar</td> <td>Independent Director</td> <td style="text-align: right;">4.78X</td> </tr> <tr> <td>Mr. V. S. Parthasarathy</td> <td>Non-Executive Director</td> <td style="text-align: right;">NIL*</td> </tr> <tr> <td>Mr. Ramesh Iyer</td> <td>Managing Director</td> <td style="text-align: right;">160.57X</td> </tr> <tr> <td>Mr. V. Ravi</td> <td>Chief Financial Officer</td> <td style="text-align: right;">81.04X</td> </tr> <tr> <td>Ms. Arnavaz M. Pardiwala</td> <td>Company Secretary & Compliance Officer</td> <td style="text-align: right;">10.43X</td> </tr> </tbody> </table>	Name of Director/KMP	Designation	Ratio of the remuneration of each Director to median remuneration of employees	Mr. Bharat Doshi	Chairman	12.54X	Mr. Uday Y. Phadke	Non-Executive Director	20.68X	Dr. Pawan Goenka	Non-Executive Director	NIL*	Mr. Dhananjay Mungale	Independent Director	5.65X	Mr. M. G. Bhide	Independent Director	5.71X	Mr. Piyush Mankad	Independent Director	5.82X	Mr. C. B. Bhawe	Independent Director	N. A.**	Ms. Rama Bijapurkar	Independent Director	4.78X	Mr. V. S. Parthasarathy	Non-Executive Director	NIL*	Mr. Ramesh Iyer	Managing Director	160.57X	Mr. V. Ravi	Chief Financial Officer	81.04X	Ms. Arnavaz M. Pardiwala	Company Secretary & Compliance Officer	10.43X	
Name of Director/KMP	Designation	Ratio of the remuneration of each Director to median remuneration of employees																																								
Mr. Bharat Doshi	Chairman	12.54X																																								
Mr. Uday Y. Phadke	Non-Executive Director	20.68X																																								
Dr. Pawan Goenka	Non-Executive Director	NIL*																																								
Mr. Dhananjay Mungale	Independent Director	5.65X																																								
Mr. M. G. Bhide	Independent Director	5.71X																																								
Mr. Piyush Mankad	Independent Director	5.82X																																								
Mr. C. B. Bhawe	Independent Director	N. A.**																																								
Ms. Rama Bijapurkar	Independent Director	4.78X																																								
Mr. V. S. Parthasarathy	Non-Executive Director	NIL*																																								
Mr. Ramesh Iyer	Managing Director	160.57X																																								
Mr. V. Ravi	Chief Financial Officer	81.04X																																								
Ms. Arnavaz M. Pardiwala	Company Secretary & Compliance Officer	10.43X																																								
		* Dr. Pawan Goenka and Mr. V. S. Parthasarathy do not receive any remuneration from the Company.																																								
		** Details not given as Mr. C. B. Bhawe was a Director only for part of the Financial Year 2014-15 i.e. w.e.f. 3 rd February, 2015.																																								

Sr. No.	Disclosure Requirement	Disclosure Details		% increase in Remuneration
2	Percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the Financial Year 2014-15.	Name of Director/KMP	Designation	
		Mr. Bharat Doshi	Chairman	67.7
		Mr. Uday Y. Phadke	Non-Executive Director	-17.26
		Dr. Pawan Goenka	Non-Executive Director	NIL*
		Mr. Dhananjay Mungale	Independent Director	34.32
		Mr. M. G. Bhide	Independent Director	34.60
		Mr. Piyush Mankad	Independent Director	40.12
		Mr. C. B. Bhawe	Independent Director	N.A.**
		Ms. Rama Bijapurkar	Independent Director	18.52
		Mr. V. S. Parthasarathy	Non-Executive Director	NIL*
		Mr. Ramesh Iyer	Managing Director	67.52
		Mr. V. Ravi	Chief Financial Officer	63.00
	Ms. Arnavaz M. Pardiwala	Company Secretary & Compliance Officer	50.41	
	* Dr. Pawan Goenka and Mr. V. S. Parthasarathy do not receive any remuneration from the Company.			
	** Details not given as Mr. C. B. Bhawe was a Director only for part of the Financial Year 2014-15 i.e. w.e.f. 3 rd February, 2015.			
3	Percentage increase in the median remuneration of employees in the Financial Year	7.49% considering employees who were in employment for the whole of the Financial Year 2013-14 and Financial Year 2014-15.		
4	Number of Permanent employees on the rolls of Company as on 31 st March, 2015	14,362		
5	Explanation on relationship between average increase in Remuneration and Company performance	The increase in the Remuneration is in line with the financial performance of the Company, market trends and Industry benchmarking. On an average, employees received an annual increase of 9.02 %. The individual increment varied from 7.5% to 15% based on individual performance.		
6	Comparison of Remuneration of the Key Managerial Personnel against the performance of the Company	The Key Managerial Personnel were paid approximately 0.81% in aggregate of the Profit Before Tax during the Financial Year 2014-15.		
7	a) Variations in the market capitalisation of the Company	The market capitalisation as on 31 st March, 2015 was Rs. 14,441 crores (Rs. 14,333 crores as on 31 st March, 2014) indicating a growth of 0.75%.		
	b) Price Earnings ratio of the Company as at the closing date of current financial year and previous financial year	Price Earnings ratio of the Company was 17.21 as at 31 st March, 2015 and was 16.00 as at 31 st March, 2014.		
	c) Percent increase/decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer.	The Company's stock price as at 31 st March, 2015 has increased by 534.75% to Rs. 253.9 (NSE closing) over the last public offering i.e. IPO in February 2006 at the price of Rs. 200 per share (subdivision adjusted price Rs. 40).		

Sr. No.	Disclosure Requirement	Disclosure Details		
8	Average percentile increase already made in the salaries of employees other than the Managerial Personnel in the last Financial Year i.e. 2014-15 and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.	For employees other than Managerial Personnel who were in employment for the whole of Financial Year 2013-14 and Financial Year 2014-15, the average increase is 20.23%. Average increase for Managerial Personnel is 65.27%		
9	Comparison of each remuneration of the Key Managerial Personnel against the performance of the Company	Name of KMP	Designation	% to Profit Before Tax for F.Y. 2014-15
		Mr. Ramesh Iyer	Managing Director	0.52%
		Mr. V. Ravi	Chief Financial Officer	0.26%
		Ms. Arnavaz M. Pardiwala	Company Secretary & Compliance Officer	0.03%
10.	Key parameters for any variable component of remuneration availed by the directors	The key parameters for the variable component of remuneration availed by the Directors are considered by the Board of Directors based on the recommendations of the Nomination and Remuneration Committee in accordance with the Remuneration Policy for Directors. The Performance Pay of the Managing Director is aggregate of Individual Key Result Areas and Company's Key Performance Indicators. Non-Executive Directors (NEDs) are paid commission upto 1% of the Net Profits of the Company computed as per the applicable provisions of the Companies Act, 2013 and as approved by the Shareholders in the General Meeting. The said commission is decided each year by the Board of Directors and distributed amongst the NEDs.		
11	Ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year	Not Applicable		
12	Affirmation that the remuneration is as per the Remuneration Policy of the Company.	The remuneration paid/payable is as per the Policy on Remuneration of Directors and Remuneration Policy for Key Managerial Personnel and Employees of the Company.		

Notes:

- 1) The remuneration calculated is as per Section 2(78) of the Companies Act, 2013 and includes the perquisite value of Stock Options of the Company exercised during the year.
- 2) The calculations are based on Employees who were on the rolls of the Company for the whole of the Financial Year 2013-14 and Financial Year 2014-15.

Mr. Ramesh Iyer, Managing Director of the Company does not receive any remuneration or commission from any of the subsidiaries of the Company. However, Mr. Iyer has been granted stock options under the Employees' Stock Option Scheme of the holding Company, Mahindra & Mahindra Limited.

20 employees were in receipt of remuneration of Rs. 60 lakhs per annum or more amounting to Rs. 23.66 crores for the Financial Year ended 31st March, 2015.

In terms of the provisions of Section 197 of the Act read with Rules 5 (2) and 5 (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 details in respect of employees of the Company employed during the year and in receipt of remuneration for the year not less than sixty lakh rupees or employed for a part of the financial year and in receipt of remuneration not less than five lakh rupees per month, is provided in **Annexure VI**.

None of the employees listed in the said Annexure is a relative of any Director of the Company.

None of the employees holds either by himself or along with his spouse or dependent children, more than two per cent of the Equity Shares of the Company.

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

Your Company is an equal opportunity employer and is committed to ensuring that the work environment at all its locations is conducive to fair, safe and harmonious relations between employees. It strongly believes in upholding the dignity of all its employees, irrespective of their gender or seniority. Discrimination and harassment of any type are strictly prohibited.

The Company has in place an appropriate Policy in accordance with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, to prevent sexual harassment of its employees. All employees are covered under this Policy. The Company ensures that no employee is disadvantaged by way of gender discrimination.

During the year under review, there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and Rules framed thereunder.

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

The particulars in respect of conservation of energy, technology absorption and foreign exchange earnings and outgo, as required under sub-section (3)(m) of Section 134 of the

Companies Act, 2013 read with Rule (8)(3) of the Companies (Accounts) Rules, 2014 are given as under:

(A) Conservation of Energy

- (i) The steps taken or impact on conservation of energy:
The operations of your Company are not energy intensive. However, adequate measures have been initiated to reduce energy consumption.
- (ii) The steps taken by the Company for utilizing alternate sources of energy:
During the year the Company has spent Rs. 0.16 crores towards implementing solar power system in various branches.
- (iii) The capital investment on energy conservation equipments: Nil

(B) Technology Absorption

- (i) The efforts made towards technology absorption:
Not Applicable.
- (ii) The benefits derived like product improvement, cost reduction, product development or import substitution: Not Applicable.
- (iii) in case of imported technology (imported during the last three years reckoned from the beginning of the Financial Year): Not Applicable.
 - (a) Details of Technology Imported;
 - (b) Year of Import;
 - (c) Whether the Technology has been fully absorbed;
 - (d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof.
- (iv) Your Company has not incurred any expenditure on Research and Development during the year under review.

(C) Foreign Exchange Earnings and Outgo

The information on foreign exchange outgo is furnished in the Notes to the Accounts. There were no foreign exchange earnings during the year.

For and on behalf of the Board

Bharat Doshi
Chairman

Mumbai, 23rd April, 2015

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

Information to be disclosed in accordance with Clause 14 of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 are as follows:

Particulars	Employees Stock Option Scheme 2005 (ESOS-2005)		Employees Stock Option Scheme 2010 (ESOS-2010)			
	Grant-4	Grant-1	Grant-2	Grant-3	Grant-4	Grant-5
(a) Options granted	1,64,74,830		31,89,087			
(b) The pricing formula	Granted on 18 th September, 2008	Granted on 7 th February, 2011	Granted on 25 th January, 2012	Granted on 22 nd July, 2013	Granted on 21 st October, 2013	Granted on 21 st October, 2014
	At a discount of 5 per cent on the average price (^) preceding the specified date (#) – 18 th September, 2008	At Face Value of Rs. 2/- per Equity Share	At Face Value of Rs. 2/- per Equity Share	At Face Value of Rs. 2/- per Equity Share	At Face Value of Rs. 2/- per Equity Share	At Face Value of Rs. 2/- per Equity Share
Employees Stock Option Scheme – 2005						
(^) Average Price: Average of the daily high and low of the prices for the Company's Equity Shares quoted on National Stock Exchange of India Limited during 15 days preceding the specified date.						
(#) The Specified Date: Date on which the erstwhile Remuneration/Compensation Committee decided to recommend to the Mahindra & Mahindra Financial Services Limited Employees' Stock Option Trust (Trust), the grant of Options.						
Employees Stock Option Scheme – 2010						
Price: Rs. 2/-						
The Specified Date: 22 nd October, 2010						
(c) Options stand vested on 31 st March, 2015	i)	Employees Stock Option Scheme – 2005: 1,26,47,475				
	ii)	Employees Stock Option Scheme – 2010: 11,30,356				
(d) Options exercised	i)	Employees Stock Option Scheme – 2005: 1,26,47,475				
	ii)	Employees Stock Option Scheme – 2010: 10,06,011				
(e) The total number of shares arising as a result of exercise of options	i)	Employees Stock Option Scheme – 2005: 1,26,47,475 Equity Shares of Rs. 2/- each. These were transferred from the Trust to the eligible employees.				
	ii)	Employees Stock Option Scheme – 2010: 10,06,011 Equity Shares of Rs. 2/- each. These were transferred from the Trust to the eligible employees.				
(f) Options lapsed	i)	Employees Stock Option Scheme – 2005: 38,27,355				
	ii)	Employees Stock Option Scheme – 2010: 60,121				
(g) Variation of terms of options	i)	Employees Stock Option Scheme – 2005: At the Seventeenth Annual General Meeting of the Company held on 23 rd July, 2007, the Mahindra & Mahindra Financial Services Limited Employees' Stock Option Scheme was amended to provide for recovery from the eligible employees, the fringe benefit tax in respect of options which are granted to or vested in or exercised by, the eligible employees on or after the 1 st day of April, 2007.				
	ii)	Employees Stock Option Scheme – 2010: N.A.				
(h) Money realized by exercise of options	i)	Employees Stock Option Scheme – 2005: Rs. 23,56,94,609/-				
	ii)	Employees Stock Option Scheme – 2010: Rs. 20,12,022/- These monies have been received by the Trust.				

(i) Total number of options in force	i) Employees Stock Option Scheme – 2005: Nil ii) Employees Stock Option Scheme – 2010: 21,22,955
(j) Employee-wise details of options granted under Employees Stock Option Scheme – 2005 and Employees Stock Option Scheme – 2010 to:	
i) Senior Managerial Personnel.	As per statement (1) attached
(ii) Any other employee who receives a grant in any one year of option amounting to 5 per cent or more of option granted during that year	As per statement (2) attached
(iii) Identified employees who were granted option, during any one year, equal to or exceeding 1 per cent of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant	Nil
(k) Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard (AS) 20 'Earnings per Share'	Rs. 14.62*
(l) Where the company has calculated the employee compensation cost using the intrinsic value of the Stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options, shall be disclosed. The impact of this difference on profits and on EPS of the company shall also be disclosed.	The Company has calculated the employee compensation cost using the intrinsic value of stock options granted under Employees Stock Option Scheme – 2005 and Employees Stock Option Scheme – 2010. Had the fair value method been used, in respect of stock options granted, the employee compensation cost would have been lower by Rs. 68.37 lacs, profit after tax higher by Rs. 68.37 lacs and the basic and diluted earnings per share would have been higher by Re. 0.01 and Re. 0.02 respectively.

(m) Weighted-average exercise prices and weighted-average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock

Grant date	Exercise price (Rs.)	Fair value (Rs.)
21 st October, 2014	2.00	267.23

(n) A description of the method and significant assumptions used during the year to estimate the fair value of options, including the following weighted average information:
Employee Stock Option Scheme 2010:
The Fair value of stock options granted on 21st October, 2014 have been calculated using Black-Scholes Options pricing formula and the significant assumptions made in this regard are as follows:

Sr. No. Particulars	Grant date: 21 st October, 2014
(i) risk-free interest rate,	8.50%
(ii) expected life	3.25 years
(iii) expected volatility	38.83%
(iv) expected dividends	1.35%
(v) The price of the underlying share in market at the time of option grant	Rs. 280.80

* Refer Note No. "28(h)" under Notes to the Standalone Financial Statement in the Annual Report.

(i) Statement (1) attached to Annexure I to the Directors' Report for the Financial Year ended 31st March, 2015.

Names of Directors and Senior Managerial Persons to whom Stock Options have been granted	Employees Stock Option Scheme 2005	Employees Stock Option Scheme 2010		
	Options Granted in September, 2008	Options Granted in February, 2011	Options Granted in October, 2013	Options Granted in October, 2014
Mr. Bharat N. Doshi	70,255	Nil	Nil	Nil
Mr. Uday Y. Phadke	70,255	1,67,390	Nil	Nil
Dr. Pawan Goenka *	17,565	Nil	Nil	Nil
Ms. Rama Bijapurkar	50,000	Nil	Nil	Nil
Mr. Ramesh Iyer	1,21,830	2,00,140	Nil	1,62,173
Mr. V. Ravi	69,160	77,815	Nil	61,319
Mr. Vinay Deshpande#	5,000	Nil	35,070	26,115
Mr. Rajesh Vasudevan	23,370	21,860	Nil	29,234
Mr. Dinesh Prajapati	27,365	26,985	Nil	36,887
Mr. Suresh Shanmugam	20,550	19,360	Nil	20,419
Mr. H. S. Kamath	17,500	17,115	Nil	20,285
Mr. Rajnish Agarwal	9,005	16,930	Nil	29,947
Mr. R. Balaji	27,040	25,830	Nil	31,438

* ceased to be a Director with effect from 24th July, 2014

transferred on the payrolls of the Company with effect from 1st October, 2014.

(ii) Statement (2) attached to Annexure I to the Directors' Report for the Financial Year ended 31st March, 2015

Names of other employees who have received grants in any one year of options amounting to 5% or more of the options granted during that year	No. of options granted
Employees Stock Option Scheme 2005 -	
Nil	Nil
Employees Stock Option Scheme 2010 -	
(a) Options granted during the year ended 31 st March, 2011	
Mr. Anuj Mehra	67,540
(b) Options granted during the year ended 31 st March, 2014	
Mr. Vinay Deshpande	35,070
Mr. Muffaddal Dohadwala	8,510
Mr. Charandeep Singh Chawla	6,145
Mr. Nicholes Antony L.	6,205

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

Annual Report on Corporate Social Responsibility Activities as prescribed under Section 135 of the Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Rules, 2014

1. A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs:

CSR Policy

At Mahindra & Mahindra Financial Services Limited (MMFSL or 'the Company') we sincerely believe that the actions of the organization and its community are highly inter-dependent. Both on its own and as part of the Mahindra Group, through constant and collaborative interactions with our external stakeholders, MMFSL strives to become an asset in the communities where it operates. As part of our Corporate Social Responsibility (CSR), we actively implement projects and initiatives for the betterment of society, communities and the environment.

The Company has already constituted a Corporate Social Responsibility Committee on 15th March, 2013 and has aligned its CSR Policy in accordance with the Companies Act, 2013 ('the Act') read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 to make it compliant with the provisions of the Act and the Rules and to undertake the admissible CSR activities notified by the Ministry of Corporate Affairs in Schedule VII to the Act.

The CSR Policy and details of the projects undertaken by the Company are available at the link <http://www.mahindrafinance.com/csr.aspx>.

2. **The Composition of the CSR Committee:** Mr. Bharat Doshi (Chairman), Mr. Piyush Mankad, Mr. Uday Y. Phadke and Mr. Ramesh Iyer.
3. **Average net profit of the Company for last three financial years:** Rs. 1,24,309.14 Lacs
4. **Prescribed CSR Expenditure (two per cent of the amount as in item 3 above):** Rs. 2,486.18 Lacs
5. **Details of CSR spent during the financial year.**
 - (a) Total amount spent for the financial year;: Rs. 2,487.63 Lacs
 - (b) Amount unspent, if any;: NIL
 - (c) Manner in which the amount spent during the financial year is detailed below:

Statement of CSR activities and expenditure in the Financial Year 2014-15

Rs. in Lacs

(1) Sr. No.	(2) CSR Project or Activity identified	(3) Sector in which the Project is covered [Refer Note]	(4) Projects or programs 1) Local Area or other 2) Specify the state or district where projects or programs were undertaken	(5) Amount outlay (Budget) projects or programs wise	(6) Amount spent on the project or programs		(7) Cumulative expenditure upto the reporting period	(8) Amount spent: Directly or Through Implementing Agency*
					Direct expenditure on programs or projects	Overheads		
1	Supporting the PM's clean India campaign by building toilets for girls under the Swachh Bharat Swachh Vidyalaya Program	(i)	Assam, Bihar Chattishgarh, Gujarat, Haryana, Jharkhand, Karnataka, Manipur, Meghalaya, Rajasthan, Telangana, Uttar Pradesh, Andhra Pradesh	465.00	465.00	0.00	465.00	Mahindra Foundation

Statement of CSR activities and expenditure in the Financial Year 2014-15

Rs. in Lacs

(1) Sr. No.	(2) CSR Project or Activity identified	(3) Sector in which the Project is covered [Refer Note]	(4) Projects or programs 1) Local Area or other 2) Specify the state or district where projects or programs were undertaken	(5) Amount outlay (Budget) projects or programs wise	(6) Amount spent on the project or programs		(7) Cumulative expenditure upto the reporting period	(8) Amount spent: Directly or Through Implementing Agency*
					Direct expenditure on programs or projects	Overheads		
2	Organizing Blood Donation, General Health Camps, Blanket Donation, Eye Checkup camps, Medical Aid	(i)	Jodhpur, Muzaffarpur, Lucknow, Delhi, Ranchi, Satna, Raipur, Pune, Nagpur, Mumbai, Dehradun, Chennai, Patna, Jammu, Coimbatore	25.86	25.86	0.00	25.86	Self Implemented, Dharmistha Mithran, Rasika Ranjani Sabha, Swargsth Vidhyagouri Sumanlal Shah Trust, Indian Development Foundation, Sri Kanchi Kamakoti Medical Trust, Think Foundation, Sri Shanmukhananda Fine Arts & Sangeetha Sabha, Shree Hariharaputra Bhajan Samaj
3	Promoting access to healthcare for marginalized populations by helping provide ambulance services to them	(i)	Azamgarh, Hissar, Talasari, Vadodara, Kolkatta, Chennai & Kottayam	73.64	73.64	0.00	73.64	Maharashtra Dayanand Society, Haryana Bharat Vikas Foundation, Liver Foundation, The Voluntary Health Services, Sevabharathi Kottayam, Christian Hospital Sewa Sansthan, Bhasha Research And Publication Centre
4	Lifeline Express, Hospital on wheels offers health care service/treatments: Cataract, Ear, Dental, Cleft Lips and Epilepsy	(i)	Motihari, Bihar	84.29	84.29	0.00	84.29	Impact India Foundation
5	Social Impact Assessment study of Lifeline Express conducted at Karad, Maharashtra	(i)	Mumbai	5.34	5.34	0.00	5.34	Tata Institute of Social Sciences
6	Mahindra Pride School: Provides socially & economically disadvantaged youth 3 months intensive training in ITES, Retail and Hospitality to enable them to seek lucrative jobs	(ii)	Pune, Chennai & Patna	450.00	450.00	0.00	450.00	K.C. Mahindra Education Trust

Statement of CSR activities and expenditure in the Financial Year 2014-15

Rs. in Lacs

(1)	(2)	(3)	(4)	(5)	(6)		(7)	(8)
Sr. No.	CSR Project or Activity identified	Sector in which the Project is covered [Refer Note]	Projects or programs 1) Local Area or other 2) Specify the state or district where projects or programs were undertaken	Amount outlay (Budget) projects or programs wise	Amount spent on the project or programs		Cumulative expenditure upto the reporting period	Amount spent: Directly or Through Implementing Agency*
					Direct expenditure on programs or projects	Overheads		
7	Nanhi Kali: Supporting education of marginalized girls through project Nanhi Kali	(ii)	Mumbai	264.60	264.60	0.00	264.60	K.C. Mahindra Education Trust
8	Educational support to schools and under privileged students	(ii)	Hyderabad, Muzzafarpur, Ranchi, Dehradun, Kolkatta, Mumbai, Bangalore, Mandavi, Kutch, Pune	71.69	71.69	0.00	71.69	Self Implemented, Sri Sathya Sai Books & Publication Trust Maharashtra, Fine Arts Society, Sree Narayana Mandira Samiti, Namasankeerthana, S. M. P. Namsankirtan, Prasanna Trust, Think Foundation, Don Bosco Society, Saraswatam, K. C. Mahindra Education Trust, Naandi Foundation, Indian Cultural Foundation
9	Mahindra Namaste Scholarship to economically disadvantaged youth to study at Mahindra Namaste Pvt. Ltd	(ii)	Hyderabad, Chennai & Pune	108.00	108.00	0.00	108.00	K.C. Mahindra Education Trust
10	Mahindra Education Initiatives (MEI): MEI aims to fulfill the needs of aspirants seeking quality higher studies in engineering with a global focus and industry alignment	(ii)	Hyderabad	160.00	160.00	0.00	160.00	Tech Mahindra Foundation
11	Promoting financial literacy among school students by providing them Financial Literacy Kits	(ii)	Uttar Pradesh (Lucknow, Allahabad, Faizabad), Jharkhand (Ranchi), Bihar (Patna, Muzaffarpur), Delhi	32.05	32.05	0.00	32.05	Self Implemented
12	Vocational Training for Unemployed youth to make them employable	(ii)	Chennai & Coimbatore	26.98	26.98	0.00	26.98	Sambhav Foundation

Statement of CSR activities and expenditure in the Financial Year 2014-15

Rs. in Lacs

(1) Sr. No.	(2) CSR Project or Activity identified	(3) Sector in which the Project is covered [Refer Note]	(4) Projects or programs 1) Local Area or other 2) Specify the state or district where projects or programs were undertaken	(5) Amount outlay (Budget) projects or programs wise	(6) Amount spent on the project or programs		(7) Cumulative expenditure upto the reporting period	(8) Amount spent: Directly or Through Implementing Agency*
					Direct expenditure on programs or projects	Overheads		
13	Scholarship for Graduate & Undergraduate needy students	(ii)	Jammu, Srinagar, Dehradun, Raipur, Patna, Ahmednagar, Pune, Solapur, Kolhapur, Nasik, Wardha, Gadchiroli, Chandrapur, Thane, Rajkot, Vadodara, Surat, Gandhinagar, Kottayam, Kurnool, Calicut, Bangalore, Hyderabad, Cochin, Udaipur, Jabalpur, Shimla, Delhi	300.00	300.00	0.00	300.00	K.C. Mahindra Education Trust
14	Supporting old age homes and orphanages	(ii)	Hissar, Vijaywada, Haridwar, Agra, Jammu, Faizabad, Delhi, Trichy, Mangalore, Muzzafarpur, Chennai, Trivandrum, Jodhpur, Jabalpur, Kolkata, Cochin	8.14	8.14	0.00	8.14	Self Implemented
15	Tree Plantation drives and other environmental initiatives like Solar Street Light installation & supporting Tiger conservation project	(iv)	Kurnool, Agra, Begusarai, Muzzafarpur, Delhi, Faizabad, Trivandrum, Gurgaon, Haridwar, Jabalpur, Jhansi, Gwalior, Dehradun, Calicut, Allahabad, Bangalore, Hyderabad, Bhubaneswar, Hazaribagh, Aurangabad, Lucknow, Rishikesh, Ranchi, Mangalore, Mumbai, Chennai	39.59	39.59	0.00	39.59	Self Implemented, Tiger Conservation & Research Centre, Mahindra Foundation
16	Supporting social enterprises working to address problems in rural India through DST certified Incubation Centers	(ix)	Chennai, Ahmedabad	48.00	48.00	0.00	48.00	Villgro Innovation Foundation, CIIE (Centre For Innovation And Entrepreneurship)

Statement of CSR activities and expenditure in the Financial Year 2014-15

Rs. in Lacs

(1)	(2)	(3)	(4)	(5)	(6)		(7)	(8)
Sr. No.	CSR Project or Activity identified	Sector in which the Project is covered [Refer Note]	Projects or programs 1) Local Area or other 2) Specify the state or district where projects or programs were undertaken	Amount outlay (Budget) projects or programs wise	Amount spent on the project or programs		Cumulative expenditure upto the reporting period	Amount spent: Directly or Through Implementing Agency*
					Direct expenditure on programs or projects	Overheads		
17	Project Amchi: Gender Equality and Rural Development with focus on community empowerment	(x)	Shahapur, Maharashtra	26.62	26.62	0.00	26.62	Population First
18	Improving Agribased livelihoods of farmers	(x)	Wardha, Maharashtra	280.00	280.00	0.00	280.00	Mahindra Foundation
19	CSR Admin Expenses	Overheads	Mumbai, Bangalore	17.83	0.00	17.83	17.83	Overheads
Total				2,487.63	2,469.80	17.83	2,487.63	

Note:

- (i) eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation including contribution to the Swach Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water.
 - (ii) promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects.
 - (iii) promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups.
 - (iv) ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water including contribution to the Clean Ganga Fund setup by the Central Government for rejuvenation of river Ganga.
 - (ix) contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government.
 - (x) rural development projects.
6. **In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board report: Not Applicable**
7. **The CSR Committee of the Company hereby confirms that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.**

For Mahindra & Mahindra Financial Services Limited

Ramesh Iyer
Managing Director

For and on behalf of the Corporate Social Responsibility Committee of Mahindra & Mahindra Financial Services Limited

Bharat Doshi
Chairman
Corporate Social Responsibility Committee

Mumbai, 23rd April, 2015

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

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31st March, 2015

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

I. REGISTRATION AND OTHER DETAILS:

CIN	L65921MH1991PLC059642
Registration Date	01/01/1991
Name of the Company	Mahindra & Mahindra Financial Services Limited
Category/Sub-Category of the Company	Public Company Limited by Shares
Address of the Registered Office and contact details	Gateway Building, Apollo Bunder, Mumbai - 400 001. Tel.: +91 22 2289 5500; Fax: +91 22 2287 5485 email: investorhelpline_mmfs@mahindra.com website: www.mahindrafinance.com
Whether listed company	Yes
Name, Address and Contact details of Registrar and Transfer Agent, if any	Karvy Computershare Private Limited Unit: Mahindra & Mahindra Financial Services Limited Karvy Selenium Tower B, Plot No 31 & 32 Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032 Email: einward.ris@karvy.com Tel.: 040-6716 2222 Fax: 040-2300 1153 Toll Free No.: 1800 345 4001

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sr. No.	Name and Description of Main Product/Services	NIC Code of the Product/Service	% to total turnover of the Company
1	Asset Financing	64990	90.44%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1.	Mahindra & Mahindra Limited	L65990MH1945PLC004558	Holding Company	51.20%	Section 2(46)
2.	Mahindra Insurance Brokers Limited	U65990MH1987PLC042609	Subsidiary Company	85.00%	Section 2(87)
3.	Mahindra Rural Housing Finance Limited	U65922MH2007PLC169791	Subsidiary Company	87.50%	Section 2(87)
4.	Mahindra Business & Consulting Services Private Limited*	U72200MH2008PTC186789	Subsidiary Company	100.00%	Section 2(87)

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
5.	Mahindra Asset Management Company Private Limited	U65900MH2013PTC244758	Subsidiary Company	100.00%	Section 2(87)
6.	Mahindra Trustee Company Private Limited	U67100MH2013PTC245464	Subsidiary Company	100.00%	Section 2(87)
7.	Mahindra Finance USA LLC	–	Associate Company	49.00%	Section 2(6)

* Amalgamated with the Company from 1st April, 2014, being the Appointed Date. The Scheme of Amalgamation has been made effective from 18th April, 2015, by filing the certified copy of the Order with the Registrar of Companies, Maharashtra, Mumbai.

IV. SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)

i. Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year (As on 1 st April, 2014)				No. of Shares held at the end of the year (As on 31 st March, 2015)				% Change during the year	
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares		
A. Promoters										
1. Indian										
a. Individual/HUF	0	0	0	0.00	0	0	0	0.00	0.00	0.00
b. Central Govt	0	0	0	0.00	0	0	0	0.00	0.00	0.00
c. State Govt (s)	0	0	0	0.00	0	0	0	0.00	0.00	0.00
d. Bodies Corporate	29,12,07,660	0	29,12,07,660	51.20	29,12,07,660	0	29,12,07,660	51.20	0.00	0.00
e. Banks/FI	0	0	0	0.00	0	0	0	0.00	0.00	0.00
f. Any Other (MMFSL ESOP Trust)	52,39,841	0	52,39,841	0.92	46,24,289	0	46,24,289	0.81	- 0.11	- 0.11
Sub-total (A)(1)	29,64,47,501	0	29,64,47,501	52.12	29,58,31,949	0	29,58,31,949	52.01	- 0.11	- 0.11
2. Foreign										
a. NRI-Individuals	0	0	0	0.00	0	0	0	0.00	0.00	0.00
b. Other – Individuals	0	0	0	0.00	0	0	0	0.00	0.00	0.00
c. Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00	0.00
d. Bank/FI	0	0	0	0.00	0	0	0	0.00	0.00	0.00
e. Any Others	0	0	0	0.00	0	0	0	0.00	0.00	0.00
Sub-total (A)(2)	0	0	0	0.00	0	0	0	0.00	0.00	0.00
Total shareholding of Promoter (A)=(A)(1) + (A)(2)	29,64,47,501	0	29,64,47,501	52.12	29,58,31,949	0	29,58,31,949	52.01	- 0.11	- 0.11
B. Public Shareholding										
1. Institutions										
a. Mutual Funds	53,46,917	0	53,46,917	0.94	1,66,12,539	0	1,66,12,539	2.92	1.98	1.98

Category of Shareholders	No. of Shares held at the beginning of the year (As on 1 st April, 2014)				No. of Shares held at the end of the year (As on 31 st March, 2015)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
b. Banks/Fl	1,43,810	0	1,43,810	0.03	24,34,325	0	24,34,325	0.43	0.40
c. Central Govt.	0	0	0	0.00	0	0	0	0.00	0.00
d. State Govt(s)	0	0	0	0.00	0	0	0	0.00	0.00
e. Venture Capital Funds	18,55,000	0	18,55,000	0.33	18,55,000	0	18,55,000	0.33	0.00
f. Insurance Companies	3,26,066	0	3,26,066	0.06	18,00,208	0	18,00,208	0.31	0.25
g. Flls	23,53,88,096	0	23,53,88,096	41.39	21,69,75,286	0	21,69,75,286	38.15	- 3.24
h. Foreign Venture Capital Fund	0	0	0	0.00	0	0	0	0.00	0.00
i. Others (specify)	0	0	0	0.00	0	0	0	0.00	0.00
Sub-Total (B)(1)	24,30,59,889	0	24,30,59,889	42.73	23,96,77,358	0	23,96,77,358	42.14	- 0.59
2. Non-Institution									
a. Bodies Corporate									
i. Indian	40,07,225	4,22,490	44,29,715	0.78	60,46,964	4,22,490	64,69,454	1.14	0.36
ii. Overseas	0	0	0	0.00	0	0	0	0.00	0.00
b. Individuals									
i. Individual shareholders holding nominal share capital upto Rs. 1 lakh	1,50,13,840	6,88,515	1,57,02,355	2.76	1,62,84,532	5,82,545	1,68,67,077	2.97	0.21
ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	57,10,382	6,18,115	63,28,497	1.11	63,30,508	6,18,115	69,48,623	1.22	0.11
c. Others (specify)									
Clearing Members	14,19,519	0	14,19,519	0.25	12,96,242	0	12,96,242	0.23	- 0.02
Non Resident Indians	13,43,750	0	13,43,750	0.24	8,11,546	0	8,11,546	0.14	- 0.10
Trusts	33,734	0	33,734	0.01	8,62,711	0	8,62,711	0.15	0.14
d. Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
Sub-total (B)(2)	2,75,28,450	17,29,120	2,92,57,570	5.14	3,16,32,503	16,23,150	3,32,55,653	5.85	0.71
Total Public Shareholding (B)=(B)(1) + (B)(2)	27,05,88,339	17,29,120	27,23,17,459	47.88	27,13,09,861	16,23,150	27,29,33,011	47.99	0.11
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0.00	0	0	0	0.00	0.00
Grand Total (A+B+C)	56,70,35,840	17,29,120	56,87,64,960	100.00	56,71,41,810	16,23,150	56,87,64,960	100.00	0.00

ii. Shareholding of Promoters:

Sr. No.	Shareholder's Name	No. of Shares held at the beginning of the year (As on 1 st April, 2014)			No. of Shares held at the end of the year (As on 31 st March, 2015)			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	
1.	Mahindra & Mahindra Limited	29,12,07,660	51.20	0	29,12,07,660	51.20	0	0.00
2.	Mahindra & Mahindra Financial Services Limited Employees' Stock Option Trust	52,39,841	0.92	0	46,24,289	0.81	0	-0.11
	Total	29,64,47,501	52.12	0	29,58,31,949	52.01	0	-0.11

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

Sl. No.		Shareholding at the beginning of the year (As on 1 st April, 2014)		Cumulative Shareholding during the Year (from 1 st April, 2014 to 31 st March, 2015)	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Mahindra & Mahindra Limited				
	At the beginning of the year	29,12,07,660	51.20	29,12,07,660	51.20
	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):	-	-	-	-
	At the end of the year	29,12,07,660	51.20	29,12,07,660	51.20
2.	Mahindra & Mahindra Financial Services Limited Employees' Stock Option Trust				
	At the beginning of the year	52,39,841	0.92	52,39,841	0.92
	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.)*	-6,15,552	-0.11	46,24,289	0.81
	At the End of the year	46,24,289	0.81	46,24,289	0.81

Note: 1) There is no change in the total shareholding of the promoter viz Mahindra & Mahindra Limited from 1st April, 2014 to 31st March, 2015.

2) *The decrease in total shares held by the Trust from 52,39,841 shares to 46,24,289 shares is due to ESOP allotment of 6,15,552 shares during the year.

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

Sl. No.	For Each of the Top 10 Shareholders	Shareholding		Date@	Increase/Decrease in Shareholding	Reason	Cumulative Shareholding during the year	
		No. of shares at the beginning of the year (01/04/2014)/end of the year (31/03/2015)	% of total shares of the Company				No. of shares	% of total shares of the Company
1.	Cartica Capital Ltd *	3,87,93,214	6.82	01-04-2014		Market Purchase & Sale	3,87,93,214	6.82
				04-04-2014	15,43,456		4,03,36,670	7.09
				11-04-2014	10,01,137		4,13,37,807	7.27
				18-04-2014	5,98,680		4,19,36,487	7.37
				25-04-2014	40,985		4,19,77,472	7.38
				02-05-2014	1,31,795		4,21,09,267	7.40
				09-05-2014	11,50,000		4,32,59,267	7.61
				16-05-2014	4,24,464		4,36,83,731	7.68
				08-08-2014	4,71,991		4,41,55,722	7.76
				15-08-2014	4,85,025		4,46,40,747	7.85
				09-01-2015	-8,68,421		4,37,72,326	7.70
				16-01-2015	-42,65,712		3,95,06,614	6.95
				23-01-2015	-44,74,299		3,50,32,315	6.16
				30-01-2015	-47,96,271		3,02,36,044	5.32
				06-02-2015	-20,00,000		2,82,36,044	4.96
				27-02-2015	-21,42,932		2,60,93,112	4.59
				06-03-2015	-1,29,50,000		1,31,43,112	2.31
				13-03-2015	-40,76,396		90,66,716	1.59
				20-03-2015	-73,11,892		17,54,824	0.31
				27-03-2015	-17,54,824		0	0.00
		0	0.00	31-03-2015		0	0.00	
2.	Government of Singapore	93,43,436	1.64	01-04-2014		Market Purchase & Sale	93,43,436	1.64
				04-04-2014	1,38,528		94,81,964	1.67
				11-04-2014	-88,932		93,93,032	1.65
				02-05-2014	-91,726		93,01,306	1.64
				30-05-2014	-73,019		92,28,287	1.62
				06-06-2014	23,197		92,51,484	1.63
				20-06-2014	-13,825		92,37,659	1.62
				30-06-2014	-28,486		92,09,173	1.62
				04-07-2014	-10,009		91,99,164	1.62
				11-07-2014	-2,753		91,96,411	1.62
				18-07-2014	-1,05,888		90,90,523	1.60
				01-08-2014	-1,33,662		89,56,861	1.57
				08-08-2014	-4,04,547		85,52,314	1.50
				15-08-2014	-4,68,793		80,83,521	1.42
				29-08-2014	-2,01,589		78,81,932	1.39
		05-09-2014	-3,79,531	75,02,401	1.32			

Sl. No.	For Each of the Top 10 Shareholders	Shareholding		Date@	Increase/Decrease in Shareholding	Reason	Cumulative Shareholding during the year	
		No. of shares at the beginning of the year (01/04/2014)/end of the year (31/03/2015)	% of total shares of the Company				No. of shares	% of total shares of the Company
				12-09-2014	2,784		75,05,185	1.32
				03-10-2014	19,720		75,24,905	1.32
				10-10-2014	-83,871		74,41,034	1.31
				17-10-2014	-2,875		74,38,159	1.31
				24-10-2014	-1,40,923		72,97,236	1.28
				31-10-2014	3,06,152		76,03,388	1.34
				07-11-2014	1,20,800		77,24,188	1.36
				14-11-2014	-3,85,299		73,38,889	1.29
				21-11-2014	-8,03,216		65,35,673	1.15
				28-11-2014	-87,642		64,48,031	1.13
				05-12-2014	-19,469		64,28,562	1.13
				12-12-2014	9,128		64,37,690	1.13
				19-12-2014	-4,362		64,33,328	1.13
				31-12-2014	-24,950		64,08,378	1.13
				16-01-2015	-1,77,301		62,31,077	1.10
				23-01-2015	-75,023		61,56,054	1.08
				30-01-2015	-86,391		60,69,663	1.07
				13-02-2015	78,732		61,48,395	1.08
				20-02-2015	-3,703		61,44,692	1.08
				06-03-2015	4,738		61,49,430	1.08
				13-03-2015	-3,57,509		57,91,921	1.02
				20-03-2015	-1,78,755		56,13,166	0.99
				27-03-2015	-4,73,072		51,40,094	0.90
		51,40,094	0.90	31-03-2015			51,40,094	0.90
3.	JP Morgan Sicav Investment Company (Mauritius) Limited	75,90,056	1.33	01-04-2014			75,90,056	1.33
				13-06-2014	-3,19,779		72,70,277	1.28
				20-06-2014	-4,21,277		68,49,000	1.20
				30-06-2014	-3,89,871		64,59,129	1.14
				18-07-2014	-1,80,424		62,78,705	1.10
				08-08-2014	-2,42,012		60,36,693	1.06
				30-09-2014	1,20,000		61,56,693	1.08
				09-01-2015	57,140		62,13,833	1.09
				27-02-2015	1,52,090		63,65,923	1.12
		63,65,923	1.12	31-03-2015			63,65,923	1.12

Sl. No.	For Each of the Top 10 Shareholders	Shareholding		Date@	Increase/Decrease in Shareholding	Reason	Cumulative Shareholding during the year	
		No. of shares at the beginning of the year (01/04/2014)/end of the year (31/03/2015)	% of total shares of the Company				No. of shares	% of total shares of the Company
4.	JP Morgan Funds - Emerging Markets Equity Fund*	69,71,200	1.23	01-04-2014		Market Sale	69,71,200	1.23
				17-10-2014	-2,00,600		67,70,600	1.19
				21-11-2014	-1,42,376		66,28,224	1.17
				28-11-2014	-60,764		65,67,460	1.15
				19-12-2014	-18,09,300		47,58,160	0.84
				23-01-2015	-26,79,914		20,78,246	0.37
				30-01-2015	-14,83,659		5,94,587	0.10
				06-02-2015	-5,94,587		0	0.00
				31-03-2015			0	0.00
5.	Morgan Stanley Asia (Singapore) Pte.*	68,33,200	1.20	01-04-2014		Market Sale and Purchase	68,33,200	1.20
				04-04-2014	-6,41,946		61,91,254	1.09
				11-04-2014	-21,845		61,69,409	1.08
				02-05-2014	-4,59,187		57,10,222	1.00
				09-05-2014	-1,82,596		55,27,626	0.97
				16-05-2014	-1,23,066		54,04,560	0.95
				23-05-2014	-6,20,140		47,84,420	0.84
				30-05-2014	9,46,418		57,30,838	1.01
				06-06-2014	-10,58,000		46,72,838	0.82
				13-06-2014	7,27,125		53,99,963	0.95
				30-06-2014	-1,47,817		52,52,146	0.92
				04-07-2014	-53,385		51,98,761	0.91
				11-07-2014	-10,41,258		41,57,503	0.73
				18-07-2014	-6,26,420		35,31,083	0.62
				25-07-2014	9,000		35,40,083	0.62
				01-08-2014	2,31,895		37,71,978	0.66
				22-08-2014	225		37,72,203	0.66
				12-09-2014	2,83,000		40,55,203	0.71
				19-09-2014	-4,02,993		36,52,210	0.64
				30-09-2014	76,395		37,28,605	0.66
				03-10-2014	-22,425		37,06,180	0.65
				10-10-2014	-4,40,221		32,65,959	0.57
				17-10-2014	-1,31,840		31,34,119	0.55
				24-10-2014	-15,95,521		15,38,598	0.27
				31-10-2014	-1,31,897		14,06,701	0.25
				07-11-2014	1,00,403		15,07,104	0.26
				14-11-2014	3,50,985		18,58,089	0.33
				21-11-2014	23,15,469		41,73,558	0.73
				28-11-2014	8,00,043		49,73,601	0.87
				05-12-2014	23,280		49,96,881	0.88
		19-12-2014	-49,96,881	0	0.00			
		31-03-2015		0	0.00			

Sl. No.	For Each of the Top 10 Shareholders	Shareholding		Date@	Increase/Decrease in Shareholding	Reason	Cumulative Shareholding during the year	
		No. of shares at the beginning of the year (01/04/2014)/end of the year (31/03/2015)	% of total shares of the Company				No. of shares	% of total shares of the Company
6.	Credit Suisse (Singapore) Limited*	68,15,021	1.20	01-04-2014		Market Sale and Purchase	68,15,021	1.20
				04-04-2014	-3,52,985		64,62,036	1.14
				11-04-2014	-10,74,396		53,87,640	0.95
				18-04-2014	29,945		54,17,585	0.95
				25-04-2014	-32,40,220		21,77,365	0.38
				02-05-2014	8,25,000		30,02,365	0.53
				09-05-2014	3,98,372		34,00,737	0.60
				23-05-2014	12,824		34,13,561	0.60
				30-05-2014	-61,517		33,52,044	0.59
				06-06-2014	92,744		34,44,788	0.61
				11-07-2014	30,811		34,75,599	0.61
				01-08-2014	-1,04,829		33,70,770	0.59
				05-09-2014	-1,46,000		32,24,770	0.57
				12-09-2014	672		32,25,442	0.57
				30-09-2014	1,45,298		33,70,740	0.59
				03-10-2014	-64,587		33,06,153	0.58
				10-10-2014	-3,25,383		29,80,770	0.52
				31-10-2014	-2,10,000		27,70,770	0.49
				14-11-2014	6,19,050		33,89,820	0.60
				21-11-2014	1,33,000		35,22,820	0.62
				31-12-2014	-1,44,058		33,78,762	0.59
				02-01-2015	-1,29,795		32,48,967	0.57
				09-01-2015	-30,000		32,18,967	0.57
				16-01-2015	21,104		32,40,071	0.57
		30-01-2015	-39,935	32,00,136	0.56			
		06-02-2015	-11,226	31,88,910	0.56			
		13-02-2015	-1,08,000	30,80,910	0.54			
		20-02-2015	-59,610	30,21,300	0.53			
		27-02-2015	-2,40,000	27,81,300	0.49			
		20-03-2015	-1,11,000	26,70,300	0.47			
		27-03-2015	-4,91,976	21,78,324	0.38			
		21,18,324	0.37	31-03-2015		21,18,324	0.37	
7.	TIAA-CREF Institutional Mutual Funds- International Equity Fund*	63,16,004	1.11	01-04-2014		Market Sale	63,16,004	1.11
				25-04-2014	-23,11,445		40,04,559	0.70
				16-05-2014	-36,42,901		3,61,658	0.06
				23-05-2014	-3,61,658		0	0.00
		0	0.00	31-03-2015			0	0.00

Sl. No.	For Each of the Top 10 Shareholders	Shareholding		Date@	Increase/Decrease in Shareholding	Reason	Cumulative Shareholding during the year	
		No. of shares at the beginning of the year (01/04/2014)/end of the year (31/03/2015)	% of total shares of the Company				No. of shares	% of total shares of the Company
8.	JP Morgan India Fund	61,22,045	1.08	01-04-2014		Market Sale and Purchase	61,22,045	1.08
				23-05-2014	-4,30,000		56,92,045	1.00
				30-05-2014	-2,15,000		54,77,045	0.96
				13-06-2014	-3,61,100		51,15,945	0.90
				20-06-2014	-3,08,458		48,07,487	0.85
				30-06-2014	-1,83,609		46,23,878	0.81
				18-07-2014	-1,50,000		44,73,878	0.79
				30-09-2014	-1,22,501		43,51,377	0.77
				27-03-2015	1,72,632		45,24,009	0.80
				45,24,009	0.80		31-03-2015	
9.	Equinox Partners LP*	54,59,091	0.96	01-04-2014		Market Sale	54,59,091	0.96
				01-08-2014	-37,80,000		16,79,091	0.30
				08-08-2014	-16,79,091		0	0.00
		0	0.00	31-03-2015			0	0.00
10.	Bank Muscat S A O G A/C Bank Muscat India Fund	53,80,135	0.95	01-04-2014	0	No Change in the Shareholding during the year	53,80,135	0.95
		53,80,135	0.95	31-03-2015			53,80,135	0.95
11.	Vanguard Emerging Markets Stock Index Fund, A series of Vanguard International Equity Index Fund#	48,00,335	0.84	01-04-2014		Market Sale	48,00,335	0.84
		47,97,860	0.84	31-03-2015	-2475		47,97,860	0.84
12.	Franklin Templeton Investment Funds#	20,04,516	0.35	01-04-2014		Market Purchase and Sale	20,04,516	0.35
				25-04-2014	17,00,000		37,04,516	0.65
				20-06-2014	5,588		37,10,104	0.65
				04-07-2014	17,291		37,27,395	0.66
				11-07-2014	-24,183		37,03,212	0.65
				22-08-2014	-662		37,02,550	0.65
				05-09-2014	12,61,093		49,63,643	0.87
				12-09-2014	28,278		49,91,921	0.88
				03-10-2014	5,074		49,96,995	0.88
				05-12-2014	3,16,800		53,13,795	0.93
				12-12-2014	4,59,000		57,72,795	1.01

Sl. No.	For Each of the Top 10 Shareholders	Shareholding		Date@	Increase/Decrease in Shareholding	Reason	Cumulative Shareholding during the year	
		No. of shares at the beginning of the year (01/04/2014)/end of the year (31/03/2015)	% of total shares of the Company				No. of shares	% of total shares of the Company
				19-12-2014	5,49,200		63,21,995	1.11
				16-01-2015	6,50,000		69,71,995	1.23
				23-01-2015	36,00,000		1,05,71,995	1.86
				06-03-2015	14,50,000		1,20,21,995	2.11
				13-03-2015	5,50,000		1,25,71,995	2.21
				27-03-2015	11,38,222		1,37,10,217	2.41
		1,47,71,995	2.60	31-03-2015	10,61,778		1,47,71,995	2.60
13.	Stichting Pensioenfonds ABP #	74,799	0.01	01-04-2014			74,799	0.01
				01-08-2014	14,58,000		15,32,799	0.27
				15-08-2014	6,34,000		21,66,799	0.38
				22-08-2014	8,35,000		30,01,799	0.53
				29-08-2014	4,19,175		34,20,974	0.60
				05-09-2014	5,30,825	Market Purchase	39,51,799	0.69
				12-09-2014	2,00,000		41,51,799	0.73
				19-09-2014	2,50,000		44,01,799	0.77
				30-09-2014	3,25,000		47,26,799	0.83
		47,26,799	0.83	31-03-2015			47,26,799	0.83
14.	FIL Investments (Mauritius) Limited #	0	0.00	01-04-2014			0	0.00
				05-09-2014	8,55,621		8,55,621	0.15
				12-09-2014	5,15,621		13,71,242	0.24
				19-09-2014	1,05,803		14,77,045	0.26
				30-09-2014	3,35,105		18,12,150	0.32
				03-10-2014	4,588		18,16,738	0.32
				10-10-2014	6,510		18,23,248	0.32
				24-10-2014	7,15,546	Market Purchase	25,38,794	0.45
				31-10-2014	15,129		25,53,923	0.45
				23-01-2015	8,34,920		33,88,843	0.60
				30-01-2015	8,69,750		42,58,593	0.75
				06-02-2015	8,73,888		51,32,481	0.90
				13-02-2015	91,135		52,23,616	0.92
		52,23,616	0.92	31-03-2015			52,23,616	0.92
15.	Fidelity Funds Emerging Markets Fund#	0	0.00	01-04-2014		Market Purchase and Sale	0	0.00
				12-09-2014	4,13,880		4,13,880	0.07
				19-09-2014	4,53,716		8,67,596	0.15
				30-09-2014	27,12,327		35,79,923	0.63
				03-10-2014	3,75,355		37,44,740	0.66
				10-10-2014	4,17,916		41,20,095	0.72
				17-10-2014	6,99,805		45,38,011	0.80

Sl. No.	For Each of the Top 10 Shareholders	Shareholding		Date@	Increase/Decrease in Shareholding	Reason	Cumulative Shareholding during the year	
		No. of shares at the beginning of the year (01/04/2014)/end of the year (31/03/2015)	% of total shares of the Company				No. of shares	% of total shares of the Company
				24-10-2014	18,819		52,37,816	0.92
				31-10-2014	1,87,824		52,56,635	0.92
				07-11-2014	4,30,430		54,44,459	0.96
				14-11-2014	4,13,880		58,74,889	1.03
				21-11-2014	-6,84,244		51,90,645	0.91
				28-11-2014	-1,97,249		49,93,396	0.88
				05-12-2014	-2,59,222		47,34,174	0.83
				16-01-2015	-2,50,964		44,83,210	0.79
				23-01-2015	11,51,622		56,34,832	0.99
				06-02-2015	4,45,648		60,80,480	1.07
				13-02-2015	5,50,171		66,30,651	1.17
				20-02-2015	3,41,840		69,72,491	1.23
				27-02-2015	57,474		70,29,965	1.24
				13-03-2015	1,60,183		71,90,148	1.26
				20-03-2015	48,269		72,38,417	1.27
		72,38,417	1.27	31-03-2015			72,38,417	1.27
16.	Aranda Investments (Mauritius) Pte. Ltd#	0	0.00	01-04-2014		Market Purchase	0	0.00
				08-08-2014	49,60,000		49,60,000	0.87
				15-08-2014	8,94,000		58,54,000	1.03
				22-08-2014	4,46,682		63,00,682	1.11
				29-08-2014	8,01,143		71,01,825	1.25
				05-09-2014	3,77,603		74,79,428	1.32
				12-09-2014	1,06,000		75,85,428	1.33
				19-09-2014	2,39,000		78,24,428	1.38
				30-09-2014	30,13,804		1,08,38,232	1.91
				03-10-2014	12,925		1,08,51,157	1.91
				10-10-2014	9,15,552		1,17,66,709	2.07
				31-10-2014	1,07,581		1,18,74,290	2.09
				19-12-2014	53,30,000		1,72,04,290	3.02
				31-12-2014	22,30,000		1,94,34,290	3.42
				23-01-2015	21,50,000		2,15,84,290	3.79
		2,15,84,290	3.79	31-03-2015			2,15,84,290	3.79

@ Based on the beneficiary position as at the end of each week.

* Ceased to be in the list of Top 10 Shareholders as on 31-03-2015. The same is reflected above since the Shareholder was one of the Top 10 Shareholders as on 01-04-2014.

Not in the list of Top 10 Shareholders as on 01-04-2014. The same has been reflected above since the Shareholder was one of the Top 10 Shareholders as on 31-03-2015.

v. Shareholding of Directors and Key Managerial Personnel:

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Date	Increase/Decrease in Shareholding	Reason	Cumulative Shareholding during the year	
		No. of shares at the beginning of the year (01/04/2014)/ end of the year (31/03/2015)	% of total shares of the Company				No. of shares	% of total shares of the company
A	DIRECTORS							
1.	Mr. Bharat Doshi Non-Executive Chairman	6,42,720	0.11	01/04/2014	0	No Change in the Shareholding during the year	6,42,720	0.11
		6,42,720	0.11	31/03/2015			6,42,720	0.11
2.	Mr. Ramesh Iyer Managing Director	5,79,490	0.10	01/04/2014			5,79,490	0.10
				19/05/2014	64,395	ESOP Allotment	6,43,885	0.12
				23/05/2014	-17,000	Market Sale	6,26,885	0.12
				28/05/2014	-3,000	Market Sale	6,23,885	0.12
				21/08/2014	30,460	ESOP Allotment	6,54,345	0.12
				23/09/2014	42,640	ESOP Allotment	6,96,985	0.12
				28/10/2014	24,365	ESOP Allotment	7,21,350	0.13
				12/11/2014	-1,00,000	Market Sale	6,21,350	0.11
				13/11/2014	-25,000	Market Sale	5,96,350	0.10
		5,96,350	0.10	31/03/2015			5,96,350	0.10
3.	Mr. Uday Y. Phadke Non-Executive Non-Independent Director	74,025	0.01	01/04/2014			74,025	0.01
				28/04/2014	-15,000	Market Sale	59,025	0.01
				03/11/2014	-12,000	Market Sale	47,025	0.01
				24/02/2015	33,480	ESOP Allotment	80,505	0.01
		80,505	0.01	31/03/2015			80,505	0.01
4.	Mr. Dhananjay Mungale Independent Director	50,000	0.01	01/04/2014	0	No Change in the Shareholding during the year	50,000	0.01
		50,000	0.01	31/03/2015			50,000	0.01
5.	Mr. M. G. Bhide Independent Director	50,000	0.01	01/04/2014	0	No Change in the Shareholding during the year	50,000	0.01
		50,000	0.01	31/03/2015			50,000	0.01
6.	Mr. Piyush Mankad Independent Director	50,000	0.01	01/04/2014	0	No Change in the Shareholding during the year	50,000	0.01
		50,000	0.01	31/03/2015			50,000	0.01
7.	Mr. C. B. Bhave Independent Director (appointed as Independent Director w.e.f. 3 rd February, 2015)	0	0.00	03/02/2015	0	No Change in the Shareholding during the year	0	0.00
		0	0.00	31/03/2015			0	0.00

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Date	Increase/Decrease in Shareholding	Reason	Cumulative Shareholding during the year	
		No. of shares at the beginning of the year (01/04/2014)/ end of the year (31/03/2015)	% of total shares of the Company				No. of shares	% of total shares of the company
8.	Ms. Rama Bijapurkar Independent Director	50,000	0.01	01/04/2014	0	No Change in the Shareholding during the year	50,000	0.01
		50,000	0.01	31/03/2015			50,000	0.01
9.	Mr. V. S. Parthasarathy Non-Executive Non-Independent Director (appointed as Additional Director w.e.f. 24 th July, 2014)	250	0.00	24/07/2014	0	No Change in the Shareholding during the year	250	0.00
		250	0.00	31/03/2015			250	0.00
10.	Dr. Pawan Kumar Goenka (Non-Executive Non-Independent Director) (Ceased to be Director w.e.f. 24 th July, 2014)	37,815	0.01	01/04/2014	0	No Change in the Shareholding during the year	37,815	0.01
		37,815	0.01	24/07/2014			37,815	0.01
11.	Mr. V. Ravi Chief Financial Officer	3,78,560	0.07	01/04/2014			3,78,560	0.07
				23/05/2014	53,605	ESOP Allotment	4,32,165	0.08
				28/10/2014	31,120	ESOP Allotment	4,63,285	0.08
		4,63,285	0.08	31/03/2015			4,63,285	0.08
12.	Ms. Arnavaz M. Pardiwala Company Secretary & Compliance Officer	3,290	0.00	01/04/2014			3,290	0.00
				19/05/2014	1,645	ESOP Allotment	4,935	0.00
		4,935	0.00	31/03/2015			4,935	0.00

V. INDEBTEDNESS

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

(Amount Rs. in lacs)

Particulars	Secured Loans Excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year (01.04.2014)				
i) Principal Amount	19,36,894.43	95,950.00	3,60,219.80	23,93,064.23
ii) Interest due but not paid	0.00	0.00	0.00	0.00
iii) Interest accrued but not due	19,625.17	4,368.83	21,304.21	45,298.20
Total (i+ii+iii)	19,56,519.60	1,00,318.83	3,81,524.01	24,38,362.43
Change in Indebtedness during the financial Year- Principal Amount				
Addition	11,57,195.12	25,30,475.00	1,96,034.60	38,83,704.72
Reduction	13,96,591.81	21,66,440.00	88,231.01	36,51,262.82
Exchange Difference	823.96	0.00	0.00	823.96
Net Change	-2,38,572.73	3,64,035.00	1,07,803.59	2,33,265.86
Change in Indebtedness during the financial year- Interest accrued but not due				
Addition	20,366.57	4,911.47	18,917.90	44,195.94
Reduction	16,794.95	4,346.80	9,041.40	30,183.15
Net Change	3,571.63	564.67	9,876.50	14,012.79
Indebtedness at the end of the financial year				
i) Principal Amount	16,98,321.70	4,59,985.00	4,68,023.39	26,26,330.09
ii) Interest due but not paid	0.00	0.00	0.00	0.00
iii) Interest accrued but not due	23,196.79	4,933.50	31,180.70	59,310.99
Total (i+ii+iii)	17,21,518.49	4,64,918.50	4,99,204.09	26,85,641.08

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL
A. Remuneration to Mr. Ramesh Iyer, Managing Director:

Sl. No.	Particulars of Remuneration	Amount (Rs. in lacs)
1.	Gross salary	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	215.02
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	8.04
	(c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	0
2.	Stock Option*	357.87
3.	Sweat Equity	0
4.	Commission	
	- as % of profit	0
	- others	64.55
5.	Others (Retirals)	7.68
	Total (A)	653.16
	Ceiling as per the Act	5% of the Net Profits equivalent to Rs. 7,472.62 lacs with respect to the ceiling for the Company applicable for the financial year covered by this Report

* The amount indicates perquisite value of Stock Options of the Company exercised during the year.

B. Remuneration of other directors:
I. Independent Directors:-

Sl. No.	Particulars of Remuneration	Name of Directors					Total Amount (Rs. in lacs)
		Mr. M. G. Bhide	Mr. Dhananjay Mungale	Mr. Piyush Mankad	Mr. C. B. Bhawe	Ms. Rama Bijapurkar	
1.	Fee for attending Board/Committee Meetings	6.95	6.70	7.40	0.90	4.20	26.15
2.	Commission	14.00	14.00	14.00	NIL	14.00	56.00
3.	Others	NIL	NIL	NIL	NIL	NIL	
	Total (1)	20.95	20.70	21.40	0.90	18.20	82.15

Sl. No.	Particulars of Remuneration	Name of Directors			Total Amount (Rs. in lacs)
		Mr. Bharat Doshi	Mr. Uday Y. Phadke	Mr. V. S. Parthasarathy	
1.	Fee for attending Board/Committee Meetings	4.30	NIL	NIL	4.30
2.	Commission	15.12	NIL	NIL	15.12
3.	Others	NIL	83.13	NIL	83.13
	Total (2)	19.42	83.13	NIL	102.55
	Total (B) = (1 + 2)				184.70
	Total Managerial Remuneration (A + B)				837.86
	Overall Ceiling as per the Act	1% of the Net Profits equivalent to Rs. 1,494.52 lacs with respect to the ceiling for the Company applicable for the financial year covered by this Report			

C. Remuneration To Key Managerial Personnel other than Managing Director/ Manager/ Whole-Time Director

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		Total Amount (Rs. in lacs)
		Chief Financial Officer Mr. V. Ravi	Company Secretary Ms. Arnavaz M. Pardiwala	
1.	Gross Salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	138.47	37.46	175.93
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	6.20	0.65	6.85
	(c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	0	0	0
2.	Stock Option*	181.12	3.81	184.93
3.	Sweat Equity	0	0	0
4.	Commission - as % of profit	0	0	0
5.	Others (Retirals)	4.85	2.06	6.91
	Total	330.64	43.98	374.62

* The amount indicates perquisite value of Stock Options of the Company exercised during the year.

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

Type	Section of the Companies Act	Brief Description	Details of Penalty Punishment/ Compounding fees imposed	Authority [RD/NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty					
Punishment			None		
Compounding					
B. DIRECTORS					
Penalty					
Punishment			None		
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment			None		
Compounding					

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

The Policy on Remuneration of Directors

Prelude

The Company is a non-banking financial company registered with the Reserve Bank of India, and is engaged in providing financing for new and pre-owned auto and utility vehicles, tractors, cars and commercial vehicles, providing personal loans, finance to small and medium enterprises and mutual fund distribution services.

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

Intent of the Policy

The intent of the Remuneration Policy of Directors of Mahindra & Mahindra Financial Services Limited ("the Company") is to focus on enhancing the value and to attract and retain quality individuals with requisite knowledge and excellence as Executive and Non-Executive Directors for achieving objectives of the Company and to place the Company in a leading position.

The Nomination and Remuneration Committee (NRC) of the Board shall, while formulating the policy ensure that —

- a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the company successfully;
- b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- c) remuneration to Directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

While deciding the policy on remuneration of Directors, the Committee may consider amongst other things, the duties and responsibilities cast by the Companies Act, 2013, the Listing Agreement, various Codes of Conduct, Articles of Association, restrictions on the remuneration to Directors as also the remuneration drawn by Directors of other companies in the industry, the valuable contributions and inputs from Directors based on their knowledge, experience and expertise in shaping the destiny of the Company, etc. The Policy is guided by a reward framework and set of principles and objectives as more fully and particularly envisaged under Section 178 of the Companies Act, 2013 and principles pertaining to qualifications, positive attributes, integrity and independence of Directors, etc.

Directors

The Managing Director is an executive of the Company and draws remuneration from the Company. The Non-Executive Chairman and Independent Directors receive sitting fees for attending the meeting of the Board and the Committees thereof, as fixed by the Board of Directors from time to time, subject to statutory provisions. The Non-Executive Chairman and

Independent Directors would be entitled to the remuneration under the Companies Act, 2013. Other Non-Executive Non-Independent Directors who receive remuneration from the holding company or a Group Company are not paid any sitting fees or any remuneration. In addition to the above, the Directors are entitled for reimbursement of expenses incurred in discharge of their duties.

Pursuant to the Employees Stock Option Scheme 2005 (ESOS 2005) the Company has granted Stock Options to Directors including Independent Directors. The Company has also granted Stock Options to the Managing Director and Non-Executive Non-Independent Director(s) pursuant to the Employees Stock Option Scheme 2010 (ESOS 2010). The vesting and exercise of these Options shall continue to be governed by ESOS 2005 and ESOS 2010 respectively and the terms of grant. However, as per Section 149(9) of the Companies Act, 2013, henceforth the Independent Directors will not be entitled to fresh grant of any Stock Options.

The NRC while determining the remuneration shall ensure that the level and composition of remuneration to be reasonable and sufficient to attract, retain and motivate the person to ensure the quality required to run the Company successfully. While considering the remuneration, the NRC shall also ensure a balance between fixed and performance-linked variable pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.

The NRC shall consider that a successful Remuneration Policy must ensure that some part of the remuneration is linked to the achievement of corporate performance targets.

Managing Director/Executive Directors

The term of office and remuneration of Managing Director/ Executive Directors are subject to the approval of the Board of Directors, shareholders, and Central Government, as may be required and the limits laid down under the Companies Act, 2013 from time to time.

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay, subject to the requisite approvals, remuneration to its Managing Director/ Executive Directors in accordance with the provisions of Schedule V of the Companies Act, 2013.

If any Managing Director/Executive Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Companies Act, 2013 or without the prior sanction of the Central Government, where required, he/she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

Remuneration of the Managing Director/Executive Directors reflects the overall remuneration philosophy and guiding principle of the Company. While considering the appointment and remuneration of Managing Director/Executive Directors,

the NRC shall consider the industry benchmarks, merit and seniority of the person and shall ensure that the remuneration proposed to be paid is commensurate with the remuneration packages paid to similar senior level counterpart(s) in other companies.

Remuneration for Managing Director/Executive Director is designed subject to the limits laid down under the Companies Act, 2013 to remunerate them fairly and responsibly. The remuneration to the Managing Director/Executive Director comprises of salary, perquisites and performance based incentive apart from retirement benefits like Provident Fund, Superannuation, Gratuity, Leave Encashment, etc., as per Rules of the Company. Salary is paid within the range approved by the Shareholders. Increments are effective annually, as recommended/approved by the NRC/Board.

The total remuneration will have a flexible component with a bouquet of allowances to enable the Managing Director/Executive Director to choose the allowances as well as the quantum, based on laid down limits as per Company policy. The flexible component can be varied only once annually.

The actual pay-out of variable component of the remuneration will be a function of individual performance as well as business performance. Business performance is evaluated using a Balanced Score Card (BSC) while individual performance is evaluated on Key Result Areas (KRA). Both the BSC and KRAs are evaluated at the end of the fiscal to arrive at the BSC rating of the business and performance rating of the individual.

Remuneration also aims to motivate the Personnel to deliver Company's key business strategies, create a strong

performance-oriented environment and reward achievement of meaningful targets over the short and long-term.

The Managing Director/Executive Directors are entitled to customary non-monetary benefits such as company cars, health care benefits, communication facilities, etc., as per policies of the Company. The Managing Director and Executive Directors are entitled to grant of Stock Options as per the approved Stock Option Schemes of the Company from time to time.

Non-Executive Directors

The Non-Executive Directors (NEDs) are paid remuneration by way of Commission and Sitting Fees. In terms of the shareholders' approval, the Commission is paid at a rate not exceeding 1% (one percent) per annum of the profits of the Company computed in accordance with the applicable provisions of the Companies Act, 2013. The distribution of Commission amongst the NEDs shall be placed before the Board.

At present, the Company pays sitting fees to the NEDs for attending the meetings of the Board and the Committees constituted by the Board from time to time.

Disclosures

Information on the total remuneration of members of the Company's Board of Directors, Managing Director/Executive Directors and Key Managerial Personnel/Senior Management Personnel may be disclosed in the Board's Report and the Company's Annual Report/Website as per statutory requirements laid down in this regard.

ANNEXURE IV B TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2015**Remuneration Policy for Key Managerial Personnel and Employees**

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

Objective

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

Definition(s)

"Key Managerial Personnel" (KMP) as defined in Section 2(51) of the Companies Act, 2013 means:

- (i) the Chief Executive Officer or the Managing Director or Manager;
- (ii) the Company Secretary;
- (iii) the Whole-time Director;
- (iv) the Chief Financial Officer; and
- (v) such other officer as may be prescribed.

Standards

The broad structure of compensation payable to employees is under:

- Fixed pay which has components like basic salary & other allowances/flexi pay as per the grade where the employees can chose allowances from bouquet of options
- Variable pay (to certain grades) in the form of annual/half yearly performance pay based on KRA's agreed.
- Incentives either monthly or quarterly based on targets in the lower grades.
- Retirals such as PF, Gratuity & superannuation (for certain grades)
- Benefits such as car scheme, medical & dental benefit, loans, insurance, etc; as per grades.

Increments

- Salary increase is given to eligible employees based on position, performance and market dynamics as decided from time to time.

In case the performance of the Company exceeds the budgeted performance, the Company declares an additional ex-gratia bonus or a reward to its employees, at its discretion.

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

Form No. MR-3

SECRETARIAL AUDIT REPORT

[Pursuant to Section 204(1) of the Companies Act, 2013 read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

For the Financial Year ended 31st March, 2015

To,

The Members
Mahindra & Mahindra Financial Services Limited
Gateway Building, Apollo Bunder,
Mumbai-400 001.

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Mahindra & Mahindra Financial Services Limited (hereinafter called "the Company"). Secretarial Audit was conducted for the financial year ended on 31st March, 2015 in a manner that provided us reasonable basis for evaluating the corporate conduct/statutory compliances and expressing our opinion thereon.

On the basis of the above and on our verification of documents, books, papers, minutes, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of the Audit, We hereby report that in our opinion, the Company has, during the period covered under the Audit as aforesaid, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended 31st March, 2015 according to the provisions of:

- (i) The Companies Act, 1956 and the Rules made there under to the extent applicable.
- (ii) The Companies Act, 2013 and the Rules made there under.
- (iii) The Securities Contracts (Regulation) Act, 1956 and the Rules made there under.
- (iv) The Depositories Act, 1996 and the Regulations and Bye-Laws framed there under.
- (v) The Foreign Exchange Management Act, 1999 and the Rules and Regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings.
- (vi) The following Regulations and Guidelines prescribed under Securities and Exchange Board of India Act, 1992:-
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

- b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992.
 - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.
 - d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
 - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008.
 - f. The Securities and Exchange Board of India (Registrar to an Issue and Share Transfer Agents) Regulations, 1993 regarding Companies Act and dealing with client.
 - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009.
 - h. The Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998.
- (vii) The following laws, regulations, directions, orders applicable specifically to the Company:
- a. The Reserve Bank of India Act, 1934.
 - b. Non-Banking Financial Companies (Deposit Accepting or Holding) Prudential Norms (Reserve Bank) Directions, 1998.
 - c. Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998.
 - d. Non-Banking Financial Companies (Opening of Branch/Subsidiary/Joint Venture/Representative Office or Undertaking Investment Abroad by NBFCs) Directions, 2011.
 - e. Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2008.
 - f. Returns to be submitted by NBFCs as issued by Reserve Bank of India
 - g. Raising money through Private Placement of NCDs by NBFCs RBI Guidelines
 - h. Guidelines on Corporate Governance issued by Reserve Bank of India for NBFCs.

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

- (i) Listing Agreement entered into with Stock Exchanges.
- (ii) The compliance of Secretarial Standards does not arise as the same has not been notified under Section 118 of

the Companies Act, 2013 for being applicable during the period covered under the Audit.

On the basis of the information and explanation provided, the Company had no transaction during the period under Audit requiring the compliance of the applicable provisions of the Act/Regulations/Directions as mentioned above in respect of:

- a) Foreign Direct Investment, External Commercial Borrowings and Overseas Direct Investment, except the investment in Mahindra Finance USA LLC, a Joint Venture Company.
- b) Delisting of equity shares.
- c) Buy-back of securities.

We further report that

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

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

Majority decision is carried through and recorded as part of the minutes. We understand that there were no dissenting views for being captured in the minutes.

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

We further report that during the period covered under the Audit, the Company has made the following specific actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, referred to above:

- a) Members have enabled Borrowing Powers of the Company up to a limit of Rs. 45,000 Crores over and above the aggregate of the paid-up share capital and free reserves under Section 180(1)(c) of the Companies Act, 2013 through Postal Ballot.
- b) Members have also enabled the Company to issue Non-Convertible Debentures and/or other debt securities on private placement basis, in one or more tranches, during the period of one year from the date of passing of special resolution by the Members, within the overall borrowing limits approved by the Members from time to time.
- c) Amalgamation of Mahindra Business & Consulting Services Private Limited, a wholly owned subsidiary of the Company has been sanctioned by the Bombay High Court vide its Order dated 20th March, 2015 with the Company, with the Appointed Date of merger being 01st April, 2014 as per the Scheme of Amalgamation. The Scheme of Amalgamation has become effective upon the filing the said Order of the High Court with the Registrar as per Section 391 read with Section 394 of the Companies Act, 1956 on 18th April, 2015.
- d) The Company has made investment of Rs. 1 Crore towards subscription to equity shares on rights basis in its wholly owned subsidiary Mahindra Asset Management Company Private Limited.
- e) The Company has been empowered by the Board at its meeting held on 23rd April, 2014 for infusion of capital to the tune of Rs. 125 Crores in Mahindra Finance USA LLC, a Joint Venture Company.

For **KSR & Co Company Secretaries LLP**

Dr. K. S. Ravichandran
 Managing Partner
 (FCS: 3675; CP: 2160)

Date: 23/04/2015
 Place: Coimbatore

To

The Members,
Mahindra & Mahindra Financial Services Limited
Gateway Building, Apollo Bunder,
Mumbai-400 001.

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

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

For **KSR & Co Company Secretaries LLP**

Date: 23/04/2015
Place: Coimbatore

Dr. K. S. Ravichandran
Managing Partner
(FCS: 3675; CP: 2160)

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

Information as per Section 197 (12) of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and forming part of the Directors' Report for the financial year ended 31st March, 2015

Sr. No.	Name of the Employee	Date of Commencement of Employment	Remuneration Received (Rs.)	Qualification	Age (years)	Experience (years)	Last Employment held, Designation and Organisation	Designation/ Nature of Duties	Nature of Employment Contractual or otherwise
1	Ramesh Iyer	1.10.1995	64,547,714	B.Com.,M.B.A.	56	37	Regional Manager, Ashok Leyland Finance Limited	Managing Director	Contractual
2	V. Ravi	1.10.1995	32,579,299	B.Com.,A.C.A., A.C.M.A.	54	31	Senior Finance Executive, Mahindra Ujine Steel Company Limited	Chief Financial Officer	Permanent
3	Vinay Deshpande*	1.10.2014	14,644,843	M.B.A (H.R.)	55	32	Chief People Officer, Mahindra & Mahindra Limited	Chief People Officer	Permanent
4	Dinesh Prajapati	1.06.1995	9,785,660	A.C.A, Grad.A.C.M.A.	45	21	Executive - Internal Audit, Rajinder Steels Limited	Vice President - Treasury & Corporate Affairs	Permanent
5	Rajesh Vasudevan	15.03.1999	7,556,061	B.Com., A.C.M.A.	46	26	Executive - Corporate MIS & Accounts - Tata Finance Limited	Vice President- Accounts	Permanent
6	R. Balaji	1.04.2008	9,218,548	B.Tech, PGDM	42	19	General Manager Corporate Strategy, Mahindra & Mahindra Limited	Vice President - Marketing & Strategy	Permanent
7	Rajnish Agarwal	5.10.1998	7,979,683	Master of Management Studies (MMS)	51	23	Senior Manager (Cars) Tata Finance Limited	Vice President - Operations	Permanent
8	Hosdurga Sripad Kamath	30.07.1997	7,375,387	B.Com., M.B.A.	44	22	Executive Corporate Finance, Tandem Financials Limited	GM-FES Loans	Permanent
9	Suresh Shan	13.02.1998	7,449,981	B.Sc., MCA, MBA, Exe. MBA, M.Tech.	46	25	Head Application Software Analyst & Designer – Appsoft Mumbai	Senior General Manager - BITS	Permanent
10	R. Sunder	1.11.2003	9,177,923	B. Com., EMBA, MCA (ICWA)	47	27	Senior Project Manager - ASP Technologies Limited	Head Business Solutions	Permanent
11	Gururaj Rao	9.05.2011	7,072,458	B.E., MMS	43	20	Head – Technology Management Group, ICICI Bank Limited	Chief Information Officer	Permanent
12	J. Kannan	2.02.2009	6,278,471	BBA, LLB, ACS	51	27	Vice President, Kotak Mahindra Bank Limited	Senior General Manager - Legal Operations	Permanent
13	Sandeep Mandrekar	1.08.2012	7,633,321	B.Sc. (Physics)	44	22	Head of Sales, Volkswagen group sales, India	General Manager - Operations	Permanent
14	Srinivasan K	24.09.1997	6,952,637	M.Com, PGDM	50	17	Regional Manager - Operations, Indian Seamless Financial Services Limited	Senior General Manager Operations - Country Group 2	Permanent

* Transferred on the pay rolls of the Company w.e.f. 1st October, 2014.

Sr. No.	Name of the Employee	Date of Commencement of Employment	Remuneration Received (Rs.)	Qualification	Age (years)	Experience (years)	Last Employment held, Designation and Organisation	Designation/ Nature of Duties	Nature of Employment Contractual or otherwise
15	Khalid Khan	15.10.1995	6,425,704	Post Graduate in Commerce, PGDBM	46	20	Executive in Ashok Leyland Finance Limited	Senior General Manager/Head - Direct Marketing - Operations	Permanent
16	Uday Bakshi	10.11.1997	6,313,436	B. Sc.	59	37	State Head, Mafatral Finance Limited	Deputy General Manager - Product Head	Permanent
17	Shailesh Rao	11.11.1998	6,388,918	M.B.A	43	20	Assistant Manager Sales, Escorts Finance Limited	General Manager Product Head - Refinance	Permanent
18	R. L. V. Subramanian	1.06.2006	6,282,920	B.E. (Mechanical)	53	32	Deputy General Manager (Sales), Mahindra & Mahindra Limited (Automotive)	Country Group Head - Operations - Country Group 1	Permanent
19	Debashish Kar	1.07.1999	6,394,893	M.B.A	45	25	Recovery Manager - Transamerica Apple Distribution Finance Limited	Business Head - Auto Sector Loans	Permanent
20	Bhaskar Karkera	15.11.2010	6,523,703	B.E.	47	23	Zonal Manager – Infrastructure Funding Group, HDFC Bank Limited	General Manager - Operations	Permanent

Notes:

1. Nature of employment of the Managing Director is contractual, subject to termination on three months' notice on either side.
2. None of the above employees is a relative of any Director of the Company.
3. None of the employees draw remuneration more than the Managing Director and holds by himself or alongwith his spouse and dependent children 2% or more of the equity shares of the Company.
4. Information about qualifications and last employment is based on particulars furnished by the concerned employee.
5. Terms and conditions of employment are as per Company's Rules/contract.
6. The remuneration calculated is as per Section 2(78) of the Companies Act, 2013.

For and on behalf of the Board

Bharat Doshi
Chairman

Mumbai, 23rd April, 2015

REPORT ON CORPORATE GOVERNANCE

CORPORATE GOVERNANCE PHILOSOPHY

Your Company believes that sound Corporate Governance is essential for enhancing long-term shareholder value and retaining investor trust and always seeks to ensure that its performance goals are met with integrity. The Company continues to adopt the best practices in the area of Corporate Governance and promotes and practices a culture that is built on core values, beliefs and ethics. Your Company has an active, experienced and a well-informed Board. The Board along with its Committees undertakes its fiduciary duties towards all its stakeholders with the Corporate Governance mechanism in place.

Your Company is committed to transparency in all its dealings, conducts business with integrity and fairness and places high emphasis on business ethics. Your Company has established robust business practices and procedures to ensure that it remains fully compliant with all mandated regulations and achieves business excellence to enhance stakeholder value, retain trust and goodwill of its investors, business partners, employees and meet societal expectations as well.

The stipulations mandated by Clause 49 of the Listing Agreement with the Stock Exchanges, have been fully complied with by your Company. A Report on compliance with the Code of Corporate Governance as prescribed by the Securities and Exchange Board of India and incorporated in the Listing Agreement is given below:

BOARD OF DIRECTORS

The composition of the Board of your Company is in conformity with the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, as amended from time to time. The Company has a Non-Executive Chairman and the number of Independent Directors is more than one-half of the total number of Directors. The number of Non-Executive Directors is more than 50% of the total number of Directors. The management of the Company is entrusted with the Steering Committee comprising of Senior Executives from different functions headed by the Managing Director who operates under the supervision and control of the Board. The Board reviews and approves strategy and oversees the actions and results of management to ensure that the long term objectives of enhancing stakeholders' value are met. Mr. Ramesh Iyer, Managing Director is a Whole-time Director of your Company. Mr. Bharat Doshi, Non-Executive Non-Independent Chairman of the Company, is also a Non-Executive Director of the holding company, Mahindra & Mahindra Limited (M&M) since November 2013 and receives sitting fees and commission from M&M. Mr. Uday Y. Phadke, Non-Executive Non-Independent Director is the Principal Advisor (Finance) at M&M and receives remuneration from M&M. The Board of Directors at its adjourned Meeting held after

the Annual General Meeting on 24th July, 2014, had appointed Mr. V. S. Parthasarathy as an Additional Director based on the recommendation of the Nomination and Remuneration Committee. Mr. Parthasarathy, Non-Executive Non-Independent Director of your Company is in the whole-time employment of M&M and draws remuneration from it.

The Members at the Annual General Meeting held on 24th July, 2014, have appointed Mr. Piyush Mankad, Mr. M. G. Bhide, Mr. Dhananjay Mungale and Ms. Rama Bijapurkar as Independent Directors for a period of five consecutive years commencing from 24th July, 2014. Further the Board at its Meeting held on 16th December, 2014 had based on the recommendation of the Nomination and Remuneration Committee commended to the Members the appointment of Mr. C. B. Bhavé as an Independent Director. The Members have by means of a Postal Ballot voting process appointed Mr. C. B. Bhavé as an Independent Director of the Company with effect from 3rd February, 2015 for a period of five consecutive years.

Apart from reimbursement of expenses incurred in the discharge of their duties and the remuneration that the Non-Executive Directors would be entitled to under the Companies Act, 2013, none of the Directors has any other material pecuniary relationships or transactions with the Company, its Promoters, its Directors, its Senior Management or its Subsidiaries and Associates which in their judgments would affect their independence. The Directors of the Company are not inter-se related to each other.

The Senior Management have made disclosures to the Board confirming that there are no material, financial and/or commercial transactions between them and the Company which could have potential conflict of interest with the Company at large.

NUMBER OF BOARD MEETINGS

The Board of Directors met seven times during the year under review, on 23rd April, 2014, 24th July, 2014, 22nd October, 2014, 16th December, 2014, 16th January, 2015, 17th January, 2015 and 20th March, 2015. The maximum time gap between any two meetings was not more than one hundred and twenty days. These Meetings were well attended.

DIRECTORS' ATTENDANCE RECORD AND DIRECTORSHIP HELD

Pursuant to the provisions of the Companies Act, 2013 none of the Directors of the Company is a Director in more than 10 Public Limited Companies. Further, as mandated by Clause 49 none of the Independent Directors of the Company serves as Independent Director in more than 7 listed companies and none of the Directors is a Member of more than ten Board level Committees and no such Director is a Chairman/

Chairperson of more than five Committees, across all public limited companies in which he/she is a Director. Mr. Ramesh Iyer, Managing Director, is not an Independent Director of any other listed company. Table 1 gives the details.

COMPOSITION OF THE BOARD

As on 31st March, 2015, the Company's Board comprised of nine members. The Chairman of the Board and two other

members are Non-Executive Non-Independent Directors. The Managing Director is an executive of the Company while the remaining five are Independent Directors. The names and categories of Directors, their attendance at the Board Meetings held during the year and at the last Annual General Meeting (AGM) held on 24th July, 2014, as also the number of Directorships and Committee positions held by them in companies are as follows:

Table 1: Composition of Board of Directors as on 31st March, 2015

Name of the Directors	Category	Attendance Particulars			Total Number of Directorships of public companies and Committee Memberships/Chairmanships #		
		Number of Board Meetings		Last AGM	Directorships	Committee Memberships	Committee Chairmanships
		Held	Attended				
Mr. Bharat N. Doshi (Chairman)	Non-Executive Non-Independent	7	7	Yes	6	3	1
Mr. Uday Y. Phadke	Non-Executive Non-Independent	7	7	Yes	6	5	0
Mr. Ramesh Iyer (Managing Director)	Executive	7	7	Yes	8	4	0
Dr. Pawan Kumar Goenka *	Non-Executive Non-Independent	7	1	No	N.A.	N.A.	N.A.
Mr. Dhananjay Mungale	Independent	7	7	Yes	10	8	3
Mr. Manohar G. Bhide	Independent	7	7	Yes	5	4	3
Mr. Piyush Mankad	Independent	7	7	Yes	8	9	2
Mr. C. B. Bhav @	Independent	7	1	N.A.	1	0	0
Ms. Rama Bijapurkar	Independent	7	7	Yes	3	1	0
Mr. V. S. Parthasarathy \$	Non-Executive Non-Independent	7	5	N.A.	8	7	2

Notes:

excludes Directorships in private limited companies, foreign companies and companies registered under Section 8 of the Companies Act, 2013, but includes Directorship in Mahindra & Mahindra Financial Services Limited (MMFSL). None of the Directors holds Directorships in more than 20 companies as stipulated in Section 165 of the Companies Act, 2013. Committees considered are Audit Committee and Stakeholders Relationship Committee including in MMFSL.

* ceased to be Director of the Company from the conclusion of 24th Annual General Meeting held on 24th July, 2014. Two meetings were held during his tenure.

@ appointed as an Independent Director of the Company with effect from 3rd February, 2015 by an Ordinary Resolution passed by the Members through Postal Ballot. One meeting was held during his tenure.

\$ appointed as an Additional Director with effect from 24th July, 2014. Five meetings were held during his tenure.

MEETING OF INDEPENDENT DIRECTORS

As stipulated by the Code of Independent Directors under the Companies Act, 2013 and the Listing Agreement, a separate Meeting of Independent Directors was held during the year to review the performance of Non-Independent Directors and the Board as whole, and the Chairperson of the Company taking into account the views of Executive Directors and Non-Executive Directors. The Independent Directors also reviewed the quality, content and timeliness of the flow of information between the Management and the Board and its Committees which is necessary to effectively and reasonably perform and discharge their duties. The meeting was conducted informally

to enable Independent Directors to discuss matters relating to Company's affairs and put forth their views without the presence of Non-Independent Directors and members of the Management.

INFORMATION SUPPLIED TO THE BOARD

The Company sends a detailed agenda folder to each Director sufficiently in time before Board and Committee meetings. All the agenda items are backed by necessary supporting information and documents to enable the Board to take informed decisions. To enable the Board to discharge its responsibilities effectively, the Managing Director apprises the Board at every meeting

on the overall performance of the Company, followed by presentations by the Chief Financial Officer. A detailed functional report is also placed at Board Meetings.

The Board provides the overall strategic direction and periodically reviews strategy and business plans, annual operating and capital expenditure budgets and oversees the actions and results of the management to ensure that the long term objectives of enhancing stakeholders' value are met. The Board also, inter alia, reviews and considers investment and exposure limits, compliance report(s) of all laws applicable to the Company, as well as steps taken to rectify instances of non-compliances if any, review of major legal issues, approval and adoption of quarterly/half-yearly/annual results, transactions pertaining to purchase/disposal of property, major accounting provisions and write-offs, corporate restructuring, minutes of Meetings of the Audit and other Committees of the Board and information on recruitment of Officers just below the Board level including the Company Secretary and Compliance Officer.

In addition to the above, pursuant to Clause 49, the minutes of the Board Meetings of your Company's unlisted subsidiary companies and a statement of all significant transactions and arrangements entered into by the unlisted subsidiary companies are also placed before the Board.

The Chairman/Chairperson of various Board Committees brief the Board on all the important matters discussed and decided at their respective committee meetings.

PERFORMANCE EVALUATION OF BOARD, ITS COMMITTEES AND DIRECTORS

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Board has carried out an annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Committees.

The Performance Evaluation of Board, its Committees and Directors has been discussed in detail in the Directors' Report.

INDUCTION AND FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS

The Company has adopted a structured programme for orientation of Independent Directors at the time of their joining so as to familiarise them with the Company- its operations, business, industry and environment in which it functions and the regulatory environment applicable to it. The Company updates the Board Members on a continuing basis on any significant changes therein and provides them an insight to their expected roles and responsibilities so as to be in a position to take well-informed and timely decisions and contribute significantly to the Company.

A new Director is welcomed to the Board of Directors of the Company by sharing various documents of the Company for his/her reference such as:

- Brief introduction to the Company and Profile of Board of Directors of the Company.
- Report on Roles and Responsibilities of the Board.

- Details of various Committees of the Board.
- Code of Conduct for Directors.
- Code of Conduct for Senior Management and Employees.
- Code for Independent Directors.
- Code of Conduct for prevention of Insider Trading in Shares of Mahindra & Mahindra Financial Services Limited.
- Corporate Presentations.
- Latest Annual Report.
- Sustainability Report.
- Set of various policies adopted by the Board.

Upon appointment a detailed Appointment Letter incorporating the role, function, duties and responsibilities, remuneration and performance evaluation process, insurance cover, Code of Conduct and obligations on disclosures, is issued for the acceptance of the Independent Directors. Each newly appointed Independent Director is taken through a formal induction program including the presentation from the Managing Director covering, inter alia, the business strategies, operations review, quarterly and annual results, operations of its Subsidiaries, joint venture company, etc. The induction for Independent Directors include interactive sessions with Steering Committee Members, Business and Functional Heads, etc. The above initiatives help the Director to understand the Company, its business and the regulatory framework in which the Company operates and equips him/her to effectively fulfill his/her roles as a Director of the Company.

Other Initiatives to update the Directors on a continuing basis:

All Directors are apprised of any changes in the codes or policies of the Company. The Board of Directors has access to the information within the Company which is necessary to enable it to perform their role and responsibilities diligently.

The Company through its Managing Director/Senior Managerial Personnel makes presentations regularly to the Board, Audit Committee, Risk Management Committee, Nomination and Remuneration Committee or such other Committees, as may be required, covering, inter alia, business environmental scan, the business strategies, operations review, quarterly and annual results, budgets, review of Internal Audit Report and Action Taken Report, statutory compliances, risk management, operations of its Subsidiaries, joint venture company, etc. This enables the Directors to get a deeper insight into the operations of the Company and its Subsidiaries.

Such presentations also provide an opportunity to the Independent Directors to interact with the Senior Management team of the Company and its Subsidiaries and help them to understand the Company's policies, its long term vision and strategy, business model, operations and such other areas as are relevant from time to time.

Press Releases, disclosures to Stock Exchanges, news and articles related to the Company are circulated to provide updates from time to time.

Thus the Company ensures that there is an adequate mechanism to ensure that the Directors remain familiar with their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company, etc., and continue to be updated on the state of the Company's affairs and the industry in which it operates.

The familiarisation programme for the Independent Directors has been hosted on the Company's website and can be viewed at: <http://www.mahindrafinance.com/pdf/familiarisation-programme-for-IDs.pdf>.

REMUNERATION

Policy on Remuneration for Directors and criteria for determining qualifications, positive attributes and independence of a director

The success of an organisation in achieving good performance and good governing practice depends on its ability to attract and retain quality individuals with requisite knowledge and excellence as Executive and Non-Executive Directors.

The Nomination and Remuneration Committee ('the NRC') reviews and assesses Board composition and recommends the appointment of new Directors. In evaluating the suitability of individual Board member, the NRC shall take into account the following criteria regarding qualifications, positive attributes and also independence of director:

1. All Board appointments will be based on merit, in the context of the skills, experience, diversity, and knowledge, for the Board as a whole to be effective.
2. Ability of the candidates to devote sufficient time and attention to his/her professional obligations as Director for informed and balanced decision making.
3. Adherence to the applicable Code of Conduct and highest level of Corporate Governance in letter and in spirit by the Directors.

Based on recommendation of the NRC, the Board will evaluate the candidate(s) and decide on the selection of the appropriate member.

Your Company has a well-defined Remuneration Policy for its Directors. The Policy is guided by a reward framework and set of principles and objectives as more fully and particularly envisaged under Section 178 of the Companies Act, 2013 and principles pertaining to qualifications, positive attributes, integrity and independence of Directors, etc.

The NRC while determining the remuneration of the Directors shall ensure that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate the person to ensure the quality required to run the Company successfully. While considering the remuneration, the NRC shall ensure a balance between fixed and performance-linked variable pay reflecting short and long term performance objectives appropriate to the working of the Company

and its goals and it shall ascertain that some part of the remuneration is linked to the achievement of corporate performance targets.

REMUNERATION POLICY FOR KEY MANAGERIAL PERSONNEL AND EMPLOYEES

The Board and the Nomination and Remuneration Committee regularly keep track of the current and emerging market trends in terms of compensation levels and practices within the relevant industries. This information is used to review the Company's remuneration policies from time to time.

The broad structure of compensation payable to employees is as under:

- Fixed pay which has components like basic salary and other allowances/flexi pay as per the grade where the employees can chose allowances from bouquet of options
- Variable pay (to certain grades) in the form of annual/half yearly performance pay based on KRA's agreed.
- Incentives either monthly or quarterly based on targets in the lower grades.
- Retirals such as Provident Fund, Gratuity and Superannuation (for certain grades).
- Benefits such as car scheme, medical and dental reimbursement, loans, insurance, etc., as per grades.

The Cost to Company is reviewed annually and increment is given to eligible employees based on their position, performance and market dynamics as decided from time to time.

REMUNERATION PAID TO DIRECTORS

Detailed information of Directors' remuneration for the year 2014-15 is set forth in Table 2.

The eligible Non-Executive Directors are paid commission up to a maximum of 1% of the net profits of the Company as specifically computed for this purpose. A commission of Rs. 110.34 Lacs has been provided as payable to the eligible Non-Executive Directors in the accounts for the year ended 31st March, 2015.

In addition, the Independent Directors and eligible Non-Executive Director(s) are paid a sitting fee of Rs. 50,000 each for every Meeting of the Board, Rs. 40,000 for every Audit Committee meeting attended, Rs. 30,000 each for attending a Meeting of the Nomination and Remuneration Committee and the Corporate Social Responsibility Committee respectively, and Rs. 20,000 each for attending the meetings of the Stakeholders Relationship Committee.

Remuneration to the Managing Director is fixed by the Nomination and Remuneration Committee which is subsequently approved by the Board of Directors and Shareholders at a General Meeting.

Table 2: Details of Remuneration Paid to Directors for the Financial Year 2014-15

(Rs. in Lacs)

Name of the Director	Sitting Fees (excluding Service Tax)	Salary and Perquisites	Superannuation and Provident Fund #	Commission	Total	Employees Stock Option Scheme 2005 (ESOS-2005)	Employees Stock Option Scheme 2010 (ESOS-2010)	
						Number of Stock Options granted in September 2008 Grant 4 \$	Number of Stock Options granted in February 2011 Grant 1 \$\$	Number of Stock Options granted in October, 2014 Grant 5 \$\$
Mr. Ramesh Iyer *	N.A.	573.57	15.04	64.55	653.16	1,21,830	2,00,140	1,62,173
Mr. Bharat N. Doshi	4.30	N.A.	N.A.	15.12	19.42	70,255	NIL	NIL
Mr. Uday Y. Phadke	N.A.	N.A.	N.A.	NIL	NIL	70,255	1,67,390	NIL
Dr. Pawan Goenka @	N.A.	N.A.	N.A.	NIL	NIL	17,565	NIL	NIL
Mr. Dhananjay Mungale	6.70	N.A.	N.A.	14.00	20.70	NIL	NIL	NIL
Mr. M.G.Bhide	6.95	N.A.	N.A.	14.00	20.95	NIL	NIL	NIL
Mr. Piyush Mankad	7.40	N.A.	N.A.	14.00	21.40	NIL	NIL	NIL
Ms. Rama Bijapurkar	4.20	N.A.	N.A.	14.00	18.20	50,000	NIL	NIL
Mr. C. B. Bhavé **	0.90	N.A.	N.A.	NIL	0.90	N.A.	N.A.	N.A.
Mr. V. S. Parthasarathy	N.A.	N.A.	N.A.	NIL	NIL	N.A.	N.A.	NIL

Aggregate of the Company's contributions to Superannuation Fund and Provident Fund.

\$ ESOS - 2005

Grant-4: The Stock Options have been granted on 18th September, 2008. All the options have been vested.

\$\$ ESOS - 2010

Grant-1: The Stock Options have been granted on 7th February, 2011. Of this, four equal tranches of 20% each totaling 80% of the total options have vested on 7th February, 2012, 7th February, 2013, 7th February, 2014 and 7th February, 2015 respectively and the balance 20% options would vest on expiry of 60 months from the date of grant.

Grant-5: The Stock Options have been granted on 21st October, 2014. These options would vest in five equal tranches of 20% each on 21st October, 2015, 21st October, 2016, 21st October, 2017, 21st October, 2018 and 21st October, 2019 on expiry of 12 months, 24 months, 36 months, 48 months and 60 months respectively from the date of grant.

* The notice period for Managing Director is three months. Commission and Stock Options are the only components of remuneration that are performance linked. All other components are fixed. Details regarding the Stock Options granted to the Managing Director are given in the Annexure I to the Directors' Report. The term of appointment is for a period of 5 years with effect from 30th April, 2011.

@ ceased to be Director of the Company from conclusion of 24th Annual General Meeting held on 24th July, 2014.

** appointed as an Independent Director with effect from 3rd February, 2015.

During 2014-15, the Company did not advance loans to any of its Directors.

SHARES HELD BY NON-EXECUTIVE DIRECTORS

Table 3 gives details of the shares held by the Non-Executive Directors as on 31st March, 2015.

Table 3: Details of the shares held by the Non-Executive Directors

Name of the Director	Number of Shares held
Mr. Bharat N. Doshi	6,42,720
Mr. Uday Y. Phadke	80,505
Mr. Dhananjay Mungale	50,000
Mr. M. G. Bhide	50,000
Mr. Piyush Mankad	50,000
Ms. Rama Bijapurkar	50,000
Mr. C. B. Bhavé	NIL
Mr. V. S. Parthasarathy	250

CODES OF CONDUCT

The Board has laid down Code of Conduct for Board Members and for Senior Management and Employees of the Company

("Codes"). These Codes have been posted on the Company's website www.mahindrafinance.com/corporate-governance.aspx. All the Board Members and Senior Management Personnel have affirmed compliance with these Codes. A declaration signed by the Managing Director to this effect is enclosed at the end of this Report.

The Code of Conduct of the Board Members has been amended to align it in accordance with the provisions of Section 166 of the Companies Act, 2013.

The Board has also laid down a Code of Conduct for Independent Directors pursuant to Section 149(8) and Schedule IV to the Companies Act, 2013, which is a guide to professional conduct for Independent Directors of the Company.

CEO/CFO CERTIFICATION

The Managing Director and the Chief Financial Officer of the Company have issued a Certificate as required under Clause 49 IX of the Listing Agreement with the Stock Exchanges, certifying that the Financial Statements for the year ended

31st March, 2015 do not contain any untrue statement and that these statements represent a true and fair view of the Company's affairs. The said Certificate is attached herewith as Annexure A and forms part of this Report.

RISK MANAGEMENT

Your Company has a well-defined risk management framework in place. The risk management framework adopted by the Company is discussed in detail in the Management Discussion and Analysis chapter of this Annual Report.

COMMITTEES OF THE BOARD

Your Company has seven Board level Committees – Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee, Corporate Social Responsibility Committee, Asset Liability Committee, Risk Management Committee and Strategy Committee for Acquisitions. All decisions pertaining to the constitution of Committees, appointment of members and fixing of terms of service for Committee members are taken by the Board of Directors. Details on the role and composition of these Committees, including the number of meetings held during the financial year and the related attendance, are provided below:

a) Audit Committee

As on 31st March, 2015, the Audit Committee comprised of seven Non-Executive Directors of which five are Independent Directors. The Committee comprises Mr. Dhananjay Mungale (Chairman), Mr. M. G. Bhide, Ms. Rama Bijapurkar, Mr. Piyush Mankad and Mr. C. B. Bhavé, all the Independent Directors and Mr. Uday Y. Phadke and Mr. V. S. Parthasarathy, Non-Executive Non-Independent Directors. All the members of the Audit Committee possess strong accounting and financial management knowledge. The Committee's composition meets with the requirements of Section 177 of the Companies Act, 2013 and Clause 49 of the Listing Agreement.

The terms of reference of this Committee are very wide. Besides having access to all the required information from within the Company, the Committee can obtain external professional advice whenever required. The Committee acts as a link between the Statutory and the Internal Auditors and the Board of Directors of the Company. It is authorised to select and establish accounting policies, review reports of the Statutory and the Internal Auditors and meet with them to discuss their findings, suggestions and other related matters. It is authorised to, inter alia, review and monitor the Auditor's independence and performance, effectiveness of the audit process, oversight of the Company's financial reporting process and the disclosure of its financial information, reviewing with the management the quarterly and annual financial statements before submission to the Board for approval, examination of the financial statements and the Auditors' Report thereon, approval of transactions of the Company with related parties including subsequent modifications thereof, grant omnibus approvals subject to fulfillment of certain conditions, scrutiny of inter-corporate loans

and investments, valuation of undertakings or assets of the Company wherever it is necessary, evaluation of internal financial controls and risk management systems, monitoring the end use of funds raised through public offers, rights issue, preferential issue, etc.

The Committee is empowered to review, inter alia, the remuneration payable to the Statutory Auditors and Internal Auditors and to recommend a change in the Auditors, if felt necessary. It is also empowered to review Financial Statements and investments of the unlisted subsidiary companies, Management Discussion and Analysis of financial condition and results of operations, statement of significant related party transactions. Further, the Committee is also authorised to oversee the functioning of the Whistle Blower Policy/Vigil Mechanism as well as review on a quarterly basis, the report on compliance under SEBI (Prohibition of Insider Trading) Regulations, 2015 given by the Compliance Officer. Generally all items listed in Clause 49III(D) of the Listing Agreement are covered in the terms of reference. The Audit Committee has been granted powers as prescribed under Clause 49III(C) and reviews all the information as prescribed in Clause 49III(E).

The Chairman of the Board, Managing Director, Chief Financial Officer, Chief Internal Auditor of Mahindra & Mahindra Limited and Statutory Auditors are regularly invited to attend the Audit Committee Meetings. The Company Secretary is the Secretary to the Committee.

Mr. Dhananjay Mungale, Chairman of the Audit Committee was present at the 24th Annual General Meeting of the Company held on 24th July, 2014.

The Audit Committee met six times during the year on 23rd April, 2014, 23rd July, 2014, 6th August, 2014, 22nd October, 2014, 17th January, 2015 and 10th March, 2015. The time gap between any two meetings was less than four months. The details of attendance at the Audit Committee Meetings are given in Table 4.

Table 4: Attendance record of Audit Committee Meetings

Name of Members	No. of Meetings held	No. of Meetings attended
Mr. Dhananjay Mungale (Chairman)	6	6
Mr. M. G. Bhide	6	6
Ms. Rama Bijapurkar	6	3
Mr. Uday Y. Phadke	6	6
Mr. Piyush Mankad	6	6
Mr. C. B. Bhavé *	6	1
Mr. V. S. Parthasarathy #	6	2

* Mr. C. B. Bhavé was appointed as a Member of Audit Committee with effect from 10th February, 2015.

Mr. V. S. Parthasarathy was appointed as a Member of Audit Committee with effect from 22nd October, 2014.

b) Nomination and Remuneration Committee

The constitution and the terms of reference of the Nomination and Remuneration Committee are in compliance with the provisions of Section 178(1) of the Companies Act, 2013 and the Listing Agreement.

The role of the Nomination and Remuneration Committee is to establish criteria for selection to the Board with respect to the competencies, qualifications, experience, track record and integrity, and recommend candidates for Board Membership, develop and recommend policies with respect to composition of the Board commensurate with the size, nature of the business and operations of the Company in line with the appropriate legislations, establish Director retirement policies and appropriate succession plans, devise policy on Board Diversity, determine overall compensation policies of the Company, and administer the “Mahindra & Mahindra Financial Services Limited Employees’ Stock Option Scheme - 2005”, the “Mahindra & Mahindra Financial Services Limited Employees’ Stock Option Scheme – 2010” and such further ESOP Schemes as may be formulated from time to time and take appropriate decisions in terms of the concerned Schemes.

The scope of the Committee further includes review of market practices and to decide on remuneration packages applicable to the Managing Director, Executive Director(s), Functional Heads, etc., set out performance parameters for Managing Director, Executive Director(s), Functional Heads, etc., and review the same. The Committee is authorised to identify persons who are qualified to be Directors and who may be appointed in Senior Management in accordance with the criteria laid down, recommend to the Board their appointment and removal and carry out evaluation of every Director’s performance.

In addition to the above, the Committee is also authorised to formulate the criteria for determining the qualifications, positive attributes and independence of a Director and recommend to the Board formulation of a Policy relating to the remuneration for the Directors, Key Managerial Personnel and other employees.

The Nomination and Remuneration Committee comprises of majority of Independent Directors, including its Chairman. As of 31st March, 2015, the Committee comprised five members viz. Mr. Piyush Mankad (Chairman), Mr. Dhananjay Mungale and Mr. M. G. Bhide, all Independent Directors and Mr. Bharat N. Doshi and Mr. Uday Y. Phadke, Non-Executive Non-Independent Directors.

Mr. Piyush Mankad, Chairman of the Nomination and Remuneration Committee was present at the 24th Annual General Meeting of the Company held on 24th July, 2014.

The Committee met five times during the year under review on 23rd April, 2014, 24th July, 2014, 21st October, 2014,

16th December, 2014 and 20th March, 2015. The attendance details at Meetings of the Committee are given in Table 5.

Table 5: Attendance record of Nomination and Remuneration Committee Meetings

Name of Members	No. of Meetings held	No. of Meetings attended
Mr. Piyush Mankad (Chairman)	5	5
Mr. Bharat N. Doshi	5	5
Mr. Dhananjay Mungale	5	5
Mr. Uday Y. Phadke	5	5
Mr. M. G. Bhide	5	5

c) Stakeholders Relationship Committee

As on 31st March, 2015, the Stakeholders Relationship Committee comprised of three members, viz. Mr. M. G. Bhide (Chairman), Independent Director, Mr. Uday Y. Phadke, Non-Executive Non-Independent Director and Mr. Ramesh Iyer, Managing Director. The Board at its Meeting held on 23rd April, 2015 has appointed Ms. Rama Bijapurkar, an Independent Director, as a Member and Chairperson of the Committee with effect from 23rd April, 2015. Mr. M. G. Bhide will continue to be a Member of the Committee. Ms. Arnavaz M. Pardiwala, Company Secretary is the Compliance Officer of the Company.

The Committee meets, as and when required, to inter alia, deal with matters relating to transfers/transmissions of shares and monitor redressal of grievances of security holders relating to transfers, non-receipt of balance sheet, non-receipt of dividends declared, etc. The Committee is also authorised to approve requests for issue of duplicate share certificates.

Mr. M. G. Bhide was present at the 24th Annual General Meeting of the Company held on 24th July, 2014.

The Committee met twice during the year on 23rd April, 2014 and 22nd October, 2014. Both the meetings were well attended. The attendance details at Meetings of the Committee are given in Table 6.

Table 6: Attendance record of Stakeholders Relationship Committee Meetings

Name of Members	No. of Meetings held	No. of Meetings attended
Mr. M. G. Bhide	2	2
Mr. Uday Y. Phadke	2	2
Mr. Ramesh Iyer	2	2

Details of queries and grievances received and attended to by the Company during the year 2014-15 are given in Table 7.

Table 7: Complaints/Letters received and attended to during the Financial Year 2014-15

Nature of Complaints/ Letters	Pending as on 1 st April, 2014	Received during the year	Answered during the year	Pending as on 31 st March, 2015
1. Status of Share Application	0	0	0	0
2. Non Receipt of Electronic Credit	0	1	1	0
3. Non Receipt of Dividend	0	21	21	0
4. Duplicate/Revalidation/ Correction of Dividend Warrant	0	266	266	0
5. SEBI/Stock Exchange Complaints	0	2	2	0
Total	0	290	290	0

d) Corporate Social Responsibility Committee

The Corporate Social Responsibility ('CSR') Committee has been constituted by the Board of Directors to formulate and recommend to the Board a CSR Policy indicating the activities to be undertaken by the Company in compliance with the provisions of the Companies Act, 2013 and Rules made thereunder, allocate the amount of expenditure to be incurred on CSR activities as enumerated in Schedule VII to the Companies Act, 2013, and monitor the CSR Policy of the Company periodically. The CSR Policy of the Company is displayed on the website of the Company at the link: <http://www.mahindrafinance.com/csr.aspx>.

Mr. Bharat N. Doshi, Non-Executive Non-Independent Director is the Chairman of the Committee. Mr. Piyush Mankad, Independent Director, Mr. Uday Y. Phadke, Non-Executive Non-Independent Director and Mr. Ramesh Iyer, Managing Director, are the other Members of the Committee.

The Committee held four meetings during the year under review. The Committee met on 22nd April, 2014, 23rd July, 2014, 16th December, 2014 and 20th March, 2015. The attendance details at Meetings of the Committee are given in Table 8.

Table 8: Attendance record of Corporate Social Responsibility Committee Meetings

Name of Members	No. of Meetings held	No. of Meetings attended
Mr. Bharat Doshi (Chairman)	4	4
Mr. Piyush Mankad	4	4
Mr. Uday Y. Phadke	4	4
Mr. Ramesh Iyer	4	4

e) Asset Liability Committee

The Asset Liability Committee (ALCO) was constituted by the Board in 2001. It reviews the working of the Asset Liability Operating Committee, its findings and reports in accordance with the guidelines of the Reserve Bank of India (RBI). The Company submits periodic reports to the RBI on the management of the Company's risks and assets and liabilities.

As of 31st March, 2015, the Committee comprised of four members viz. Mr. Dhananjay Mungale (Chairman), Independent Director, Mr. Uday Y. Phadke, Non-Executive Non-Independent Director, Mr. V. S. Parthasarathy, Non-Executive Non-Independent Director and Mr. Ramesh Iyer, Managing Director.

The Board of Directors at its Meeting held on 23rd April, 2015 has appointed Mr. M. G. Bhide, an Independent Director, as a Member and Chairman of the Committee with effect from 23rd April, 2015.

The Committee met on 23rd April, 2014 and 22nd October, 2014. The attendance details at Meetings of the Committee are given in Table 9.

Table 9: Attendance record of Asset Liability Committee Meetings

Name of Members	No. of Meetings held	No. of Meetings attended
Mr. Dhananjay Mungale	2	2
Mr. Uday Y. Phadke	2	2
Mr. Ramesh Iyer	2	2
Mr. V. S. Parthasarathy+	2	0

+ The Board of Directors at its Meeting held on 22nd October, 2014 appointed Mr. V. S. Parthasarathy as a Member of the Committee with effect from 22nd October, 2014.

f) Risk Management Committee

The revised Clause 49 of the Listing Agreement mandates constitution of the Risk Management Committee. Your Company has in place a Risk Management Committee even before the revised Clause 49 came into effect. The Risk Management Committee was constituted by the Board at its Meeting held on 28th January, 2008 to manage the integrated risk, inform the Board about the progress made in implementing a risk management system and review periodically the Risk Management Policy and strategy followed by the Company. The Chief Financial Officer apprises the Risk Management Committee and the Board of the major risks as well as the movement in the profile of the high risk category, the root causes of risks and their impact, key performance indicators, risk management measures and the current controls being exercised to mitigate these risks.

As of 31st March, 2015, the Risk Management Committee comprised Mr. Dhananjay Mungale (Chairman),

Mr. M. G. Bhide, Ms. Rama Bijapurkar, Mr. C. B. Bhavé, Independent Directors and Mr. V. S. Parthasarathy, Non-Executive Non-Independent Director of the Company.

The Board of Directors at its Meeting held on 23rd April, 2015 has appointed Mr. C. B. Bhavé as the Chairman of the Committee.

The Committee met on 23rd April, 2014, 24th July, 2014, 22nd October, 2014 and 17th January, 2015. The attendance details at Meetings of the Committee are given in Table 10.

Table 10: Attendance record of Risk Management Committee Meetings

Name of Members	No. of Meetings held	No. of Meetings attended
Mr. Dhanajay Mungale (Chairman)	4	4
Mr. M. G. Bhide	4	4
Ms. Rama Bijapurkar	4	4
Mr. C. B. Bhavé #	4	0
Mr. V. S. Parthasarathy *	4	1

Mr. C. B. Bhavé was appointed as a Member of the Committee with effect from 10th February, 2015 and Chairman of the Committee with effect from 23rd April, 2015.

* Mr. V. S. Parthasarathy was appointed as a Member of the Committee with effect from 22nd October, 2014.

g) Strategy Committee for Acquisitions

The Strategy Committee for Acquisitions was constituted by the Board at its Meeting held on 20th March, 2015 to take up for evaluation and scrutinise significant investments/funding including but not limited to business acquisitions, reviewing and monitoring existing investments in Subsidiaries and the Joint Venture Company, overseeing and reviewing performance of the subsidiaries and make necessary recommendations to the Board from time to time including disinvestments.

As of 31st March, 2015, the Strategy Committee for Acquisitions comprised of Mr. M. G. Bhide, Mr. Dhananjay Mungale and Mr. V. S. Parthasarathy.

Subsidiary Companies

Clause 49 of the Listing Agreement defines a “material non-listed Indian subsidiary” as an unlisted subsidiary, incorporated in India, whose income or net worth (i.e. paid-up capital and free reserves) exceeds 20% of the consolidated turnover or net worth respectively, of the listed holding company and its subsidiaries in the immediately preceding accounting year.

Under this definition, the Company did not have any “material non-listed Indian subsidiary” during the year under review. The subsidiaries of the Company function independently, with an adequately empowered Board of Directors and

sufficient resources. The Minutes of the Board Meetings of the Company’s subsidiaries are placed at the Board Meeting for review by the Board Members.

Policy for determining Material Subsidiaries

The Company has formulated a policy for determining ‘material’ subsidiaries as defined in Clause 49 of the Listing Agreement. This policy has also been hosted on the website of the Company: <http://www.mahindrafinance.com/policies.aspx>

Disclosure of Transactions with Related Parties

All transactions entered into with Related Parties as defined under the Companies Act, 2013 and Clause 49 of the Listing Agreement during the financial year were in the ordinary course of business and on an arm’s length basis. The details of the transaction with related parties are placed before the Audit Committee from time to time. During the Financial Year 2014-15, there were no materially significant transactions or arrangements entered into between the Company and its Promoters, Directors or the Management, Subsidiaries or Relatives, etc., that may have potential conflict with the interests of the Company at large.

Policy on Materiality of and Dealing with Related Party Transactions

The Company has formulated a policy on materiality of and dealing with Related Party Transactions pursuant to the provisions of the Companies Act, 2013 and Listing Agreement. The Policy on Related Party Transactions is displayed on the website of the Company: <http://www.mahindrafinance.com/policies.aspx>.

Disclosure of Accounting Treatment in Preparation of Financial Statements

The Company has followed the Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI) in preparation of its financial statements.

Details of Non-Compliance by the Company

The Company has complied with all the requirements of regulatory authorities. No penalties or strictures were imposed on the Company by Stock Exchanges or SEBI or any statutory authority on any matter related to capital market since the listing of the Company’s Equity Shares.

Code for Prevention of Insider Trading Practices

The Company has instituted a comprehensive Code of Conduct for prevention of Insider Trading for its designated employees, in compliance with the Securities and Exchange Board of India [Prohibition of Insider Trading] Regulations, 1992, as amended from time to time. The Code lays down Guidelines, which advise them on procedures to be followed and disclosures to be made, while dealing with shares of the Company, and cautioning them of the consequences of violations.

The Securities and Exchange Board of India (“SEBI”) on 15th January, 2015 notified the SEBI (Prohibition of Insider Trading) Regulations, 2015 (the “new Regulations”) to come into effect from 15th May, 2015, thereby repealing the earlier

Regulations effective the said date. In accordance with the provisions of the new Regulations, the Company has devised and adopted the 'Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information' and 'Code of Conduct for Prevention of Insider Trading in Securities of Mahindra & Mahindra Financial Services Limited' in the Board Meeting held on 23rd April, 2015. These Codes shall be made effective from 15th May, 2015.

The Code of Conduct for Prevention of Insider Trading in Securities of Mahindra & Mahindra Financial Services Limited has been formulated to regulate, monitor and ensure reporting of trading by the Employees and Connected Persons designated on the basis of their functional role in the Company towards achieving compliance with the new Regulations and is designed to maintain the highest ethical standards of trading in Securities of the Company by persons to whom it is applicable. The provisions of the Code are designed to prohibit Designated Persons from trading in the Company's Securities when in possession of Unpublished Price Sensitive Information.

WHISTLE BLOWER POLICY

The Vigil Mechanism as envisaged in the Companies Act, 2013 and the Rules prescribed is implemented through the

Whistleblower Policy to provide for adequate safeguards against victimization of persons who use such mechanism and make provision for direct access to the Chairperson of the Audit Committee.

The Whistleblower Policy per se provides for protected disclosure and protection to the Whistleblower. Under the Vigil Mechanism a person is provided access to Chairman of the Audit Committee of the Company or Chairman of the Company or the Corporate Governance Cell, to report illegal or unethical behaviour, actual or suspected fraud or violation of the Company's Codes of Conduct or Corporate Governance Policies or any improper activity. The vigil mechanism has been hosted on the Company's website: http://www.mahindrafinance.com/pdf/MMFSL_VigilMechanism.pdf. The Whistle Blower Policy has been appropriately communicated within the Company and is accessible on the intranet portal of the Company. No personnel has been denied access to the Audit Committee.

SHAREHOLDERS

Appointment of Directors

The details of Directors seeking appointment at the forthcoming Annual General Meeting is set forth in Table 11.

Table 11

Name of the Director	Mr. V. S. Parthasarathy
Date of Birth	1 st November, 1962
Date of Appointment on the Board	24 th July, 2014
Expertise in specific functional area	Finance, HR, M&A, IT and International Operations
Qualifications	Bachelor's Degree in Commerce and a fellow member of the Institute of Chartered Accountants of India, Advanced Management Program from Harvard University
Directorships in Companies	Mahindra Aerospace Private Limited
	Defence Land Systems India Limited
	Mahindra Reva Electric Vehicles Private Limited
	Mahindra Defence Systems Limited
	Mahindra Telephonics Integrated Systems Limited
	Mahindra USA Inc.
	Mahindra Yueda (Yancheng) Tractor Company Limited
	Mahindra Tractor Assembly Inc.
	CIE Automotive, S.A.
	Mahindra North America Technical Centre, Inc.
	Mahindra & Mahindra Financial Services Limited
	Mahindra Holidays & Resorts India Limited
	New Democratic Electoral Trust
	Mahindra Two Wheelers Limited
Membership of Committees in Public Limited Companies	
Audit Committee	Mahindra Aerospace Private Limited
	Mahindra Telephonics Integrated Systems Limited
	Mahindra Reva Electric Vehicles Private Limited
	Mahindra Holidays & Resorts India Limited
	Mahindra Two Wheelers Limited
	Mahindra & Mahindra Financial Services Limited
Nomination and Remuneration Committee	Mahindra Defence Systems Limited
	Mahindra Reva Electric Vehicles Private Limited
	Mahindra Two Wheelers Limited

Name of the Director	Mr. V. S. Parthasarathy
Stakeholders Relationship Committee	Mahindra Holidays & Resorts India Limited
Risk Management Committee	Mahindra Holidays & Resorts India Limited
	Mahindra & Mahindra Financial Services Limited
Corporate Social Responsibility Committee	Mahindra Holidays & Resorts India Limited
ALCO Committee	Mahindra & Mahindra Financial Services Limited
Treasury Committee	Defence Land Systems India Limited
Committee of Directors – Investments	Mahindra Holidays & Resorts India Limited
Strategy Committee for Acquisitions	Mahindra & Mahindra Financial Services Limited
Shareholding of Director in the Company	250 Equity Shares of the Face Value of Rs. 2/- each

Mr. Parthasarathy holds a Bachelor's Degree in Commerce and is a fellow member of the Institute of Chartered Accountants of India. He is Harvard Alumni of Advanced Management Program - batch 2011. He has also been part of Mahindra Group's Senior Management team for Group strategy development, facilitated by Harvard Business School.

Mr. V. S. Parthasarathy is Group Chief Financial Officer (CFO) and Group Chief Information Officer (CIO) of Mahindra & Mahindra Limited (M&M), holding Company. In his role as Group CFO & Group CIO, of M&M he facilitates Mahindra Group in accomplishing its vision of 'being amongst the Top 50 most admired brands in the world'. He is a member of the think-tank of Mahindra Group's supervisory board called "Group Executive Board". He is also a member of the Global IT Customer Advisory Board of CISCO & APJ Customer Advisory Board of HP. He joined M&M in 2000. At M&M, he spearheaded functions like Finance, HR, M&A, IT and International Operations before he was appointed CFO of M&M. He has received many accolades and recognitions in the field of Finance, M&A & IT being a Group CFO and Group CIO and as Head of Group Finance and Mergers & Acquisition.

Means of Communication with Shareholders

- The Company publishes its quarterly, half-yearly and annual results in Business Standard and Sakal which are national and local dailies, respectively. These are not sent individually to the Shareholders.
- The Company results and official news releases are displayed on the Company's website <http://www.mahindrafinance.com>.
- The Company also makes presentations to international and national institutional investors and analysts, which are also hosted on its website.
- The Company also files various compliances as required to be filed in the BSE Corporate Compliance and Listing Centre and NSE Electronic Application Processing System (NEAPS). Various compliances as required/prescribed under the Listing Agreement executed with the Stock Exchanges are also filed through these systems in addition to dissemination of information by email.
- The Company has designated investorhelpline_mmfs@mahindra.com as an email id for the purpose of registering complaints by investors and displayed the same on the Company's website. The Company has also designated mfind@mahindra.com as an exclusive email ID for Fixed Deposit Investors for the purpose of registering queries/complaints in respect of Fixed Deposits of the Company and the same has also been displayed on the Company's website.

GENERAL BODY MEETINGS

Table 12: Details of last three Annual General Meetings and Special Resolutions passed

For the Financial Year	Date	Time	Special Resolutions passed	Venue
2011-2012	27 th July, 2012	3.30 p.m.	Amendment to the Articles of Association of the Company for convening Board Meetings and General Meetings through Video Conference and/or other permissible electronic or virtual facilities and for servicing of documents to Shareholders through electronic mode.	Birla Matushri Sabhagar, 19, Sir Vithaldas Thackersey Marg, New Marine Lines, Mumbai – 400 020.
2012-2013	25 th July, 2013	3.30 p.m.	None	Swatantryaveer Savarkar Rashtriya Smarak, 252, S.V.S. Marg, Shivaji Park, Dadar (W), Mumbai – 400 028.
2013-2014	24 th July, 2014	3.30 p.m.	Revision in the remuneration of Mr. Ramesh Iyer, Managing Director of the Company.	Y. B. Chavan Auditorium, General Jagannath Bhosale Marg, next to Sachivalaya Gymkhana, Mumbai – 400 021.

Details of Extraordinary General Meeting held during the past three financial years

For the Financial Year	Date	Time	Special Resolution(s) passed	Venue
2012-2013	6 th November, 2012	10.00 a.m.	Allotment of Equity Shares to Qualified Institutional Buyers under the Qualified Institutions Placement.	Swatantryaveer Savarkar Rashtriya Smarak, 252, S.V.S. Marg, Shivaji Park, Dadar (W), Mumbai – 400 028.

POSTAL BALLOT
Details of Resolutions passed through Postal Ballot during the Financial Year 2014-15

During the year, four resolutions were passed through Postal Ballot. Mr. S. N. Ananthasubramanian, Practising Company Secretary was appointed as the Scrutinizer for overseeing the Postal Ballot voting process. The details are as follows:

1. Special Resolution for increase in Borrowing limits from Rs. 38,000 crores to Rs. 45,000 crores under Section 180(1)(c) of the Companies Act, 2013 (“the Act”) and creation of charge on the Company’s property(ies) under Section 180(1)(a) of the Act.

Promoter/Public	No. of shares held	No. of votes polled	% of votes polled on outstanding shares	No. of votes in favour	No. of votes – against	% of votes in favour on votes polled	% of votes against on votes polled
	(1)	(2)	(3)=[(2)/(1)]*100	(4)	(5)	(6)=[(4)/(2)]*100	(7)=[(5)/(2)]*100
Promoter and Promoter Group	29,64,34,346	29,64,34,346	100.00	29,64,34,346	0	100.00	0
Public Institutional Holders	24,04,26,246	13,37,76,411	55.64	13,13,93,175	23,83,236	98.22	1.78
Public – Others	3,19,04,368	27,75,366	8.70	27,73,017	2,349	99.92	0.08
Total	56,87,64,960	43,29,86,123	76.13	43,06,00,538	23,85,585	99.45	0.55

2. Special Resolution for issue of Non-Convertible Debentures and/or other Debt Securities on a Private Placement basis under Sections 42 and 71 and all other applicable provisions of the Act read with the relevant Rules.

Promoter/Public	No. of shares held	No. of votes polled	% of votes polled on outstanding shares	No. of votes in favour	No. of votes – against	% of votes in favour on votes polled	% of votes against on votes polled
	(1)	(2)	(3)=[(2)/(1)]*100	(4)	(5)	(6)=[(4)/(2)]*100	(7)=[(5)/(2)]*100
Promoter and Promoter Group	29,64,34,346	29,64,34,346	100.00	29,64,34,346	0	100.00	0
Public Institutional Holders	24,04,26,246	12,66,61,427	52.68	12,35,88,870	30,72,557	97.57	2.43
Public – Others	3,19,04,368	27,72,087	8.69	27,66,581	5,506	99.80	0.20
Total	56,87,64,960	42,58,67,860	74.88	42,27,89,797	30,78,063	99.28	0.72

The results of both the aforesaid Special Resolutions were declared on 19th June, 2014.

3. Resolution for seeking approval of the Public shareholders (other than individuals/entities forming part of Promoter and Promoter Group) for the Scheme of Amalgamation of Mahindra Business & Consulting Services Private Limited with the Company under Sections 391 to 394 and other applicable provisions of the Companies Act, 1956.

Promoter/Public	No. of shares held	No. of votes polled	% of votes polled on outstanding shares	No. of votes in favour	No. of votes – against	% of votes in favour on votes polled	% of votes against on votes polled
	(1)	(2)	(3)=[(2)/(1)]*100	(4)	(5)	(6)=[(4)/(2)]*100	(7)=[(5)/(2)]*100
Promoter and Promoter Group**	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Public Institutional Holders	24,64,95,195	15,91,08,563	64.55	15,91,08,563	0	100.00	–
Public – Others	2,62,61,500	28,98,998	11.04	28,97,803	1,195	99.96	0.04
Total	27,27,56,695	16,20,07,561	59.40	16,20,06,366	1,195	100.00	0.00

** Note: Pursuant to the requirements prescribed in Paragraph 5.16 (a) (iii) of SEBI Circular No. CIR/CFD/DIL/5/2013 dated February 4, 2013, read with SEBI Circular No. CIR/CFD/DIL/8/2013 dated May 21, 2013, the Postal Ballot including e-voting facility was provided only to Public Shareholders (other than the Promoter and Promoter Group) of the Company.

The results of the aforesaid Resolution were declared on 13th January, 2015.

4. Appointment of Mr. C. B. Bhawe as an Independent Director of the Company

The Company also conducted a Postal Ballot seeking Shareholders' approval by way of an Ordinary Resolution, for the appointment of Mr. C. B. Bhawe as an Independent Director of the Company with effect from 3rd February, 2015.

The Results were declared on 3rd February, 2015.

Procedure for Postal Ballot

In compliance with Clause 35B of the Listing Agreement and Sections 108, 110 and other applicable provisions of the Companies Act, 2013, read with the Rules prescribed, the Company provides electronic voting facility to all its members, to enable them to cast their votes electronically. The Company engages the services of National Securities Depository Limited (NSDL)/Karvy Computershare Private Limited, its Registrar and Share Transfer Agent, for the purpose of providing e voting facility to all its Members. The Members have the option to vote either by physical ballot or e voting. The Company dispatches the Postal Ballot Notices and Forms along with postage pre-paid business reply envelopes to its members whose names appear on the Register of Members/ list of Beneficiaries as on the cut-off date. The Postal Ballot Notice is sent to Members in electronic form to the email addresses registered with their depository participants (in case of electronic shareholding)/the Company's Registrar and Share Transfer Agent (in case of physical shareholding). The Company also publishes notice in the newspapers in English and Marathi languages declaring the details of completion of dispatch, declaration of results and other requirements as mandated under the Act and applicable Rules.

Voting rights are reckoned on the paid-up value of the shares registered in the names of the Members as on the cut-off date. Members desiring to exercise their votes by physical postal ballot forms are requested to return the forms duly completed and signed, to the scrutinizer on or before the close of voting period. Members desiring to exercise their votes by electronic mode are requested to vote before close of business hours on the last date of e-voting.

The scrutinizer submits his report to the Chairman/Managing Director/Company Secretary, after the completion of scrutiny, and the consolidated results of the voting by postal ballot are then announced by the Chairman/Managing Director/Company Secretary as the case may be. The Results and the Report of the Scrutinizer are hosted on the Company's website www.mahindrafinance.com besides being communicated to the Stock Exchanges and Registrar and Share Transfer Agents. The Results are also published in at least one English and one vernacular newspaper circulating in Maharashtra. The date of declaration of the results by the Company is deemed to be the date of passing of the resolutions.

Special resolutions proposed to be passed by way of Postal Ballot

The Board at its meeting held on 23rd April, 2015, approved the increase in Borrowing Limits from Rs. 45,000 crores to Rs. 50,000 crores under Section 180(1)(c) of the Companies

Act, 2013 ("the Act"), creation of charge on the Company's property(ies) under Section 180(1)(a) of the Act and the issue of Non-Convertible Debentures and/or other Debt Securities, in one more tranches, aggregating upto Rs. 21,000 crores on a Private Placement basis in accordance with the provisions of Sections 42, 71 and all other applicable provisions, of the Act read with the Companies (Prospectus and Allotment of Securities) Rules, 2014 and Companies (Share Capital and Debentures) Rules, 2014. In this connection, the Company will seek Shareholders' approval for these Special Resolutions by way of Postal Ballot.

None of the businesses proposed to be transacted in the ensuing Annual General Meeting requires the passing of a Special Resolution by way of Postal Ballot.

MANAGEMENT

Management Discussion and Analysis

The Annual Report has a detailed chapter on Management Discussion and Analysis.

COMPLIANCE

Compliance with Mandatory Requirements

The Company has fully complied with the applicable mandatory requirements of Clause 49 of the Listing Agreement.

Compliance with Non-Mandatory Requirements

Audit Qualification

During the year under review, there is no audit qualification in your Company's standalone financial statements nor has there been a matter of emphasis made during the year. Your Company continues to adopt best practices to ensure a regime of unqualified financial statements.

Separate Posts of Chairman and Managing Director and CEO

The Chairman of the Board is a Non-Executive Director and his position is separate from that of the Managing Director.

Your Company has not adopted the other non-mandatory requirements as specified in Annexure XIII of Clause 49.

COMPLIANCE WITH THE CORPORATE GOVERNANCE VOLUNTARY GUIDELINES, 2009

In December, 2009 the Government of India, Ministry of Corporate Affairs ("MCA") had issued Corporate Governance Voluntary Guidelines, 2009 ("the Guidelines"). In the Guidelines MCA has clarified that the Guidelines were prepared and disseminated for consideration and adoption by Corporates and may be voluntarily adopted by public companies with the objective to enhance not only the economic value of the enterprise but also the value for every stakeholder who has contributed in the success of the enterprise and set a global benchmark for good Corporate Governance.

Your Company has been a strong believer in good Corporate Governance and has been adopting the best practices that have evolved over the last two decades.

Your Company is in substantial compliance with the Guidelines and it will always be the Company's endeavour to attain the best practices in Corporate Governance.

General Shareholders Information

25th Annual General Meeting

Date : 24th July, 2015
 Time : 3.30 p.m.
 Venue : Y. B. Chavan Auditorium, General Jagannath Bhosale Marg, next to Sachivalaya Gymkhana, Mumbai - 400 021.

Financial Year of the Company

The financial year covers the period from 1st April to 31st March. For the year ending 31st March, 2015 results will be tentatively announced on:

- Quarter ending 30th June, 2015 - End July, 2015
- Half-year ending 30th September, 2015 - End October, 2015
- Quarter ending 31st December, 2015 - End January, 2016
- Year ending 31st March, 2016 - End April, 2016

Book Closure

Book Closure for dividend will be from 4th July, 2015 to 24th July, 2015, inclusive of both days.

Dividend Payment

A dividend of Rs. 4.00 per Equity Share of Rs. 2 each, will be credited/dispatched on or after 25th July, 2015 subject to approval by Shareholders at the Annual General Meeting.

Registered Office

Gateway Building, Apollo Bunder, Mumbai - 400 001.

Corporate Identity Number

L65921MH1991PLC059642

Listing

A. Equity Shares

The Company's Shares are listed on National Stock Exchange of India Limited (NSE) and BSE Limited (BSE). The requisite listing fees have been paid in full to both these Stock Exchanges.

Table 1	Stock Exchange Codes
BSE	532720
NSE	M&MFIN
Demat ISIN in NSDL and CDSL for Equity Shares	INE774D01024

B. Non-Convertible Debentures

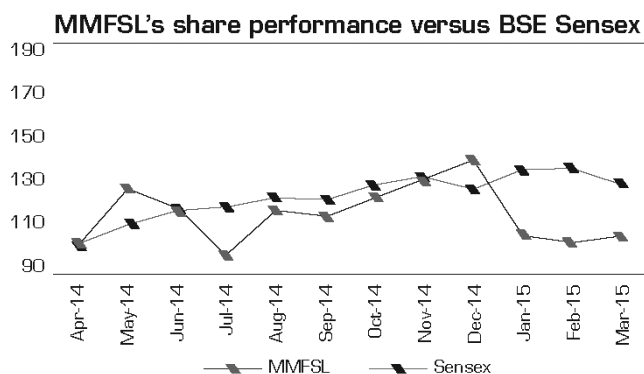
The Non-Convertible Debentures (NCDs) of the Company are listed on the BSE and the Company has paid the requisite listing fees in full.

Debenture Trustee for the Company's NCDs:

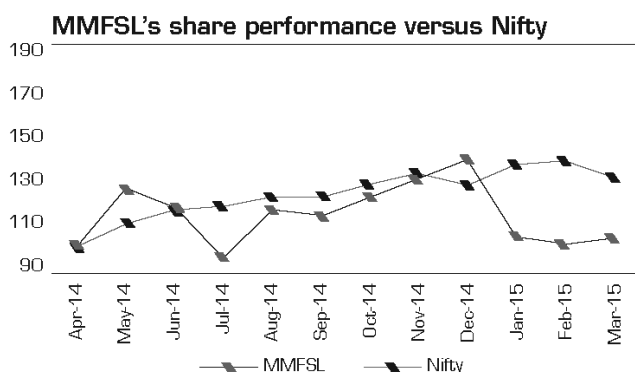
Axis Trustee Services Limited
 Axis House, 2nd Floor,
 Bombay Dyeing Mills Compound,
 Worli, Mumbai – 400 025.

Table 2: Monthly High and Low of Company's shares for the Financial Year 2014-15 at BSE and NSE

Month	BSE Limited (BSE)		National Stock Exchange of India Limited (NSE)	
	High	Low	High	Low
April, 2014	260.15	229.50	257.00	229.25
May, 2014	322.75	236.60	323.00	235.75
June, 2014	319.80	268.40	319.80	268.10
July, 2014	289.95	231.80	289.95	231.70
August, 2014	284.75	232.35	284.50	232.05
September, 2014	296.00	266.35	295.75	265.10
October, 2014	294.95	257.50	295.00	268.00
November, 2014	344.90	291.40	342.00	291.15
December, 2014	334.40	271.00	334.40	270.35
January, 2015	339.15	244.10	339.40	244.30
February, 2015	264.90	241.10	265.00	240.05
March, 2015	270.00	249.20	270.00	248.80

Chart A


Note: Share prices and BSE Sensex indexed to 100 as on the first working day of the Financial Year 2014-15 i.e. 1st April, 2014.

Chart B


Note: Share prices and Nifty indexed to 100 as on the first working day of the Financial Year 2014-15 i.e. 1st April, 2014.

Distribution of Shareholding

Table 3 and Table 4 lists the distribution of the shareholding of the Equity Shares of the Company by size and by ownership class as on 31st March, 2015.

Table 3: Shareholding pattern by size as on 31st March, 2015

Category (Shares)	Number of Shareholders	No. of Shares held	% of Shareholding
1 - 500	53,637	66,58,095	1.17
501 -1,000	2,393	18,75,775	0.33
1,001 - 5,000	2,093	47,54,234	0.84
5,001 - 10,000	263	19,03,125	0.33
10,001 - 20,000	156	22,51,016	0.40
20,001 and above	477	55,13,22,715	96.93
Total	59,019	56,87,64,960	100.00

Table 4: Shareholding pattern by ownership as on 31st March, 2015

Category of Shareholders	Number of Shares held	% of Shareholding
Promoter and Promoter Group	29,58,31,949	52.01
Mutual Funds	1,66,12,539	2.92
FII's	21,69,75,286	38.15
Bodies Corporate	64,69,454	1.14
Indian Public/HUF	2,38,15,700	4.19
NRIs	8,11,546	0.14
Trusts	8,62,711	0.15
Indian Financial Institution/Banks	24,34,325	0.43
Venture Capital Fund	18,55,000	0.33
Insurance Companies	18,00,208	0.31
Clearing Members	12,96,242	0.23
Total	56,87,64,960	100.00

Dematerialisation of Shares

As on 31st March, 2015, 99.71 per cent of the total equity capital was held in dematerialised form with National Securities Depository Limited and Central Depository Services (India) Limited.

Compliance with Clause 5A of the Listing Agreement

The Securities and Exchange Board of India had vide its Circular No. SEBI/CFD/DIL/LA/1/2009/24/04 dated 24th April, 2009, made amendments to the Equity Listing Agreement by insertion of Clause 5A for the purpose of providing a uniform procedure for dealing with unclaimed shares i.e. shares which could not be allotted to the rightful shareholder(s) due to insufficient/incorrect information or for any other reason.

In accordance with Clause 5A, the unclaimed shares as well as corporate benefit in terms of securities, accruing on unclaimed shares have been credited to a demat suspense account opened by your Company with M/s. Karvy Stock Broking Limited.

The information as required pursuant to sub-clause (g) of Clause 5A is furnished below:

- (i) Aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year – 27 shareholders representing 4,975 Equity Shares of Rs. 2 each.
- (ii) Number of shareholders who approached the Company for transfer of shares from suspense account during the year – 1
- (iii) Number of shareholders to whom shares were transferred from suspense account during the year – 1
- (iv) Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year – 26 shareholders representing 4,800 Equity Shares of Rs. 2 each.

- (v) The voting rights on the unclaimed shares shall remain frozen till the rightful owner of such shares claims the shares.

Outstanding GDRs/ADRs/Warrants or any Convertible Instruments, Conversion Date and likely impact on equity

As on 31st March, 2015, the Company did not have any outstanding GDRs/ADRs/Warrants or any Convertible Instruments.

Plant Locations

In view of the nature of business activities carried on by the Company, the Company operates from various offices in India and does not have any manufacturing plant.

Registrar and Transfer Agents

Karvy Computershare Private Limited

Unit: Mahindra & Mahindra Financial Services Limited
Karvy Selenium Tower B,
Plot 31-32, Gachibowli, Financial District, Nanakramguda,
Hyderabad – 500 032.
Tel.: +91 40 67162222
Fax: +91 40 23001153
Email: support@karvy.com; einward.ris@karvy.com

The Registrar and Transfer Agents also have an office at:

Karvy Computershare Private Limited

24-B, Raja Bahadur Mansion,
Ground Floor, Ambalal Doshi Marg, Behind BSE, Fort,
Mumbai - 400 023.
Tel.: + 91 22 66235454
Fax: + 91 22 66331135

Share Transfer System

Trading in Equity Shares of the Company is permitted only in dematerialised form. Shares sent for transfer in physical form are registered and returned within a period of fifteen days from the date of receipt of the documents, provided the documents are valid and complete in all respects. With a view to expediting the process of share transfer any two of Mr. Ramesh Iyer, Managing Director, Mr. Uday Y. Phadke, Non-Executive Non-Independent Director and Mr. V. Ravi, Chief Financial Officer are authorised to approve transfers of upto 10,000 Equity Shares per transfer. The Stakeholders Relationship Committee meets as and when required to consider other requests for transfer/transmission of shares, issue of duplicate share certificates and attend to grievances of the security holders of the Company, etc.

Secretarial Audit/Reconciliation of Share Capital Audit

- Dr. K. S. Ravichandran, Managing Partner, KSR & Co., Company Secretaries LLP has conducted a Secretarial

Audit of the Company for the year 2014-15. The Audit Report confirms that your Company has complied with the applicable provisions of the Companies Act, 2013 and the Rules made there under, applicable RBI Regulations, Listing Agreements with the Stock Exchanges, applicable SEBI Regulations and other laws applicable to the Company. The Secretarial Audit Report forms part of the Directors' Report.

- Pursuant to Clause 47(c) of the Listing Agreement with the Stock Exchanges, certificates have been issued on a half-yearly basis, by a qualified Company Secretary in Practice, certifying due compliance of share transfer formalities by the Company.
- A qualified Practicing Company Secretary carries out a quarterly Reconciliation of Share Capital Audit, to reconcile the total admitted Equity Share capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed Equity Share capital. The audit confirms that the total issued/paid-up capital is in agreement with the aggregate of the total number of shares in physical form and the total number of shares in dematerialised form held with NSDL and CDSL.

Address for Correspondence

Shareholders may correspond with the Registrar and Transfer Agents at:

Karvy Computershare Private Limited
Unit: Mahindra & Mahindra Financial Services Limited
Karvy Selenium Tower B,
Plot 31-32, Gachibowli,
Financial District, Nanakramguda,
Hyderabad – 500 032.
Tel.: +91 40 67162222
Fax: +91 40 23001153
Email: support@karvy.com; einward.ris@karvy.com

on all matters relating to transfers, transmissions, dematerialisation of shares, payment of dividend and any other query relating to shares of the Company.

Shareholders would have to correspond with the respective Depository Participants for shares held in dematerialised mode.

For all investor related matters, the Chief Financial Officer or the Company Secretary & Compliance Officer can be contacted at Mahindra Towers, 4th Floor, P. K. Kurne Chowk, Worli, Mumbai - 400 018.

Tel.: +91 22 66526000
Fax: +91 22 66526198.
Email: investorhelpline_mmfsl@mahindra.com
Website: <http://www.mahindrafinance.com>

MANAGING DIRECTOR'S DECLARATION ON CODE OF CONDUCT

As required by Clause 49 of the Listing Agreement, the CEO declaration for Code of Conduct is given below:

To
The Members of
Mahindra & Mahindra Financial Services Limited

I, Ramesh Iyer, Managing Director of the Company declare that all Board Members and Senior Management of the Company have affirmed compliance with the Code of Conduct for the year ended 31st March, 2015.

For Mahindra & Mahindra Financial Services Limited

Ramesh Iyer
Managing Director

Place: Mumbai
Date: 23rd April, 2015

ANNEXURE A

CEO/CFO CERTIFICATION

23rd April, 2015

To,
The Board of Directors
Mahindra & Mahindra Financial Services Limited

- (a) We have reviewed financial statements and the cash flow statement for the financial year ended 31st March, 2015 and that to the best of our knowledge and belief:
- (i) these statements do not contain any materially untrue statement or omit any material fact nor do they contain statements that might be misleading;
 - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the Auditors and the Audit Committee that:
- (i) there have been no significant changes in internal control over financial reporting during this year;
 - (ii) there have been no significant changes in accounting policies during this year; and
 - (iii) there have been no instances of significant fraud of which we have become aware and the involvement therein of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Ramesh Iyer
Managing Director

V. RAVI
Chief Financial Officer

CERTIFICATE

To the Members of Mahindra & Mahindra Financial Services Limited

We have examined the compliance of conditions of Corporate Governance by Mahindra & Mahindra Financial Services Limited (“the Company”) for the year ended on March 31, 2015 as stipulated in clause 49 of the listing agreements of the said Company with the National Stock Exchange of India Limited and BSE Limited.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreements.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For B. K. Khare & Co.
Chartered Accountants
(Firm’s Registration Number: 105102W)

Naresh Kumar Kataria
Partner
Membership No. 037825

Place: Mumbai
Date: 23rd April, 2015

PARTICULARS OF LOANS/ADVANCES AND INVESTMENT IN ITS OWN SHARES BY LISTED COMPANIES, THEIR SUBSIDIARIES, ASSOCIATES, ETC., REQUIRED TO BE DISCLOSED IN THE ANNUAL ACCOUNTS OF THE COMPANY PURSUANT TO CLAUSE 32 OF THE LISTING AGREEMENT.

Loans and advances in the nature of loans to subsidiaries:

Name of the Company	Rs. in Crores	
	Balance as on 31 st March, 2015	Maximum Outstanding during the year
Mahindra Rural Housing Finance Limited	46.56	104.21

The Company has not made any loans and advances in the nature of loans to associates or loans and advances in the nature of loans at a rate of interest lower than the prevailing yield of one year, three year, five year or ten year Government Security closest to the tenor of the loan, pursuant to Section 186 of the Companies Act, 2013.

MANAGEMENT DISCUSSION AND ANALYSIS

GLOBAL ECONOMY

Global economic growth during the year 2014 remained subpar and uneven. While the developed economies led by the US and UK continued to strengthen, the growth in most emerging markets slowed further during the year. Among the key emerging economies, China further slowed down due to weak global growth and policy induced slowdown to move the economy to more manageable levels and due to slowdown in investment, particularly in real estate. The year also saw a sharp decline of over fifty percent in crude prices. The sharp decline in commodity prices in general and crude prices in particular had a strong negative impact on the exporting countries while positively influencing the importing nations.

GLOBAL GROWTH

	Projections			
	2013	2014	2015	2016
World Output	3.4	3.4	3.5	3.8
Advanced Economies	1.4	1.8	2.4	2.4
United States	2.2	2.4	3.1	3.1
Euro Area	(0.5)	0.9	1.5	1.5
Japan	1.6	(0.1)	1.0	1.2
United Kingdom	1.7	2.6	2.7	2.3
Other Advanced Economies *	2.2	2.8	2.8	3.1
Emerging and Developing Economies	5.0	4.6	4.3	4.7
China	7.8	7.4	6.8	6.3

* [Excludes the G7 (Canada, France, Germany, Italy, Japan, United Kingdom, United States) and euro area countries]
Source: International Monetary Fund 2015

INDIAN ECONOMY

The Indian economy during 2014-15, helped by a stable macroeconomic environment and several policy measures undertaken by the new government, witnessed a mild recovery. The stability in these indicators was critical to revive the investment climate, which was impacted by the high volatility during 2012 and 2014. The Central Statistics Office (CSO) (Advanced Estimates) projects GDP growth at 7.4% for 2014-15 against 5.1% in 2013 and 6.9% for 2014. Segment wise, agriculture is estimated to have grown by 1.1%, industry at 5.9% and services at 10.6% during 2014-15.

Within industry, manufacturing grew by 6.8% against 5.3%, underscoring the gradual recovery in the sector, with basic goods growing by 6.9% against 2.1% during the last year while capital goods expanded by 6.2% against a contraction of 3.6% the year earlier. Consumer durables manufacturing declined by 12.5% during the year, compared with 2013-14, signifying the lack of purchasing power in the economy. Services sector expanded by 10.6% against 9.1% in the preceding year. The year saw continuation of muted activity in railway and port traffic, domestic and international passenger traffic, international freight traffic, tourist arrivals, motorcycle and tractor sales as well as bank credit and deposit growth.

INDIAN GDP TREND

Sectors	(%)	
	2013-14	2014-15*
Agriculture, forestry & fishing	3.7	1.1
Manufacturing	5.3	6.8
Mining and quarrying	5.4	2.3
Electricity, gas and water supply	4.8	9.6
Construction	2.5	4.5
Trade, hotels, transport, communication and services related to broadcasting	11.1	8.4
Financial, real estate & professional services	7.9	13.7
Public administration, defence and Other Services	7.9	9.0
GDP at market prices*	6.9	7.4

Source: CSO *Advance Estimates

India, helped by the stability in its macroeconomic environment, expected cyclical recovery and easing of the interest rate cycle attracted considerable foreign flows into the country during the fiscal. This led to expansion of the forex reserves by US\$ 55 billion to US\$ 340 billion. The sharp decline in commodity prices in general and crude prices in particular led to reduction in imports and helped control Current Account Deficit (CAD). Gold imports, which had dropped by staggering 47% in 2014, increased by 19.5% during the fiscal to US\$ 34.32 billion, primarily due to the decline in global prices and the relaxation of a few of the supply related curbs placed by the Reserve Bank of India (RBI).

(Source: Economic Survey 2014-15)

Inflation moderated sharply during 2015 partly supported by the drop in international crude oil prices. Food inflation came down, aided by a limited increase in minimum support prices for food grains, subdued rural wage growth and the government's offloading of food stocks. A sharp drop in crude oil prices helped contain fuel inflation, though hikes in excise duty limited the pass-through of global oil prices to domestic retail prices.

Easing inflationary pressure allowed RBI to reduce repo rates (rate at which RBI lends to banks) twice by 25bps each to 7.5%. The gradual pass-on of this reduction to the borrowers will provide the much-needed support to growth by fuelling household spending and reducing corporate interest outgo.

INDIAN FINANCIAL SECTOR - A SYNOPSIS

The Indian Financial Sector comprises banks and financial institutions. Tighter liquidity conditions, stringent prudential norms and regulatory changes have resulted in fewer and stronger Non-Banking Financial Companies (NBFCs) in the country.

The year 2014-15 saw some significant changes in the banking and financial industry:

After a gap of more than 10 years, RBI awarded bank licences to two new entities.

The monetary framework has been changed to 6 reviews per year as compared to 8 earlier.

The RBI issued norms for payments banks and small banks and initiated a process to issue differentiated licences.

RBI received 41 applications for payments bank licence and 72 for small finance bank licences.

Banks were allowed to undertake Cash Reserve Ratio (CRR)/ Statutory Liquidity Ratio (SLR) exemption for the funds raised via infra bonds.

Under the Prime Minister led Pradhan Mantri Jan Dhan Yojana over 130 million bank accounts were opened, helping take financial inclusion significantly forward.

INDIAN NBFC SECTOR

Credit Scenario

Indian rural economy has slowed down over the last two years. This has adversely affected the asset quality to some extent and weakened the growth for the NBFC sector. NBFCs

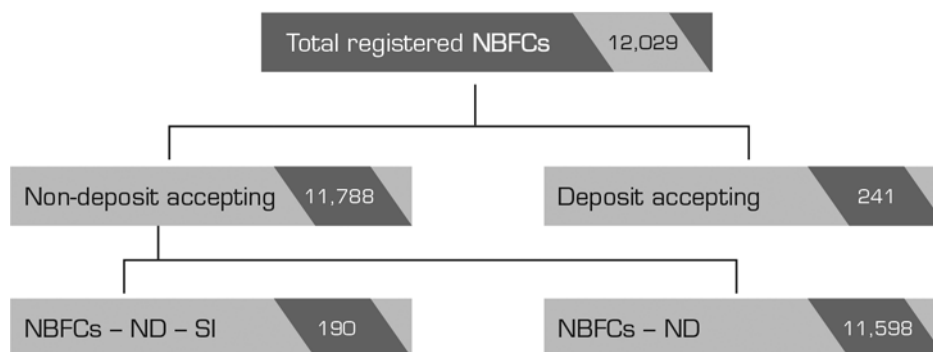
though, stand to benefit from the reduction in the cost of funding, which in turn should help to improve margins.

A strong monsoon and pro-growth rural focused policy measures should lead to a pick-up in the rural economy and augur well for the NBFC sector with rural presence.

Industry Scenario

The NBFC sector is an important part of the Indian financial sector. It has been consistently contributing to the sector through its scale of operations, technological prowess and innovation in form of newer financial products and services. Having a strong link with the financial sector on both sides of the balance sheet, NBFCs along with other financial entities are subjected to counterparty failures, decline in collateral value, interest rate movement, liquidity and solvency risks. NBFCs have shown dynamism in delivering innovation and in assisting financial inclusion. A wide reach into the remotest areas of the country has helped NBFCs resolve the credit shortage of smaller enterprises and entrepreneurs, who are a productive part of India's growth.

Broad NBFC Categories

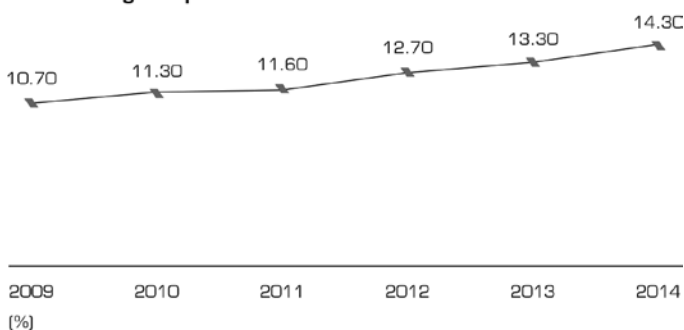


Source: Speech delivered by Deputy Governor, RBI, November 2014

ND - Non-Deposit Taking

SI - Systemically Important

Growing Proportion of NBFCs assets to Bank assets



Source: CARE ratings report, December 5, 2014

NEW REGULATIONS

The RBI issued new regulations for the NBFC sector, taking cue from several important recommendations made by the Working Group (Chairperson: Smt. Usha Thorat) on Issues and Concerns in the NBFC Sector and the Committee on Comprehensive Financial Services for Small Businesses and Low Income Households (Chairman: Dr. Nachiket Mor). As per the new norms, NBFCs that accept public funds and interact with customers will be subject to stringent prudential regulations.

Net Owned Funds

NBFCs would be required to raise the minimum Net Owned Fund (NOF) limit to Rs. 1 crore by March, 2016, and to double it to Rs. 2 crore by 2017, in a phased manner. Currently the minimum NOF requirement is at Rs. 25 lakh.

CRAR-Tier 1 Capital

For deposit and non-deposit taking NBFCs, Capital to Risk (Weighted) Assets Ratio or CRAR, which includes Tier I capital of 7.5%, is 15% currently. This will be changed to Tier I capital of 8.5% by end of March 2016 and 10% by March 31, 2017.

Provision on Standard Assets

NBFCs also have to maintain standard provisioning of 0.3% by end of March 2016; 0.35% by March 2017 and to 0.4% by end of March 2018.

Asset Classification

Asset classification norms are being harmonised with those of banks. An asset is classified as Non-Performing Asset (NPA) when it has remained overdue for a period of 6 months or more for loans; and overdue for twelve months or more in case of lease rental and hire purchase instalments, as compared to 90 days for banks. Lease Rental and Hire-Purchase Assets shall become NPA if they become overdue for 9 months (currently 12 months) for the financial year ending March 31, 2016 and will become NPAs by March 31, 2018 in a phased manner in case they are overdue for 3 months. Assets other than Lease Rental and Hire-Purchase Assets shall become NPA if they become overdue for 5 months for the financial year ending March 31, 2016; if overdue for 4 months for the financial year ending March 31, 2017; and if overdue for 3 months for the financial year ending March 31, 2018 and thereafter.

Corporate Governance and Disclosure Norms

Directions pertaining to Corporate Governance have been encapsulated in a separate set of Guidelines viz. "Non-Banking Financial Companies - Corporate Governance (Reserve Bank) Directions, 2015" effective 10th April, 2015.

These are applicable to all Deposit accepting NBFCs (NBFC-D) and NBFC-ND-SI (non deposit accepting NBFC with asset size of Rs. 500 crore and above). All the provisions pertaining to Corporate Governance and Disclosure contained in the Revised Regulatory Framework for NBFCs issued on November 10, 2014 have been incorporated in the Guidelines, albeit in a structured manner.

The salient features are given hereunder:**Board committees**

The constitution of the following committees has been made mandatory:

- Audit Committee
- Nomination Committee
- Risk Management Committee

Audit partner rotation

The new framework prescribes rotation of the Partner of the Audit firm every three years.

Information Systems Audit

The Audit Committee is required to ensure that Information Systems Audit is conducted at least once in two years.

Fit and proper criteria for Directors

To put in place a policy for ascertaining the 'Fit and Proper criteria' for Directors in accordance with the Guidelines that have been prescribed.

There are also increased requirements for Directors to provide declaration or undertaking and quarterly filings (statement of change of Directors and Certificate from Managing Director that 'fit and proper criteria' in selection of Directors has been followed) with the RBI; the annual statement to be certified by the Auditors.

Additional Disclosures in Financial Statements

The new framework has significantly increased the disclosure requirements in the Financial Statements. Some of the important additional disclosures to be made in the Financial Statements of NBFC-D and NBFC-ND-SI include the following:

- Registration, licence, or authorisation obtained from other Financial Sector Regulators
- Ratings assigned by credit rating agencies and migration of ratings during the year
- Penalties, if any, levied by any Regulator
- Information i.e. area, country of operation and joint venture partners with regard to joint ventures and overseas subsidiaries
- Asset liability profile, extent of financing of parent company products, NPAs and movement of NPAs, details of all off-balance sheet exposures, structured products issued, securitisation or assignment transactions.

GROWTH DRIVERS OF NBFC SECTOR

The NBFC sector witnessed strong activity in some sectors, indicating a revival. Predominant among them is the CV industry where freight activity has risen and lower diesel prices are helping improve operator profits. States are getting a greater share of revenue from the Centre, and thus, will be able to channelize funds into sustainable social benefit schemes, and infrastructure improvement. This will boost the rural economy.

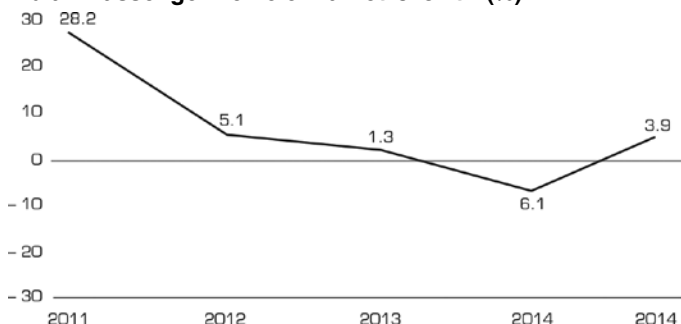
The following sectors drive growth in the NBFC sector, and their current performance in 2014-15 and the long term outlook is listed below:

Automotive

One of India's major sectors, the automotive industry contributes 22% to India's GDP. In 2014-15, Passenger Vehicles sales increased by 3.9% during the fiscal but the overall Commercial Vehicles segment registered a de-growth of 2.84% during the year. Medium & Heavy Commercial Vehicles grew by a strong 16.02% and Light Commercial Vehicles sales declined by 11.57%. (Source: Society of Indian Automobile Manufacturer's). India is expected to become the third largest market for automobiles by 2020, signifying bright growth prospects.

Passenger Vehicle Sales on an Uptick

Indian Passenger Vehicle Market Growth (%)



Source: Society of Indian Automobile Manufacturers (SIAM)

Tractor

India is the largest tractor market in the world. (Source: *JD Power Asia Pacific report*). The sector performed sub-par in 2014-15 due to below-normal monsoon, lower farm output and low support prices of wheat and paddy. During the fiscal, Tractor sales saw a double digit decline to 5.5 lakh units due to lower demand on account of sluggishness in the economy. Karnataka was the only State to register a double digit increase in the sales of tractors on account of relatively better rainfall. Based on good monsoon predictions, improving irrigation infrastructure, the prospects for the tractor industry look positive in the long-term. Tractors also find use in other industries like infrastructure and construction, both of which are expected to witness a major upturn, on the back of recent policy initiatives. Given these factors, we believe that tractor financing will also grow significantly.

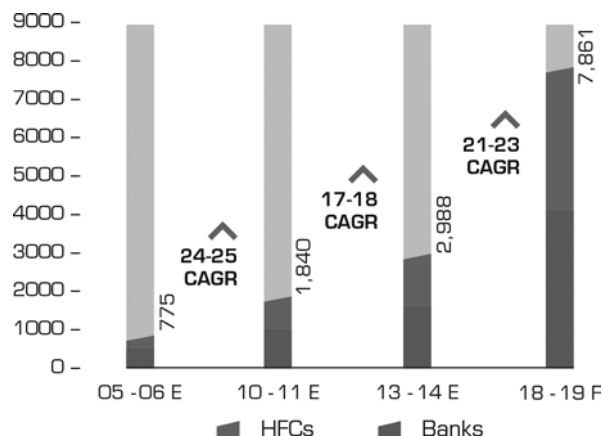
Infrastructure and Real Estate

The sector continued a lacklustre performance with slow execution and several stalled projects in 2014-15. Thus, demand for construction equipment remained tepid during the year. However, the future looks bright due to benign interest rates, falling crude and steel prices and infrastructure investment increasing in several States across India. The recent budget proposals have given a big push for infrastructure sector with Rs. 70,000 crore increase in investment. The budget also stressed on the need to revive the Public Private Partnership (PPP) mode of infrastructure development. The Government of India's revised norms on minimum built-up area, capital requirements and easing of exit norms will attract Foreign Direct Investment (FDI) into construction.

Housing Finance

The Government of India's new vision is to ensure 'Housing for All' by 2022, especially with prioritised focus on affordable rural housing. This requires several initiatives to empower consumers and to promote mass housing construction technologies. Adequate development of the housing sector could help increase its share in the economy from 6% in 2013 to 10-12% by 2022.

(Source: KPMG)



Source: CRISIL Retail Finance – Housing – January 2015

HFCs - Housing Finance Companies

CAGR - Compounded Annual Growth Rate

Mutual Fund

Indian mutual fund industry has significant headroom to develop, with the country's savings rate being over 30-35% in the last few years. The Asset Under Management (AUM) stood at Rs. 10,82,757 crore at the end of March 31, 2015. The number of investors has grown significantly in the past fiscal and an upward trend in markets and improving economic indicators are expected to result in a much more broad-based participation in 2015-16.

Source: Association of Mutual Funds in India (AMFI)

Gold loan industry

For most of 2014, gold prices fell largely due to rising US dollar, tepid demand from the two largest importing nations viz India and China and due to limited demand of Gold Exchange Traded Funds (ETFs). In case of lending against gold, RBI harmonised the LTV ratio to 75% for banks as well as NBFCs. The Central Bank also mandated a high Tier I Capital Adequacy Ratio of 12% for the greater risk in gold lending.

OUTLOOK

Reducing international commodity prices prove to be a favourable external shock for crude importers even as this adversely impacts crude exporters. Global growth is likely to steadily shoot up through 2015 and 2016. The growth outlook in the Euro area is expected to improve, bolstered by increase in demand from lower crude prices and a depreciating euro along with easing financial and credit conditions following accommodative monetary policies. Capital movements into US Treasuries on the back of a US rate hike and uncertainty regarding commodity and energy prices as well as geopolitical climate, are a few of the key risks and could disrupt global growth as market sentiments shift rapidly.

In India, the retail inflation has consistently fallen since September 2014. The Government's policies aimed at increasing infrastructure investment and subdued commodity prices together with upbeat financial market conditions for India points at sustained recovery in 2015-16. Retail inflation is estimated to lie below 6% in 2015-16. CAD is estimated to remain around

the acceptable levels of less than two percent on account of restrained input costs unless global commodity prices rise again, particularly those of crude oil. Meanwhile, softened input costs shall put savings into government and corporate pockets. As per RBI survey, Fiscal deficit is expected to moderate further at 3.9% in 2015-16 because of lower subsidies, deregulated energy prices and excise levies on diesel and coal.

ABOUT MAHINDRA FINANCE

Mahindra & Mahindra Financial Services Limited ('Mahindra Finance') is a leading NBFC and is a part of the USD 16.5 billion Mahindra Group. The Company has a well-diversified business covering Auto and tractor finance, SME loans, Construction Equipment's (CE), Personal Loan and gold loan across the country. It also offers Fixed Deposits and is also in the business of Mutual Fund distribution. The Company has 1,108 offices across the country and over 3.5 million customers (as on March 31, 2015) and is the first finance Company from India to become a part of Dow Jones Sustainability Index. MMFSL also recorded Total Assets Under Management of Rs. 36,878 crores as on 31st March, 2015.

SME FINANCIAL SOLUTIONS

With SME financial solutions, the Company assists in providing project finance, working capital, equipment finance, corporate loans and bill discounting services. The Company advises small and medium entrepreneurs to understand their financing needs and options, and avail the best possible solutions. Mahindra Finance's biggest strength is easy accessibility and personalised services which can help small scale dreams reach their true potential, because we believe in the capability of these entrepreneurs.

CREDIT RATINGS

India Ratings and Brickworks Ratings upgraded MMFSL's long term debt rating to 'AAA'.

CARE Ratings also assigned 'AAA' rating to Company's long term debt. CRISIL has reaffirmed 'AA+/Stable' rating to the Company's long term debt.

OPERATIONAL REVIEW

The key operational highlights during the year are as below:

- Opened more branches at the village level to remain close to customers, to understand their cash flows and approach the customer for recovery when he has the money. These branches shall also seize new opportunities when the economic cycle and farm cycle improve
- Increased number of offices to 1,108 as on 31st March 2015, up by 24% from 893 offices as on 31st March 2014
- Increased employee base to 14,197 s on 31st March 2015 as against 12,816 as on 31st March 2014
- Total Income increased to Rs. 5585 Crores in 2014-15 from Rs. 4953 Crores in 2013-14, with an increase of 13%
- Assets Under Management (AUM) has risen to Rs. 36,878 Crores from Rs. 34,133 Crores in 2013-14, with an increase of 8%

- The customer base reached 3.63 million people, from 3.12 in 2013-14, an increase of 17%

The Company has always been following norms that are more prudent than those prescribed by RBI. The Company has put in place processes to meet RBI's new regulations.

FINANCIAL REVIEW

The following table presents MMFSL's standalone abridged financials for the financial year 2014-15, including revenues, expenses and profits.

Abridged Profit and loss Statement

Particulars	Rs. in Crores	
	Year ended March 31, 2015	Year ended March 31, 2014
Revenue from operations	5,536.06	4,921.63
Other income	48.64	31.37
Total revenue	5,584.70	4,953.00
Expenses:		
Employee benefits expense	459.08	297.33
Finance cost	2,496.73	2,188.01
Depreciation and amortization expense	41.52	24.30
Loan provisions and write offs	827.49	505.79
Other expenses	506.24	591.80
Total expenses	4,331.06	3,607.23
Profit before tax	1,253.64	1,345.77
Tax expense	421.86	458.54
Profit for the year	831.78	887.23

Key Ratios

Key Indicators	FY 2014-15	FY 2013-14
PBT/Total Income	22.4%	27.2%
PBT/Total Assets	3.7%	4.3%
RONW (Avg. Net Worth)	15.5%	18.6%
Debt/Equity	4.64:1	4.7:1
Capital Adequacy	18.3%	18.0%
Tier I Capital	15.5%	15.5%
Tier II Capital	2.8%	2.5%
Book Value (Rs.) (excluding ESOPs)	100.2	90.2
NIM (Gross Spread)	9.5%	9.9%

SCOT OF MAHINDRA FINANCE

Strengths

Quality service: Mahindra Finance provides financial services through simple processes and procedures in sanction and disbursement of credit as well as; timely, friendly and flexible terms of repayment aligned to the unique features of its clientele. Easy and fast appraisal and disbursements make the Company, the preferred choice for many of its customers.

Round the corner: An established reach and network helps the Company to cater to the remotest of villages. More than 90% of the unorganised sector has no link with banks and 60% of the rural consumers do not have bank accounts. The Company has significant business presence in semi-urban and rural areas.

Customer Insight: Focus on customer is one of the key factors that have driven the Company in all these years. A strong business model and a prudent insight about its customers gives the Company a competitive edge. Better risk management have made Mahindra Finance achieve commendable growth as well.

Strong balance sheet: On the asset side, loans and advances make up nearly 92.6% of the total assets. This primarily includes auto loans. Most of these loans are retail loans, and therefore spread a large customer and geographic base.

Opportunities

Demographic pattern and rising rural prosperity: India has one of the youngest populations in the world, and this means that there will be a large number of people seeking employment and livelihood. The aspirations in rural India are rising, and opportunities for those wanting to be entrepreneurs are increasing. Rural prosperity is also on the rise, fuelled by increased support prices and welfare schemes initiated by the government. Per capita Gross Domestic Product has grown faster in India’s rural areas than in its urban centres.

New opportunities: The rising income and prosperity levels in rural India will lead to many new opportunities like home finance and SME loans. New opportunities like home finance, SME finance for the rural reach along with, and a foray into factoring and bill payment for the rural hard-to-reach customer will take the Company to new scales of success.

Challenges

Regulatory concerns: Newer regulatory updates pose a constant challenge for smooth operations of the Company.

With constant updates governing the functional aspects of financial institutions, there lies an unseen challenge in the coming years.

Geographical concentration: Too much focus on rural market and lesser on urban markets might affect the Company’s sustainability.

Threats

Cost of funds: Higher cost of funds might lead to reduced bottomline for the Company. Also, a lesser interest spread, or higher cost of lending might lead to customers turning away to cheaper source of funds.

Higher delinquencies: Asset quality deterioration may not only wipe the profits out of the Company but eat into its networth. The Company must ensure that it maintains minimal delinquency levels.

RISK MANAGEMENT

MMFSL has formulated a robust Enterprise-wide Risk Management program (ERM) which involves risk identification, assessment and risk mitigation planning for business, strategic, operational, financial and compliance related risks. The ERM framework has been deployed across various processes in the organisation and is governed by the corporate risk office. A robust internal check process is deployed to prevent and limit risk of non-compliance.

The Risk Report prepared by the Chief Financial Officer covers inter alia, the key risks, movement in the profile of high risk category, root causes of risks, and their impact, the risk management measures and controls adopted to mitigate the risks. The Risk Report is reviewed by the Risk Management Committee and placed before the Board of Directors periodically.

The key Business Risks and the mitigation measures adopted by the Company are as follows –

Risk	Counter-measures
The Company is exposed to high credit risk given the unbanked rural customer base and diminishing value of collateral.	The Company manages credit risk through credit norms established through adequate experience in this line of business. Deep insight about the nature of borrowers and a strong business model reduces the risk of default significantly.
General industrial or economic slowdown affects the consumer sentiment and cash flows and may result in the slowdown of demand for vehicles consequently affecting Company’s business.	The Company’s diversified business portfolio coupled with customer reach enables it to sustain growth even in difficult financial conditions.
Disruption in funding could lead to liquidity crunch.	The Company gets funding requirements from diverse sources, including Banks, FIs etc securitization of receivables, and other credit facilities like retail Fixed Deposits.
Sharp fluctuations in interest rate may lead to a decline in the Company’s net interest margin and ability to offer competitive lending rates to its customers.	The Company has prudently evolved a strategic fund mix to reduce dependence on banks and enables it to strike a balance between various sources of funding while reducing the cost of borrowing. The Company enjoys an excellent credit rating on its financial instruments which enables it to raise funds at competitive rates.
The shortage of skilled manpower in the local areas of operation pose a considerable risk given the Company’s customer centric business model.	The Company strives to attract and retain the best talent from local markets, adopts a robust performance management system, employee engagement and training practices, learning and development initiatives to create an inspiring and rewarding work environment.

Risk	Counter-measures
Competition from new entrants or unorganised sector or diversification by existing financial institutions.	The Company's extensive rural presence gives it a distinct edge. We have built trust and capabilities over three decades across India. Such an indepth reach is not easy to build, and represents a significant advantage for us.
Difficulty in expanding operations across new markets.	The Company through its deep consumer insights collaborates with local business partners and adopts strategies to successfully market its products ensuring it reaches the targeted customers.
Stringent Regulations reducing the regulatory arbitrage between Banks and NBFCs; and resulting in increasing compliance costs.	The Company has put in place robust systems and processes to ensure compliance with all the applicable regulations. This has enabled the Company to earn the trust and good will of its stakeholders.

HUMAN RESOURCE

MMFSL believes in creating passion and enthusiasm in order to nurture the spirit of growth in employees, with a vision to inspire employees to Rise and excel in all that they do. At MMFSL, growth is a way of life and employees are empowered to participate in decision making in the journey of realising their true potential. We realise that people represent a critical competitive advantage for us. Therefore, we strive to attract and retain the best talent and nurtures them in a rewarding work culture. Nurturing talent and creating talent pipeline for leadership roles is of prime importance. To ensure this, the Company has a robust Talent Management Framework and also caters to the developmental needs of their employees by providing them with a range of learning interventions on the functional and leadership competencies.

MMFSL upholds the dignity of all its employees, irrespective of their gender or seniority. The Diversity & Inclusion Council focuses on maintaining diversity through some special initiatives under Talent Acquisition viz:

- 1) **Second careers for women-** encouraging women to resume career, who have taken career breaks
- 2) **Project Enable-** Providing an employment opportunity to potential specially abled candidates
- 3) **Project Ex-Army men-** hiring ex-servicemen for operational roles.

The Company has implemented an appropriate Policy for its employees for prevention of sexual harassment, which inter alia, sensitises all employees about the redressal mechanism. Pursuant to the provisions of 'The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013' ["the Act"] and Rules framed there under, the Company has aligned its existing Policy to bring it in line with the provisions of the Act and has taken necessary steps to ensure compliance with the Act.

INFORMATION TECHNOLOGY

The ever-accelerating developments in Information Technology, provide huge potential to develop new lines of business, products and channels, improve customer service and operational efficiencies, strengthen organisational capabilities of innovation, collaboration and decision-making, and maintain

focus on controls and compliance. Therefore, the Company has set up a dedicated team to constantly evaluate new technology offerings, and adapt the ones which the Company can benefit from.

The Company continues to relentlessly leverage on IT through implementation of comprehensive tablet based solutions for the field-force to enable real-time processing and quicker customer service, a slew of dashboards and reports for monitoring assets and collections at all levels from a branch to the enterprise, video conferencing facilities across the country, etc. These systems are being supported robustly through upgraded data centre facilities, high-end servers, enhanced bandwidth network, secured through network security, end-point information security, and access control solutions. In order to maximise the returns from such investments, the Company has also set up a systems usage strategy and a dedicated team to create systems training content and deliver the same to employees across the country.

INTERNAL CONTROL

The Company has put in place an adequate internal control system to safeguard all assets and ensure operational excellence. The system also meticulously records all transaction details and ensures regulatory compliance. It also has a team of internal auditors to conduct internal audit. Reputed audit firms also ensure that all transactions are correctly authorised and reported. The reports are reviewed by the Audit Committee of the Board. Wherever deemed necessary, internal control systems are strengthened and corrective actions initiated.

CAUTIONARY STATEMENT

Certain statements in the Management Discussion and Analysis describing the Company's objectives, predictions may be "forward-looking statements" within the meaning of applicable laws and regulations. Actual results may vary significantly from the forward looking statements contained in this document due to various risks and uncertainties. These risks and uncertainties include the effect of economic and political conditions in India, volatility in interest rates, new regulations and Government policies that may impact the Company's business as well as its ability to implement the strategy. The Company does not undertake to update these statements.

INDEPENDENT AUDITOR'S REPORT

To the Members of Mahindra & Mahindra Financial Services Limited REPORT ON THE FINANCIAL STATEMENTS

1. We have audited the accompanying standalone financial statements of **MAHINDRA & MAHINDRA FINANCIAL SERVICES LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2015, and the Statements of Profit and Loss and Cash Flow for the year then ended, and a summary of the significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

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

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

OPINION

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

- e. On the basis of written representations received from the directors as on March 31, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015, from being appointed as a director in terms of Section 164(2) of the Act.
- f. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 43 to the financial statements
 - ii. The Company did not have any long-term contracts including derivate contracts for which there were any material foreseeable losses.
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

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

Place: Mumbai
Date: 23rd April, 2015

Naresh Kumar Kataria
Partner
Membership No. 37825

ANNEXURE TO THE AUDITOR'S REPORT REFERRED TO IN OUR REPORT OF EVEN DATE:

- 1 (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
- (b) The fixed assets of the Company have been physically verified by the Management during the year. The discrepancies noticed on such verification were not material and have been properly dealt with in the books of account. In our opinion, the frequency of verification is reasonable.
- 2 The Company is in the business of asset finance and consequently, does not hold any inventory. Therefore, the provisions of Clause 3(ii) of the said order are not applicable to the Company.
- 3 There are no companies, firms or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii) of the said order are not applicable to the Company.
- 4 In our opinion and according to the information and explanations given to us, the Company is having an adequate internal control system commensurate with the size and the nature of its business, for the purchase of fixed assets and sale of services. The activities of the Company do not involve purchase of inventory and sale of goods. On the basis of our examination of the books and records of the Company and according to the information and explanations given to us, we have neither come across, nor have we been informed of, any continuing failure to correct any major weaknesses in the aforesaid internal control system.
- 5 In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of Sections 73, 74, 75 and 76 or any other relevant provisions of the Act and the Rules framed thereunder to the extent notified, with regard to the deposits accepted from the public. According to the information and explanations given to us, no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal on the Company in respect of the aforesaid deposits.
- 6 The Central Government of India has not prescribed the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company.
- 7 (a) According to the records of the Company and information and explanations given to us, the Company is regular in depositing undisputed statutory dues including Provident fund, Employees' state insurance, Income tax, Sales tax, Wealth tax and service tax, value added tax, cess and other applicable statutory dues with the appropriate authorities.
- (b) According to the information and explanations given to us and records of the Company examined by us, there are no dues of income tax, sales tax, wealth tax, service tax, duty of excise, duty of customs, value added tax, and cess which have not been deposited on account of any dispute except as follows:

Nature of Dues	Amount	Period to which the amount relates	Forum where the dispute is pending
	(Rs. in lacs)	(Financial Year)	
Income Tax	126.80	2003-2004	Income Tax Appellate Tribunal
	59.33	2003-2004	Income Tax Appellate Tribunal

Nature of Dues	Amount	Period to which the amount relates	Forum where the dispute is pending
	(Rs. in lacs)	(Financial Year)	
	218.70	2005-2006	Commissioner of Income Tax
	242.64	2006-2007	Commissioner of Income Tax
	72.82	2007-2008	Commissioner of Income Tax
	7.86	2010-2011	Commissioner of Income Tax
Value Added Tax	123.57	April 2008 to Oct 2013	Andhra Pradesh High Court
	30.30	2013-2014	Jaipur Appellate Tribunal
	5.62	2014-2015	Jaipur Appellate Tribunal

- (c) The amount required to be transferred to Investor Education and Protection Fund has been transferred within the stipulated time in accordance with the provisions of the Companies Act, 1956 and the rules made thereunder.
- 8 The Company has no accumulated losses as at the end of the financial year and it has not incurred any cash losses in the financial year ended on that date and in the immediately preceding financial year.
- 9 Based on the records examined by us and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the Balance Sheet date.
- 10 According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year. Accordingly, the provisions of clause 3(x) of the Order are not applicable to the Company.
- 11 In our opinion, and according to the information and explanations given to us, during the year, the term loans have been applied for the purposes for which they were obtained.
- 12 Except for 119 cases of frauds aggregating to Rs. 353.81 lacs which were noticed by the management and informed to us, we have neither come across any instances of frauds by or on the Company nor have we been informed by the Company of any such instances during the year.

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

Naresh Kumar Kataria
Partner

Place: Mumbai
Date: 23rd April, 2015

Membership No. 37825

BALANCE SHEET AS AT MARCH 31, 2015

Particulars	Note No.	Rs. in Lacs	
		As at March 31 2015	2014
I. EQUITY & LIABILITIES			
1) Shareholders' funds			
a) Share capital	1	11,282.81	11,270.50
b) Reserves and surplus	2	5,55,658.09	4,98,151.10
		5,66,940.90	5,09,421.60
2) Non-current liabilities			
a) Long-term borrowings.....	3	14,78,714.78	16,90,318.88
b) Other long-term liabilities.....	4	30,247.97	27,641.82
c) Long-term provisions	5	32,796.05	31,801.27
		15,41,758.80	17,49,761.97
3) Current liabilities			
a) Short-term borrowings	6	4,87,098.39	124,428.36
b) Trade payables.....	7	47,790.43	43,785.76
c) Other current liabilities.....	8	7,48,764.20	6,49,114.91
d) Short-term provisions.....	9	1,15,061.82	90,059.68
		13,98,714.84	9,07,388.71
Total		35,07,414.54	31,66,572.28
II. ASSETS			
1) Non-current assets			
a) Fixed assets	10		
i) Tangible assets		10,507.74	11,436.25
ii) Intangible assets.....		466.04	494.10
iii) Capital work-in-progress.....		31.54	22.99
b) Non-current investments.....	11	75,992.00	52,627.59
c) Deferred tax assets (net)	12	41,526.17	31,506.64
d) Long-term loans and advances.....	13	17,00,368.74	15,77,945.52
e) Other non-current assets	14	23,203.46	13,593.00
		18,52,095.69	16,87,626.09
2) Current assets			
a) Current investments.....	15	9,375.00	34,289.13
b) Trade receivables	16	567.25	1,435.36
c) Cash and bank balances.....	17	47,937.84	55,328.88
d) Short-term loans and advances	18	15,92,606.84	13,83,752.32
e) Other current assets	19	4,831.92	4,140.50
		16,55,318.85	14,78,946.19
Total		35,07,414.54	31,66,572.28

Summary of significant accounting policies and notes to the financial statements
I & II

The notes referred to above form an integral part of the Balance Sheet.
This is the Balance Sheet referred in our report of even date.

For **B. K. Khare & Co.**
Chartered Accountants
FRN:105102W

Naresh Kumar Kataria
Partner
Membership No. 37825

V Ravi
Chief Financial Officer

Arnavaz Pardiwala
Company Secretary

Bharat Doshi Chairman
Ramesh Iyer Managing Director
Piyush Mankad Director
V. S. Parthasarathy Director
Rama Bijapurkar Director
Uday Y. Phadke Director
M. G. Bhide Director
C. B. Bhawe Director

Place: Mumbai
Date: 23rd April, 2015

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

Particulars	Note No.	Rs. in Lacs	
		Year ended March 31	
		2015	2014
I. Revenue from operations.....	20	5,53,605.61	4,92,163.21
II. Other income.....	21	4,864.99	3,137.24
III. Total Revenue (I + II).....		5,58,470.60	4,95,300.45
IV. Expenses:			
Employee benefits expense.....	22	45,908.20	29,733.41
Finance costs.....	23	2,49,673.13	2,18,801.45
Depreciation and amortization expenses.....	24	4,151.63	2,429.62
Loan provisions and write offs.....	25	82,748.89	50,578.57
Other expenses.....	26	50,624.35	59,180.56
Total Expenses.....		4,33,106.20	3,60,723.61
V. Profit before exceptional items and taxes (III - IV)		1,25,364.40	1,34,576.84
VI. Exceptional items (net) – income/(expense).....		–	–
VII. Profit before tax (V + VI).....		1,25,364.40	1,34,576.84
VIII Tax expense:			
Current tax.....		51,995.00	53,540.00
Deferred tax.....		(9,808.19)	(7,685.91)
		42,186.81	45,854.09
IX. Profit (Loss) for the year (VII - VIII)		83,177.59	88,722.75
X. Earnings per equity share (Rupees)	28 (h)		
(Face value – Rs. 2/- per share)			
(1) Basic.....		14.75	15.75
(2) Diluted.....		14.62	15.60
Summary of significant accounting policies and notes to the financial statements.....	I & II		

The notes referred to above form an integral part of the Statement of Profit and Loss.
This is the Statement of Profit and Loss referred in our report of even date.

For **B. K. Khare & Co.**
Chartered Accountants
FRN:105102W

Naresh Kumar Kataria
Partner
Membership No. 37825

V Ravi
Chief Financial Officer

Arnavaz Pardiwala
Company Secretary

Bharat Doshi Chairman
Ramesh Iyer Managing Director
Piyush Mankad Director
V. S. Parthasarathy Director
Rama Bijapurkar Director
Uday Y. Phadke Director
M. G. Bhide Director
C. B. Bhawe Director

Place: Mumbai
Date: 23rd April, 2015

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2015

Particulars	Rs. in Lacs	
	Year ended March 31 2015	2014
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxes and contingencies and exceptional items.....	<u>1,25,364.40</u>	<u>1,34,576.84</u>
Add/(Less): Non Cash Expenses:		
Depreciation and amortisation expense.....	4,151.63	2,429.62
Provision for non-performing assets.....	33,259.02	24,486.70
General provision for Standard assets.....	1,057.00	2,110.00
Higher provision & provision for diminution in the fair value of restructured advances.....	31.87	-
Employee compensation expense on account of ESOP Scheme.....	<u>1,065.33</u>	<u>307.33</u>
	39,564.85	29,333.65
Add/(Less): Income considered separately		
Income from investing activities.....	(4,550.21)	(2,933.95)
(Profit)/Loss on sale/retirement of assets.....	(14.99)	(8.29)
(Profit)/Loss on sale of current investments.....	(468.64)	(9.15)
Income from Assignment/Securitisation transactions.....	<u>(25,622.33)</u>	<u>(21,372.47)</u>
	(30,656.17)	(24,323.86)
Operating profit before working capital changes.....	(I)	1,34,273.08
Add/Less: Working Capital changes		
(Increase)/Decrease in Interest Accrued on other deposits.....	(50.79)	(1,603.28)
(Increase)/Decrease in Trade receivables.....	868.11	(454.06)
(Increase)/Decrease in Loans & Advances.....	<u>(4,02,744.06)</u>	<u>(7,00,909.48)</u>
	(4,01,926.74)	(7,02,966.82)
Increase/(Decrease) in Current Liabilities.....	22,500.32	23,857.91
	(II)	(3,79,426.42)
Cash generated from/(used in) operations.....	(I+II)	(2,45,153.34)
Advance taxes paid.....	(53,744.93)	(52,224.45)
NET CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES (A)	<u>(2,98,898.27)</u>	<u>(5,91,746.73)</u>
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets/Software.....	(3,978.71)	(3,701.15)
Sale of fixed assets.....	590.18	98.79
Purchase of Investments.....	(2,72,739.41)	(2,19,320.11)
Investments in term deposits with banks.....	(4,516.77)	(19,771.00)
Sale of Investments.....	2,74,757.77	1,88,509.31
Income received from investing activities.....	4,334.01	2,696.78
(Increase)/Decrease in Earmarked balances with banks.....	0.24	4.58
NET CASH GENERATED FROM/(USED IN) INVESTING ACTIVITIES (B)	<u>(1,552.69)</u>	<u>(51,482.80)</u>

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2015

Particulars	Rs. in Lacs	
	Year ended March 31 2015	2014
C. CASH FLOW FROM FINANCING ACTIVITIES		
Issue of Equity Shares (net of issue expenses)	238.90	91.46
Increase/(Decrease) in Bank borrowings (net)	(2,45,042.73)	3,44,064.87
Increase/(Decrease) in Long term borrowings (net)	25,720.00	39,990.00
Increase/(Decrease) in Short term borrowings (net)	3,44,785.00	(5,650.00)
Increase/(Decrease) in Fixed deposits (net)	1,07,803.59	1,27,426.58
Proceeds from Assignment/Securitisation transactions (in the form of EIS, Collection charges recovered etc.)	89,044.34	1,59,029.71
Dividend paid (including tax on dividend)	(25,157.82)	(23,887.38)
Net Cash Generated From/(Used In) Financing Activities (C)	2,97,391.28	6,41,065.24
Net Increase/(Decrease) In Cash And Cash Equivalents (A+B+C).....	(3,059.68)	(2,164.29)
Cash and Cash Equivalents at the beginning of the year	22,182.63	24,346.92
Cash and Cash Equivalents at the end of the year (Refer Note No. 17)	19,122.95	22,182.63

Note: The above Cash Flow Statement has been prepared under the 'Indirect method' as set out in Accounting Standard 3 'Cash Flow Statement'.

For **B. K. Khare & Co.**
Chartered Accountants
FRN:105102W

Naresh Kumar Kataria
Partner
Membership No. 37825

V Ravi
Chief Financial Officer

Arnavaz Pardiwala
Company Secretary

Bharat Doshi Chairman
Ramesh Iyer Managing Director
Piyush Mankad Director
V. S. Parthasarathy Director
Rama Bijapurkar Director
Uday Y. Phadke Director
M. G. Bhide Director
C. B. Bhavne Director

Place: Mumbai
Date: 23rd April, 2015

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

1) Basis for preparation of financial statements:

The financial statements have been prepared in accordance with the Generally Accepted Accounting Principles (IGAAP) under the historical cost convention as a going concern and on accrual basis and in accordance with the provisions of the Companies Act, 2013 and the Accounting Standards specified under Section 133 of the Companies Act, 2013 ("the Act") read with rule 7 of the Companies (Accounts) Rules 2014 (as amended).

All assets and liabilities have been classified as current and non – current as per the Company's normal operating cycle and other criteria set out in the Schedule III of the Companies Act, 2013. Based on the nature of services and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities.

Further, the Company follows prudential norms for Income Recognition, assets classification and provisioning for Non-performing assets as well as contingency provision for Standard assets as prescribed by The Reserve Bank of India (RBI) for Non-Banking Financial Companies. The Company has a policy of making additional provision on a prudential basis (refer note no. 29 of notes to the financial statements).

2) Use of estimates:

The preparation of financial statements requires the management to make estimates and assumptions considered in the reported amount of assets and liabilities (including contingent liabilities) as on the date of financial statements and the reported income and expenses during the reporting period. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

3) Revenue recognition:

I. General:

The Company follows the accrual method of accounting for recognition of income except for delayed payment charges, fee based income and Interest on trade advances, which on account of uncertainty of ultimate collection are accounted on receipt basis.

Further, in accordance with the guidelines issued by The Reserve Bank of India for Non-Banking Financial Companies, income on business assets classified as Non-performing Assets, is recognised on receipt basis. Unrealized interest recognized as income in the previous period is reversed in the month in which the loan is classified as Non-performing.

II. Income from loans:

- a) Interest income from loan transactions is accounted for by applying the interest rate implicit in such contracts.
- b) Service charges, documentation charges and other fees on loan transactions are recognised at the commencement of the contract.

III. Subvention income:

Subvention received from manufacturers/dealers on retail cases is booked over the period of the contract.

IV. Income from assignment/securitization transactions:

A. Income accounted prior to the issuance of RBI Circular dated August 21, 2012 (the Circular):

- i. In case of receivables assigned/securitised by the Company, the assets are de-recognised as all the rights, title, future receivables and interest thereof are assigned to the purchaser.

- ii. On de-recognition, the difference between book value of the receivables assigned/securitised and consideration received as reduced by the estimated provision for loss/expenses and incidental expenses related to the transaction is recognised as gain or loss arising on assignment/securitisation.
- iii. On maturity of an underlying assignment/securitisation deal, estimated provision for loss/expenses and incidental expenses in respect of the said deal are reversed as the actual losses/expenses have already been debited to the Statement of Profit and Loss over the period.

B. Income accounted post the issuance of RBI Circular dated August 21, 2012 (the Circular):

i. Securitisation transactions:

- a. Securitised receivables are de-recognized in the balance sheet when they are sold i.e. if they fully meet the true sale criteria.
- b. Gains arising on securitisation of assets are recognised over the tenure of securities issued by Special Purpose Vehicles Trust (SPV).
- c. Company's contractual rights to receive the share of future interest (i.e. interest spread) in the transferred assets from the SPV is capitalised at the present value as Interest Only (I/O) strip with a corresponding liability created for unrealised gains on loan transfer transactions. The excess interest spread on the securitisation transactions are recognised in the Statement of Profit and Loss only when it is redeemed in cash by the SPV. Losses, if any, are recognised upfront.

ii. Assignment transactions:

- a. Receivables under the assignment transactions are de-recognized in the balance sheet when they are sold subject to the portion of loan assets which is required under the Minimum Retention Criteria and reflected as Loans and Advances (refer note no. 13 and 18).
- b. The amount of profit in cash on such transactions is held under an accounting head styled as "Cash profit on loan transfer transactions pending recognition" maintained on an individual transaction basis. The amortisation of cash profit arising out of loan assignment transactions is done at the end of every financial year based on the formula prescribed as per the Circular. The unamortized portion is reflected as "Other long-term liabilities"/"Other current liabilities" (refer note no. 4, 8 and 36 (b))

V. Income from investments:

- a) Dividend from investments is accounted for as income when the right to receive dividend is established.
- b) Interest income is accounted on accrual basis.
- c) Interest income from investments made in structured instruments are accounted based on implicit rate built in such instruments.

4) Fixed assets, depreciation and amortization:

a) Tangible assets:

- i. Tangible assets are stated at cost of acquisition (including incidental expenses), less accumulated depreciation.

- ii. Assets held for sale or disposals are stated at the lower of their net book value and net realisable value.

b) Depreciation on Tangible assets:

i. Depreciation on tangible assets is charged on Straight Line Method (SLM) in accordance with the useful lives specified in Schedule II to the Companies Act, 2013 on a pro-rata basis except for following assets in respect of which useful life is taken as estimated by the management based on the actual usage pattern of the assets.

- a) Assets costing less than Rs. 5,000/- are fully depreciated in the period of purchase.
- b) Vehicles used by employees are depreciated over the period of 48 months considering this period as the useful life of vehicle for the Company.
- c) Repossessed assets, which are primarily used vehicles, that have been capitalised for own use are depreciated at the rate of 15% on SLM over the remaining useful life of these assets. The same have been grouped under the head 'Vehicles' forming part of Company's Tangible assets in note no.10.
- d) Residual value of the assets is considered as nil reflecting the estimate of realisable values at the end of the useful life of an asset.

c) Intangible assets:

Intangible assets are stated at cost less accumulated amortization and impairment loss, if any.

d) Amortization of Intangible assets:

Intangible assets comprises of computer software which is amortized over the estimated useful life. The maximum period for such amortization is taken as 36 months based on management's estimates of useful life.

5) Foreign exchange transactions and translations:

i. Initial recognition

Transactions in foreign currencies are recognised at the prevailing exchange rates between the reporting currency and the foreign currency on the transaction dates.

ii. Conversion

- a. Foreign currency monetary assets and liabilities at the year-end are translated at the year-end exchange rates and the resultant exchange differences are recognised in the Statement of Profit and Loss.
- b. Non-monetary items, which are measured in terms of historical cost denominated in foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in foreign currency, are translated using the exchange rate at the date when such value was determined.

iii. Exchange differences

The Company accounts for exchange differences arising on translation/settlement of foreign currency monetary items as below

- a. Realized gains and losses on settlement of foreign currency transactions are recognised in the Statement of Profit and Loss.
- b. Foreign currency monetary assets and liabilities at the year-end are translated at the year-end exchange rates and the resultant exchange differences are recognised in the Statement of Profit and Loss.

iv. Forward exchange and other derivative contracts entered into to hedge foreign currency risk of existing assets/liabilities

- a. In case of forward contracts with underlying assets or liabilities, the difference between the forward rate and the exchange rate which is either a premium or discount arising at the inception of a forward contract is amortised over the life of the contract. Unamortised forward premium as at the year end is reflected as Other long-term/short-term liabilities depending on the period over which the premium is amortised.
- b. Exchange differences on such contracts are recognised in the Statement of Profit and Loss in the period in which the exchange rate changes.
- c. Any profit or loss arising on cancellation or renewal of forward exchange contracts are recognised as income or expense for the period.
- d. As per the risk management policy, the Company has taken foreign currency swap to cover the risk exposure on account of foreign currency loans. These transactions are structured in such a way that the Company's foreign currency liability is crystallized at a rate of exchange prevailing on the date of taking the swap. Accordingly, no loss or gain is expected on the settlement of swap as compared to the rate of exchange prevailing on the date of the swap. In such cases, foreign currency gains/losses on currency swap contracts are recognised to the extent of loss/gain on the underlying loan liabilities.
- e. Interest rate swaps in the nature of hedge, taken to manage interest rate risk on foreign currency liabilities, whereby variable interest rate is swapped for fixed interest rate, are recognized on accrual basis at fixed interest rate and charged to the Statement of Profit and Loss.

6) Investments:

In terms of Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998, Investments held as long-term investments are generally carried at cost comprising of acquisition and incidental expenses. Long-term investments in structured instruments are carried at cost less principal repayments till reporting date. Provision for diminution in value of investments, if any, is made if in the opinion of management, such diminution is other than temporary. Any premium on acquisition is amortised over the remaining maturity of the security on a constant yield to maturity basis. Such amortisation of premium is adjusted against interest income from investments. The book value of the investments is reduced to the extent of amount amortised during the relevant accounting period.

Investments other than long-term investments are classified as current investments and valued at lower of cost or fair value.

7) Loans against assets:

Loans against assets are stated at agreement value net of instalments received less unmatrued finance charges.

8) Employee benefits:

(a) Contribution to provident fund –

Company's contribution paid/payable during the year to provident fund is recognised in the Statement of Profit and Loss.

(b) Gratuity –

The Company provides for gratuity, a defined benefit retirement plan covering all employees. The plan provides for lump sum payments to employees upon death while in employment or on separation from employment after serving for the stipulated period mentioned under 'The Payment of Gratuity Act, 1972'.

The Company accounts for liability of future gratuity benefits based on an external actuarial valuation on projected unit credit method carried out for assessing liability as at the reporting date. Actuarial gains/losses are immediately taken to the Statement of Profit and Loss and are not deferred.

(c) Superannuation –

The Company makes contribution to the Superannuation scheme, a defined contribution scheme, administered by Life Insurance Corporation of India, which are charged to the Statement of Profit and Loss. The Company has no obligation to the scheme beyond its contributions.

(d) Leave encashment/compensated absences/sick leave –

The Company provides for the encashment/availment of leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits for future encashment/availment. The liability is provided based on the number of days of unutilized leave at each balance sheet date on the basis of an independent actuarial valuation.

9) Borrowing costs:

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use or sale. All other borrowing costs are charged to the Statement of Profit and Loss. Ancillary expenditure incurred in connection with the arrangement of borrowings is amortised over the tenure of the respective borrowings.

10) Current and deferred tax:

Tax expense for the period, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the period. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the provisions of the Income Tax Act, 1961.

Deferred tax on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods is accounted for using the tax rates and tax laws enacted or substantively enacted as on the balance sheet date. Deferred tax assets arising on account of unabsorbed depreciation or carry forward of tax losses are recognised only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised. Other deferred tax assets are recognised only when there is a reasonable certainty of their realisation.

11) Share issue expenses:

Expenses incurred in connection with fresh issue of Share capital are adjusted against Securities premium reserve in the year in which they are incurred.

12) Impairment of assets:

The carrying value of assets/cash generating units at each balance sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life to their present value based on an appropriate discount factor.

13) Provisions and contingent liabilities:

Provisions are recognised when there is a present obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

14) Employee Stock Compensation Costs:

Measurement and disclosure of the Employee Share-based Payment plans is done in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on Accounting for Employee Share-based Payments, issued by ICAI. The Company measures compensation cost relating to employee stock options using the Intrinsic value method (i.e. excess of market value of shares over the exercise price of the option at the date of grant). Compensation cost is amortized over the vesting period of the option on a straight line basis. The options which have lapsed are reversed by a credit to Employee compensation cost, equal to the amortised portion of value of lapsed portion and credit to Deferred employee compensation cost equal the unamortised portion.

15) Lease:

Lease rentals in respect of assets taken on operating lease arrangements are recognized as per the terms of the lease.

16) Earnings Per Share:

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the Company's earnings per share is the net profit for the period after deducting preference dividends and any attributable tax thereto for the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, sub-division of shares etc. that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

II. NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 SHARE CAPITAL

	Rs. in Lacs	
	As at March 31	
	2015	2014
Authorised capital		
70,00,00,000 equity shares of Rs. 2/- each	14,000.00	14,000.00
50,00,000 Redeemable preference shares of Rs. 100/- each	5,000.00	5,000.00
Issued capital		
56,87,64,960 equity shares of Rs. 2/- each	11,375.30	11,375.30
Subscribed and paid-up capital		
56,87,64,960 equity shares of Rs.2/- each fully paid up	11,375.30	11,375.30
Less: Shares issued to ESOS Trust but not allotted to employees	92.49	104.80
(46,24,289 equity shares of Rs. 2/- each (March 31, 2014: 52,39,841 equity shares of Rs. 2/- each))		
Total	11,282.81	11,270.50

As at March 31					Rs. in Lacs As at March 31			
		March 2015	March 2014		March 2015	March 2014		
		Number of shares	Rs. in Lacs	Number of shares	Rs. in Lacs			
a) Reconciliation of number of equity shares:								
Balance at the beginning of the year		56,87,64,960	11,375.30	56,87,64,960	11,375.30	2,01,824.74	2,01,558.08	
Fresh allotment of shares/ any other adjustment during the year		-	-	-	-	2,02,324.25	2,01,824.74	
Balance at the end of the year		56,87,64,960	11,375.30	56,87,64,960	11,375.30	2,02,324.25	2,01,824.74	
b) Number of equity shares held by holding company or ultimate holding company including shares held by its subsidiaries/associates:								
Holding company: Mahindra & Mahindra Limited		29,12,07,660	5,824.15	29,12,07,660	5,824.15			
Percentage of holding (%)		51.20%	51.20%	51.20%	51.20%			
c) Shareholders holding more than 5 percent shares								
Mahindra & Mahindra Limited		29,12,07,660	5,824.15	29,12,07,660	5,824.15			
Percentage of holding (%)		51.20%	51.20%	51.20%	51.20%			
d) Terms/rights attached to equity shares								
<p>The Company has only one class of equity shares having a par value of Rs. 2/- per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the board of directors and approved by the shareholders in the annual general meeting is paid in Indian rupees. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.</p>								
e) Shares issued to ESOS Trust								
<p>The Guidance note issued by The Institute of Chartered Accountants of India on accounting for employee share-based payment requires that shares allotted to a Trust but not transferred to the employees be reduced from Share capital and Reserves. Accordingly, the Company has reduced the Share capital by Rs. 92.49 Lacs (March 31, 2014: Rs. 104.80 Lacs), Securities premium reserve by Rs. 64.39 Lacs (March 31, 2014: Rs. 86.83 Lacs) in respect of 46,24,289 equity shares of face value of Rs. 2/- each (March 31, 2014: 52,39,841 equity shares of face value of Rs. 2/- each) held by the Trust, as at the year end pending allotment of shares to eligible employees.</p>								

NOTE 2 RESERVES AND SURPLUS

		Rs. in Lacs As at March 31	
		March 2015	March 2014
Capital redemption reserve:			
Balance as at the beginning of the year		5,000.00	5,000.00
Add: Transfers during the year		-	-
		5,000.00	5,000.00
Less: Deductions during the year		-	-
Balance as at the end of the year		5000.00	5000.00

Securities premium reserve			
Balance as at the beginning of the year		2,01,824.74	2,01,558.08
Add: Additions during the year on account of –			
i) Exercise of employee stock options		499.51	266.66
ii) Fresh issue of shares		-	-
		2,02,324.25	2,01,824.74
Less: Deductions during the year in respect of share issue expenses		-	-
Balance as at the end of the year		2,02,324.25	2,01,824.74
Less: Premium on shares issued to ESOS Trust but not allotted to employees		64.39	86.83
Net balance		2,02,259.86	2,01,737.91
Statutory reserve:			
Balance as at the beginning of the year		81,532.62	63,787.62
Add: Transfers from Surplus in the Statement of Profit and Loss		16,636.00	17,745.00
		98,168.62	81,532.62
Less: Deductions during the year		-	-
Balance as at the end of the year		98,168.62	81,532.62
General reserve:			
Balance as at the beginning of the year		36,176.78	27,303.78
Add: Transfers from Surplus in the Statement of Profit and Loss		8,318.00	8,873.00
		44,494.78	36,176.78
Less: Deductions during the year		-	-
Balance as at the end of the year		44,494.78	36,176.78
Employees stock options outstanding:			
A) Employees stock options outstanding			
Balance as at the beginning of the year		1,333.81	1,347.77
Add: Fresh grant of options		4,465.00	289.16
		5,798.81	1,636.93
Less: Transfers/reversals during the year			
i) Transfers to Securities premium reserve on exercise of options		499.51	266.66
ii) Reversals for options lapsed		57.85	36.46
Balance as at the end of the year (A)		5,241.45	1,333.81
B) Deferred employee compensation			
Balance as at the beginning of the year		462.18	572.30
Add: Fresh grant of options		4,465.00	289.16
		4,927.18	861.46
Less: Amortisation during the year			
i) Transfers to employee benefits expenses (refer note no. 22)		1,269.48	362.82
ii) Reversals for options lapsed		57.85	36.46
Balance as at the end of the year (B)		3,599.85	462.18
Balance as at the end of the year (A-B)		1,641.60	871.63
Surplus in Statement of Profit and Loss:			
Balance as at the beginning of the year		1,72,832.16	1,35,885.23

	Rs. in Lacs		Rs. in Lacs	
	As at March 31		As at March 31	
	March 2015	March 2014	March 2015	March 2014
Less: Transitional depreciation charge (net of deferred tax) on re-computation based on the useful life of the assets as prescribed in Schedule II of the Companies Act, 2013 in respect of carrying amount of assets where remaining useful life of an asset is nil (refer note no. 24)	317.77	-		
	1,72,514.39	1,35,885.23		
Add: Adjustments as per the Scheme of Amalgamation (refer note no. 41 (i))	529.87	-		
Add: Profit for the year transferred from the Statement of Profit and Loss	83,177.59	88,722.75		
	2,56,221.85	2,24,607.98		
Less: Appropriations:				
General reserve	8,318.00	8,873.00		
Statutory reserve	16,636.00	17,745.00		
Proposed dividend on equity shares	22,750.60	21,613.07		
Corporate dividend tax on equity shares	4,424.02	3,544.75		
	52,128.62	51,775.82		
Balance as at the end of the year	2,04,093.23	1,72,832.16		
Total	5,55,658.09	4,98,151.10		
NOTE 3 LONG-TERM BORROWINGS				
a) Secured – #				
Non-convertible debentures (refer note no. 46 (i) (a)) \$	3,57,040.00	3,21,520.00		
Term loans:				
– from banks (refer note no. 46 (ii) (a))	6,66,930.95	9,60,495.23		
Foreign currency loans from banks (refer note no. 46 (iii) (a))	12,500.00	40,305.51		
Total	10,36,470.95	13,22,320.74		
b) Unsecured				
Unsecured bonds (Subordinate debts) (refer note no. 47 (i) (a)) \$	1,00,910.00	79,410.00		
Term loans from banks (refer note no. 47 (ii) (a))	10,000.00	10,000.00		
Fixed deposits (refer note no. 47 (iv) (b))	3,31,333.83	2,77,863.14		
Loans and advances from related parties (ICDs) (refer note no.47(iii) (b))	-	725.00		
Total	4,42,243.83	3,67,998.14		
Total (a+b)	14,78,714.78	16,90,318.88		
# All secured loans/debentures are secured by paripassu charges on Aurangabad office and exclusive charge on receivables under loan contracts, owned assets and book debts to the extent of 100% of outstanding secured loans/debentures.				
\$ The funds raised by the Company during the year by issue of Secured/Unsecured Non Convertible Debentures/bonds were utilised for the purpose intended, i.e. towards lending, financing, to refinance the existing indebtedness of the Company or for long-term working capital, in compliance with Applicable Laws.				
NOTE 4 OTHER LONG-TERM LIABILITIES				
Deposits/advances received against loan agreements (refer note no. 33)	1,804.35	1,333.08		
Interest accrued but not due on borrowings	19,283.53	15,552.99		
Deferred subvention income	2,508.93	3,031.55		
Unrealised gains on loan transfers under securitisation transactions (refer note no. 36(d))	5,175.94	6,629.14		
Cash profit on loan transfers under assignment transactions pending recognition (refer note no. 36(b))	35.22	140.57		
Derivative contract payables	-	954.49		
Unamortised premium on forward exchange contracts	1,440.00	-		
Total	30,247.97	27,641.82		
NOTE 5 LONG-TERM PROVISIONS				
Provision for employee benefits (refer note no. 34)	1,140.24	987.23		
Others				
- Provision for Non-performing assets (refer note no. 29 (a))	24,734.42	17,685.49		
- Contingent provisions for Standard assets (refer note no. 29 (b))	6,896.00	6,372.00		
- Higher provision on restructured standard advances (refer note no. 29 (d))	17.77	-		
- Provision for diminution in the fair value of restructured advances (refer note no. 29 (d))	7.62	-		
- Provision for estimated loss/expenses on assignments	-	6,756.55		
Total	32,796.05	31,801.27		
NOTE 6 SHORT-TERM BORROWINGS				
a) Secured – #				
Term loans from banks (refer note no. 48 (i))	72,700.00	55,500.00		
Cash credit facilities with banks (refer note no. 48 (i))	59,105.33	57,232.21		
Total	1,31,805.33	1,12,732.21		
b) Unsecured –				
Loans from banks:				
Term loans (refer note no.47 (ii) (b))	-	2,200.00		
Loans and advances from related parties (ICDs) (refer note no.47 (iii) (a))	850.00	3,565.00		
Fixed deposits (refer note no. 47 (iv) (a))	6,943.06	5,931.15		
Commercial Papers (CPs) (refer note no. 48 (ii))	3,47,500.00	-		
Total	3,55,293.06	11,696.15		
Total (a+b)	4,87,098.39	1,24,428.36		
# All secured loans are secured by paripassu charges on Aurangabad office and exclusive charge on receivables under loan contracts, owned assets and book debts to the extent of 100% of outstanding secured loans.				
NOTE 7 TRADE PAYABLES				
Trade payables:				
– Finance	33,991.48	30,095.50		
– Expenses	13,798.95	13,690.26		
Total	47,790.43	43,785.76		

	Rs. in Lacs	
	As at March 31	
	March 2015	March 2014
NOTE 8 OTHER CURRENT LIABILITIES		
Current maturities of long-term debt		
a) Secured #		
Non-convertible debentures (refer note no. 46 (i) (b)) \$	1,52,270.00	1,83,520.00
Foreign currency loans from banks (refer note no. 46 (iii) (b))	42,044.47	11,983.00
Term loans from banks (refer note no. 46 (ii) (b))	3,35,730.95	3,06,338.48
	5,30,045.42	5,01,841.48
b) Unsecured –		
Fixed deposits (refer note no. 47 (iv) (c))	1,29,746.50	76,425.51
Loans and advances from related parties (ICDs) (refer note no. 47 (iii)(c))	725.00	50.00
Interest accrued but not due on borrowings	40,027.46	29,745.21
Unclaimed dividends	57.69	57.93
Deposits/advances received against loan agreements (refer note no. 33)	1,460.65	1,647.04
Amount received in advance from ESOS trust	156.88	191.63
Credit balances in current accounts with banks as per books	14,032.27	7,242.04
Deferred subvention income	2,284.76	2,623.37
Unrealised gains on loan transfers under securitisation transactions (refer note no. 36(d))	19,175.40	15,910.53
Cash profit on loan transfers under assignment transactions pending recognition	85.42	168.42
Insurance premium payable	3,840.65	3,694.88
Payables under assignment/securitisation transactions	2,932.13	6,157.50
Taxes deducted at source (TDS)	3,009.23	2,333.20
Others	1,184.74	1,026.17
Total	7,48,764.20	6,49,114.91

All secured loans/debentures are secured by pari passu charges on Aurangabad office and exclusive charge on receivables under loan contracts, owned assets and book debts to the extent of 100% of outstanding secured loans/debentures.

\$ The funds raised by the Company during the year by issue of Secured/Unsecured Non Convertible Debentures/bonds were utilised for the purpose intended, i.e. towards lending, financing, to refinance the existing indebtedness of the Company or for long-term working capital, in compliance with Applicable Laws.

NOTE 9 SHORT-TERM PROVISIONS

	March 2015	March 2014
Provision for Employee benefits (refer note no. 34)	3,455.50	5,168.37
Others		
– Provision for estimated loss/ expenses on assignments	6,756.56	8,807.92
– Provision for Non-performing assets (refer note no. 29 (a))	71,882.66	45,672.57
– Contingent Provisions for Standard assets (refer note no. 29 (b))	5,786.00	5,253.00
– Higher Provision on restructured standard advances (refer note no. 29 (d))	4.54	–
– Provision for diminution in the fair value of restructured advances (refer note no. 29 (d))	1.94	–
– Proposed dividend on equity shares #	22,750.60	21,613.07
– Corporate dividend tax #	4,424.02	3,544.75
Total	1,15,061.82	90,059.68

The Board of Directors have recommended a dividend of Rs. 4.00 per share on equity shares of face value of Rs. 2/- each (March 31, 2014: Rs. 3.80 per share on equity shares of face value of Rs. 2/- each) for the current financial year. The dividend will absorb a sum of Rs. 27,174.62 Lacs (March 31, 2014: Rs. 25,157.82 Lacs) including dividend distribution tax.

NOTE 10 FIXED ASSETS

Asset description	Rs. in Lacs										
	GROSS BLOCK AT COST			DEPRECIATION & AMORTISATION					NET BLOCK		
	As at 1 st April, 2014	Additions	Deductions/ adjustments	As at 31 st March 2015	As at 1 st April, 2014	Transitional depreciation#	Additions	Deductions/ adjustments	As at 31 st March 2015	As at 1 st April, 2015	As at 1 st April, 2014
i) Tangible assets:											
Premises	108.92	–	–	108.92	17.59	–	1.82	–	19.41	89.51	91.33
	<i>108.92</i>	<i>–</i>	<i>–</i>	<i>108.92</i>	<i>15.82</i>	<i>–</i>	<i>1.77</i>	<i>–</i>	<i>17.59</i>	<i>91.33</i>	<i>93.10</i>
Computers	4096.06	970.18	45.06	5021.18	2099.10	401.44	1118.20	45.06	3573.68	1447.50	1996.96
	<i>4529.66</i>	<i>709.09</i>	<i>1142.69</i>	<i>4096.06</i>	<i>2695.32</i>	<i>–</i>	<i>545.44</i>	<i>1141.66</i>	<i>2099.10</i>	<i>1996.96</i>	<i>1834.34</i>
Furniture and fixtures	6252.18	583.19	18.42	6816.95	2032.83	36.38	799.84	12.02	2857.03	3959.92	4219.35
	<i>5734.20</i>	<i>775.54</i>	<i>257.56</i>	<i>6252.18</i>	<i>1812.81</i>	<i>–</i>	<i>453.15</i>	<i>233.13</i>	<i>2032.83</i>	<i>4219.35</i>	<i>3921.39</i>
Vehicles	4836.17	530.54	198.56	5168.15	2094.53	1.86	823.09	113.01	2806.47	2361.68	2741.64
	<i>4050.98</i>	<i>1088.68</i>	<i>303.49</i>	<i>4836.17</i>	<i>1729.51</i>	<i>–</i>	<i>608.06</i>	<i>243.04</i>	<i>2094.53</i>	<i>2741.64</i>	<i>2321.47</i>
Office equipment	4596.45	1432.65	30.56	5998.54	2209.48	41.71	1126.93	28.71	3349.41	2649.13	2386.97
	<i>4224.70</i>	<i>852.75</i>	<i>481.00</i>	<i>4596.45</i>	<i>1985.21</i>	<i>–</i>	<i>700.68</i>	<i>476.41</i>	<i>2209.48</i>	<i>2386.97</i>	<i>2239.49</i>
Total (i)	19889.78	3516.56	292.60	23113.74	8453.53	481.39	3869.88	198.80	12606.00	10507.74	11436.25
	<i>18648.46</i>	<i>3426.06</i>	<i>2184.74</i>	<i>19889.78</i>	<i>8238.67</i>	<i>–</i>	<i>2309.10</i>	<i>2094.24</i>	<i>8453.53</i>	<i>11436.25</i>	<i>10409.79</i>
ii) Intangible assets:											
Computer software	1614.60	253.69	–	1868.29	1120.50	–	281.75	–	1402.25	466.04	494.10
	<i>1150.30</i>	<i>464.30</i>	<i>–</i>	<i>1614.60</i>	<i>999.98</i>	<i>–</i>	<i>120.52</i>	<i>–</i>	<i>1120.50</i>	<i>494.10</i>	<i>150.32</i>
Total (ii)	1614.60	253.69	–	1868.29	1120.50	–	281.75	–	1402.25	466.04	494.10
	<i>1150.30</i>	<i>464.30</i>	<i>–</i>	<i>1614.60</i>	<i>999.98</i>	<i>–</i>	<i>120.52</i>	<i>–</i>	<i>1120.50</i>	<i>494.10</i>	<i>150.32</i>
Total (i+ii)	21504.38	3770.25	292.60	24982.03	9574.03	481.39	4151.63	198.80	14008.25	10973.78	11930.35
	<i>19798.76</i>	<i>3890.36</i>	<i>2184.74</i>	<i>21504.38</i>	<i>9238.65</i>	<i>–</i>	<i>2429.62</i>	<i>2094.24</i>	<i>9574.03</i>	<i>11930.35</i>	<i>10560.11</i>

Previous year figures are in Italics.

represents transitional depreciation charge adjusted in opening balance of surplus in Statement of Profit and Loss on recomputation based on the useful life of the assets as prescribed in Schedule II of the Companies Act, 2013 in respect of carrying amount of assets where remaining useful life of an asset is nil (refer note no. 24).

NOTE 11 NON-CURRENT INVESTMENTS

		Rs. in Lacs		Rs. in Lacs	
		As at March 31		As at March 31	
		2015	2014	2015	2014
A) Quoted (at cost): Trade					
(i)	Government securities (refer note no. 11 (i))	50,612.79	37,895.56		
	Secured redeemable non-convertible debentures (refer note no. 11 (ii) (a))	5,354.17	–	5.00	–
	(Non-current portion of long term investments in secured redeemable non-convertible debentures)			8,537.98	6,243.98
	(A)	55,966.96	37,895.56		
B) Unquoted (at cost): Non-trade					
(a) Equity investment in subsidiary companies:					
(i)	Mahindra Insurance Brokers Limited (21,90,722 equity shares of face value of Rs. 10/- each fully paid up)	47.98	47.98		
(ii)	Mahindra Rural Housing Finance Limited – Fully paid-up: (575,20,003 equity shares of Rs. 10/- each fully paid up of which 1,75,20,003 equity shares are at a premium of Rs. 15/- per share) (March 31, 2014: Fully paid up: 4,00,00,000 equity shares of Rs. 10/- each; Partly paid up: 1,75,20,003 equity shares of face value of Rs. 10/- each at a premium of Rs. 15/- per share, Rs. 12.50 paid up, including premium of Rs. 7.50 per share) (refer note no. 11 (iii) (a))	8,380.00	6,190.00	0.05	–
(iii)	Mahindra Business & Consulting Services Pvt. Ltd. (March 31, 2014: 10,000 equity shares of Rs. 10/- each fully paid up) (refer note no. 41 (iii) (b))	–	1.00		
(iv)	Mahindra Asset Management Company Private Ltd. - Fully paid-up: (10,50,000 equity shares of Rs. 10/- each fully paid up; of which 1,00,000 equity shares of Rs. 10/- per share were issued at par on rights basis in the ratio of 2:1 in September 2014 and 9,00,000 equity shares of Rs. 10/- per share were issued at par on rights basis in the ratio of 6:1 on then share capital in January, 2015) (March 31, 2014: 50,000 equity shares of Rs. 10/- each fully paid up) (refer note no. 11 (iii) (b))	105.00	5.00		
	(B)	20,025.04	14,732.03		
	Total (A + B)	75,992.00	52,627.59	19,325.04	14,032.03
	(b) Equity investment in Joint Venture: 49% Ownership in Mahindra Finance USA, LLC (Joint venture entity with De Lage Landen Financial Services INC. in United States of America) (refer note no. 11 (iii) (d))			10,787.01	7,788.05
	(c) Equity investment in other entities: New Democratic Electoral Trust (500 equity shares of Rs. 10/- each fully paid up; March 31, 2014: Nil) (refer note no. 11 (iii) (e))			0.05	–
	(d) Investment in Bonds/Debentures 70 11% Unsecured redeemable non-convertible subordinate debentures issued by Mahindra Rural Housing Finance Limited (Tenure: 5 years and 6 months; Maturity: 28 th Dec, 2018)			700.00	700.00
	(B)	20,025.04	14,732.03		
	Total (A + B)	75,992.00	52,627.59	19,325.04	14,032.03
	Additional Information:				
a)	Aggregate amount of quoted investments and market value –				
i)	Aggregate amount	55,966.96	37,895.56		
ii)	Market value	58,916.61	36,504.87*		
b)	Aggregate amount of unquoted investments	20,025.04	14,732.03		
*	Having regard to the long-term nature of the investments, the decline in market value as compared to carrying value is considered temporary, hence no provision for diminution in value is considered necessary.				
i)	Details of quoted Long-term investments in Government stock as at March 31, 2015:				
					Rs. In Lacs
	Particulars	Face value (Rs.)	Units	Amount	
	Govt Stock 6.90%-13/07/2019	100	1000000	947.79	
	Govt Stock 6.90%-13/07/2019	100	1500000	1,427.50	
	Govt Stock 6.90%-13/07/2019	100	1000000	932.55	
	Govt Stock 6.35%-02/01/2020	100	1000000	885.25	
	Govt Stock 7.80%-03/05/2020	100	500000	488.65	
	Govt Stock 10.25%-30/05/2021	100	1000000	1,084.47	
	Govt Stock 8.13%-21/09/2022	100	1500000	1,507.06	
	Govt Stock 8.20%-15/02/2022	100	1000000	1,006.17	
	Govt Stock 8.20%-15/02/2022	100	1000000	1,001.80	
	Govt Stock 8.13%-21/09/2022	100	500000	490.95	
	Govt Stock 8.13%-21/09/2022	100	500000	490.71	
	Govt Stock 8.13%-21/09/2022	100	1000000	955.80	

Particulars	Rs. In Lacs		
	Face value (Rs.)	Units	Amount
Govt Stock 7.16%-20/5/2023	100	1000000	900.55
Govt Stock 7.16%-20/5/2023	100	1000000	904.70
Govt Stock 8.83%-25/11/2023	100	2000000	2,034.93
Govt Stock 9.15%-14/11/2024	100	2500000	2,666.00
Govt Stock 9.15%-14/11/2024	100	1000000	1,111.57
Govt Stock 8.28%-21/09/2027	100	1500000	1,380.75
Govt Stock 8.28%-21/09/2027	100	2000000	1,868.10
Govt Stock 8.28%-21/09/2027	100	2000000	1,867.90
Govt Stock 8.28%-21/09/2027	100	1000000	932.65
Govt Stock 8.24%-15/02/2027	100	2000000	1,898.50
Govt Stock 8.24%-15/02/2027	100	1000000	959.15
Govt Stock 8.24%-15/02/2027	100	1000000	956.33
Govt Stock 8.28%-21/09/2027	100	2000000	2,002.53
Govt Stock 8.97%-05/12/2030	100	1000000	1,028.19
Govt Stock 8.97%-05/12/2030	100	1000000	1,029.53
Govt Stock 8.97%-05/12/2030	100	500000	516.53
Govt Stock 8.97%-05/12/2030	100	1000000	1,033.47
Govt Stock 8.97%-05/12/2030	100	500000	526.58
Govt Stock 8.97%-05/12/2030	100	1000000	1,042.83
Govt Stock 8.97%-05/12/2030	100	1500000	1,600.64
Govt Stock 8.97%-05/12/2030	100	1000000	1,111.60
Govt Stock 8.97%-05/12/2030	100	1000000	1,094.09
Govt Stock 8.97%-05/12/2030	100	1500000	1,450.20
Govt Stock 8.97%-05/12/2030	100	2000000	2,204.88
Govt Stock 8.28%-15/02/2032	100	2500000	2,401.50
Govt Stock 8.30%-02/07/2040	100	1500000	1,359.30
Govt Stock 8.83%-12/12/2041	100	1000000	1,018.13
Govt Stock 8.83%-12/12/2041	100	1000000	1,023.64
Govt Stock 8.83%-12/12/2041	100	1500000	1,469.33
Total		51000000	50,612.79

As on March 31, 2014:

Particulars	Rs. in Lacs		
	Face value (Rs.)	Units	Amount
Govt Stock 6.90%-13/07/2019	100	1000000	947.79
Govt Stock 6.90%-13/07/2019	100	1500000	1,427.50
Govt Stock 6.90%-13/07/2019	100	1000000	932.55
Govt Stock 6.35%-02/01/2020	100	1000000	885.25
Govt Stock 7.80%-03/05/2020	100	500000	488.65
Govt Stock 10.25%-30/05/2021	100	1000000	1,098.16
Govt Stock 8.13%-21/09/2022	100	1500000	1,508.00
Govt Stock 8.20%-15/02/2022	100	1000000	1,007.06
Govt Stock 8.20%-15/02/2022	100	1000000	1,002.06
Govt Stock 8.13%-21/09/2022	100	500000	490.95
Govt Stock 8.13%-21/09/2022	100	500000	490.71
Govt Stock 8.13%-21/09/2022	100	1000000	955.80
Govt Stock 9.15%-14/11/2024	100	2500000	2,683.23
Govt Stock 9.15%-14/11/2024	100	1000000	1,123.16
Govt Stock 8.28%-21/09/2027	100	1500000	1,380.75
Govt Stock 8.28%-21/09/2027	100	2000000	1,868.10
Govt Stock 8.28%-21/09/2027	100	2000000	1,867.90
Govt Stock 8.97%-05/12/2030	100	1000000	1,029.99
Govt Stock 8.97%-05/12/2030	100	1000000	1,031.42
Govt Stock 8.97%-05/12/2030	100	500000	517.58

Particulars	Rs. in Lacs		
	Face value (Rs.)	Units	Amount
Govt Stock 8.97%-05/12/2030	100	1000000	1,035.60
Govt Stock 8.97%-05/12/2030	100	500000	528.28
Govt Stock 8.97%-05/12/2030	100	1000000	1,045.56
Govt Stock 8.97%-05/12/2030	100	1500000	1,607.06
Govt Stock 8.97%-05/12/2030	100	1000000	1,118.72
Govt Stock 8.97%-05/12/2030	100	1000000	1,100.08
Govt Stock 8.97%-05/12/2030	100	1500000	1,450.20
Govt Stock 8.28%-15/02/2032	100	2500000	2,401.50
Govt Stock 8.30%-02/07/2040	100	1500000	1,359.30
Govt Stock 8.83%-12/12/2041	100	1000000	1,018.81
Govt Stock 8.83%-12/12/2041	100	1000000	1,024.52
Govt Stock 8.83%-12/12/2041	100	1500000	1,469.33
Total		38000000	37,895.56

Quoted investments of Rs. 50,612.79 Lacs (March 31, 2014: Rs. 37,895.56 Lacs) are in Government Stocks as Statutory Liquid Assets as required under Section 45 IB of The Reserve Bank of India Act, 1934 vide a floating charge created in favour of public deposit holders through a "Trust Deed" with an independent trust, pursuant to circular RBI/2006-07/225 DNBS (PD) C.C.No. 87/03.02.004/2006-07 dated January 04, 2007 issued by The Reserve Bank of India.

ii) Details of investments in Secured redeemable non-convertible debentures: As at March 31, 2015:

Sr. No.	ISIN Description	Total Quantity	Face Value	Rs. in Lacs		
				(a) Non Current	(b) Current	Total
1	ANNAPURNA MICROFINANCE PRIVATE LIMITED SR-F 13.25 XIRR NCD 23JN17 FVRS10LAC	100	1000.00	416.67	500.00	916.67
2	AROHAN FINANCIAL SERVICES PRIVATE LIMITED SR-F 13.25 XIRR NCD 16SP16 FVRS10LAC	75	750.00	187.50	375.00	562.50
3	AROHAN FINANCIAL SERVICES PRIVATE LIMITED SR-F 13.25 XIRR NCD 23JN17 FVRS10LAC	100	1000.00	416.67	500.00	916.67
4	ASIRVAD MICRO FINANCE PRIVATE LIMITED SR-F 13.25 XIRR NCD 16SP16 FVRS10LAC	75	750.00	187.50	375.00	562.50
5	ASIRVAD MICRO FINANCE PRIVATE LIMITED SR-F 13.25 XIRR NCD 23JN17 FVRS10LAC	150	1500.00	625.00	750.00	1375.00
6	DISHA MICROFIN PRIVATE LIMITED SR-F 13.25 XIRR NCD 16SP16 FVRS10LAC	75	750.00	187.50	375.00	562.50
7	FUSION MICROFINANCE PRIVATE LIMITED SR-F 13.25 XIRR NCD 16SP16 FVRS10LAC	75	750.00	187.50	375.00	562.50
8	FUTURE FINANCIAL SERVICES LIMITED SR-F 13.25 XIRR NCD 16SP16 FVRS10LAC	100	1000.00	250.00	500.00	750.00
9	FUTURE FINANCIAL SERVICES LIMITED SR-F 13.25 XIRR NCD 23JN17 FVRS10LAC	150	1500.00	625.00	750.00	1,375.00
10	GRAMA VIDYAL MICRO FINANCE LIMITED SR-F 13.25 XIRR NCD 16SP16 FVRS10LAC	100	1000.00	250.00	500.00	750.00
11	GRAMA VIDYAL MICRO FINANCE LIMITED SR-F 13.25 XIRR NCD 23JN17 FVRS10LAC	200	2000.00	833.33	1000.00	1,833.33
12	SATIN CREDITCARE NETWORK LIMITED SR-F 13.25 XIRR NCD 16SP16 FVRS10LAC	150	1500.00	375.00	750.00	1,125.00

Sr. No.	ISIN Description	Total Quantity	Face Value	Rs. in Lacs			Rs. in Lacs		
				(a) Non Current	(b) Current	Total	As at March 31 2015	2014	
13	SONATA FINANCE PRIVATE LIMITED SR-F 13.25 XIRR NCD 23JN17 FVRS10LAC	150	1500.00	625.00	750.00	1,375.00	Retained interest under assignment transactions	257.64	703.85
14	SV CREDITLINE PRIVATE LIMITED SR-F 13.25 XIRR NCD 16SP16 FVRS10LAC	75	750.00	187.50	375.00	562.50	Interest Only Strip (I/O Strip) under securitization transactions (refer note no. 36(d))	5,175.94	6,629.14
Total				5,354.17	7,875.00	13,229.17	Loans and advances (including overdue loans) @	3,195.52	3,081.69
							Inter corporate deposits	4,656.50	291.27

iii) During the year, the Company has made following equity investments –

- a) Rs. 2,190.00 Lacs in Mahindra Rural Housing Finance Ltd., its subsidiary, being the payment towards final call money @ Rs. 12.50 per Equity share (including premium of Rs. 7.50 per Equity share) on 1,75,20,003 Equity shares of Rs. 10/- each issued on a rights basis in May, 2013 for cash at a premium of Rs. 15/- per Equity share, which now stands fully paid up.
- b) Rs. 100.00 lacs being the additional investment by subscription to 10,00,000 equity shares of face value of Rs. 10/- each issued on a rights basis at par for cash in Mahindra Asset Management Company Private Limited, a wholly owned subsidiary.
- c) Section 5.00 Lacs as initial investment in 50,000 equity shares of face value of Rs. 10/- each in Mahindra Trustee Company Private Limited, a newly formed subsidiary, which was incorporated on July 10, 2013.
- d) Rs. 2,998.96 Lacs (US \$ 4.92 million) (March 2014: Rs. 2,193.73 Lacs equivalent to US \$3.84 million) being additional equity infusion in Mahindra Finance USA LLC, a 49% joint venture company formed jointly with De Lage Landen Financial Services Inc. in United States.
- e) Rs. 0.05 Lacs as investment in 500 equity shares of face value of Rs. 10/- each in New Democratic Electoral Trust, a Section 8 company formed by Mahindra & Mahindra Limited.

Includes non-performing assets of Rs. 45,782.78 Lacs (March 31, 2014: Rs. 34,043.28 Lacs) (refer note no. 5, 9 and 29 (a))

@ Includes non-performing assets of Rs. 214.80 Lacs (March 31, 2014: Rs. 57.80 Lacs) (refer note no. 5, 9 and 29 (a))

Total	17,00,368.74	15,77,945.52
--------------	---------------------	---------------------

NOTE 14 OTHER NON-CURRENT ASSETS

Term deposits with banks with original maturity greater than 12 months		
– Free	4,086.77	2,500.00
– Under lien (refer note no. 17 (a))	18,354.12	11,093.00
Unrealised exchange gains on forward contracts	168.00	–
Unamortised premium on forward contracts	594.57	–
Total	23,203.46	13,593.00

NOTE 12 DEFERRED TAX ASSETS (NET)

	Rs. in Lacs	
	As at March 31 2015	2014
a) Deferred tax assets		
Provision for non performing assets/loss and expenses on assignments	35,779.54	26,825.77
Provision for standard assets	4,388.99	3,951.34
Other disallowances	694.60	748.64
Difference between written down value as per books of account and Income Tax Act, 1961	663.04	–
(a)	41,526.17	31,525.75
b) Deferred tax liabilities		
Difference between written down value of books of account and Income Tax Act, 1961	–	19.11
(b)	–	19.11
Net deferred tax assets (a-b)	41,526.17	31,506.64

NOTE 13 LONG-TERM LOANS AND ADVANCES

Unsecured, considered good unless otherwise stated:

Capital advances	238.55	38.64
Deposits for office premises/others	1,834.70	1,656.70
Loans against assets (secured, including overdue loans)#	16,84,606.43	15,64,715.80
Retained interest in Pass Through Certificates under securitization transactions (refer note no. 51 (IV) (a))	403.46	828.43

NOTE 15 CURRENT INVESTMENTS

i) Quoted -		
Secured redeemable non-convertible debentures (refer note no.11 (ii) (b))	7,875.00	–
(Current portion of long term investments in secured redeemable non-convertible debentures)		
Total	7,875.00	–
ii) Unquoted (at cost):		
Certificate of deposits with banks #	–	24,289.13
Commercial Papers	1,500.00	10,000.00
(1 CP instrument, face value of Rs. 15.00 Lacs per CP issued by IKF Finance Limited; March 31, 2014: 2000 CPs, face value of Rs. 5.00 Lacs each issued by Citicorp Finance (India) Limited)		
Total	1,500.00	34,289.13
Total	9,375.00	34,289.13

Additional Information:

Aggregate amount of quoted investments and market value -

i) Aggregate amount	7,875.00	–
ii) Market Value	7,875.00*	–
Aggregate amount of unquoted investments	1,500.00	34,289.13

* Book value is taken as market value since market quotes are not available in the absence of trades.

Details of unquoted current investments in certificate of deposits:

As at March 31, 2015: Nil

As at March 31, 2014:

Particulars	Face value (Rs.)	Units	Rs. In Lacs	
			Amount	
Indian Bank	100000	5000	4,924.83	
Punjab National Bank	100000	2500	2,297.66	
Punjab National Bank	100000	2500	2,297.66	
Canara Bank	100000	5000	4,944.74	
Union Bank of India	100000	5000	4,917.75	
Indian Bank	100000	5000	4,906.50	
Total		25000	24,289.13	

Rs. in Lacs
As at March 31
2015 2014

NOTE 16 TRADE RECEIVABLES

Secured, considered doubtful unless otherwise stated

Trade receivable on hire purchase transactions #	375.53	377.66
(outstanding for a period exceeding six months)		

Unsecured, considered good unless otherwise stated

Debts outstanding for a period exceeding six months	29.08	0.12
Debts outstanding for a period not exceeding six months	162.64	1,057.58

Includes non-performing assets of Rs. 375.53 Lacs (March 31, 2014: Rs. 377.66 Lacs) (refer note no. 5, 9 and 29 (a))

Total 567.25 1,435.36

NOTE 17 CASH AND BANK BALANCE

Cash and cash equivalents:

- Cash on hand	1,622.33	2,542.72
- Cheques and drafts on hand	296.98	608.52
- Balances with banks in current accounts	17,203.64	19,031.39
	19,122.95	22,182.63

Other bank balances:

Earmarked balances with banks		
- Unclaimed dividend accounts	59.01	59.25
Term deposits with original maturity up to 12 months	-	5,000.00
Term deposits under lien (refer note no. 17 (a))	28,755.88	28,087.00
	28,814.89	33,146.25
Total	47,937.84	55,328.88

a) Details of Term deposits#

Rs. in Lacs

	As at March 31, 2015			As at March 31, 2014		
	Cash and bank balances	Other Non-current assets	Total	Cash and bank balances	Other Non-current assets	Total
(i) Term deposits for SLR	10,783.00	13,722.00	24,505.00	17,963.00	501.00	18,464.00
(ii) Collateral deposits for securitization transactions	17,469.88	4,615.12	22,085.00	9,621.00	10,575.00	20,196.00
(iii) Legal deposits	3.00	17.00	20.00	3.00	17.00	20.00
(iv) Margin deposits towards Constituent Subsidiary General Ledger (CSGL) account	500.00	-	500.00	500.00	-	500.00
Total	28,755.88	18,354.12	47,110.00	28,087.00	11,093.00	39,180.00

Term deposits with scheduled banks under lien include:

- Rs. 24,505.00 Lacs (March 31, 2014: Rs. 18,464.00 Lacs) being the Term deposits kept with Banks as Statutory Liquid Assets as required under Section 45 IB of The Reserve Bank of India Act, 1934 vide a floating charge created in favour of public deposit holders through a "Trust Deed" with an independent trust, pursuant to circular RBI/2006-07/225 DNBS (PD) C.C.No. 87/03.02.004/2006-07 dated January 04, 2007 issued by The Reserve Bank of India.
- Rs. 22,085.00 Lacs (March 31, 2014: Rs. 20,196.00 Lacs) being collateral deposits kept with banks as retained exposure under credit enhancements pertaining to securitization transactions (refer note no. 51 (iv)).
- Rs. 20.00 Lacs (March 31, 2014: Rs. 20.00 Lacs) as special deposits kept with banks towards guarantee against legal suits filed by the Company.
- Rs. 500.00 Lacs (March 31, 2014: Rs. 500.00 lacs) as collateral deposits kept with banks towards Constituent Subsidiary General Ledger (CSGL) account for holding securities for SLR purpose.

NOTE 18 SHORT-TERM LOANS AND ADVANCES

Rs. in Lacs

As at March 31

2015 2014

Unsecured, considered good unless otherwise stated:

Loans against assets (secured, including overdue loans) #	14,19,030.81	12,11,606.40
Retained interest in Pass Through Certificates (PTC) under securitization transactions (refer note no. 51 (IV) (a))	839.89	1,387.00
Retained interest under assignment transactions (refer accounting policy no. 3 (IV) (B) (ii) (a) and note no. 36 (b))	524.46	914.35
Interest Only Strip (I/O Strip) under securitization transactions (refer note no. 36(d))	19,175.40	15,910.53
Loans and advances (including overdue loans)@	13,532.09	7,914.21
Bills of exchange	14,955.03	12,333.78

	Rs. in Lacs			Rs. in Lacs	
	As at March 31			Year ended March 31	
	2015	2014		2015	2014
Trade Advances@	1,05,574.35	1,18,411.37	21. Other income		
Inventory funding (secured, including overdue loans)	9,896.55	7,674.70	Dividend income on		
Inter corporate deposits to related parties@	100.00	1,170.33	– Current investments in mutual fund units	84.09	56.61
Loans and advances to related parties (portfolio purchased from Mahindra Holidays & Resorts India Ltd.)	–	1,091.74	– Long-term investments in subsidiary companies	755.43	400.10
Deposits for office premises/others	364.99	258.99	Profit/premium on sale/redemption of Current investments	468.64	9.15
Advance payment of taxes (net of provisions)	6,597.29	4,847.36	Profit on sale/retirement of owned assets (net)	14.99	8.29
Other short term advances	2,015.98	231.56	Income from shared services	2,932.95	2,290.15
# Includes non-performing assets of Rs. 1,30,013.83 Lacs (March 31, 2014: Rs. 84,957.85 Lacs) (refer note no. 5, 9 and 29 (a))			Others	608.89	372.94
@ Includes non-performing assets of Rs. 2,050.78 Lacs (March 31, 2014: Rs. 1,485.66 Lacs) (refer note no. 5, 9 and 29 (a))			Total	4,864.99	3,137.24
Total	15,92,606.84	13,83,752.32	22. Employee benefits expense		
19. Other current assets			Salary, bonus and incentives	40,218.39	26,242.38
Interest accrued on –			Company's contribution to provident funds and other funds	3,073.18	1,667.34
Investments	958.94	742.74	Employee stock compensation costs (refer note no. 28 (f)) #	1,065.33	307.33
Others deposits	2,365.55	2,314.76	Staff welfare expenses	1,551.30	1,516.36
Derivative contract receivables	784.47	1,083.00	Total	45,908.20	29,733.41
Unamortised premium on forward contracts	722.96	–	# Inclusive of ESOP costs reimbursements (net) to the holding company Rs. 19.15 Lacs (March 31, 2014: Rs. 5.32 Lacs) and net of recoveries from subsidiary company Rs. 223.30 Lacs (March 31, 2014: Rs. 60.81 Lacs).		
Total	4,831.92	4,140.50	23. Finance costs		
			Interest expenses	2,47,405.42	2,16,824.12
			Other borrowing costs	2,267.71	1,977.33
			Total	2,49,673.13	2,18,801.45
			24. Depreciation and amortization expense		
			Depreciation on tangible assets #	3,869.88	2,309.10
			Amortization of intangible assets	281.75	120.52
			Total	4,151.63	2,429.62
			# Consequent to the enactment of the Act, the Company has recomputed the depreciation based on the useful life of the assets as prescribed in Schedule II to the Act or as assessed by the management (refer Accounting Policies, Note no. 4 (b)). This has resulted in additional charge of depreciation of Rs. 1,384.02 lacs for the year ended March 31, 2015. Further, as per the transitional provision, carrying value of assets of Rs. 317.77 lacs (net of Deferred tax of Rs. 163.62 lacs) is adjusted in the opening balance of retained earnings in respect of assets where the remaining useful life is NIL as at April 01, 2014.		
			25. Loan provisions and write offs		
			Bad debts and write offs (refer note no. 29 (c))	48,401.00	23,981.87
			Provision for Non-performing assets (net) (refer note no. 5,9 and 29 (a))	33,259.02	24,486.70

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

	Rs. in Lacs	
	Year ended March 31	
	2015	2014
General provision for Standard assets (refer note no. 5,9 and 29 (b))	1,057.00	2,110.00
Higher provision on restructured standard advances (refer note no. 5,9 and 29 (d))	22.31	-
Provision for diminution in the fair value of restructured advances (refer note no. 5,9 and 29 (d))	9.56	-
Total	82,748.89	50,578.57
26. Other expenses		
Electricity charges	1,608.17	1,378.77
Rent	5,440.30	4,572.80
Repairs and maintenance		
- Buildings	370.96	444.69
- Others	212.47	142.32
Insurance	1,133.17	858.08
Rates and taxes, excluding taxes on income	342.62	812.29
Directors' sitting fees and commission	214.63	147.02
Commission and brokerage	16,271.72	14,746.34
Legal and professional charges	5,867.51	5,983.66
Manpower outsourcing cost	33.87	15,011.59
Payments to the auditor		
- Audit fees	34.40	29.92
- Taxation matters	4.68	4.49
- Other services	16.75	11.76
- Reimbursement of expenses	0.72	0.98
CSR expenses (including donations) (refer note no. 39)	2,487.63	722.69
- General and administrative expenses	16,584.75	14,313.16
Total	50,624.35	59,180.56

Above expenses include following expenditure incurred in foreign currency

	Year ended March 31	
	2015	2014
Travelling expenses	10.62	40.76
Legal and professional fees	126.68	115.24
Other expenses	26.10	18.61

27. Disclosure under the Accounting Standard relating to 'Financial Reporting of Interests in Joint Ventures' (AS-27).

The Company has interest in the following jointly controlled entity:

Name of the entity	Country of Incorporation	% Holding
Mahindra Finance USA, LLC	United States of America	49.00%

ii) Interest in the assets, liabilities, income and expenses with respect to jointly controlled entities:

		Rs. In Lacs	
		As at March 31	
	Particulars	2015	2014
I. ASSETS			
1	Long-term loans and advances	1,34,793.06	91,854.46
2	Deferred tax assets	451.68	306.36
3	Cash and cash equivalents	266.35	395.53
4	Short-term loans and advances	31,788.75	21,562.02
II. LIABILITIES			
1	Long-term borrowings	75,101.31	48,549.09
2	Other Long-term liabilities	-	59.74
3	Long term provisions	430.29	333.14
4	Short term borrowings	36,064.29	28,664.24
5	Other current liabilities	40,044.49	25,810.16
6	Short term provisions	100.71	77.40
		Year ended March 31	
III. INCOME		2015	2014
1	Revenue from operations	6,602.74	4,782.11
2	Other income	365.65	210.91
IV. EXPENSES			
1	Finance costs	2,492.20	1,677.26
2	Loan provisions and write-offs	327.88	251.15
3	Other expenses	2,021.86	1,578.45
4	Provision for current tax	893.55	823.54
5	Provision for deferred tax	(129.08)	(307.94)

28. Employee Stock Option Plan

a) The Company had allotted 1,34,32,750 equity shares (face value of Rs. 2/- each) on December 06, 2005 and 48,45,025 Equity shares (face value of Rs. 2/- each) on February 03, 2011, to Mahindra and Mahindra Financial Services Limited Employees' Stock Option Trust set up by the Company. The Trust holds these shares for the benefit of the employees and issues them to the eligible employees as per the recommendation of the Compensation Committee. The Trust had issued 1,36,53,486 equity shares to employees (March 31, 2014: 1,30,37,934 equity shares) up to March 31, 2015, of which 6,15,552 equity shares (March 31, 2014: 5,04,944 equity shares) were issued during the current year.

The details of Employees stock option schemes are as under:

Particulars	Scheme 2005	Scheme 2010
Type of arrangement	Employees share based payment plan administered through ESOS Trust	Employees share based payment plan administered through ESOS Trust
Contractual life	6 years from the date of grant	6 years from the date of grant
Method of settlement	By issue of shares at exercise price	By issue of shares at exercise price
Vesting conditions	35% on expiry of 12 months from the date of grant	20% on expiry of 12 months from the date of grant

Particulars	Scheme 2005	Scheme 2010
	25% on expiry of 24 months from the date of grant	20% on expiry of 24 months from the date of grant
	20% on expiry of 36 months from the date of grant	20% on expiry of 36 months from the date of grant
	10% on expiry of 48 months from the date of grant	20% on expiry of 48 months from the date of grant
	10% on expiry of 60 months from the date of grant	20% on expiry of 60 months from the date of grant

b) During the year, the Company has granted 16,01,507 stock options to the eligible employees under the Employees' Stock option scheme 2010. The details are as under:

	Grant dated October 21, 2014
No. of options granted	16,01,507
Intrinsic value of shares based on latest available closing market price (Rs.)	278.80
Total amount to be amortized over the vesting period (Rs. in Lacs)	4,465.00
Charge to Statement of Profit and Loss for the year (Rs. in Lacs)	1,011.09
Compensation in respect of lapsed cases (Rs. in Lacs)	36.87
Unamortized amount carried forward (Rs. in Lacs)	3,417.04

The fair value of options, based on the valuation of the independent valuer as on the date of grant are:

Vesting date	Grant dated October 21, 2014	
	Expected Vesting	Fair Value (Rs.) per share
October 21, 2015	320299	267.23
October 21, 2016	320299	
October 21, 2017	320299	
October 21, 2018	320299	
October 21, 2019	320311	
	1601507	

The key assumptions used in black-scholes model for calculating fair value as on the date of grant are:

Variables #	Grant dated October 21, 2014
1) Risk free interest rate	8.50%
2) Expected life	3.25 years
3) Expected volatility	38.83%
3) Dividend yield	1.35%
4) Price of the underlying share in the market at the time of option grant (Rs.)	280.80

the values mentioned against each of the variables are based on the weighted average percentage of vesting.

c) Summary of stock options

Summary of Stock Options	As at/Year ended March 31			
	2015		2014	
	No. of stock options	Weighted average exercise price (Rs.)	No. of stock options	Weighted average exercise price (Rs.)
Options outstanding at the beginning of the year	11,63,249	12.70	16,44,675	21.61
Options granted during the year	16,01,507	2.00	1,17,625	2.00
Options forfeited/lapsed during the year #	26,249	11.07	94,107	37.64
Options exercised during the year	6,15,552	21.84	5,04,944	34.57
Options outstanding at the end of the year	21,22,955	2.00	11,63,249	12.70
Options vested but not exercised at the end of the year	1,24,345	2.00	4,36,039	30.55

including 13,225 (March 31, 2014: 4,085) options forfeited/lapsed out of the options granted during the year.

d) Information in respect of options outstanding:

Grant date/Exercise price	As at March 31			
	2015		2014	
	No. of stock options	Weighted average remaining life	No. of stock options	Weighted average remaining life
Scheme 2005:				
September 18, 2008 at Rs. 46.60	-	-	2,79,150	5 months
(a)			2,79,150	
Scheme 2010:				
February 07, 2011 at Rs. 2.00	3,55,735	13 months	6,34,749	18 months
January 25, 2012 at Rs. 2.00	95,790	19 months	1,35,810	26 months
July 22, 2013 at Rs. 2.00	38,504	28 months	48,130	34 months
October 21, 2013 at Rs. 2.00	44,644	31 months	65,410	37 months
October 21, 2014 at Rs. 2.00#	15,88,282	37 months	-	-
(b)	21,22,955		8,84,099	
Total (a + b)	21,22,955		11,63,249	

net of 13,225 options forfeited/lapsed out of the options granted during the year

e) Average Share price at recognised stock exchange (NSE) on the date of exercise of the option are as under:

Date of exercise	Average share price (Rs.)
April 23, 2014	247.08
May 19, 2014	273.10
May 23, 2014	314.43
June 18, 2014	282.44
July 25, 2014	238.78
August 21, 2014	274.40
September 03, 2014	286.16
September 23, 2014	278.33
October 28, 2014	287.62
November 17, 2014	314.66
December 22, 2014	294.69
January 19, 2015	288.62
February 24, 2015	252.75
March 23, 2015	265.00

f) Method used for accounting for share based payment plan

The Company has elected to use intrinsic value method to account for the compensation cost of stock options to employees of the Company. Intrinsic value is the amount by which the quoted market price of the underlying share exceeds the exercise price of the option. Employee stock compensation cost is amortized over the vesting period.

g) Fair value of options

The fair value of options used to compute proforma net profit and earnings per share in note 28 (h) have been estimated on the date of grant using the black-scholes model. The key assumptions used in black-scholes model for calculating fair value as on the date of grant are:

Grants covered under Scheme 2005

Variables #	7-Dec-2005	24-Jul-2007	25-Mar-2008	18-Sep-2008
1) Risk free interest rate	5.8% to 6.6%	8.17%	7.31%	8.20%
2) Expected life	2.5 - 5 years	4.17 years	4.17 years	4.18 years
3) Expected volatility	0.50%	43.69%	43.61%	43.66%
4) Dividend yield	5%	1.59%	1.59%	1.64%
5) Price of the underlying share in the market at the time of option grant (Rs.)	13.11*	46.00	63.62	50.35

the values mentioned against each of the variables are based on the weighted average percentage of vesting.

* being fair value taken from an independent valuer as the Company was unlisted as on the date of grant of option.

Grants covered under Scheme 2010:

Variables #	7-Feb-2011	25-Jan-2012	22-Jul-2013	21-Oct-2013	21-Oct-2014
1) Risk free interest rate	7.73%	8.11%	7.61%	8.60%	8.50%
2) Expected life	4.5 years	5.5 years	3.5 years	3.25 years	3.25 years
3) Expected volatility	42.38%	46.08%	35.53%	39.27%	38.83%
4) Dividend yield	2.28%	2.11%	1.70%	1.32%	1.35%
5) Price of the underlying share in the market at the time of option grant (Rs.)	138.60	133.14	212.35	272.40	280.80

the values mentioned against each of the variables are based on the weighted average percentage of vesting.

h) Earnings Per Share

Earnings Per Share as required by Accounting Standard 20 read with the Guidance Note on "Accounting for Employee Share-based Payments" is as follows:

	Intrinsic Value Method		Fair Value Method *	
	As at March 31		As at March 31	
Particulars	2015	2014	2015	2014
Net profit after tax (Rs. in Lacs)	83,177.59	88,722.75	83,245.96	88,753.64
Weighted average number of equity shares of Rs. 2/- each – Basic	563837362	563184677	563837362	563184677

	Intrinsic Value Method		Fair Value Method *	
	As at March 31		As at March 31	
Particulars	2015	2014	2015	2014
Weighted Average number of equity shares of Rs. 2/- each – Diluted	568764960	568764960	568764960	568764960
Basic Earnings Per Share (Rs.)	14.75	15.75	14.76	15.76
Diluted Earnings Per Share # (Rs.)	14.62	15.60	14.64	15.60

Dilution in Earnings per share is on account of 46,24,289 equity shares (March 31, 2014: 52,39,841 equity shares) held by the Employees Stock Option Trust issued under the Employees Stock Option Scheme.

* Earnings per share under fair value method is computed on proforma net profit after tax after adjusting for employee compensation costs under fair value method. Employee compensation cost under fair value method as compared to intrinsic value method is lower by Rs. 68.37 Lacs (March 31, 2014: Rs. 30.89 Lacs).

29. Loan provisions and write offs

a) The Company has made adequate provision for the Non-performing assets identified, in accordance with the guidelines issued by The Reserve Bank of India. As per the practice consistently followed, the Company has also made additional provision on a prudential basis. The cumulative additional provision made by the Company as on March 31, 2015 is Rs. 53,319.01 Lacs (March 31, 2014: Rs. 35,253.77 Lacs).

b) In accordance with the Notification No. DNBS.222/CGM (US)-2011 dated January 17, 2011 issued by The Reserve Bank of India (RBI) vide its directions to all NBFC's to make a general provision of 0.25% on the Standard assets, the Company has made a provision of Rs. 1,057.00 Lacs (March 31, 2014: Rs. 2,110.00 Lacs).

The total amount of provision on Standard assets of Rs. 12,682.00 Lacs (March 31, 2014: Rs. 11,625.00 Lacs) is shown separately as "Contingent provision for Standard assets" under Long-term and Short-term provisions in the balance sheet (refer note no. 5 and 9). The said amount includes additional/accelerated provision of 0.15% for Rs. 4,757.00 Lacs as at March 31, 2015 (March 31, 2014: Rs. 4,370.00 Lacs).

c) Bad debts and write offs includes loss on termination which mainly represents shortfall on settlement of certain contracts due to lower realisation from such hire purchase/leased/loan assets on account of poor financial position of such customers.

d) In accordance with the Prudential norms for restructured advances, the Company has made provisions of Rs. 31.87 Lacs on account of restructured advance which are included under this head.

30. Commission and brokerage mainly represents amount incurred in respect of acquisition of customers and mobilisation of public deposits.

31. The Company is engaged primarily in the business of financing and accordingly there are no separate reportable segments as per Accounting Standard 17 dealing with Segment Reporting.

32. In the opinion of the Board, Current assets, Loans and advances are approximately of the value stated if realised in the ordinary course of business.

33. Deposits/advances received against loan agreements are on account of loan against assets, which are repayable/adjusted over the period of the contract.

34. Employee benefits
Defined benefit plans – as per actuarial valuation

Rs. in Lacs

Particulars	Rs. in Lacs					
	As at March 31					
	Gratuity (Funded)		Sick leave (Non funded)		Privilege Leave (Non funded)	
2015	2014	2015	2014	2015	2014	
I. Expense recognized in the Statement of Profit and Loss Account for the year ended March 31						
Current service cost	834.37	559.24	129.11	86.49	993.59	572.34
Interest cost	106.95	76.35	13.49	10.06	76.41	49.84
Expected return on plan assets	(122.75)	(74.56)	-	-	-	-
Actuarial (gains)/losses	(326.85)	(112.83)	(99.52)	(59.84)	(662.17)	(173.57)
Fund amount to be transferred from MBCSPL gratuity fund	(56.36)	(64.27)	-	-	-	-
Adjustment due to change in opening balance of plan assets	(98.83)	(186.28)	-	-	-	-
Total expense	336.53	197.65	43.09	36.72	407.83	448.61
II. Net asset/(liability) recognized in the Balance Sheet as at March 31						
Present value of defined benefit obligation as at March 31	1,558.68	1,192.46	190.96	147.88	1,056.62	846.55
Fair value of plan assets as at March 31	1,583.37	1,111.98	-	-	-	-
Funded status (surplus/(deficit))	24.69	(80.48)	(190.96)	(147.88)	(1,056.62)	(846.55)
Net asset/(liability) as at March 31	24.69	(80.48)	(190.96)	(147.88)	(1,056.62)	(846.55)
III. Change in the obligations during the year ended March 31						
Present value of defined benefit obligation at the beginning of the year	1,192.46	855.07	147.88	111.16	846.55	564.13
Current service cost	834.37	559.24	129.10	86.49	993.59	572.34
Interest cost	106.95	76.35	13.49	10.06	76.41	49.84
Actuarial (gains)/losses	(449.21)	(184.16)	(99.52)	(59.84)	(662.17)	(173.57)
Benefits paid	(125.89)	(114.04)	-	-	(197.76)	(166.20)
Present value of defined benefit obligation at the year ended March 31	1,558.68	1,192.46	190.96	147.88	1,056.62	846.55
IV. Change in the fair value of plan assets during the year ended March 31						
Fair value of plan assets at the beginning of the year	1,111.98	776.20	-	-	-	-
Expected return on plan assets	123.75	74.56	-	-	-	-
Contributions by employer	442.08	199.26	-	-	-	-
Actuarial (Gains)/Losses	(123.75)	(74.56)	-	-	-	-

Particulars	As at March 31					
	Gratuity (Funded)		Sick leave (Non funded)		Privilege Leave (Non funded)	
	2015	2014	2015	2014	2015	2014
Fund amount to be transferred from MBCSPL gratuity fund	56.36	64.27	-	-	-	-
Adjustment due to change in opening balance of Plan assets	98.83	186.28	-	-	-	-
Actual Benefits paid	(125.89)	(114.04)	-	-	-	-
Fair value of plan assets at the end of the year	1,583.37	1,111.98	-	-	-	-
V. Major category of plan assets as a percentage of total plan						
Funded with LIC	100%	100%	100%	100%	100%	100%
VI. Actuarial Assumptions						
Discount Rate (p.a.)	8%	8%	8%	8%	8%	8%
Expected rate of return on plan assets (p.a.)	8%	8%	-	-	-	-
Rate of Salary increase (p.a.)	5%	5%	5%	5%	5%	5%
In-service Mortality	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate

Rs. in Lacs

Particulars	As at/year ended March 31				
	2011	2012	2013	2014	2015
1 Defined benefit obligation at end of the period	442.42	644.20	855.07	1,192.46	1,558.29
2 Plan assets at the end of period	375.80	484.50	776.20	1,111.98	1,560.01
3 Funded status surplus/(deficit)	(66.61)	(159.71)	(78.87)	(80.48)	(24.69)
4 Experience adjustments on plan liabilities (gain)/loss	(46.70)	(73.01)	(66.64)	(77.52)	(154.49)
5 Experience adjustments on plan assets gain/(loss)	(7.89)	(9.94)	(16.07)	(21.77)	(32.19)

35. Disclosure on derivatives
Outstanding derivative instruments and un-hedged foreign currency exposures as on March 31, 2015

The Company has outstanding Foreign Currency Non-Repatriable (FCNR (b)) loans of US \$ 872.71 Lacs (March 31, 2014: US \$ 872.71 Lacs). The said loan has been fixed to INR liability using a cross currency swap and floating interest thereon in LIBOR plus rate has been swapped for fixed rate in Indian rupee. There is no un-hedged foreign currency exposure as on March 31, 2015.

36. Securitisation/assignment transactions

a) During the year, the Company has without recourse securitised on "at par" basis vide PTC route loan receivables of 27907 contracts (March 31, 2014: 47122 contracts) amounting to Rs. 72,229.92 Lacs (March 31, 2014: Rs. 1,26,292.70 Lacs) for a consideration of Rs. 72,229.92 Lacs (March 31, 2014: Rs. 1,26,292.70 Lacs) and de-recognised the assets from the books.

- b) During the year, the Company has without recourse assigned loan receivables of Nil contracts (March 31, 2014: 6490 contracts) amounting to Rs. Nil (March 31, 2014: Rs. 19,850.83 Lacs) for a consideration of Rs. Nil (March 31, 2014: Rs. 15,554.19 Lacs towards 90% of receivables assigned and de-recognised the assets from the books). Out of the total receivables assigned, an amount of Rs. Nil (March 31, 2014: Rs. 1,985.08 Lacs equivalent to 10% of the receivables) have been recognized as "Retained interest in assignment transactions" representing Minimum Retention Requirement (MRR) as required under revised guidelines on securitization transactions vide RBI Circular dated August 21, 2012 (refer note no. 13 and 18).

The amount of profit in cash of Rs. 120.64 Lacs (March 31, 2014: Rs. 314.94 Lacs) on assignment transaction has been held under an accounting head "Cash profit on loan transfers under assignment transactions pending recognition" and the same is amortized in line with above referred guidelines (refer note no. 4 and 8).

- c) Income from assignment/securitization transactions include write back of provision for loss/expenses in respect of matured assignment transactions amounting to Rs. 8,807.91 Lacs (March 31, 2014: Rs. 4,189.65 Lacs) considered no longer necessary (refer Accounting policy 3 (IV) A (iii)).
- d) In terms of the accounting policy stated in 3 (IV) (B) (i) (c), securitisation income is recognized as per RBI Guidelines dated 21st August, 2012. Accordingly, interest only strip representing present value of interest spread receivable has been recognized and reflected under loans and advances (refer note no. 13 and 18) and equivalent amount of unrealised gains has been recognised as liabilities (refer note no. 4 and 8).
- e) Excess interest spread redeemed during the year by the Special Purpose Vehicle Trust (SPV Trust) has been recognised as income and included in Income from assignment/securitisation transactions amounting to Rs. 11,024.71 Lacs (March 31, 2014: Rs. 5,146.47 Lacs)

37. There were 119 cases (March 31, 2014: 77 cases) of frauds amounting to Rs. 353.81 Lacs (March 31, 2014: Rs. 560.32 Lacs) reported during the year. The Company has recovered an amount of Rs. 107.39 Lacs (March 31, 2014: Rs. 46.38 Lacs) and has initiated appropriate legal action against the individuals involved. The claims for the un-recovered losses have been lodged with the insurance companies.

38. The gold loans outstanding as a percentage of total assets is at 0.02% (March 31, 2014: 0.03%).

40. During the year, the Company has incurred expenditure of Rs. 2,374.07 Lacs towards CSR activities which includes contribution/donations made to the trusts which are engaged in activities prescribed under Section 135 of the Companies Act, 2013 read with Schedule VII to the said Act and expense of Rs. 113.56 Lacs towards the CSR activities undertaken by the Company (refer note no. 26).

40. The Company has received show cause-cum-demand notice from Service Tax Department to show cause as to why service tax of Rs. 4,631.54 Lacs should not be levied on subvention income and on collection charges on receivables in respect of securitisation transactions for the period from 2007-08 to 2013-14. The Company has given a detailed reply to the department justifying why the transactions would fall outside the purview of service tax. The Company has appointed an expert to consult on the matter, who have opined that the Company has a strong case on merits to defend and the chances of getting an unfavourable outcome are remote.

41. Scheme of Amalgamation

i) Scheme details and balance sheet position:

In terms of Scheme of Arrangement under Section 391 and 394 of the Companies Act, 1956 (the "Scheme") between the Company and Mahindra Business & Consulting Services Private Ltd. ("MBCSPL"), an erstwhile wholly owned subsidiary of the Company and their respective shareholders, all the assets and liabilities, including reserves, of MBCSPL were transferred and vested in the Company effective from April 01, 2014 ("the Appointed date"). The Scheme was approved by the Honourable High Court of judicature at Bombay ("the Court") vide its order dated March 20, 2015. The said Scheme became effective from April 18, 2015 (the "Effective date") on filing of the certified Court order with Registrar of Companies, Maharashtra.

With effect from the appointed date, the whole of assets, properties, liabilities of MBCSPL including all debts, liabilities, contingent liabilities, duties and obligations of every kind, nature and description relating to the said business is transferred to and vested in and/or be deemed to be transferred to and vested in the Company.

Break up of assets and liabilities transferred to the Company as per the Court scheme are as under:

Particulars	Rs. in Lacs
	As at April 1, 2014
Assets	1,837.54
Liabilities	1,837.54
Net amount adjusted in opening balance of surplus in the Statement of Profit and Loss	529.87

ii) Consideration:

The Scheme entails the amalgamation of MBCSPL, a wholly owned subsidiary of the Company with its parent MMFSL, with the consequent dissolution without winding up of MBCSPL. Accordingly, the scheme does not envisage any issue of shares or payment of the consideration.

iii) Accounting:

- a) The assets and liabilities, including reserves as at April 1, 2014 were incorporated in the financial statements of the Company at their existing carrying amount.
- b) 1,00,000 Equity Shares of Rs. 10/- each fully paid up in MBCSPL, held as investment by the Company stands cancelled and the difference, if any, is debited to opening balance of surplus in the Statement of Profit and Loss (refer note no. 2).
- c) All inter-corporate deposits, loans and advances, outstanding balances or other obligations between MBCSPL and the Company, stand cancelled and there shall be no obligation/outstanding in that behalf.
- d) In accordance with the Scheme, MBCSPL continued to carry on the business and activities in relation on account of and in trust for the Company from April 1, 2014 (the "Appointed date") till April 18, 2015 (the "Effective date"). Accounts for the year also comprise of operations of business transacted out of MBCSPL and therefore certain figures may not be exactly comparable with the previous year's figures.

42. Related party disclosure as per accounting standard 18

A) List of the related parties and nature of relationship which have transactions with our Company during the year:

Holding Company:	Mahindra and Mahindra Limited
Subsidiary Companies:	Mahindra Insurance Brokers Limited Mahindra Rural Housing Finance Limited Mahindra Business & Consulting Services Private Limited (amalgamated with the Company effective from April 1, 2014) Mahindra Asset Management Company Private Limited Mahindra Trustee Company Private Limited
Joint Ventures:	Mahindra Finance USA, LLC
Fellow subsidiary Companies:	2 x 2 Logistics Private Limited Mahindra USA, Inc. Mahindra Holidays and Resorts India Ltd. NBS International Ltd. Mahindra First Choice Wheels Ltd. Mahindra First Choice Services Ltd. Mahindra Defence Systems Ltd. Mahindra Retail Pvt. Ltd.
Key Management Personnel:	Mr. Ramesh Iyer (Managing Director)
Relatives of Key Management Personnel:	Ms Janaki Iyer Ms Ramlaxmi Iyer Mr Risheek Iyer

B) Related party transactions are as under:

					Rs. in Lacs	
Sr. No.	Nature of transactions	Holding Company	Subsidiary Companies	Fellow subsidiary Companies	Joint Ventures	* Key Management Personnel
1	Income					
	Loan income	-	-	3.52	-	-
		-	-	(1.79)	-	-
	Subvention income	3,663.07	-	-	-	-
		(2,322.68)	-	-	-	-
	Other income	64.21	2,225.08	-	-	-
		(1.02)	(1,499.88)	(54.11)	-	-
2	Expenses					
	Interest	-	972.19	-	-	20.11
		(339.45)	(533.57)	-	-	(18.09)
	Other expenses	1,494.18	1,685.59	430.81	-	-
		(1,394.33)	(17,420.53)	(167.71)	-	-
	Remuneration to KMP's	-	-	-	-	657.05
		-	-	-	-	(394.88)
3	Investment in share capital	-	2,295.00	-	2,998.97	-
		-	(2,195.00)	-	(2,193.73)	-
4	Purchase of fixed assets	413.60	-	-	-	-
		(421.36)	-	(5.85)	-	-
5	Finance					
	Fixed deposits taken	-	7,065.00	-	-	202.90
		-	(2,700.00)	-	-	(207.50)
	Fixed deposits matured	-	-	-	-	188.25
		-	-	-	-	(187.50)
	Dividend paid – for previous year	11,065.89	-	-	-	23.71
		(10,483.48)	-	-	-	(18.99)
	Inter corporate deposits taken	-	1,475.00	-	-	-
		(50,000.00)	(3,565.00)	-	-	-
	Inter corporate deposits repaid	-	4,240.00	-	-	-
		(50,000.00)	(4,365.00)	-	-	-
	Inter corporate deposits given	-	69,107.00	-	-	-
		-	(48,130.24)	-	-	-
	Inter corporate deposits refunded	-	64,974.39	-	-	-
		-	(48,505.27)	-	-	-
6	Other transactions					
	Reimbursement from parties	-	0.02	-	-	-
		(112.54)	-	-	-	-
	Reimbursement to parties	-	-	119.72	-	-
		-	-	(113.75)	-	-
7	Balances as at the end of the period					
	Receivables	1,245.02	137.95	-	-	-
		(375.59)	(85.12)	(1,091.74)	-	-
	Loan given (including interest accrued but not due)	-	-	43.29	-	-
		-	-	-	-	-
	Inter corporate deposits given (including interest accrued but not due)	-	4,747.90	-	-	-
		-	(1,437.16)	-	-	-
	Payables	-	455.13	157.98	-	-
		-	(575.23)	(107.64)	-	-
	Subordinate debt held (including interest accrued but not due)	-	700.38	-	-	-
		-	(700.76)	-	-	-
	Inter corporate deposits taken (including interest accrued but not due)	-	1,617.69	-	-	-
		-	(4,414.76)	-	-	-
	Fixed deposits (including interest accrued but not due)	-	10,426.55	-	-	231.80
		-	(2,834.75)	-	-	(214.83)

Figures in bracket represent corresponding figures of previous year.

* Key Management Personnel as defined in Accounting Standard 18 as well as the Companies Act, 2013.

C) The significant related party transactions are as under:

Sr. No.	Nature of transactions	Holding Company	Subsidiary Companies	Rs. in Lacs	
				Fellow subsidiary Companies	* Key Management Personnel
1	Income				
	Revenue from operations				
	Subvention income	Mahindra & Mahindra Limited	3,663.07	-	-
			(2,322.68)	-	-
	Loan income	Mahindra Retail Pvt. Ltd.	-	-	3.28
			-	-	-
2	Other income				
	Interest income on inter corporate deposits/subordinate debt	Mahindra Rural Housing Finance Limited	-	602.73	-
			-	(366.01)	-
	Income from shared services	Mahindra Insurance Brokers Limited	-	135.60	-
			-	(102.64)	-
	Income from shared services	Mahindra Rural Housing Finance Limited	-	404.09	-
			-	(442.30)	-
	Dividend income	Mahindra Rural Housing Finance Limited	-	536.36	-
			-	(400.00)	-
		Mahindra Insurance Brokers Limited	-	219.07	-
			-	-	-
3	Expenses				
	Interest				
	Interest expense on inter corporate deposits and non-convertible debentures	Mahindra Insurance Brokers Limited	-	972.19	-
			-	(533.57)	-
4	Other expenses				
	Handling Charges	Mahindra Insurance Brokers Limited	-	1,685.59	-
			-	(1,247.65)	-
	Commission & Valuation charges	Mahindra First Choice Wheels Limited	-	-	417.19
			-	-	(157.88)
	Purchase of fixed assets	Mahindra & Mahindra Limited	413.60	-	-
			(421.36)	-	-
5	Finance				
	Fixed Deposits	Mahindra Insurance Brokers Limited	-	7,065.00	-
			-	(2,700.00)	-
	Fixed Deposits matured	Ramesh Iyer and relatives	-	-	188.25
			-	-	(187.50)
	Dividend paid – for previous year	Mahindra & Mahindra Limited	11,065.89	-	-
			(10,483.48)	-	-
	Inter corporate deposits taken	Mahindra Insurance Brokers Limited	-	1,475.00	-
			-	(3,565.00)	-
	Inter corporate deposits repaid	Mahindra Insurance Brokers Limited	-	4,240.00	-
			-	(4,365.00)	-
	Inter corporate deposits given	Mahindra Rural Housing Finance Limited	-	69,107.00	-
			-	(46,298.00)	-
	Inter corporate deposits refunded	Mahindra Rural Housing Finance Limited	-	64,974.39	-
			-	(45,812.63)	-

Sr. No.	Nature of transactions	Holding Company	Subsidiary Companies	Fellow subsidiary Companies	Rs. in Lacs	
						* Key Management Personnel
6	Balances at the year end					
	Receivables	Mahindra & Mahindra Limited	1,245.02 (375.59)	-	-	-
	Loan outstanding Payables	Mahindra Retail Pvt. Ltd.	-	-	-	30.08
		Mahindra Insurance Brokers Limited	-	455.13 (387.75)	-	-
	Inter corporate deposits taken (including interest accrued but not due)	Mahindra Insurance Brokers Limited	-	1,617.69 (4,414.76)	-	-
	Inter corporate deposits given (including interest accrued but not due)	Mahindra Rural Housing Finance Limited	-	4,747.90 (552.83)	-	-
	Subordinate debt held (including interest accrued but not due)	Mahindra Rural Housing Finance Limited	-	700.38 (700.76)	-	-
	Fixed deposits	Mahindra Insurance Brokers Limited	-	10,426.55 (2,834.75)	-	-

Figures in bracket represent corresponding figures of previous year.

* Key Management Personnel as defined in Accounting Standard 18 as well as the Companies Act, 2013.

43. Contingent liabilities and commitments (to the extent not provided for)

	Rs. in Lacs	
	As at March 31	
	March 2015	March 2014
i) Contingent liabilities and commitments		
a) Demand against the Company not acknowledged as debts		
– Income tax	4,379.05	7,476.70
– Value Added Tax (VAT)	191.98	60.92
b) Corporate guarantees towards assignment transactions	31,338.63	55,631.29
c) Credit enhancement in terms of corporate guarantee for securitization transactions (refer note no. 51 (iv))	8,307.81	4,782.00
d) Legal suits filed by customers in consumer forums and civil courts claiming compensation from the Company	3,110.83	2,726.48
	<u>47,328.30</u>	<u>70,677.39</u>
ii) Commitments		
a) Estimated amount of contracts remaining to be executed on capital account	554.84	438.05
b) Uncalled liability on shares and other investments partly paid	-	2,190.00
(March 31, 2014: On 1,75,20,003 partly paid equity shares of Mahindra Rural Housing Finance Ltd. @ Rs. 12.50/- per share)		
	<u>554.84</u>	<u>2,628.05</u>

44. Changes in provisions

	Rs. in Lacs			
	As at April 1, 2014	Additional Provisions	Utilizations/ Reversals	As at March 31, 2015
Provision for Standard assets	11,625.00	1,057.00	-	12,682.00
Provision for Non-performing assets	63,358.06	61,506.02	28,247.00	96,617.08

45. The Company has sent letters to suppliers covered under the Micro, Small and Medium Enterprises Development Act, 2006 seeking information for which replies are awaited. In view of this, information required under Schedule III of the Companies Act, 2013 is not given.

46. Secured long-term borrowings

i) Secured non-convertible debentures

Particulars	Rs. in Lacs			
	As at March 31 2015			
	Rate range	(a) Non-current	(b) Current	Total
Repayable on maturity				
Maturing beyond 5 years	8.70% – 8.95%	53,000.00	-	53,000.00
Maturing between 3 years to 5 years	8.65% – 10.25%	1,22,760.00	-	1,22,760.00
Maturing between 1 year to 3 years	8.65% – 10.20%	1,81,280.00	-	1,81,280.00
Maturing within 1 year	8.60% – 9.95%	-	1,52,270.00	1,52,270.00
Total		<u>3,57,040.00</u>	<u>1,52,270.00</u>	<u>5,09,310.00</u>

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

Rs. in Lacs				
As at March 31 2014				
Particulars	Rate range	(a) Non-current	(b) Current	Total
1) Repayable on maturity				
Maturing between 3 years to 5 years	9.25% - 10.25%	44,550.00	-	44,550.00
Maturing between 1 year to 3 years	9.00% - 10.20%	2,52,470.00	-	2,52,470.00
Maturing within 1 year	9.04% - 10.25%	-	1,69,020.00	1,69,020.00
Total		2,97,020.00	1,69,020.00	4,66,040.00

2) Repayable in installments				
Maturing between 1 year to 3 years	9.95%	24,500.00	-	24,500.00
Maturing within 1 year	9.95% - 13.00%	-	14,500.00	14,500.00
Total		24,500.00	14,500.00	39,000.00
Total (1+2)		3,21,520.00	1,83,520.00	5,05,040.00

ii) Secured term loans from banks

Rs. in Lacs				
As at March 31 2015				
Particulars	Rate range	(a) Non-current	(b) Current	Total
1) Repayable on maturity				
Maturing between 1 year to 3 years	9.70% - 10.25%	1,92,500.00	-	1,92,500.00
Maturing within 1 year	9.45% - 10.40%	-	1,27,000.00	1,27,000.00
Total for repayable on maturity		1,92,500.00	1,27,000.00	3,19,500.00
2) Repayable in installments				
i) Bimonthly				
Maturing within 1 year	10.25%	-	6,200.00	6,200.00
Total		-	6,200.00	6,200.00
ii) Quarterly				
Maturing between 3 years to 5 years	10.00%	1,428.57	-	1,428.57
Maturing between 1 year to 3 years	9.95% - 10.25%	95,835.71	-	95,835.71
Maturing within 1 year	9.95% - 10.25%	-	32,364.29	32,364.29
Total		97,264.29	32,364.29	1,29,628.57
iii) Half yearly				
Maturing beyond 3 years	10.25%	15,000.00	-	15,000.00
Maturing between 1 year to 3 years	10.00% - 10.25%	2,14,666.67	-	2,14,666.67
Maturing within 1 year	10.00% - 10.25%	-	1,62,666.67	1,62,666.67
Total		2,29,666.67	1,62,666.67	3,92,333.33
iv) Yearly				
Maturing between 3 years to 5 years	10.20% - 10.25%	43,333.33	-	43,333.33
Maturing between 1 year to 3 years	10.20% - 10.25%	1,04,166.67	-	1,04,166.67
Maturing within 1 year	10.25%	-	7,500.00	7,500.00
Total		1,47,500.00	7,500.00	1,55,000.00

Rs. in Lacs				
As at March 31 2015				
Particulars	Rate range	(a) Non-current	(b) Current	Total
Total for repayable in installments		4,74,430.95	2,08,730.95	6,83,161.90
Total (1+2)		6,66,930.95	3,35,730.95	10,02,661.90

Rs. in Lacs				
As at March 31 2014				
Particulars	Rate range	(a) Non-current	(b) Current	Total
1) Repayable on maturity:				
Maturing between 3 years to 5 years	10.20%	25,000.00	-	25,000.00
Maturing between 1 year to 3 years	9.70% - 10.40%	2,94,000.00	-	2,94,000.00
Maturing within 1 year	7.75% - 10.35%	-	62,500.00	62,500.00
Total for repayable on maturity		3,19,000.00	62,500.00	3,81,500.00

2) Repayable in installments:				
i) Bimonthly				
Maturing between 1 year to 3 years	10.25%	6,200.00	-	6,200.00
Total		6,200.00	-	6,200.00

ii) Quarterly				
Maturing between 3 years to 5 years	10.00% - 10.25%	27,314.28	-	27,314.28
Maturing between 1 year to 3 years	10.00% - 10.50%	49,814.28	-	49,814.28
Maturing within 1 year	10.00% - 10.25%	-	44,505.15	44,505.15
Total		77,128.56	44,505.15	1,21,633.71

iii) Half yearly				
Maturing beyond 3 years	10.25%	81,900.00	-	81,900.00
Maturing between 1 year to 3 years	10.20% - 10.25%	3,21,266.67	-	3,21,266.67
Maturing within 1 year	10.20% - 10.25%	-	1,44,333.33	1,44,333.33
Total		4,03,166.67	1,44,333.33	5,47,500.00

iv) Yearly				
Maturing between 3 years to 5 years	10.20% - 10.25%	81,666.67	-	81,666.67
Maturing between 1 year to 3 years	10.20% - 10.25%	73,333.33	-	73,333.33
Maturing within 1 year	9.25% - 10.25%	-	55,000.00	55,000.00
Total		1,55,000.00	55,000.00	2,10,000.00
Total for repayable in installments		6,41,495.23	2,43,838.48	8,85,333.71
Total (1+2)		9,60,495.23	3,06,338.48	12,66,833.71

iii) Foreign currency loans from banks

Rs. in Lacs				
As at March 31 2015				
Particulars	Rate range	(a) Non-current	(b) Current	Total
Repayable on maturity				
Maturing between 1 year to 3 years	8.95%	12,500.00	-	12,500.00
Maturing within 1 year	9.05% - 9.98%	-	42,044.47	42,044.47
Total		12,500.00	42,044.47	54,544.47

Rs. in Lacs				
As at March 31 2014				
Particulars	Rate range	(a) Non-current	(b) Current maturity	Total
Repayable on maturity:				
Maturing between 1 year to 3 years	9.05% - 9.98%	40,305.51	-	40,305.51
Maturing within 1 year	9.60%	-	11,983.00	11,983.00
Total		40,305.51	11,983.00	52,288.51

47. Unsecured borrowings

i) Subordinated debts (long-term)

Rs. in Lacs				
As at March 31 2015				
Particulars	Rate range	(a) Non-current	(b) Current	Total
Repayable on maturity:				
Maturing beyond 5 years	9.18% - 10.50%	78,550.00	-	78,550.00
Maturing between 3 years to 5 years	9.85% - 11.75%	15,480.00	-	15,480.00
Maturing between 1 year to 3 years	10.50% - 12.00%	6,880.00	-	6,880.00
Total		1,00,910.00	-	1,00,910.00

Rs. in Lacs				
As at March 31 2014				
Particulars	Rate range	(a) Non-current	(b) Current	Total
Repayable on maturity:				
Maturing between 3 years to 5 years	10.50% - 12.00%	7,860.00	-	7,860.00
Maturing beyond 5 years	9.50% - 10.50%	71,550.00	-	71,550.00
Total		79,410.00	-	79,410.00

ii) Unsecured term loans from banks

Rs. in Lacs				
As at March 31 2015				
Particulars	Rate range	(a) Non-current	(b) Current	Total
Repayable on maturity				
Maturing between 1 year to 3 years	10.00%	10,000.00	-	10,000.00
Total		10,000.00	-	10,000.00

Rs. in Lacs				
As at March 31 2014				
Particulars	Rate range	(a) Non-current	(b) Current	Total
Repayable on maturity				
Maturing within 1 year	9.75%	-	2,200.00	2,200.00
Maturing between 1 year to 3 years	10.00%	10,000.00	-	10,000.00
Total		10,000.00	2,200.00	12,200.00

iii) Inter-corporate deposits (ICDs)

As at March 31, 2015

Rs. in Lacs					
Long-term					
Particulars	Rate range	(a) Non-current	(b) Non-current	(c) Current	Total
Repayable on maturity					
Maturing within 1 year	9.00% - 9.60%	850.00	-	725.00	1,575.00
Total		850.00	-	725.00	1,575.00

Rs. in Lacs					
As at March 31, 2014					
Long-term					
Particulars	Rate range	(a) Non-current	(b) Non-current	(c) Current maturity	Total
Repayable on maturity:					
Maturing between 1 year to 3 years	9.40%	-	725.00	-	725.00
Maturing within 1 year	8.75% - 10.25%	3,565.00	-	50.00	3,615.00
Total		3,565.00	725.00	50.00	4,340.00

iv) Fixed deposits

As at March 31, 2015

Rs. in Lacs					
Long-term					
Particulars	Rate range	(a) Non-current	(b) Non-current	(c) Current	Total
Repayable on maturity:					
Maturing beyond 3 years	8.90% - 10.10%	-	6,561.15	-	6,561.15
Maturing between 1 year to 3 years	9.15% - 10.60%	-	3,24,772.68	-	3,24,772.68
Maturing within 1 year	8.40% - 10.75%	6,943.06	-	1,29,746.50	1,36,689.56
Total		6,943.06	3,31,333.83	1,29,746.50	4,68,023.39

As at March 31, 2014

Rs. in Lacs					
Long-term					
Particulars	Rate range	(a) Non-current	(b) Non-current	(c) Current maturity	Total
Repayable on maturity					
Maturing beyond 3 years	9.40% - 10.25%	-	7,308.37	-	7,308.37
Maturing between 1 year to 3 years	8.65% - 10.75%	-	2,70,554.77	-	2,70,554.77
Maturing within 1 year	8.65% - 10.75%	5,931.15	-	76,425.51	82,356.66
Total		5,931.15	2,77,863.14	76,425.51	3,60,219.80

48. Short - term borrowings

i) Secured term loans from banks and cash credit facilities

Rs. in Lacs		
As at March 31, 2015		
Particulars	Rate range	Amount
Repayable on maturity:		
Maturing within 1 year	9.60% - 14.00%	1,31,805.33
Total		1,31,805.33

Rs. in Lacs		
As at March 31, 2014		
Particulars	Rate range	Total
Repayable on maturity		
Maturing within 1 year	10.25% - 13.25%	1,12,732.21
Total		1,12,732.21

ii) Commercial papers

Particulars	Rs. in Lacs	
	As at March 31, 2015	Amount
Repayable on maturity	Rate range	
Maturing within 1 year	8.88% - 9.15%	3,47,500.00
Total		3,47,500.00

Particulars	Rs. in Lacs	
	As at March 31, 2014	Total
Repayable on maturity:		
Maturing within 1 year	Nil	Nil
Total		Nil

49. Managerial remuneration to Directors included in the Statement of profit and loss

Particulars	Rs. in Lacs	
	Year ended March 31	
	2015	2014
Salary and perquisites	583.22	330.34
Sitting fees and commission	214.62	147.02
Total	797.84	477.35

Above figures are excluding charge for gratuity, provision for leave encashment as separate actuarial valuation figures are not available.

50. Schedule to the Balance Sheet of a Non-Banking Financial Company as required in terms of Paragraph 13 of Non-Banking Financial (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.

Liabilities side:	Rs. in Lacs			
	As at March 31, 2015	Amount Outstanding	Amount Overdue	As at March 31, 2014
(1) Loans and advances availed by the NBFC inclusive of interest accrued thereon but not paid:				
(a) Debentures: Secured	5,31,521.57	-	5,24,148.97	-
: Unsecured	-	-	-	-
(other than falling within the meaning of public deposits)				
(b) Deferred Credits	-	-	-	-
(c) Term Loans	10,86,150.23	-	13,34,854.96	-
(d) Inter-corporate loans and Other Borrowings	1,617.69	-	4,414.76	-
(e) Commercial Paper	3,47,500.00	-	-	-
(f) Public Deposits	4,60,702.68	-	3,59,500.62	-
(g) Fixed Deposits accepted from Corporates	38,501.41	-	22,023.38	-
(h) FCNR Loans	54,741.36	-	52,502.27	-
(i) Subordinate debt	1,05,738.99	-	83,663.23	-
(j) Other Short Term Loans and credit facilities from banks	59,105.33	-	57,232.21	-
(2) Break-up of (1) (f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):				
(a) In the form of Unsecured debentures	-	-	-	-

Liabilities side:	Rs. in Lacs			
	As at March 31, 2015	Amount Outstanding	Amount Overdue	As at March 31, 2014
(b) In the form of partly secured debentures i.e., debentures where there is a shortfall in the value of security	-	-	-	-
c) Other public deposits	4,60,702.68	-	3,59,500.62	-

Asset side:	Rs. in Lacs	
	As at March 31, 2015	Amount Outstanding
(3) Break-up of Loans and Advances including bills receivables [other than those included in (4) below]:		
(a) Secured	36,273.34	34,048.00
(b) Unsecured	1,44,202.13	1,44,926.46

Asset side:	Rs. in Lacs	
	As at March 31, 2015	Amount Outstanding
(4) Break up of Leased Assets and stock on hire and hypothecation loans counting towards AFC activities:		
(i) Lease assets including lease rentals under sundry debtors:		
(a) Financial lease	-	-
(b) Operating lease	-	-
(ii) Stock on hire including hire charges under sundry debtors:		
(a) Assets on hire	-	-
(b) Repossessed Assets	-	-
(iii) Other loans counting towards AFC activities:		
(a) Loans where assets have been repossessed	7,860.00	8,752.63
(b) Loans other than (a) above	30,01,425.74	27,05,765.33

1. Quoted:	Rs. in Lacs	
	As at March 31, 2015	Amount Outstanding
(5) Break-up of Investments:		
Current Investments:		
(i) Shares:		
(a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and Bonds	7,875.00	-
(iii) Units of mutual funds	-	-
(iv) Government Securities	-	-
(v) Investments in Certificate of Deposits with Banks	-	-
2. Unquoted:		
(i) Shares:		
(a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of mutual funds	-	-
(iv) Government Securities	-	-
(v) Certificate of Deposits with Banks	-	24,289.13
(vi) Commercial Papers	1,500.00	10,000.00

1. Quoted:	Rs. in Lacs	
	As at March 31, 2015	Amount Outstanding
Long Term Investments:		
(i) Shares:		
(a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and Bonds	5,354.17	-
(iii) Units of mutual funds	-	-
(iv) Government Securities	50,612.79	37,895.56
2. Unquoted:		
(i) Shares:		
(a) Equity	19,325.04	14,032.03
(b) Preference	-	-
(ii) Debentures and Bonds	700.00	700.00

	Rs. in Lacs	
	As at March 31	
	2015	2014
	Amount Outstanding	Amount Outstanding
Asset side:		
(iii) Units of mutual funds	-	-
(iv) Government Securities	-	-

6 Borrower group-wise classification of assets financed as in (3) and (4) above:

Category	Rs. in Lacs					
	As at March 31, 2015			As at March 31, 2014		
	Amount net of provisions			Amount net of provisions		
	Secured	Unsecured	Total	Secured	Unsecured	Total
1. Related Parties						
(a) Subsidiaries	-	4,747.90	4,747.90	-	1,361.61	1,361.61
(b) Companies in the same group	-	-	-	-	1,091.74	1,091.74
(c) Other related parties	-	-	-	-	-	-
2. Other than related parties	30,45,559.08	1,39,454.23	31,85,013.31	27,48,565.96	1,42,473.11	28,91,039.07
Total	30,45,559.08	1,44,202.13	31,89,761.21	27,48,565.96	1,44,926.46	28,93,492.42

(7) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):

Category	Rs. in Lacs					
	As at March 31, 2015			As at March 31, 2014		
	Market Value/ Break up or fair value or NAV	Book Value (Net of Provisions)	Market Value/ Break-up or fair value or NAV	Book Value (Net of Provisions)		
1. Related Parties						
(a) Subsidiaries	9,237.98	9,237.98	6,943.98	6,943.98		
(b) Companies in the same group	10,787.06	10,787.06	7,788.05	7,788.05		
(c) Other related parties	-	-	-	-		
2. Other than related parties	68,291.61	65,341.96	70,794.00	72,184.69		
Total	88,316.65	85,367.00	85,526.03	86,916.72		

(8) Other information

Particulars	Rs. in Lacs	
	As at March 31	
	2015	2014
(i) Gross Non-Performing Assets:		
(a) Related parties	-	-
(b) Other than related parties	2,09,972.20	1,40,569.12
(ii) Net Non-Performing Assets:		
(a) Related parties	-	-
(b) Other than related parties	81,820.64	57,564.17
(iii) Assets acquired in satisfaction of debt	-	-

51. Disclosures as required under Revised Regulatory Framework for NBFCs (Notification No. DNBR (PD) CC.No.002/03.10.001/2014-15 dated November 10, 2014)

I) Capital

Particulars	As at March 31	
	2015	2014
(i) CRAR (%)	18.3%	18.0%
(ii) CRAR-Tier I Capital (%)	15.5%	15.5%
(iii) CRAR-Tier II Capital (%)	2.8%	2.5%

(iv) Amount of subordinated debt raised as Tier-II capital (Rs. in Lacs)	21,500.00	20,000.00
(v) Amount raised by issue of Perpetual Debt Instruments	-	-

II) Investments

Particulars	Rs. in Lacs	
	As at March 31	
	2015	2014
1) Value of Investments		
(i) Gross Value of Investments		
(a) In India	74,579.99	79,128.67
(b) Outside India	10,787.01	7,788.05
(ii) Provision for Depreciation		
(a) In India	-	-
(b) Outside India	-	-
(iii) Net Value of Investments		
(a) In India	74,579.99	79,128.67
(b) Outside India	10,787.01	7,788.05
2) Movement of provisions held towards depreciation on investments.		
(i) Opening balance	-	-
(ii) Add: Provisions made during the year	-	-
(iii) Less: Write-off/write-back of excess provisions during the year	-	-
(iv) Closing balance	-	-

III) Derivatives

- a) Forward Rate Agreement/Interest Rate Swap
The Company is not carrying out any activity of providing Forward/Interest rate swap cover to third parties
- b) Exchange Traded Interest Rate (IR) Derivatives
The Company is not carrying out any activity of providing Derivative cover to third parties
- c) Disclosures on Risk Exposure in Derivatives

Qualitative Disclosures

- i) The Company undertakes the derivatives transaction to prudently hedge the risk in context of a particular borrowing or to diversify sources of borrowing and to maintain fixed or floating borrowing mix. The Company does not indulge in any derivative trading transactions. The Company reviews, the proposed transaction and outline any considerations associated with the transaction, including identification of the benefits and potential risks (worst case scenarios); an independent analysis of potential savings from the proposed transaction. The Company evaluates all the risks inherent in the transaction viz., counter party risk, Market Risk, Operational Risk, basis risk etc.
- ii) Credit risk is controlled by restricting the counterparties that the Company deals with, to those who either have banking relationship with the Company or are internationally renowned or can provide sufficient information. Market/Price risk arising from the fluctuations of interest rates and foreign exchange rates or from other factors shall be closely monitored and controlled. Normally transaction entered for hedging, will run till its life, irrespective of profit or loss. However in case of exceptions it has to be un-winded only with prior approval of M.D/CFO/Treasurer. Liquidity risk is controlled by restricting counterparties to those who have adequate facility, sufficient information, and sizeable trading capacity and capability to enter into transactions in any markets around the world.
- iii) The respective functions of trading, confirmation and settlement should be performed by different personnel. The front office and back-office role is well defined and segregated. All the derivatives transactions are quarterly monitored and reviewed by CFO and Treasurer. All the derivative transactions have to be reported to the board of directors at every quarterly board meetings including their financial positions.

Quantitative Disclosures

d) FCNR(B) Loans Availed

Sr. No.	Particulars	Rs. in Lacs			
		As at March 31, 2015		As at March 31, 2014	
		Currency Derivatives	Interest Rate Derivatives	Currency Derivatives	Interest Rate Derivatives
(i)	Derivatives (Notional Principal Amount) For hedging	53,592.00		52,160.00	
(ii)	Marked to Market Positions [1]				
	(a) Asset (+) Estimated gain	823.53	-	1,777.52	-
	(b) Liability (-) Estimated loss	(369.90)	(216.27)	(1,635.90)	-
(iii)	Credit Exposure [2]	-	-	-	-
(iv)	Unhedged Exposures	-	-	-	-

IV) Disclosures relating to Securitisation

a) Disclosures in the notes to the accounts in respect of securitisation transactions as required under revised guidelines on securitization transactions issued by RBI vide circular no.DNBS.PD.No.301/3.10.01/2012-13 dated August 21, 2012.

Applicable for transactions effected after the date of circular:

Sr. No.	Particulars	Rs. in Lacs	
		As at March 31 2015	As at March 31 2014
1	No of SPVs sponsored by the NBFC for securitisation transactions	12	8
2	Total amount of securitised assets as per books of the SPVs sponsored	1,54,321.26	1,92,645.41
3	Total amount of exposures retained by the NBFC to comply with MRR as on the date of balance sheet		
	a) Off-balance sheet exposures		
	First loss- Credit enhancement in form of corporate undertaking	8,307.81	4,782.00
	Others	-	-
	b) On-balance sheet exposures		
	First loss- Cash collateral term deposits with banks	20,085.00	18,040.00
	Others- Retained interest in pass through certificates	1,242.81	2,213.95
4	Amount of exposures to securitisation transactions other than MRR		
	a) Off-balance sheet exposures		
	(i) Exposure to own securitizations	-	-
	First loss		
	Loss		
	(ii) Exposure to third party securitisations	-	-
	First loss		
	Others		
	Excess Interest Spread	27,176.87	25,938.12
	b) On-balance sheet exposures		
	(i) Exposure to own securitisations		
	First loss	-	-
	Others	2,000.00	2,156.00
	Cash collateral term deposits with banks		
	(ii) Exposure to third party securitisations		
	First loss	-	-
	Others	-	-

b) Details of Financial Assets sold to Securitisation/Reconstruction Company for Asset Reconstruction

During the current year and the previous year the Company has not sold any financial assets to Securitisation /Reconstruction Company for asset reconstruction.

c) Details of Assignment transactions undertaken by NBFCs (During the year)

		Rs. in Lacs	
		Year ended March 31	
		2015	2014
(i)	No. of accounts	-	6,490.00
(ii)	Aggregate value (net of provisions) of accounts sold	-	19,850.83
(iii)	Aggregate consideration	-	15,554.19
(iv)	Additional consideration realized in respect of accounts transferred in earlier years	-	-
(v)	Aggregate gain/loss over net book value	-	314.94

d) Details of non-performing financial assets purchased/sold

- i) Details of non-performing financial assets purchased:
During the current year and the previous year the Company has not purchased any non-performing financial assets.
- ii) Details of Non-performing Financial Assets sold:
During the current year and the previous year the Company has not sold any non-performing financial assets.

V) Exposures

- a) Exposure to Real Estate Sector
During the current year and the previous the Company has no Exposure to Real estate sector.
- b) Exposure to Capital Market
During the current year and the previous year the Company has no Exposure to Capital Market.
- c) Details of financing of parent company products of the total financing activity undertaken by the Company during the financial year 2014-15, 48% (March 31, 2014: 48%) of the financing was towards parent company products.
- d) Details of Single Borrower Limit (SGL) /Group Borrower Limit (GBL) exceeded by the NBFC during the current year and the previous year, the Company has not exceeded the prudential exposure limits.
- e) Unsecured Advances
During the current year, the Company has granted unsecured advances of Rs. 1,42,013.49 Lacs (March 31, 2014: Rs. 1,44,294.39 Lacs).

VI) Miscellaneous

- a) Registration obtained from other financial sector regulators
During the current year and the previous year, the Company has not obtained any registration from other financial sector regulators.
- b) Disclosure of Penalties imposed by RBI and other regulators
During the current year and the previous year, there are no penalties imposed by RBI and other regulators
- c) Related Party Transactions
(refer note no. 42)
- d) Rating assigned by credit rating agencies and migration of ratings during the year Credit Rating
During the year under review, CRISIL Limited [CRISIL], has reaffirmed the rating to the Company's Long-term Debt Instruments and Bank Facilities as 'CRISIL AA+/ Stable' and the Company's Fixed Deposit Programme as 'FAAA/Stable', respectively. The 'AA+/Stable' rating indicates a high degree of safety with regard to timely payment of financial obligations. The rating on the Company's Short-term Debt and Bank Loans has been reaffirmed at 'CRISIL A1+' which is the highest level of rating.
During the year under review, India Ratings & Research Private Limited, which is part of Fitch Group, upgraded the rating of Company's National Long-term instrument and Lower Tier II Subordinated Debt programme to 'IND AAA/Stable' from 'IND AA+/Stable'. The 'IND AAA' national ratings denote the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk.

During the year under review, CARE Ratings has assigned the 'CARE AAA' rating to Company's Long-term debt instrument and Lower Tier II Subordinated Debt programme. The Instruments with this rating are considered to have the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk.

Brickwork Ratings India Private Limited has, during the year, upgraded the rating of the Company's Long-term Subordinated Debt Issue to 'BWR AAA/stable' from "BWR AA+/positive". 'BWR AAA' stands for an instrument that is considered to have the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk.

VII) Net Profit or Loss for the period, prior period items and change in accounting policies

There are no such material items which require disclosures in the notes to Account in terms of the relevant Accounting Standard.

VIII) Revenue Recognition

(Refer note no. 3 under Summary of Significant Accounting Policies).

IX) Accounting Standard 21 - Consolidated Financial Statements (CFS)

All the subsidiaries of the Company have been consolidated as per Accounting Standard 21. Refer consolidated financial statements (CFS) Additional Disclosures:

X) Provisions and Contingencies

	Rs. in Lacs	
	Year ended March 31	
	2015	2014
Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account		
Provisions for depreciation on Investment	-	-
Provision towards NPA	33,259.02	24,486.70
Provision made towards Income tax	51,995.00	53,540.00
Other Provision and Contingencies (with details)	-	-
Provision for diminution in the fair value of restructured advances	9.56	-
Provision for Standard Assets	1,079.31	2,110.00

Draw Down from Reserves

Refer note no. 24 regarding transitional depreciation of Rs. 317.77 Lacs (net of deferred tax of Rs. 163.62 Lacs) arising pursuant to requirements of schedule II of the Companies Act 2013 which is charged to opening balance of surplus in Statement of Profit and Loss.

XI) Concentration of Deposits, Advances, Exposures and NPAs

a) Concentration of Deposits (for deposit taking NBFCs)

	Rs. in Lacs	
	As at March 31	
	2015	2014
Total Deposits of twenty largest depositors	37,130.21	23,378.24
Percentage of Deposits of twenty largest depositors to Total Deposits of the NBFC	7.4%	6.1%

b) Concentration of Advances

	Rs. in Lacs	
	As at March 31	
	2015	2014
Total Advances to twenty largest borrowers	37,180.54	36,789.53
Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC	1.1%	1.3%

c) Concentration of Exposures

	Rs. in Lacs	
	As at March 31	
	2015	2014
Total Exposure to twenty largest borrowers/customers	37,180.54	36,789.53
Percentage of Exposures to twenty largest borrowers/customers to Total Exposure of the NBFC on borrowers/customers	1.1%	1.3%

d) Concentration of NPAs

	Rs. in Lacs	
	As at March 31	
	2015	2014
Total Exposure to top four NPA accounts	6,241.67	3,186.32

e) Sector-wise NPAs

Sr. No.	Sector	Rs. in Lacs	
		Percentage of NPAs to Total Advances in that sector	Percentage of NPAs to Total Advances in that sector
		As at March 31, 2015	As at March 31, 2014
1	Agriculture & allied activities/Auto	6.5%	4.9%
2	MSME/Corporate borrowers	5.6%	3.4%
3	Unsecured personal loans	13.1%	8.2%
4	Other loans	3.4%	3.9%
5	Services	-	-

f) Movement of NPAs

	Rs. in Lacs	
	As at/Year ended March 31	
Particulars	2015	2014
(i) Net NPAs to Net Advances (%)	2.6%	2.0%
(ii) Movement of NPAs (Gross)		
(a) Opening balance	1,40,569.12	76,295.53
(b) Additions during the year	1,47,895.67	1,05,297.91
(c) Reductions during the year	78,492.59	41,024.32
(d) Closing balance	2,09,972.20	1,40,569.12
(iii) Movement of Net NPAs		
(a) Opening balance	57,564.17	25,992.87
(b) Additions during the year	67,419.23	52,462.18
(c) Reductions during the year	43,162.76	20,890.88
(d) Closing balance	81,820.64	57,564.17
(iv) Movement of provisions for NPAs (excluding provisions on standard assets)		
(a) Opening balance	63,358.06	38,871.36
(b) Provisions made during the year	61,506.02	40,757.25
(c) Write-off/write-back of excess provisions	28,247.00	16,270.55
(d) Closing balance	96,617.08	63,358.06

XII) Overseas Assets (for those with Joint Ventures and Subsidiaries abroad)

Name of the Joint Venture/ Subsidiary	Other Partner in the JV	Country	Rs. in lacs	
			Total Assets as at March 31, 2015	Total Assets as at March 31, 2014
Mahindra Finance USA, LLC	De Lage Landen Financial Services	USA	1,67,299.84	1,14,118.37

XIII) Off-Balance Sheet SPVs sponsored (which are required to be consolidated as per accounting norms)

Name of the SPV sponsored	Rs. in Lacs	
	Domestic	Overseas
	NA	NA

XIV) Asset Liability Management Maturity pattern of certain items of Assets and Liabilities

As at March 31, 2015

	Rs. in lacs								Total
	1 to 30/31 days (one month)	Over one month to 2 months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to one year	Over one year to 3 years	Over 3 to 5 years	Over 5 years	
Deposits	9,067.27	11,956.49	9,896.81	27,006.66	78,767.68	3,24,767.42	6,561.05	-	4,68,023.39
Advances	2,41,340.37	1,28,593.80	1,42,272.10	3,46,743.95	5,69,732.88	14,02,397.67	2,57,345.01	1,338.97	30,89,764.75
Reserves and surplus	-	-	-	-	-	-	-	5,55,658.11	5,55,658.11
Investments	-	-	-	-	1,500.00	4,193.09	17,510.26	62,163.65	85,367.00
Borrowings	51,735.60	2,82,050.00	1,10,295.24	1,95,920.24	2,36,823.81	9,11,417.71	1,98,001.90	1,31,550.00	21,17,794.51
Foreign Currency Assets	-	-	-	-	-	-	-	-	-
Foreign Currency liabilities	-	-	10,794.47	-	31,250.00	12,500.00	-	-	54,544.47

XV) Disclosure of Complaints

Customer Complaints

(a) No. of complaints pending at the beginning of the year	5
(b) No. of complaints received during the year	113
(c) No. of complaints redressed during the year	109
(d) No. of complaints pending at the end of the year	9

NOTE 52 Disclosure on restructured standard advances

During the year, the Company has restructured one of the standard advance accounts resulting in reduction in rate of interest and increase in tenor of the loan. The details of the same are provided here below:

Sr. No.	Type of Restructuring	Asset Classification	Rs. in Lacs				Total
			Standard	Substandard	Doubtful	Loss	
1	Restructured Accounts as on April 1 of the FY (opening figures)						
		Details					
		No. of Borrowers					
		Amount Outstanding					
		Provision thereon					
2	Fresh Restructuring during the year		1	-	-	-	1
		No. of Borrowers					
		Amount Outstanding	446.15	-	-	-	446.15
		Provision thereon #	31.87	-	-	-	31.87
3	Up-gradations to restructured standard category during the FY						
		Details					
		No. of Borrowers					
		Amount Outstanding					
		Provision thereon					
4	Restructured standard advances which cease to attract higher provisioning and /or additional risk weight at the end of FY and hence need to be shown as restructured standard advances at the beginning of the next FY						
		Details					
		No. of Borrowers					
		Amount Outstanding					
		Provision thereon					
5	Down gradations of restructured accounts during the FY						
		Details					
		No. of Borrowers					
		Amount Outstanding					
		Provision thereon					
6	Write-offs of restructured accounts during the FY						
		Details					
		No. of Borrowers					
		Amount Outstanding					
		Provision thereon					
7	Restructured Accounts as on March 31 of the FY (Closing Figures)						
		Details					
		No. of Borrowers					
		Amount Outstanding					
		Provision thereon					

Note: Since the disclosure of restructured advance account pertains to Section "Others", the first two Sections, namely, "Under CDR Mechanism" and "Under SME Debt Restructuring Mechanism" as per format prescribed in the guidelines are not included above.

Represents higher provisioning and provision for diminution in fair value of Rs. 22.31 Lacs and Rs. 9.56 Lacs respectively.

NOTE 53 Previous year figures have been regrouped/reclassified wherever found necessary.

Signatures to Significant accounting policies and Notes to the financial statements – I and II

For **B. K. Khare & Co.**
Chartered Accountants
FRN:105102W

Naresh Kumar Kataria
Partner
Membership No. 37825

V Ravi
Chief Financial Officer

Arnavaz Pardiwala
Company Secretary

Bharat Doshi Chairman
Ramesh Iyer Managing Director
Piyush Mankad Director
V. S. Parthasarathy Director
Rama Bijapurkar Director
Uday Y. Phadke Director
M. G. Bhide Director
C. B. Bhawe Director

Place: Mumbai
Date: 23rd April, 2015

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors have pleasure in presenting the 28th Annual Report along with the Audited Accounts of your Company for the year ended 31st March, 2015.

Financial Results

Particulars	<i>(Amount in Rs. crores)</i>	
	For the year ended 31 st March 2015	For the year ended 31 st March 2014
Income	126.20	111.18
Profit before Interest, Depreciation and Taxation	66.52	64.12
Depreciation	(1.24)	(0.35)
Profit before Taxation	65.28	63.77
Provision for Taxation:		
Provision for Current Tax	(22.70)	(21.84)
Provision for Deferred Tax	0.36	0.07
	(22.34)	(21.77)
Profit after Taxation	42.94	42.00
Balance of Profit for prior years	102.17	67.39
Less: Depreciation (net of deferred tax) for earlier years	(0.10)	-
Appropriations:	145.01	109.39
Transfer to General Reserve	4.30	4.20
Dividend on Equity Shares (Proposed)	3.22	2.58
Tax on Dividend (Proposed)	0.66	0.44
Surplus carried to Balance Sheet	136.83	102.17

Dividend

Your Directors recommend a dividend of Rs. 12.50 per Equity Share on 25,77,320 Equity Shares of Rs. 10 each, aggregating to Rs. 3.22 crores. The above dividend, if approved, will be paid to those Members whose names appear in the Register of Members as on the Record Date fixed for this purpose. The dividend including dividend distribution tax, surcharge and education cess will absorb a sum of Rs. 3.88 crores (as against Rs. 3.02 crores on account of dividend of Rs. 10 per Equity Share, paid for the previous year).

Transfer to Reserves

Your Company proposes to transfer an amount of Rs. 4.30 crores to the General Reserve. An amount of Rs. 136.83 crores is proposed to be retained in the surplus.

Operations

The year ended 31st March, 2015 marked the 11th year of successful insurance broking operations of your Company. In this journey of 11 years, your Company has been able to service over 5 million insurance cases, largely in the rural and semi-urban markets in India. Your Company has been able to

reach the benefit of insurance to over 1,25,000 villages across India. Your Company endeavors to further increase insurance penetration in rural India as well as become a significant player in global insurance markets.

During the year under review, your Company serviced 1.1 million insurance cases, with a total of 11,37,981 cases for both Life and Non-Life Retail business. The customized Life insurance cover "Mahindra Loan Suraksha" (MLS) declined from 5,09,864 lives covered with a Sum Assured of Rs. 14,393.5 crores in the Financial Year 2013-14 to 4,59,781 lives covered with a Sum Assured of Rs. 13,515.4 crores in the Financial Year 2014-15. This primarily is on account of the general economic slowdown witnessed during the year having a cascading impact on the auto-manufacturing and auto financing industry. A substantial portion of MLS though continued to be covered in the rural markets.

Your Company achieved a growth of 22% in Gross Premium facilitated for the Corporate and Retail business lines, increasing from Rs. 825.2 crores in the financial year 2013-14 to Rs. 1,002.7 crores in the Financial Year 2014-15 crossing the 1000 crores mark. The Total Income increased by 14% from Rs. 111.2 crores

in the Financial Year 2013-14 to Rs. 126.2 crores in the Financial Year 2014-15. The Profit before Tax increased by 2% from Rs. 63.8 crores to Rs. 65.3 crores, and the Profit after Tax increased by 2% from Rs. 42.0 crores to Rs. 42.9 crores during the same period. The Networth increased by 29% from Rs. 132.9 crores in the financial year 2013-14 to Rs. 171.9 crores in the financial year 2014-15.

Achievements

During the year, your Company was declared “Broker of the Year” at the 18th Asia Insurance Industry Awards (AIIA) 2014 held in Taipei, Taiwan. The award recognizes your Company’s exemplary reputation and leadership in an extremely competitive Indian market, by catering to the needs of the underserved, particularly in the rural and semi-urban areas.

Your Company also bagged the Celent Model Insurer Asia Award in the “Data Mastery & Analytics” category at the 5th Annual Celent Model Insurer Asia Awards ceremony held in Singapore. Your Company won this prestigious accolade for its “FunDo T90” initiative which aims to align company strategy with team goals and individual aspirations by way of an innovative and engaging gamification application.

Corporate Social Responsibility

Through its various Corporate Social Responsibility (“CSR”) initiatives, the Mahindra Group is enabling entire communities to ‘RISE’. With a vision of transforming the lives of youth from socially weaker and economically disadvantaged sections of society, the Mahindra Group is committed to ‘building possibilities’ to enable them to ‘RISE’ above their limiting circumstances by innovatively supporting them through programs in the domains of education, health and environment.

The Company has duly constituted a CSR Committee in accordance with section 135 of the companies Act, 2013 to assist the Board and the Company in fulfilling the corporate social responsibility objectives of the Company. The CSR Committee presently comprises of Mr. Rajeev Dubey (Chairman), Mr. Ramesh Iyer, Ms. Anjali Raina, Mr. V. Ravi and Dr. Jaideep Devare.

During the year under review, your Company contributed Rs. 90.06 lakhs towards Corporate Social Responsibility to various institutions for charitable purposes. Your Company is in compliance with the Statutory Provisions in this regard.

The CSR Policy of the Company is hosted on the Company’s website <https://www.mahindrainsurance.com/corporate-social-responsibility.aspx> and a brief outline of the CSR Policy and the CSR initiatives undertaken by the Company during the year as per annexure prescribed in the Companies (Corporate Social Responsibility Policy) Rules, 2014 have been appended as **Annexure I** to this Report.

Extract of Annual Return

Pursuant to sub-section 3(a) of Section 134 and sub-section (3) of Section 92 of the Companies Act, 2013 read with Rule 12 of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return as at 31st March, 2015 forms part of this Report and is appended as **Annexure II**.

Number of meetings of the Board

The Board of Directors met six times in Financial Year 2014-15 viz. 14th April, 2014, 14th July, 2014, 16th October, 2014, 12th January, 2015, 12th March, 2015 and 30th March, 2015.

Committees of the Board

The Company has several committees which have been constituted as a part of the good corporate governance practices and the same are in compliance with the requirements of the relevant provisions of applicable laws and statutes.

The Company has following Committees of the Board:

- i) Audit Committee
- ii) Nomination and Remuneration Committee
- iii) Corporate Social Responsibility Committee

1. Audit Committee

The Audit Committee was re-constituted by the Board on 30th March, 2015 pursuant to the appointment of independent directors on the Board. The Audit committee comprises of:

Mr. Nityanath Ghanekar - Chairman
Ms. Anjali Raina
Mr. V. Ravi

The Committee met four times during the year on 14th April, 2014, 14th July, 2014, 16th October, 2014 and 12th January, 2015.

2. Nomination and Remuneration Committee

The Nomination and Remuneration Committee was re-constituted by the Board on 30th March, 2015 pursuant to the appointment of independent directors on the Board. The nomination and remuneration committee comprises of:

Mr. Rajeev Dubey
Mr. Ramesh Iyer
Mr. Nityanath Ghanekar
Ms. Anjali Raina

The Committee met four times during the year on 31st July, 2014, 8th October, 2014, 12th January, 2015, and 12th March, 2015.

3. Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee was re-constituted by the Board on 30th March, 2015 pursuant to the appointment of independent directors on the Board. The Corporate Social Responsibility Committee comprises of:

Mr. Rajeev Dubey
Mr. Ramesh Iyer
Mr. V. Ravi
Ms. Anjali Raina
Dr. Jaideep Devare

The Committee met once during the year on 14th April, 2014.

Directors and Key Managerial Personnel

Mr. Ramesh Iyer (DIN: 00220759) retires by rotation at the forthcoming Annual General Meeting and being eligible offer himself for re-appointment.

Mr. Nityanath Ghanekar (DIN: 00009725) and Ms. Anjali Raina (DIN: 02327927) were appointed as Independent Directors of the Company for a period of five years with effect from 30th March, 2015. These Independent Directors shall hold the office of directorship for a term of five years and would not be liable to retire by rotation.

Pursuant to the provisions of section 152 of the Companies Act, 2013 ('the Act'), Mr. Uday Y. Phadke, Director of the Company retires by rotation at the forthcoming Annual General Meeting scheduled to be held on 15th July, 2015. Mr. Phadke has expressed his desire not to seek re-appointment. It is proposed not to fill up the vacancy thereby caused.

The Board placed on record its deep appreciation of the invaluable counsel rendered by Mr. Phadke to the Company and his contribution in guiding and supporting the management during his tenure as a Director on the Board of Directors of the Company.

Dr. Jaideep Devare, Managing Director of the Company, is appointed as a Key Managerial Personnel in accordance with the provisions of Section 203 of the Companies Act, 2013.

Declaration by Independent Directors

The Company has received declarations from all the Independent Directors of the Company confirming that they fulfill the criteria of independence as prescribed under sub-section (6) of Section 149 of the Companies Act, 2013.

Directors' Responsibility Statement

Pursuant to the provisions of Section 134(5) of the Companies Act, 2013, your Directors confirm that:

- i. In the preparation of the annual accounts for financial year ended 31st March, 2015, the applicable accounting standards have been followed and there are no material departures in adoption of these standards;
- ii. The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at 31st March, 2015 and of the profit of the Company for the year ended on that date.
- iii. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv. The Directors have prepared the annual accounts for financial year ended 31st March, 2015 on a 'going concern' basis.
- v. The directors have devised proper systems to ensure compliance with provisions of all applicable laws and that such systems were adequate and operating effectively.

Company's policy on remuneration of Directors, Key Managerial Personnel and employees

The Nomination and Remuneration Committee and the Board of Directors have approved the Policy on Remuneration of Directors and the Remuneration Policy for Key Managerial Personnel and Employees of the Company in accordance with the provisions of sub-section (4) of section 178, and the same are appended as **Annexure III-A and III-B** and form part of this Report.

The Nomination and Remuneration Committee while recommending the appointment of Directors considers desirable qualifications which may amongst other things include professional qualification skills, professional experience, background, independence and knowledge apart from criteria of independence as prescribed under the Act.

Codes of Conduct

The Board of Directors of the Company had adopted separate Codes of Conduct for Corporate Governance ("the Codes") for its Directors and Senior Management and Employees. These Codes enunciate the underlying principles governing the conduct of the Company's business and seek to reiterate the fundamental precept that good governance must and would always be an integral part of the Company's ethos. The Company has for the year under review, received declarations under the Codes from the Board Members, the Senior Management and Employees of the Company affirming compliance with the respective Codes.

Public Deposits

The Company has not accepted any deposits from the public or its employees during the year under review. There were no other deposits falling under Rule 2(i)(c) of the Companies (Acceptance of Deposits) Rules, 2014 during the year under review. There are no deposits which are not in compliance with the requirement of Chapter V of the Companies Act, 2013 during the year under review.

Particulars of loans, guarantees or investments

The Company has made loans and advances in the nature of loans under Section 186 of the Companies Act, 2013, the details of which are mentioned in notes to the financial statements and forms part of this report.

The particulars of loans/advances and investment in its own shares by listed companies, their subsidiaries, associates, etc., as required to be disclosed in the annual accounts of the Company pursuant to Clause 32 of the Listing Agreement of the parent company – Mahindra & Mahindra Financial Services Limited and the ultimate parent company – Mahindra & Mahindra Limited, with the Stock Exchanges, are furnished in **Annexure IV**.

Particulars of contracts or arrangements with related parties

All contracts/arrangements/transactions entered into by the Company during the Financial Year with related parties were in the ordinary course of business and on an arm's length basis. During the year, the Company had not entered into any contract/ arrangement/transaction with related parties which could be considered material. Pursuant to Section 134(3) (h) read with Rule 8(2) of the Companies (Accounts) Rules, 2014, there are no transactions to be reported under Section 188(1) of the Companies Act, 2013.

Material Changes and Commitments affecting the Financial Position of the Company

There have been no material changes and commitments, affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the Report.

Risk Management

The Company has a well-defined risk management framework in place. Your Company has established procedures to periodically review risk assessment and steps taken by it to mitigate these risks. The key business risks identified by the Company and its mitigation plans are as under:

Competitive Risks

Overall slowdown in economic activity could have an adverse effect on the financial condition and operational results of the Company.

As the overall levels of economic activity increase, the demand for insurance generally rises, and vice-versa. This impacts both, the brokerage as well as fees, generated by the business. Softening of the insurance market i.e. downward trends in the year-over-year insurance premium charged by insurers to offer protection against the same risk, could adversely affect the business as a large portion of the earnings are brokerage which is determined as a percentage of premium charged to the customers.

Significant competitive pressures in each of the business lines

The Company competes with a large number of insurance companies and other insurance intermediaries. Some of the competitors may have or may develop a lower cost structure, adopt or provide services that gain greater market acceptance. Large and well-established competitors may be able to respond to the need for technological changes and innovate faster, or price their services more aggressively. They may also compete hard for skilled professionals, finance acquisitions, fund internal growth and compete for customers. To respond to increased competition, we may have to lower the pricing of the services.

Legal and Regulatory Risks

The Company is subject to professional indemnity claims made against it, as well as other legal proceedings, some of which, if determined against the Company, could have a material adverse effect on the financial condition or results of operations of a particular business line or the Company as a whole.

The Company traditionally has procured, and intends to continue to procure, insurance to cover professional indemnity claims and other insurance to provide protection against certain claims or losses that arise in such matters.

The business is subject to extensive regulation, which could reduce profitability, limit growth, or increase competition

The business is subject to extensive legal and regulatory oversight, including the IRDA (Insurance Brokers) Regulations 2013 and the rules and regulations promulgated by the Insurance Regulatory and Development Authority of India (IRDAI) and a variety of other laws, rules and regulations. This legal and regulatory oversight could reduce profitability or limit growth by limiting or restricting the products or services the Company sells, by increasing the costs of legal and regulatory compliance, limiting the distribution methods by which it sells products and services, or capping the brokerage it can charge for the services, limiting the amount and form of compensation it can accept from the customers, insurers and third parties, or by subjecting the business to the possibility of legal and regulatory actions or proceedings.

Though the Company employees and authorized representatives exercise due care so not to violate these laws and regulations, there can be no assurances as regards the same.

Operational and Commercial Risks

The Company's success depends on its ability to retain and attract experienced and qualified personnel, including the senior management and operating team and other professional personnel.

The business depends, to a large extent, upon the members of the senior management team and senior operating team, who possess extensive knowledge and a deep understanding of the business and strategy. The unexpected loss of services of any of the senior executives could have a disruptive effect, thereby impacting ability to manage the business effectively till such time as an able replacement is in place. The Company is constantly working to retain and attract these professionals through various people development initiatives.

Business performance and growth plans could be affected if the Company is not able to effectively apply technology in driving value for its customers through technology-based solutions or gain internal efficiencies through the effective application of technology and related tools. Conversely, investments in innovative technology-based solutions may fail to yield sufficient return to cover their investments.

The Company's success depends, in part, on its ability to apply and implement technology-based solutions that anticipate and keep pace with rapid and continuing changes in customer preferences. Response to these preferences needs to be timely and cost-effective. This also entails the business to incur considerable investment. In order to acquire and retain customers, the Company continuously strives to offer newer and cost-effective technologies to its customers, ahead of its competitors.

Other factors, outside of the Company's control.

The Company has no control over premium rates. The brokerage rates, too, are capped by the current regulations.

In addition to movements in premium rates, the ability to generate premium-based brokerage revenue may be challenged by:

- the level of compensation, as a percentage of premium, that insurers are willing to compensate brokers for placement activity, which in any case, is capped by the current regulations;
- competition from insurers seeking to sell their products directly to customers without the involvement of an insurance broker.
- Increasing willingness on the part of customers to "self-insure", which would increase competition and put pressure on pricing;
- fluctuation in the need for insurance as the economic downturn continues, as customers prioritize their need and willingness to procure insurance accordingly.

Auditors

The Board of Directors at its meeting held on 14th April, 2014 had appointed M/s. B. K. Khare and Co., as the Statutory Auditors of the Company for a period of 5 years from the conclusion of the Annual General Meeting (AGM) held on 14th July, 2014 till the conclusion of the thirty-second AGM of the Company to be held in the year 2019, subject to the ratification of their appointment by shareholders at every Annual General Meeting.

As required under the provisions of Sections 139(1) read with 141 of the Companies Act, 2013, the Company has obtained a written certificate from M/s. B. K. Khare & Co., Chartered Accountants, to the effect that their ratification of appointment, if made, would be in conformity with the criteria specified in the said sections.

Pursuant to the recommendation received from the Audit Committee, the Board has proposed the ratification of the appointment of M/s. B. K. Khare and co. as Statutory Auditors of the Company, to the shareholders at the forthcoming Annual General Meeting for a period of one year.

Comments on Auditors' Report

There are no qualifications, reservations or adverse remarks or disclaimers made by M/s B. K. Khare & Co., Statutory Auditors, in their report.

Human Resources

Your Company strongly believes in maintaining the dignity of all its employees, irrespective of their gender or seniority. Discrimination and harrasment of any type are strictly prohibited. The Company has taken the necessary steps to enhance awareness amongst its employees in respect of the provisions of the Sexual Harrasment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 ("the Act") and the Rules framed thereunder. During the year under review, there were no cases filed pursuant to the Act and Rules framed thereunder.

Subsidiaries

The Company does not have any subsidiary as on 31st March, 2015 or during the financial year ended on that date.

Particulars regarding conservation of energy, technology absorption, and foreign exchange earnings and outgo

The particulars in respect of conservation of energy, technology absorption and foreign exchange earnings and outgo, as required under Section 134(3)(m) of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014 is given in **Annexure V**.

Details of significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future

There are no significant and material orders passed by the Regulators or Courts or Tribunal which would impact the going concern status of the Company and its future operations.

Details in respect of adequacy of internal financial controls with reference to the Financial Statements

Your Company has in place adequate internal financial controls with reference to financial statements, commensurate with the size, scale and complexity of its operations. Assessment of the internal financial controls environment of the Company was undertaken during the year which covered verification of entity level controls, process level controls and IT controls, identification, assessment and definition of key business processes and analysis of risk control matrices, etc. Reasonable Financial Controls are operative for all the business activities of the Company and no material weakness in the design or operation of any control was observed.

Particulars of remuneration

In accordance with the provisions of Section 197(12) of the Companies Act, 2013 and Rule 5(2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the

names and other particulars of employees who were in receipt of remuneration of not less than Rs. 60,00,000 during the year ended 31st March, 2015 or not less than Rs. 5,00,000 per month during any part of the said year are set out in the **Annexure VI** to the Director's Report. The Company had no employee who was employed for a part of the Financial Year and was in receipt of remuneration of not less than Rs. 5,00,000 per month during any part of the year.

General

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

- Issue of equity shares with differential rights as to dividend, voting or otherwise.
- There were no Shares having voting rights not exercised directly by the employees and for the purchase of which or subscription to which loan was given by the Company.
- Change in the nature of business carried out by the Company during the year under review.
- Issue of Shares (Including Sweat Equity Shares) to employees of the Company under any Scheme.
- Payment of Remuneration or Commission to the Managing Director or the Whole Time Director of the Company from any of its subsidiaries.

Acknowledgements

Your Directors take this opportunity to express their deep sense of gratitude to the Insurance Regulatory and Development Authority of India (IRDAI) for their continuous support and guidance rendered to the Company. Your Directors would also like to place on record their sincere appreciation for the commitment, dedication and hardwork put in by each and every employee of the Company. Your Directors are deeply grateful to the confidence and faith reposed by our customers and shareholders in us.

For and on behalf of the Board

Rajeev Dubey
Chairman

Mumbai, 15th April, 2015

Registered Office:

Mahindra Towers,

P. K. Kurne Chowk, Worli,

Mumbai - 400018.

CIN: U65990MH1987PLC042609

Tel: +91 22 66423800

Fax: +91 22 24915894

E-mail: insurance.care@mahindra.com

Website: www.mahindrainsurance.com

ANNEXURE I TO THE DIRECTORS' REPORT

Annual Report on Corporate Social Responsibility Activities as prescribed under Section 135 of the Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Rules, 2014

Brief outline of the Company's CSR policy including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs

The objective of Company's CSR policy is to continuously and consistently generate goodwill in communities where the Company operates or is likely to operate, initiate projects that benefit communities and encourage an increased commitment from employees towards CSR activities and volunteering.

The Corporate Social Responsibility Committee ('CSR Committee') is responsible to formulate and recommend to the Board the CSR Policy indicating the activities falling within the purview of Schedule VII to the Companies Act, 2013, to be undertaken by the Company, to recommend the amount to be spent on CSR activities presented by the CSR Council ('CSR Council') and to monitor the CSR Policy periodically. The CSR Council will be supported by the CSR Secretariat at Head Office, for implementation of the approved projects. For achieving the CSR objectives through implementation of meaningful and sustainable CSR Projects, the CSR Committee will allocate for its Annual CSR Budget, 2% of the average profits of the Company made during the three immediately preceding financial years, calculated in accordance with the relevant Sections of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014.

The Company has identified following CSR Thrust areas for undertaking CSR projects or programs or activities in India. The actual distribution of the expenditure among these thrust areas will depend upon the local needs as may be determined by the need identification studies or discussions with local government/ Grampanchayat/ NGOs. The Company shall give preference to the local area and areas around which the Company operates.

Thrust areas:

a) Education

Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects.

b) Health

Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation and making available safe drinking water.

c) Environment

Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro forestry, conservation of natural resources and maintaining quality of soil, air and water.

d) Others

Any other activities within the purview of schedule VII of the Act that the CSR Committee of the Company may define from time to time.

CSR activities of the Company are carried through:

- K C Mahindra Education Trust
- Collaboration with other Companies undertaking projects/programs in CSR activities.
- Contribution / donation made to such other Organizations/ Institutions as may be permitted under the applicable laws from time-to-time.
- Directly by the Company for fulfilling its responsibilities towards various stakeholders.

The Company has framed a CSR Policy in compliance with the provisions of the Companies Act, 2013 and the same is placed on the Company's website and the web link for the same is <https://www.mahindrainurance.com/corporate-social-responsibility.aspx>

Composition of the CSR Committee	<ol style="list-style-type: none"> 1. Mr. Rajeev Dubey (Chairman) 2. Mr. Ramesh Iyer 3. Mr. V. Ravi 4. Ms. Anjali Raina (Independent Director) 5. Dr. Jaideep Devare (Managing Director)
Average Net Profit of the Company for last 3 financial years	Rs. 4,503.17 lacs
Prescribed CSR expenditure (2% of this amount as in item 3 above)	Rs. 90.06 lacs
<p>Details of CSR spent for the financial year:</p> <p>a) total amount spent for the financial year</p> <p>b) Amount unspent, if any;</p> <p>c) Manner in which the amount spent during the financial year is detailed below</p>	<p>Rs. 90.06 lacs</p> <p>Nil</p> <p>The details in which the amount is spent is given in Schedule A</p>
In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board report	N.A.

SCHEDULE A TO ANNEXURE I – CSR ACTIVITIES AT MAHINDRA INSURANCE BROKERS LTD.

(Rs. in Lacs)

Sr. No.	CSR Project or activity Identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the state and district where projects or programs was undertaken	Amount outlay (budget) project/ program wise	Amount spent on the project/ programs Sub-heads: 1) Direct expenditure on projects or programs 2) Overheads	Cumulative expenditure up to 31 st March 2015	Amount spent Direct or through implementing agency
1	Girls Education Programme	Education	Delhi	2.60	2.60	2.60	Care India Solutions For Sustainable Development
2	Organising Life Skill Education	Employment	Cochin, Kerala	4.56	4.56	4.56	Santhwanam Trust
3	Salaries of Teachers	Education	Delhi	8.40	8.40	8.40	Salaam Balak Trust
4	Health & Education Needs of Orphan	Health & Education	Pune, Maharashtra	7.00	7.00	7.00	Bharatiya Samaj Seva Kendra
5	Education and Employment enhancing vocational skills	Education	Mumbai, Maharashtra	58.00	58.00	58.00	K C Mahindra Education Trust (Nanhi Kali)
6	Purchase of Polysymno-graphy Machine	Healthcare & Preventive Healthcare	Mumbai, Maharashtra	3.00	3.00	3.00	Nair Charitable Hospital Department Development Foundation
7	Cost of Eye Surgeries	Healthcare	Mumbai, Maharashtra	0.50	0.50	0.50	Sri Kanchi Kamakoti Medical Trust
8	Purchase of Fowler Beds	Healthcare	Mumbai, Maharashtra	5.00	5.00	5.00	Association Of Parents Of Mentally Retarded Children
9	Medical Centre Support	Healthcare & Preventive Healthcare	Mumbai, Maharashtra	1.00	1.00	1.00	Shree Hariharaputra Bhajan Samaj
			Total	90.06	90.06	90.06	

The CSR Committee confirms that the implementation and monitoring of the CSR Policy is in compliance with the CSR objectives and Policy of the Company.

For Mahindra Insurance Brokers Limited
Sd/-
Dr. Jaideep Devare
 Managing Director

For and on behalf of the Corporate Social Responsibility Committee of MIBL
Sd/-
Rajeev Dubey
 Chairman – CSR Committee of Mahindra Insurance Brokers Limited

Mumbai, 15th April, 2015

ANNEXURE II TO THE DIRECTORS' REPORT
Form No. MGT-9

Extract of Annual Return
as on the financial year ended on 31st March, 2015

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

I. REGISTRATION AND OTHER DETAILS:

i.	CIN	U65990MH1987PLC042609
ii.	Registration Date	18/02/1987
iii.	Name of the Company	Mahindra Insurance Brokers Limited
iv.	Category/Sub-Category of the Company	Public Limited Company by shares
v.	Address of the Registered office and contact details	Mahindra Towers, 4 th Floor, P. K. Kurne Chowk, Worli, Mumbai - 400018. Tel: +91 22 66423800; Fax: +91 22 24915894; E-mail: insurance.care@mahindra.com Website: www.mahindrainsurance.com
vi.	Whether listed company Yes/No	No
vii.	Name, Address and Contact details of Registrar and Transfer Agent, if any	Sharepro Services (India) Private Limited Unit: Mahindra Insurance Brokers Limited 13 AB, 2 nd Floor, Samhita Warehousing Complex, Sakinaka Telephone Exchange Lane, Off Andheri Kurla Road, Sakinaka, Andheri (East), Mumbai - 400 072 Ph. 67720386/67720354

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sr. No.	Name and Description of main products/services	NIC Code of the Product/ service	% to total turnover of the company
1.	Insurance Broking	67200	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/Subsidiary/ Associate	% of shares held	Applicable Section
1	Mahindra & Mahindra Limited	L65990MH1945PLC004558	Ultimate Holding Company	0.0	Section 2(46)
2	Mahindra & Mahindra Financial Services Limited	L65921MH1991PLC059642	Holding Company	85.00	Section 2(46)

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

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	-	30	30	0.00	-	30	30	0.00	-
b) Central Govt	-	-	-	-	-	-	-	-	-

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
c) State Govt(s)	–	–	–	–	–	–	–	–	–
d) Bodies Corporate	21,90,692	0	21,90,692	85.00	21,90,692	0	21,90,692	85.00	0.00
e) Banks/FI	–	–	–	–	–	–	–	–	–
f) Any Other	–	–	–	–	–	–	–	–	–
Sub-total (A) (1):-	21,90,692	30	21,90,722	85.00	21,90,692	30	21,90,722	85.00	0.00
(2) Foreign									
a) NRIs-Individuals	–	–	–	–	–	–	–	–	–
b) Other-Individuals	–	–	–	–	–	–	–	–	–
c) Bodies Corporate	–	–	–	–	–	–	–	–	–
d) Banks/FI	–	–	–	–	–	–	–	–	–
e) Any Other...	–	–	–	–	–	–	–	–	–
Sub-total (A) (2):-	–	–	–	–	–	–	–	–	–
Total shareholding of Promoter (A) = (A)(1) + (A)(2)	21,90,692	30	21,90,722	85.00	21,90,692	30	21,90,722	85.00	0.00
B. Public Shareholding	–	–	–	–	–	–	–	–	–
1. Institutions	–	–	–	–	–	–	–	–	–
a) Mutual Funds	–	–	–	–	–	–	–	–	–
b) Banks/FI	–	–	–	–	–	–	–	–	–
c) Central Govt	–	–	–	–	–	–	–	–	–
d) State Govt(s)	–	–	–	–	–	–	–	–	–
e) Venture Capital Funds	–	–	–	–	–	–	–	–	–
f) Insurance Companies	–	–	–	–	–	–	–	–	–
g) FIs	–	–	–	–	–	–	–	–	–
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
i) Others (specify)	3,86,598	0	3,86,598	15.00	3,86,598	0	3,86,598	15.00	0.00
Sub-total (B)(1):-	3,86,598	0	3,86,598	15.00	3,86,598	0	3,86,598	15.00	0.00
2. Non-Institutions	–	–	–	–	–	–	–	–	–
a) Bodies Corporate	–	–	–	–	–	–	–	–	–
i) Indian	–	–	–	–	–	–	–	–	–
ii) Overseas	–	–	–	–	–	–	–	–	–
b) Individuals	–	–	–	–	–	–	–	–	–
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	–	–	–	–	–	–	–	–	–
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	–	–	–	–	–	–	–	–	–
c. Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(2):-	–	–	–	–	–	–	–	–	–
Total Public Shareholding (B) = (B)(1) + (B)(2)	3,86,598	0	3,86,598	15.00	3,86,598	0	3,86,598	15.00	0.00
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	25,77,290	30	25,77,320	100.00	25,77,290	30	25,77,320	100.00	0.00

(ii) Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change In share holding during the year
		No. of Shares	% of Total Shares of the company	%of Shares Pledged/encumbered to total shares	No. of Shares	% of Total Shares of the company	%of Shares Pledged/encumbered to total shares	
1.	Mahindra & Mahindra Financial Services Limited	21,90,692	85.00	–	21,90,692	85.00	–	0.00
2.	Mahindra & Mahindra Financial Services Limited Jointly with Mr. Ramesh Iyer	5	0.00	Nil	5	0.00	Nil	0.00
3.	Mahindra & Mahindra Financial Services Limited Jointly with Mr. Rajeev Dubey	5	0.00	Nil	5	0.00	Nil	0.00
4.	Mahindra & Mahindra Financial Services Limited Jointly with Mr. Bharat Doshi	5	0.00	Nil	5	0.00	Nil	0.00
5.	Mahindra & Mahindra Financial Services Limited Jointly with Dr. Jaideep Devare	5	0.00	Nil	5	0.00	Nil	0.00
6.	Mahindra & Mahindra Financial Services Limited Jointly with Mr. S. Durgashankar	5	0.00	Nil	5	0.00	Nil	0.00
7.	Mahindra & Mahindra Financial Services Limited Jointly with Mr. Venkatraman Ravi	5	0.00	Nil	5	0.00	Nil	0.00
	Total	21,90,722	85%	–	21,90,722	85%	–	0.00

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

Sr. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Mahindra & Mahindra Financial Services Limited along with joint holders				
	At the beginning of the year	21,90,722	85.00	21,90,722	85.00
	Date wise increase/decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.)	No change			
	At the end of the year	21,90,722	85.00	21,90,722	85.00

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

Sr. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Inclusion Resources Private Limited				
	At the beginning of the year	3,86,598	15.00	3,86,598	15.00
	Date wise increase/decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.)	No change			
	At the end of the year	3,86,598	15.00	3,86,598	15.00

(v) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Mr. Ramesh Iyer (jointly with Mahindra & Mahindra Financial Services Limited)				
	At the beginning of the year	5	0.00	5	0.00
	Date wise increase/decrease in shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.)		No change		
	At the end of the year	5	0.00	5	0.00
2.	Mr. Uday Y. Phadke				
	At the beginning of the year	Nil	0.00	Nil	0.00
	Date wise increase/decrease in shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.)		No change		
	At the end of the year	Nil	0.00	Nil	0.00
3.	Mr. V. Ravi (jointly with Mahindra & Mahindra Financial Services Limited)				
	At the beginning of the year	5	0.00	5	0.00
	Date wise increase/decrease in shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.)		No change		
	At the end of the year	5	0.00	5	0.00
4.	Mr. Rajeev Dubey (jointly with Mahindra & Mahindra Financial Services Limited)				
	At the beginning of the year	5	0.00	5	0.00
	Date wise increase/decrease in shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.)		No change		
	At the end of the year	5	0.00	5	0.00
5.	Dr. Jaideep Devare (jointly with Mahindra & Mahindra Financial Services Limited)				
	At the beginning of the year	5	0.00	5	0.00
	Date wise increase/decrease in shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.)		No change		
	At the end of the year	5	0.00	5	0.00
6.	Mr. Hemant Sikka				
	At the beginning of the year	Nil	0.00	Nil	0.00
	Date wise increase/decrease in shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/sweat equity etc.)		No change		
	At the end of the year	Nil	0.00	Nil	0.00
7.	Mr. Nityanath Ghanekar (appointed as Independent Director w.e.f. 30 th March, 2015)				
	At the beginning of the year	Nil	0.00	Nil	0.00
	Date wise increase/decrease in shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.)		No change		
	At the end of the year	Nil	0.00	Nil	0.00
8.	Ms. Anjali Raina (appointed as Independent Director w.e.f. 30 th March, 2015)				
	At the beginning of the year	Nil	0.00	Nil	0.00
	Date wise increase/decrease in shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.)		No change		
	At the end of the year	Nil	0.00	Nil	0.00

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year	-	-	-	-
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i + ii + iii)	-	-	-	-
Change in Indebtedness during the financial year	-	-	-	-
• Addition	-	-	-	-
• Reduction	-	-	-	-
Net Change	-	-	-	-
Indebtedness at the end of the financial year	-	-	-	-
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i + ii + iii)	-	-	-	-

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL
A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Sr. No.	Particulars of Remuneration	Name of MD/WTD/Manager			Total Amount
		Managing Director	Whole time Director	Manager	
1.	Gross salary				
	a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	93,87,067.00	-	-	93,87,067.00
	b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961@	25,10,541.00	-	-	25,10,541
	c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	NA	-	-	NA
2.	Stock Option	-	-	-	-
3.	Sweat Equity	NA	-	-	NA
4.	Commission - as % of profit - others	NA	-	-	NA
5.	Others	NA	-	-	NA
	Total (A)	1,18,97,608.00	-	-	1,18,97,608.00
	Ceiling as per the Act	5% of the Net Profits equivalent to Rs. 3,27,72,736 with respect to the ceiling for the Company applicable for the financial year covered by this report.			

@ Includes Perquisite Value of Stock Options of Mahindra & Mahindra Financial Services Limited for 9,150 Equity Shares of Rs. 2 each exercised during the FY 2014-15.

B. Remuneration to other directors:

Particulars of Remuneration	Mr. Nityanath Ghaneekar	Ms. Anjali Raina	Total Amount
1. Independent Directors			
• Fee for attending board/committee meetings	30,000	-	30,000
• Commission	-	-	-
• Others	-	-	-
Total (1)	30,000	-	30,000
2. Other Non-Executive Directors			
• Fee for attending board/committee meetings	-	-	-
• Commission	-	-	-
• Others	-	-	-
Total (2)	-	-	-
Total (B)=(1+2)	30,000	-	30,000
Total Managerial Remuneration	30,000	-	30,000
Overall Ceiling as per the Act	1% of the Net profits equivalent to Rs. 65,54,547 with respect to the ceiling for the Company applicable for the financial year covered by this Report.		

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

Sr. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary	CFO	Total
1.	Gross salary	-	-	-	-
	a) Salary as per provisions contained in section 17(1) of the Income-tax Act,1961	-	-	-	-
	b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	-	-	-	-
	c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	-	-	-	-
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission	-	-	-	-
	- as % of profit	-	-	-	-
	- others	-	-	-	-
5.	Others	-	-	-	-
	Total	-	-	-	-

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

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

ANNEXURE III-A TO THE DIRECTORS' REPORT

POLICY ON REMUNERATION OF DIRECTORS

Prelude

Mahindra Insurance Brokers Limited ("Company") is a composite insurance broking company registered with the Insurance Regulatory and Development Authority of India ('IRDAI'), and is engaged in providing direct insurance broking for Corporate and Retail customers and offers a range of products for the Non-Life and Life segments. The company is also engaged in the business of reinsurance broking wherein it caters to insurance requirements of insurance companies.

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

Intent of the Policy

The intent of the Remuneration Policy of Directors of the Company is to focus on enhancing the value and to attract and retain quality individuals with requisite knowledge and excellence as Executive and Non-Executive Directors for achieving objectives of the Company and to place the Company in a leading position.

The Nomination and Remuneration Committee (NRC) of the Board shall, while formulating the policy ensure that —

- a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the company successfully;
- b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- c) remuneration to Directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

While deciding the policy on remuneration of Directors the Committee may consider amongst other things, the duties and responsibilities cast by the Companies Act, 2013, various Codes of Conduct, Articles of Association, restrictions on the remuneration to Directors as also the remuneration drawn by Directors of other companies in the industry, the valuable contributions and inputs from Directors based on their knowledge, experience and expertise in shaping the destiny of the Company etc. The Policy is guided by a reward framework and set of principles and objectives as more fully and particularly envisaged under Section 178 of the Companies Act, 2013 and principles pertaining to qualifications, positive attributes, integrity and independence of Directors, etc.

Directors

The Managing Director is an executive of the Company and draws remuneration from the Company. The Non-Executive Chairman and Independent Directors may receive sitting fees for attending the meeting of the Board and the

Committees thereof, if fixed by the Board of Directors from time to time subject to statutory provisions. The Non-Executive Chairman and Independent Directors would be entitled to the remuneration under the Companies Act, 2013. A Non-Executive Chairman and Non-Executive Non-Independent Directors who receive remuneration from the holding company or a Group Company will not be paid any sitting fees or any remuneration. In addition to the above, the Directors are entitled for reimbursement of expenses incurred in discharge of their duties. Payment of Remuneration to Nominee Directors shall be governed by the agreement with the Financial Institution/Bank appointing the Nominee Director and by the Articles of Association of the Company.

The Managing Director and other eligible Director(s) as per extant statutory provisions may be granted Employees Stock Options, Stock Appreciation Rights or any other Share based Employee benefits pursuant to any scheme that may be approved by the Board of Directors and shareholders of the Company subject to such other approvals as may be required.

Non Executive Directors may be paid remuneration either by way of monthly payment or at a specified percentage of net profits of the Company or partly by one way and partly by another, subject to the provisions of Companies Act, 2013.

The NRC while determining the remuneration shall ensure that the level and composition of remuneration to be reasonable and sufficient to attract, retain and motivate the person to ensure the quality required to run the Company successfully. While considering the remuneration, the NRC shall also ensure a balance between fixed and performance-linked variable pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.

The NRC shall consider that a successful Remuneration Policy must ensure that some part of the remuneration is linked to the achievement of corporate performance targets.

Managing Director/Executive Directors

The term of office and remuneration of Managing Director/ Executive Directors are subject to the approval of the Board of Directors, Shareholders, Central Government and other Statutory Authorities as may be required and the limits laid down under the Companies Act, 2013 from time to time.

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay, subject to the requisite approvals, remuneration to its Managing Director/ Executive Directors in accordance with the provisions of Schedule V of the Companies Act, 2013.

If any Managing Director/Executive Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Companies Act, 2013 or without the prior sanction of the Central Government, where

required, he/she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

Remuneration of the Managing Director/Executive Directors reflects the overall remuneration philosophy and guiding principle of the Company. While considering the appointment and remuneration of Managing Director/Executive Directors, the NRC shall consider the industry benchmarks, merit and seniority of the person and shall ensure that the remuneration proposed to be paid is commensurate with the remuneration packages paid to similar senior level counterpart(s) in other companies.

Remuneration for Managing Director/Executive Director is designed subject to the limits laid down under the Companies Act, 2013 to remunerate them fairly and responsibly. The remuneration to the Managing Director/Executive Director comprises of salary, perquisites and performance based incentive apart from retirement benefits like Provident Fund, Superannuation, Gratuity, Leave Encashment, etc., as per Rules of the Company. Salary is paid within the range approved by the Shareholders. Increments are effective annually, as recommended/approved by the NRC/ Board. In terms of the shareholders' approval, the Commission may be paid to Managing Director in any Financial Year at a rate not exceeding 1/4% (one fourth percent) per annum of the profits of the Company computed in accordance with the applicable provisions of the Companies Act, 2013 as may be recommended by NRC and approved by the Board.

The total remuneration will have a flexible component with a bouquet of allowances to enable the Managing Director/ Executive Director to choose the allowances as well as the quantum based on laid down limits as per Company policy. The flexible component can be varied only once annually.

The actual pay-out of variable component of the remuneration will be a function of individual performance as well as business performance. Business performance is evaluated using a Balanced Score Card (BSC) while individual performance is evaluated on Key Result Areas (KRA). Both the BSC and KRAs are evaluated at the end of the fiscal to arrive at the BSC rating of the business and performance rating of the individual.

Remuneration also aims to motivate the Personnel to deliver Company's key business strategies, create a strong performance-oriented environment and reward achievement of meaningful targets over the short and long-term.

The Managing Director/Executive Directors are entitled to customary non-monetary benefits such as company cars, health care benefits, leave travel, communication facilities, etc., as per policies of the Company. The Managing Director and Executive Directors are entitled to grant of Stock Options as per the approved Stock Options Schemes of the Company from time to time.

Disclosures

Information on the total remuneration of members of the Company's Board of Directors, Managing Director/Executive Directors and Key Managerial Personnel/Senior Management Personnel may be disclosed in the Board's Report as per statutory requirements laid down in this regard.

ANNEXURE III-B TO THE DIRECTORS' REPORT

REMUNERATION POLICY FOR KEY MANAGERIAL PERSONNEL AND EMPLOYEES

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

Objective

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

Definition(s)

“**Key Managerial Personnel**” (KMP) as defined in section 2(51) of the Companies Act, 2013 means:

- (i) the Chief Executive Officer or the Managing Director or Manager;
- (ii) the Company Secretary;
- (iii) the Whole-time Director;
- (iv) the Chief Financial Officer; and
- (v) such other officer as may be prescribed.

Standard

The broad structure of compensation payable to employees is as under:

- Fixed pay which has components like basic salary & other allowances/flexi pay as per the grade where the employees can chose allowances from bouquet of options.
- Variable pay (to certain grades) in the form of annual/half yearly performance pay based on KRA's agreed – as applicable.
- Incentives either monthly or quarterly based on targets in the lower grades.
- Retirals such as PF, Gratuity & Superannuation (for certain grades).
- Benefits such as ESOP scheme, car scheme, medical & dental benefit, loans, insurance, telephone reimbursements, etc., as per grades.

Increments

Salary increase is given to eligible employees based on position, performance & market dynamics as decided from time to time.

ANNEXURE IV TO THE DIRECTORS' REPORT

Particulars of loans/ advances and investment by loanees in the shares of listed companies, their subsidiaries, associates, etc., required to be disclosed in the annual accounts of the company pursuant to clause 32 of the respective listing agreements of Mahindra & Mahindra Financial Services Limited, the holding company and Mahindra & Mahindra Limited, the ultimate parent company.

Loans and advances in the nature of loans to firms/companies in which Directors are interested are as given below:

(In Rupees Lacs)

Name of the Company	Balance as on 31 st March, 2015	Maximum outstanding during the year
Mahindra & Mahindra Financial Services Limited	11,340.00	11,340.00
Mahindra Rural Housing Finance Limited	4,450.00	4,450.00

ANNEXURE V TO THE DIRECTORS' REPORT

Information pursuant to section 134(3)(m) of the Companies Act, 2013, read with the Companies (Accounts) Rules, 2014 in respect of conservation of energy, technology absorption and foreign exchange earnings and outgo

(A) Conservation of energy-

- i. the steps taken or impact on conservation of energy;
The operations of your Company are not energy intensive. However, adequate measures have been initiated to reduce energy consumption
- ii. the steps taken by the company for utilising alternate sources of energy – The operations of your Company are not energy intensive
- iii. the capital investment on energy conservation equipments – Nil

(B) Technology absorption-

- i. the efforts made towards technology absorption – None.
- ii. the benefits derived like product improvement, cost reduction, product development or import substitution – Not applicable.
- iii. in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)
 - a) the details of technology imported : None
 - b) the year of import; : Not applicable
 - c) whether the technology been fully absorbed; : Not applicable
 - d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof; and : Not applicable
- iv. the expenditure incurred on Research and Development – Nil.

(C) Foreign exchange earnings and Outgo

The information on foreign exchange earnings and outgo is furnished in the Notes to the Accounts.

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

Additional information as required under section 197 (12) of the companies Act, 2013 and sub-rule (2) of Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 forming part of Directors' Report for the year ended 31st March, 2015.

Name of Employee	Designation/ Nature of Duties	Gross Remuneration received (subject to income tax) (Rs. lacs)	Qualifications	Experience (Years)	Age (years)	Date of Commencement of Employment	Last Employment held (Designation and Organisation)
Dr. Jaideep R. Devare	Managing Director	118.98	Ph.D. in Management (Thesis on Insurance industry in India), Master of Management Studies (MMS) (Finance), Bachelor of Engineering (B.E.) Honors, (Production)	24	47	01/01/2009	Head – Business Development (New Initiatives) – Mahindra & Mahindra Financial Services Limited
Kumar R. Pherwani	Principal Officer	108.57	Bachelor of Commerce, Associate of Insurance Institute of India, Diploma in Export Management	40	59	01/01/2006	Head - Insurance & Risk Management Dept - Mahindra & Mahindra Limited
K. Raghunath	Chief of Reinsurance	78.37	Bachelor of Commerce, Master of Business Administration, Associate of Insurance Institute of India	36	59	04/01/2012	Vice President - Reinsurance; Bharti Axa General Insurance
Rajesh Sharma	Head-Retail & Commercial	71.11	Bachelor of Engineering (Honors), Post Graduate Diploma in Insurance & Risk Management, Fellow of the Insurance Institute of India	20	43	01/04/2004	Retainer - Mahindra & Mahindra Financial Services Ltd
Saurabh V. Dharadhar	Financial Controller	69.65	Bachelor of Commerce, Chartered Accountant, FIT-Chartered Insurance Institute	14	35	01/07/2006	Senior Executive - Mahindra & Mahindra Financial Services Limited
Anik Jain	Head – Commercial	64.63	Bachelor of Engineering (Mechanical), Post Graduate Diploma in Computer Aided Management	13	37	06/01/2014	Vice President - Marsh India Insurance Brokers Private Ltd

Notes :

- Nature of employment is permanent, subject to termination on three month's notice on either side. Nature of employment of the Managing Director is contractual, subject to termination on three months' notice on either side.
- None of the above employees is a relative of any Director of the Company.
- Information about qualifications and last employment is based on particulars furnished by the concerned employee.
- The above employees do not hold by themselves or along with their spouse and dependent children, 2% or more of the equity shares of the Company.
- Terms and conditions of employment are as per Company's Rules/contract.
- Remuneration means Remuneration as defined in section 2(78) of the Companies Act, 2013.
- Dr. Jaideep Devare has been granted stocks under the Employees' Stock Option scheme of the holding company, Mahindra & Mahindra Financial Services Limited.

For and on behalf of the Board

Rajeev Dubey
Chairman

Mumbai, 15th April, 2015

INDEPENDENT AUDITOR'S REPORT

To

The Members of MAHINDRA INSURANCE BROKERS LIMITED

Report on the Financial Statements

1. We have audited the accompanying financial statements of **Mahindra Insurance Brokers Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2015, and the Statements of Profit and Loss and Cash Flow for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit.
4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2015, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

9. As required by the Companies (Auditor's Report) Order, 2015, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
10. As required by Section 143(3) of the Act, we report that:
 - a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c. the Balance Sheet, the Statement of Profit and Loss and Cash Flow dealt with by this Report are in agreement with the books of account;
 - d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);
 - e. On the basis of written representations received from the directors as on March 31, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015, from being appointed as a director in terms of Section 164(2) of the Act.
 - f. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014(as amended), in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company does not have any pending litigations which would impact its financial position
 - ii. The Company does not have any long-term contracts including derivative contracts for which there are any material foreseeable losses that need provision
 - iii. During the year, there were no amounts which were required to be transferred by the Company to the Investor Education and Protection Fund.

For B. K. Khare & Co.

Chartered Accountants

Firm's Registration Number 105102W

H. P. Mahajani

Partner

M. No. 030168

Place: Mumbai,

Date: 15th April 2015

ANNEXURE TO THE AUDITOR'S REPORT REFERRED TO IN OUR REPORT OF EVEN DATE:

- 1 (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
- (b) The fixed assets of the Company have been physically verified by the Management during the year. The discrepancies noticed on such verification were not material and have been properly dealt with in the books of account. In our opinion, the frequency of verification is reasonable.
- 2 The Company is in the business of providing insurance broking services and consequently, does not hold any inventory. Therefore, the provisions of Clause 3(ii) of the said order are not applicable to the company.
- 3 The Company has not granted any loans, secured or unsecured, to Companies, firms or other parties covered in the Register maintained under section 189 of the Act. Therefore, the provisions of clause (iii), (iii)(a), and (iii)(b) of the said Order are not applicable to the Company.
- 4 In our opinion and according to the information and explanations given to us, the Company is having an adequate internal control system commensurate with the size and the nature of its business, for the purchase of fixed assets and sale of services. The activities of the Company do not involve purchase of inventory and sale of goods. On the basis of our examination of the books and records of the Company and according to the information and explanations given to us, we have neither come across, nor have we been informed of, any continuing failure to correct any major weaknesses in the aforesaid internal control system.
- 5 In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and rules framed there under to the extent notified. Consequently, no order has been passed by the Company Law Board or National Company Law Commission or Reserve Bank of India or any court or any other tribunal on the Company.
- 6 On facts, the requirements of Para 3(vi) requiring maintenance of cost records are not applicable in case of the Company.
- 7 (a) According to the records of the Company and information and explanations given to us, the Company is generally regular in depositing undisputed statutory dues including Provident fund, Employees' state insurance, Income tax, Sales tax, Wealth tax and service tax, duty of customs, duty of excise, value added tax, cess and other applicable statutory dues with the appropriate authorities.
- (b) According to the information and explanations given to us and records of the Company examined by us, there are no dues of income tax, sales tax, wealth tax, service tax, duty of excise, duty of customs, value added tax, and cess which have not been deposited on account of any dispute.
- (c) There were no amounts required to be transferred by the Company to the Investor Education and Protection Fund in accordance with the provisions of the Companies Act, 1956 and the rules made thereunder.
- 8 The Company has no accumulated losses as at the end of the financial year and it has not incurred any cash losses in the financial year ended on that date and in the immediately preceding financial year.
- 9 Based on the records examined by us and according to the information and explanations given to us, The Company has not taken any loans or advances from banks or financial institutions or has not issued any debentures and therefore clause (ix) of paragraph 3 of the Order is not applicable.
- 10 According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year. Accordingly, the provisions of clause 3(x) of the Order are not applicable to the Company.
- 11 In our opinion, and according to the information and explanations given to us, during the year, the Company has not taken any term loan and hence clause (xi) is not applicable.
- 12 During the course of our examination of the books and records of the Company, carried out in accordance with generally accepted accounting practices and according to the information and explanations given to us, we have neither come across any instance of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of any such instance by the Management.

For B. K. Khare & Co.

Chartered Accountants

Firm's Registration Number 105102W

H. P. Mahajani

Partner

M. No. 030168

Place: Mumbai,

Date: 15th April 2015

BALANCE SHEET AS AT MARCH 31, 2015

Particulars	Note No.	Rs. in Lacs	
		March 2015	March 2014
I. EQUITY AND LIABILITIES			
(1) Shareholders' funds			
(a) Share capital	1	257.73	257.73
(b) Reserves and surplus	2	16,931.47	13,035.33
		<u>17,189.20</u>	<u>13,293.06</u>
(2) Non-current liabilities			
(a) Long-term provisions	3	104.96	77.25
		<u>104.96</u>	<u>77.25</u>
(3) Current liabilities			
(a) Trade payables		222.97	202.20
(b) Other current liabilities	4	104.89	115.99
(c) Short-term provisions	5	1,161.47	817.86
		<u>1,489.33</u>	<u>1,136.05</u>
TOTAL		<u>18,783.49</u>	<u>14,506.36</u>
II. ASSETS			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible assets	6	217.33	191.73
(b) Non-current investments	7	9,640.00	2,700.00
(c) Deferred tax assets (net)	8	52.32	11.71
(d) Long-term loans and advances	9	2,080.44	864.41
(e) Other Non-Current Assets	10	60.00	60.00
		<u>12,050.09</u>	<u>3,827.85</u>
(2) Current assets			
(a) Current investments	11	125.00	–
(b) Trade receivables	12	1,325.73	1,225.93
(c) Cash and cash equivalents	13	166.35	605.30
(d) Short-term loans and advances	14	4,240.95	8,353.88
(e) Other current assets	15	875.37	493.40
		<u>6,733.40</u>	<u>10,678.51</u>
TOTAL		<u>18,783.49</u>	<u>14,506.36</u>
Summary of significant accounting policies & notes to the financial statements.		I & II	

The notes referred to above form an integral part of the Balance Sheet

For B. K. Khare & Co.
Chartered Accountants
Firm Regn No. 105102W

H.P. Mahajani
Partner
Membership No. 30168

For and on behalf of the Board

Rajeev Dubey *Chairman*

Ramesh Iyer

Nityanath Ghanekar

Uday Y. Phadke

V. Ravi

Anjali Raina

Hemant Sikka

Dr. Jaideep Devare

Directors

Managing Director

Mumbai, 15th April 2015

Mumbai, 15th April 2015

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2015

Particulars	Note No.	Rs. in Lacs	
		March 2015	March 2014
I. Revenue from operations	16	11,229.70	10,138.39
II. Other income		1,389.87	979.14
III. Total Revenue (I + II)		12,619.57	11,117.53
IV. Expenses:			
Employee benefits expense	17	4,273.06	3,052.01
Depreciation	18	124.12	35.21
Other expenses	19	1,694.44	1,654.00
Total expenses		6,091.62	4,741.22
V. Profit before exceptional and extraordinary items and tax (III - IV)		6,527.95	6,376.31
VI. Exceptional items		-	-
VII. Profit before extraordinary items and tax (V - VI)		6,527.95	6,376.31
VIII. Extraordinary Items		-	-
IX. Profit before tax (VII - VIII)		6,527.95	6,376.31
X. Tax expense:			
(1) Current tax		2,270.00	2,186.00
(2) Deferred tax (Asset)/Liability		(35.63)	(7.23)
(3) Income Tax adjustment for earlier year (net)		-	(2.12)
		2,234.37	2,176.65
XI. Profit/(Loss) for the period from continuing operations		4,293.58	4,199.66
XII. Profit/(Loss) for the period		4,293.58	4,199.66
XIII. Earnings per equity share:			
(1) Basic		166.59	162.95
(2) Diluted		166.59	162.95
Summary of significant accounting policies & notes to the financial statements.	I & II		

The notes referred to above form an integral part of the Statement of Profit & Loss.

For B. K. Khare & Co.
Chartered Accountants
Firm Regn No. 105102W

H.P. Mahajani
Partner
Membership No. 30168

For and on behalf of the Board

Rajeev Dubey *Chairman*

Ramesh Iyer

Nityanath Ghanekar

Uday Y. Phadke *Directors*

V. Ravi

Anjali Raina

Hemant Sikka

Dr. Jaideep Devare *Managing Director*

Mumbai, 15th April 2015

Mumbai, 15th April 2015

CASH FLOW STATEMENT

		Rs. in Lacs
	March 2015	March 2014
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxes and contingencies	6,527.95	6,376.31
Add/(Less):		
Depreciation & Amortisation	124.12	35.21
Interest Income	(1,389.64)	(979.14)
Provision for Doubtful Debts/Advances Written-off (net)	5.98	2.30
(Profit)/Loss on sale/retirement of assets	(0.14)	5.49
Operating profit before working capital changes	(I) 5,268.27	5,440.17
Less:		
(Increase)/Decrease in Trade receivables	(105.78)	(360.83)
(Increase)/Decrease in Long Term Loans & Advances	(41.04)	28.47
(Increase)/Decrease in Short Term Loans & Advances	(24.56)	(76.13)
(Increase)/Decrease in Current Assets	14.14	8.62
	(157.24)	(399.87)
Add: Increase/(Decrease) in Current liabilities	(11.08)	9.79
Add: Increase/(Decrease) in Long Term Provision	27.71	77.25
Add: Increase/(Decrease) in Trade Payable	20.77	(86.84)
Add: Increase/(Decrease) in Short Term Provision	170.56	134.53
	(II) 50.72	(265.14)
Cash generated from operations	(I + II) 5,318.99	5,175.03
Income Taxes paid	(2,160.70)	(2,229.72)
NET CASH FROM OPERATING ACTIVITIES	(A) 3,158.29	2,945.31
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(164.61)	(46.58)
Sale of fixed assets	0.37	5.13
Interest received	993.53	741.08
Investment in fixed deposits	(7,065.00)	(3,150.00)
Redemption/Maturity of fixed deposits	450.00	1,190.00
Intercompany deposits redeemed (net)	2,940.00	(1,700.00)
NET CASH FROM INVESTING ACTIVITIES	(B) (2,845.71)	(2,960.37)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Dividends paid	(301.53)	-
NET CASH FROM FINANCING ACTIVITIES	(C) (301.53)	-
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENT (A + B + C)		
CASH AND CASH EQUIVALENTS AS AT:		
Beginning of the period	11.05	(15.06)
End of the period	155.30	170.36
	166.35	155.30

Examined and found correct

For B. K. Khare & Co.
Chartered Accountants
Firm Regn No. 105102W

H.P. Mahajani
Partner
Membership No. 30168

For and on behalf of the Board

Rajeev Dubey *Chairman*

Ramesh Iyer

Nityanath Ghanekar

Uday Y. Phadke *Directors*

V. Ravi

Anjali Raina

Hemant Sikka

Dr. Jaideep Devare *Managing Director*

Mumbai, 15th April 2015

Mumbai, 15th April 2015

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015

I. Summary of Significant Accounting Policies:

1) Basis for Preparation of Accounts:

The financial statements have been prepared in accordance with the Generally Accepted Accounting Principles (IGAAP) under the historical cost convention as a going concern and on accrual basis and in accordance with the provisions of the Companies Act, 2013 and the Accounting Standards notified under the said Act.

All assets & liabilities have been classified as current & non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III of the Companies Act, 2013. Based on the nature of services and their realization in cash and cash equivalents, the company has ascertained its operating cycle as 12 months for the purpose of current & non-current classification of assets & liabilities.

2) Use of Estimates:

The preparation of financial statements requires the management to make estimates and assumptions considered in the reported amount of assets and liabilities (including contingent liabilities) as on the date of financial statements and the reported income and expenses during the reporting year. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in current and future years.

3) Revenue Recognition:

a) General:

The Company generally follows the accrual method of accounting for its income and expenditure.

b) Brokerage Income:

Brokerage Income, Handling Charges & Broker Retainer Fees is accounted for net of Service Tax amount on rendition of services. Brokerage income is recognized on receiving details of the policy issued by the insurance company or receipt of brokerage whichever is earlier.

c) Insurance Consultancy Fees:

Revenue from Insurance Consultancy is recognised net of service tax on rendition of service in accordance with the terms of the contract with customer.

4) Investments:

Investments held as long-term investments are stated at cost comprising of acquisition and incidental expenses less permanent diminution in value, if any. Investments other than long-term investments are classified as current investments and valued at cost or fair value whichever is less.

Provision for diminution in value of investments is made if management perceives that there is permanent diminution in value of investments in accordance with the Accounting Standard on 'Accounting for Investments' (AS 13) notified by Companies (Accounting Standards) Rules, 2006.

5) Share Issue Expenses:

Expenses incurred in connection with fresh issue of share capital are adjusted against Securities premium reserve in the year in which they are incurred.

6) Fixed Assets:

Fixed assets are stated at cost of acquisition (including incidental expenses), less depreciation.

7) Depreciation:

Depreciation on fixed assets is calculated by the straight line method at rates determined with reference to the useful life of fixed assets

and in the manner provided for in Schedule II to the Companies Act 2013 except:

- (i) Motor cars where useful life is estimated at 4 years as against 8 years per Schedule II since the employees to whom these cars have been allotted as part of their terms of employment are entitled to change their vehicles every four years, and
- (ii) Fixed assets having value individually less than INR 5000 where useful life is estimated at less than one year having regard to the nature of these assets and the difficulty in estimating the useful life.

Further, residual value for all assets is considered Nil having regard to the difficulty in reasonably estimating the same and, in the case of motor cars, having regard to terms of employment under which these are allotted to the employees.

Accordingly, useful life of assets is estimated as follows:

Vehicles	– 4 Years
Computer	– 3 Years
Server	– 6 Years
Furniture	– 10 Years
Office Equipment	– 5 Years
Assets costing less than INR 5000	– < 1 Year

8) Foreign exchange transactions and translations:

i. Initial recognition

Transactions in foreign currencies are recognised at the prevailing exchange rates between the reporting currency and a foreign currency on the transaction dates.

ii. Conversion

- a. Foreign currency monetary assets and liabilities at the year-end are translated at the year-end exchange rates and the resultant exchange differences are recognised in the Statement of Profit and Loss.
- b. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

iii. Exchange differences

The Company accounts for exchange differences arising on translation/settlement of foreign currency monetary items as below:

- a. Realized gains and losses on settlement of foreign currency transactions are recognised in the Statement of Profit and Loss.
- b. Foreign currency monetary assets and liabilities at the year-end are translated at the year-end exchange rates and the resultant exchange differences are recognised in the Statement of Profit and Loss.

9) Employee Benefits:

Retirement Benefits in respect of gratuity at retirement/cessation are provided for based on valuations, as the Balance Sheet date, made by independent actuaries.

a. Defined Contribution Plans –

Company's contribution paid/payable during the year to Provident Fund, Superannuation and Labour Welfare Fund are recognised in Statement of Profit & Loss.

b. Defined Benefit Plan –

Company's liabilities towards gratuity & leave encashment is determined using the Projected Unit Credit Method which considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. Actuarial gains and losses are recognized immediately in the statement of Profit and Loss as income or expense. Obligation is measured at the present value of estimated future cash flow using a discount rate that is determined by reference to market yields at the Balance Sheet date on government bonds where the currency and terms of the government bonds are consistent with the currency and estimated terms of the defined benefit obligation.

10) Impairment of assets:

The carrying value of assets/cash generating units at each balance sheet date is reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life to their present value based on an appropriate discount factor.

11) Segment Reporting:

The company has single reportable segment namely insurance auxiliary services for the purpose of Accounting Standard 17 on Segment Reporting.

12) Taxes on Income:

Current tax is determined as the amount of tax payable in respect of taxable income for the year. Deferred tax is recognised, subject to consideration of prudence, on timing differences, being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets arising on account of unabsorbed depreciation or carry forward of tax losses are recognised only to the extent that there is virtual certainty supported by convincing evidence that sufficient future tax income will be available against which such deferred tax assets can be realised.

13) Provisions and Contingent Liabilities:

- a) Provision for doubtful debts is made on the basis of standard norms and also, where required, on actual evaluation.
- b) Provisions are recognised in accounts in respect of present probable obligations, the amount of which can be reliably estimated. Contingent liabilities are disclosed in respect of possible obligations that arise from past events but their existence is confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company.

14) Earnings per Share:

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the Company's earnings per share is the net profit for the period after deducting preference dividends and any attributable tax thereto for the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, sub-division of shares etc. that have changed the number of equity shares outstanding, without corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average numbers of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

II. Notes to the financial statements for the year ended 31st March 2015

1) Share Capital:

		Rs. in Lacs	
		March 2015	March 2014
Authorised:			
3,500,000	(Previous Year: 3,500,000) Equity Shares of Rs.10/- each	350.00	350.00
Issued Capital:			
2,577,320	(Previous Year: 25,77,320) Equity Shares of Rs.10/- each	257.73	257.73
Subscribed & Paid up Capital:		257.73	257.73
2,577,320	TOTAL	257.73	257.73

Other quantitative Information:

Particulars	March 2015		March 2014	
	Number of Shares	Rs. in Lacs	Number of Shares	Rs. in Lacs
a. Reconciliation of the number of shares -				
Balance at the beginning of the year	2,577,320	257.73	2,577,320	257.73
Add: Fresh allotment of shares during the year:				
1) Private placement to QIBs under QIP	0	0	0	0
2) Issue of Bonus/Rights shares	0	0	0	0
3) Any others (specify)	0	0	0	0
Balance at the end of the year	2,577,320	257.73	2,577,320	257.73
b. Number of equity shares held by holding company or ultimate holding company including shares held by its subsidiaries/ associates -				
Holding company : Mahindra & Mahindra Financial Services Limited	2,190,722	219.07	2,190,722	219.07
(Equity shares of Rs. 10/- Each)				
Percentage of holding (%)	85	85	85	85

Particulars	March 2015		March 2014		Rs. in Lacs						
	Number of Shares	Rs. in Lacs	Number of Shares	Rs. in Lacs							
c. Shareholders holding more than 5 percent shares:											
Mahindra & Mahindra Financial Services Limited	2,190,722	219.07	2,190,722	219.07							
Percentage of holding (%)	85	85	85	85							
Inclusion Resources Private Ltd.	386,598	38.66	386,598	38.66							
Percentage of holding (%)	15	15	15	15							
d. Shares allotted during the period of five years immediately preceding the date as at which the Balance Sheet is prepared:											
- Aggregate number and class of shares allotted as fully paid up by way of bonus shares.	2,000,000	200.00	2,000,000	200.00							
2) Reserves and Surplus:											
Particulars	March 2015	March 2014	Rs. in Lacs								
General Reserve:											
Balance as at the beginning of the year	1,228.43	808.43									
Add: Transfer from Surplus in the Statement of Profit and Loss	430.00	420.00									
Balance as at the end of the year	1,658.43	1,228.43									
Securities premium reserve:											
Balance as at the beginning of the year	1,589.50	1,589.50									
Add: Additions during the year	-	-									
Balance as at the end of the year	1,589.50	1,589.50									
3) Long-term provisions:											
Particulars	March 2015	March 2014	Rs. In Lacs								
Provision for Employee Benefit (Refer note 28)	104.96	77.25									
TOTAL	104.96	77.25									
4) Other current liabilities:											
Particulars	March 2015	March 2014	Rs. In Lacs								
Taxes deducted at source (TDS)	38.96	50.59									
Service tax payable	37.07	41.11									
Others	28.86	24.29									
TOTAL	104.89	115.99									
5) Short-term provisions:											
Particulars	March 2015	March 2014	Rs. In Lacs								
Employee benefits (Refer note 28)	686.90	516.33									
Proposed dividend on equity shares	322.17	257.73									
Corporate dividend tax	65.59	43.80									
Provision for taxes (net of taxes paid)	86.81	-									
TOTAL	1,161.47	817.86									
6) Tangible Assets:											
Asset Description	As at 1st April 2014	Additions	Deductions/ Adjustments	As at 31st March 2015	Upto 1st April 2014	Additions *	Deduction Trf to reserve *	Deductions/ Adjustments	Upto 31st March 2015	As at 31st March 2015	As at 1st April 2014
Vehicles	130.99	105.54	-	236.53	24.61	70.40	1.62	-	96.63	139.90	106.38
Furniture	11.16	-	-	11.16	4.55	1.30	-	-	5.85	5.31	6.61
Office Equipment	22.17	13.24	-	35.41	13.61	4.78	0.37	-	18.76	16.65	8.56
Computers	137.23	45.84	0.79	182.28	67.06	47.64	12.68	0.57	126.81	55.47	70.17
Total	301.55	164.62	0.79	465.38	109.83	124.12	14.67	0.57	248.05	217.33	191.73
As at 31-03-2014	284.64	46.58	29.66	301.56	93.67	35.21	-	19.05	109.83	191.73	190.97

* Refer note 23

7) Non Current Investments:

	Rs. in Lacs	
	March 2015	March 2014
Fixed deposits with companies		
- Mahindra and Mahindra Financial Services Limited (holding company)	9,640.00	2,700.00
TOTAL	9,640.00	2,700.00

8) Deferred tax assets (net):

	Rs. in Lacs	
	March 2015	March 2014
a) Deferred tax assets		
Provision for doubtful debts	7.01	4.98
Depreciation	10.80	-
Other disallowances	39.90	27.79
(a)	57.71	32.77
b) Deferred tax liabilities		
Others	5.39	4.02
Depreciation	-	17.04
(b)	5.39	21.06
TOTAL	52.32	11.71

The above amount of Rs. 52.32 lacs includes deferred tax asset amounting to Rs. 4.98 lacs which is credited to retained earnings in respect of depreciation in line with the requirements of Companies Act 2013.

9) Long-term Loans and Advances:

	Rs. in Lacs	
	March 2015	March 2014
Unsecured, considered good unless otherwise stated:		
Deposits for office premises/others	43.81	12.04
Inter corporate deposits placed with related parties	2,000.00	825.00
Other long-term advances	36.63	27.37
TOTAL	2,080.44	864.41

10) Other non-current assets:

	Rs. in Lacs	
	March 2015	March 2014
Term deposit with banks [Under lien to IRDA for broking license] with maturity greater than 12 months	60.00	60.00
TOTAL	60.00	60.00

11) Current investments:

	Rs. in Lacs	
	March 2015	March 2014
Fixed deposits with companies		
- Mahindra and Mahindra Financial Services Limited (holding company)	125.00	-
TOTAL	125.00	-

12) Trade Receivables:

	Rs. in Lacs	
	March 2015	March 2014
Unsecured, considered good unless otherwise stated:		
Debts outstanding for a period exceeding six months		
Considered good	27.98	11.48
Considered Doubtful	20.63	14.65
Less : Provision for Doubtful Debts *	(20.63)	(14.65)
	27.98	11.48
Debts outstanding for a period not exceeding six months	1,297.75	1,214.45
TOTAL	1,325.73	1,225.93

Refer Significant Accounting Policy No. 13

13) Cash & Cash equivalents:

	Rs. in Lacs	
	March 2015	March 2014
Cash and cash equivalents:		
- Cash and Cheques on hand	1.35	1.38
- Balance with banks in current accounts	165.00	153.92
	166.35	155.30

Other bank balances:

- Term deposits with maturity less than 12 months	-	450.00
	-	450.00
TOTAL	166.35	605.30

14) Short-term Loans and Advances:

	Rs. in Lacs	
	March 2015	March 2014
Unsecured, considered good unless otherwise stated:		
Inter corporate deposits placed with related parties (for less than one year)	4,025.00	8,140.00
Advance payment of taxes (net of provisions)	-	22.49
Deposits - others	-	2.00
Gratuity plan asset (net) (refer note 28)	15.87	11.81
Other short-term advances	200.08	177.58
TOTAL	4,240.95	8,353.88

15) Other Current Assets:

	Rs. in Lacs	
	March 2015	March 2014
Interest accrued on:		
- Investments/Fixed deposits	661.55	134.75
- Others	210.93	341.62
Other Current Assets	2.89	17.03
TOTAL	875.37	493.40

16) Revenue From Operations:

	Rs. in Lacs	
	March 2015	March 2014
Brokerage	5,290.24	4,255.71
Broker Retainer Fees	4,338.26	4,639.43
Handling Charges	1,500.17	1,110.41
Consultancy Fees	101.03	132.84
TOTAL	11,229.70	10,138.39

17) Employee Benefits Expense:

	Rs. in Lacs	
	March 2015	March 2014
Salary, Bonus and Incentives	3,824.97	2,798.00
Company's Contribution to Provident Fund and Other Funds	197.88	134.47
Employee Compensation Expenses on account of ESOPs	146.31	39.24
Staff Welfare Expenses	103.90	80.30
TOTAL	4,273.06	3,052.01

18) Depreciation:

	Rs. in Lacs	
	March 2015	March 2014
Vehicles	70.40	12.12
Furniture	1.30	0.96
Office Equipment	4.78	2.70
Computers	47.64	19.43
TOTAL	124.12	35.21

19) Other Expenses:

	Rs. in Lacs	
	March 2015	March 2014
Electricity charges	41.95	46.48
Rent	219.88	192.51
Administration Support Charges	120.68	91.35
Insurance	159.23	130.82
Rates and taxes, excluding taxes on income	8.10	7.24
Directors' sitting fees	0.30	-
Legal & Professional Charges	20.52	21.40
Loss on Sale/Retirement of Owned Assets	-	5.49
Travelling Expenses	572.40	506.67
Provision for doubtful debts #	5.98	2.30
Manpower Outsourcing Charges	24.10	181.44
Payment to the auditor		
- As auditor	5.00	5.00
- Taxation matters	2.50	2.50
- Other services	2.56	1.96
Donations	-	39.31
CSR Expenses *	90.06	-
General & Administrative Expenses	421.18	419.53
TOTAL	1,694.44	1,654.00

Refer Significant Accounting Policy No. 13

* CSR expenses represent contributions made to trusts which are carrying on the activities eligible under clause (i), (ii) & (iii) of the Schedule VII of the Companies Act, 2013.

20) The Composite Broking License of the company, has been renewed by IRDA w.e.f. 17/05/2013 for next 3 years.

21) In the opinion of the Board, Current Assets, Loans & Advances are approximately of the value stated if realised in the ordinary course of business.

22) The company earns brokerage from several insurance companies. The accounts of these insurance companies remain under reconciliation and are subject to confirmation. The company does not expect any significant variation in the book balances.

23) Pursuant to the Companies Act, 2013 (the "Act") becoming effective from 1st April, 2014, the Company has recomputed the depreciation based on the useful life of the assets as prescribed in Schedule II of the Act. This has resulted in additional charge of depreciation of Rs. 50.03 Lacs for the year ended 31st March, 2015. Further, as per the transitional provision, carrying value of assets of Rs. 9.68 Lacs (net of Deferred tax of Rs. 4.99 Lacs) is adjusted in the opening balance of retained earnings in respect of assets where the remaining useful life is NIL as at 1st April, 2014.

24) Related Party Disclosure as per Accounting Standard 18:

List of the related parties:

Ultimate Holding Company:

Mahindra & Mahindra Limited

Holding Company:

Mahindra & Mahindra Financial Services Limited

Fellow subsidiary Companies:

Mahindra Rural Housing Finance Limited

Mahindra Business & Consulting Services

Private Limited

Key Management Personnel

Managing Director : Dr. Jaideep Devare

Related Parties Transactions are as under:

Sr. No.	Nature of Transactions	Holding Companies*	Fellow subsidiary Companies	Key Management Personnel
(Rs. in Lacs)				
1	INCOME			
	Interest (Gross)	972.18	402.67	-
		(533.56)	(381.65)	-
	Handling Charges (Gross of Service Tax)	1,685.59	Nil	-
		(1,247.65)	(Nil)	-
2	EXPENSES			
	Other Expenses (Gross of Service Tax) (refer note ii)	287.31	Nil	94.34
		(149.39)	(176.47)	(78.03)
3	FINANCE			
	Intercompany deposits/Fixed deposits placed (net)	11,340.00	4,450.00	-
		(7,040.00)	(4,625.00)	-
	Dividends Paid (for previous year)	219.07	-	-
		(Nil)	-	-
4	BALANCES AS AT THE YEAR END			
	Receivables	1,187.63	168.18	-
		(646.61)	(245.61)	-
	Payables (refer note ii)	80.06	Nil	-
		(56.27)	(4.27)	-

* includes ultimate parent company, Mahindra and Mahindra Limited

Note:

- Amounts in brackets represent amounts pertaining to previous financial year.
- Mahindra Business & Consulting Services Private Ltd. is merged with Mahindra & Mahindra Financial Services Ltd (holding company) during the current year w.e.f. 1st April, 2014. However, transactions in the form of manpower contracting charges of the previous year amounting to Rs. 176.47 lacs and balance payable as at 31st March 2014 amounting to Rs. 4.27 lacs is disclosed in the column pertaining to fellow subsidiary companies.
- The above amount excludes payments towards reimbursement of expenses.

Significant related party transactions are as under:				(Rs. in lacs)	Consultancy fees	99.80	131.90
Sr. No.	Nature of transactions	Holding Company	Fellow subsidiary Companies	TOTAL	206.83	230.34	
1	Income						Rs. in Lacs
	Other Income	Mahindra and Mahindra Financial Services Limited	972.18	-	Expenses in Foreign Currency	March 2015	March 2014
			(533.56)	-	Travelling Expenses	8.50	15.06
		Mahindra Rural Housing Finance Limited	-	402.67	Software Expenses	21.76	21.16
			-	(381.65)	Other Expenses	8.11	12.28
	Handling charges (gross of service tax)	Mahindra and Mahindra Financial Services Limited	1,685.59	-	TOTAL	38.37	48.50
			(1,247.65)	-	26)	The company has incurred a cost of Rs. 146.31 lacs (previous year Rs. 39.24 lacs) for Employee Stock Options (ESOS) of the holding company Mahindra & Mahindra Financial Services Limited (MMFSL), to employees of the company.	
2	Expenses				27)	In accordance with the provisions of Accounting Standard – 15 (revised) issued by the Institute of Chartered Accountants of India; cost of employee benefits in the form of compensated absences for the period ended 31 st March 2015 is Rs. 62.60 lacs (Previous Year Rs. 46.45 lacs) and has been recognised in the Statement of Profit & Loss as such. The Present Value of obligation on account of such compensated absences is Rs. 115.41 lacs (Previous Year Rs. 79.75 lacs) as on 31 st March 2015.	
	Administration support charges	Mahindra and Mahindra Financial Services Limited	135.60	-	28)	Defined Employee Benefits:	
	Employee compensation expenses on account of ESOPs	Mahindra and Mahindra Financial Services Limited	146.31	-			Rs. in Lacs
	Manpower outsourcing charges #	Mahindra Business and Consulting Services Pvt. Limited	(39.24)	-	GRATUITY – Fully Funded	Gratuity Funded	Leave Non-Funded
			-	(176.47)		March 2015	March 2014
3	Finance				I. Change in Obligation during the year ended 31st March 2015	March 2015	March 2014
	Inter corporate deposits placed	Mahindra and Mahindra Financial Services Limited	1,575.00	-	1. Present value of obligation as the beginning of the year	84.19	65.80
		Mahindra Rural Housing Financial Limited	(4,340.00)	-	2. Interest Cost	7.92	6.30
			-	4,450.00	3. Current Service Cost	76.79	60.67
	Fixed deposit placed	Mahindra and Mahindra Financial Services Limited	9,765.00	-	4. Actuarial (Gain)/Loss on Obligations	(44.44)	(45.30)
			(2,700.00)	(4,625.00)	5. Benefits Paid	(3.28)	(3.28)
	Dividends paid (for previous year)	Mahindra and Mahindra Financial Services Limited	219.07	-	6. Present value of Defined Benefit Obligation at the end of the year	121.18	84.19
			-	-		84.19	115.41
4	Balances at the year end				II. Change in Assets during the Year ended 31st March 2015	115.41	79.75
	Receivables	Mahindra and Mahindra Financial Services Limited	483.40	-	1. Plan Assets at the beginning of the year	96.01	68.02
			(437.09)	-	2. Expected return on plan assets	7.82	5.45
	Interest accrued on inter corporate deposits/Fixed deposits placed	Mahindra and Mahindra Financial Services Limited	704.23	-	3. Contributions by Employer	46.66	27.99
			(209.52)	-	4. Actual benefits paid	(3.28)	(3.28)
	Interest accrued on inter corporate deposits placed	Mahindra Rural Housing Finance Limited	-	163.85	5. Actual Gain/(Losses)	(10.16)	(2.17)
			-	(222.96)	6. Plan Assets at the end of the year	137.05	96.01
	Payables	Mahindra and Mahindra Financial Services Limited	80.06	-			
			(56.27)	-	III. Net Asset/(Liability) recognised in the Balance Sheet as at 31st March 2015		
25)	Transactions in Foreign Currency are as under:						
	Revenue in Foreign Currency						
	Brokerage		107.03	98.44			

Rs. in Lacs

GRATUITY – Fully Funded

	Gratuity Funded		Leave Non-Funded	
	March 2015	March 2014	March 2015	March 2014
1. Present Value of Defined Obligation as at 31st March 2015	121.18	84.19	115.41	79.75
2. Fair Value of plan assets as at 31st March 2015	137.05	96.01	-	-
3. Fund status (Surplus/(Deficit))	15.87	11.82	(115.41)	(79.75)
4. Net Assets/ (Liability) as at 31st March 2015	15.87	11.82	(115.41)	(79.75)
IV. Expenses recognised in the statement of Profit and Loss for the year ended 31st March 2015				
1. Current Service cost	76.79	60.67	116.32	88.45
2. Interest Cost	7.92	6.30	7.26	5.61
3. Expected return on Plan Assets	(7.82)	(5.45)	-	-
4. Net Actuarial (Gains)/Losses (Net of Opening Actuarial Gain/(Loss) adjustment)	(34.29)	(43.13)	(87.92)	(68.06)
5. Expenses recognised in statement of Profit & Loss	42.60	18.39	35.66	26.00
V. The Major Categories in Plan Assets as a percentage of total plan				
1. Insurer Managed Funds	100%	100%		
VI. Method of Valuation	Projected Unit Credit Method	Projected Unit Credit Method	Projected Unit Credit Method	Projected Unit Credit Method

VII. Actuarial Assumption

1. Discount Rate	8%	8%	8%	8%
2. Expected rate of return on plan assets	8%	8%		
3. Mortality Table	LIC (2006-08) Ultimate	LIC (2006-08) Ultimate	LIC (2006-08) Ultimate	LIC (2006-08) Ultimate
4. Salary Increment Rate	5%	5%	5%	5%
5. Retirement Age	60 Years	60 Years	60 Years	60 Years
6. Withdrawal	Attrition rate of 1% up to the age of 30 Years	Attrition rate of 1% up to the age of 30 Years	Attrition rate of 1% up to the age of 30 Years	Attrition rate of 1% up to the age of 30 Years

VIII. Experience Adjustments:

Rs. in lacs

	Year ended				
	March 2011	March 2012	March 2013	March 2014	March 2015
Defined Benefit obligation at end of the period	33.89	46.41	65.80	84.19	121.18
Plan assets at the end of period	38.05	48.05	68.02	96.01	137.05
Funded Status Surplus/(Deficit)	(4.16)	(1.64)	(2.22)	(11.82)	(15.87)
Experience adjustments on plan liabilities (gain)/loss	(6.26)	(6.96)	(5.98)	(18.50)	(15.98)
Experience adjustments on plan assets gain/(loss)	(0.64)	(0.83)	(1.06)	(1.34)	(2.03)

29) Earnings per share:

	March 2015	March 2014
Amount used as numerator – Balance of Profit after Tax available for shareholders (Rs. in Lacs)	4,293.58	4,199.66
Weighted average number of equity shares used in computing basic earnings per share	25,77,320	25,77,320
Weighted average number of equity shares used in computing diluted earnings per share	25,77,320	25,77,320
Basic earnings per share (Rs.) (Face value of Rs.10 per share)	166.59	162.95
Diluted earnings per share (Rs.)	166.59	162.95

30) Suppliers covered under the Micro, Small and Medium Enterprises Development Act, 2006, has not furnished the information regarding filing of necessary memorandum with appointed authority. In view of this and legal opinion obtained by the Company, information required under Section 22 of the said Act is not given.

31) Previous year figures have been regrouped/reclassified wherever found necessary.

Signatures to Significant accounting policies and Notes to the financial statements – I and II

For B. K. Khare & Co.
Chartered Accountants
Firm Regn No. 105102W

For and on behalf of the Board
Rajeev Dubey Chairman

H.P. Mahajani
Partner
Membership No. 30168

Ramesh Iyer
Nityanath Ghanekar
Uday Y. Phadke
V. Ravi
Anjali Raina
Hemant Sikka
Dr. Jaideep Devare Managing Director

Mumbai, 15th April 2015

Mumbai, 15th April 2015

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors have pleasure in presenting their Eighth Report together with the audited accounts of your Company for the year ended 31st March, 2015.

FINANCIAL RESULTS

Particulars	Amount in Rs. Lacs	
	March 2015	March 2014
Income	32,844.47	21,252.10
Less: Finance Costs	14,112.07	8,898.96
Expenditure	11,725.59	8,529.71
Depreciation and Amortisation Expenses	275.01	143.22
Total Expenses	26,112.67	17,571.89
Profit Before Tax	6,731.80	3,680.21
Less: Provision for Tax		
Current Tax	2,394.00	1,309.67
Income Tax – earlier years	58.72	–
Deferred Tax	(138.26)	(337.31)
Profit/(Loss) for the year	4,417.34	2,707.85
Profit/(Loss) brought forward from previous year	2,934.78	1,837.09
Amount available for Appropriation	7,352.12	4,544.94
Appropriations:		
Special Reserve	1450.00	820.00
Additional Special Reserve (u/s 29C of NHB Act, 1987)	25.00	5.00
General Reserve	222.00	68.00
Proposed dividend on Equity Shares	854.58	612.98
Income-tax on proposed dividend	173.99	104.18
Additional Depreciation charged due to change in the useful life (Companies Act 2013)	21.68	–
Deferred Tax Liability on Special Reserve	706.08	–
Surplus Carried to Balance Sheet	3898.79	2934.78

There have been no material changes and commitments, affecting the financial position of the Company which occurred between the end of the financial year 2015 and the date of the Report.

OPERATIONS

During the year under review the total income was Rs. 328.44 crores as against Rs. 212.52 crores for the financial year 2013-14, registering a growth of 55% over the previous year. Profit before tax was 83% higher at Rs. 67.32 crores as compared to Rs. 36.80 crores for the previous year. Profit after tax was 63% higher at Rs. 44.17 crores as compared to Rs. 27.08 crores for the previous year.

Your Company has disbursed loans aggregating Rs. 989.57 crores (previous year Rs. 630.56 crores) achieving a growth of 57% over the previous year. The outstanding loan portfolio as at 31st March, 2015 stood at Rs. 2098.32 crores. Your Company continued its focus on serving customers in rural India. Majority of the loans disbursed were to customers in villages with an average annual household income of less than Rs. 2 lacs. During the year under review, around 81,960 families were given home loans (in addition to around 1,81,120 existing families as on 31st March, 2014). Your Company has been expanding its geographical presence, to provide affordable services for rural households.

During the year under review, operations were strengthened in the states of Maharashtra, Gujarat, Rajasthan, Tamilnadu, Andhra Pradesh, Kerala, Karnataka, Madhya Pradesh and Bihar.

TRANSFER TO RESERVES

The Company proposes to transfer an amount of Rs. 2.22 Crores to the General Reserve and Rs.14.75 Crores to the Statutory Reserve. An amount of Rs. 38.99 Crores is proposed to be retained in the Statement of Profit and Loss.

DIVIDEND

Your Directors recommend a dividend of Re. 1.30 per Equity Share on 6,57,37,137 Equity Shares of Rs.10 each, aggregating Rs. 8.55 crores. The above dividend, if approved, will be paid to those Members whose names appear in the Register of Members as on the Record Date fixed for this purpose. The dividend including dividend distribution tax, surcharge and education cess will absorb a sum of Rs. 10.29 crores (as against Rs. 7.17 crores (including tax) on account of dividend of Re. 1.1 per Equity Share, paid for the previous year).

GOLDEN JUBILEE RURAL HOUSING FINANCE SCHEME

During the year under review, your Company has disbursed Rs. 642.80 crores in respect of 80,045 dwelling units under the Golden Jubilee Rural Housing Finance Scheme ("the Scheme") of Government of India. The cumulative disbursements by the Company at the end of the year under the Scheme stood at Rs. 2,047.90 crores in respect of 2,58,083 dwelling units.

FINANCE

During the year under review, your Company has been sanctioned Refinance Assistance of Rs. 50 crores from National Housing Bank (NHB). As on 31st March, 2015 the outstanding borrowings from NHB cumulatively amounted to Rs. 287.22 crores.

During the year under review, your Company has been sanctioned Term loans of Rs. 610 crores from banks for tenures of three to five years. As on 31st March, 2015 the outstanding borrowings from Banks amounted to Rs. 1,317.89 crores.

CREDIT RATING

During the year under review, India Rating & Research Private Limited has assigned 'IND AA+' rating with stable outlook to Bank Loans, Non Convertible Debentures & Subordinated Debt of the Company and has assigned 'IND A1+' rating to Commercial Paper of the Company.

Credit Analysis & Research Limited has assigned 'CARE AA+' Rating to Subordinated Debt of the Company.

ACHIEVEMENTS

During the year under review, your Company was awarded for various prestigious recognitions at National level. A few of those were:

- Won the Thought Leaders Award in "Best change management in private sector for Banking and Financial Services"
- Awarded the Skoch 'Order Of Merit' on 20th November, 2014 for 'Nurturing Creativity & Innovation' for Qualifying amongst India's Best Projects.
- Won the ASSOCHAM India 3rd Innovation excellence award.
- Awarded the "ABP Banking, Financial services and Insurance awards" in the category "most admired service provider in financial sector"

SHARE CAPITAL

During the year under review, an amount of Rs. 12.5 per share (including premium of Rs. 7.5 per share) on 2,00,22,857 equity shares aggregating to Rs. 25.03 crores has been called and paid-up. The Company's paid up capital as on 31st March, 2015 stands at Rs. 65.74 crores consisting of 6,57,37,137 Equity Shares of Rs. 10 each fully paid up.

DEPOSITORY SYSTEM

Your Company's equity shares are available for dematerialisation through National Securities Depository Limited. As on 31st March, 2015, 99.99 % of the equity shares of your Company were held in dematerialised form.

CAPITAL ADEQUACY

Consequent upon the payment of call money on the partly paid up Equity Shares issued on a Rights basis, the paid-up share capital of the Company has increased to Rs. 65.74 crores as on 31st March, 2015 from Rs. 55.73 crores as on 31st March, 2014. The securities premium account has also been credited with Rs. 15.02 crores.

As a result of the increased net worth, your Company was able to enhance the Capital to Risk Assets Ratio (CRAR) to 15.27 per cent as on 31st March, 2015 well above 12 per cent CRAR prescribed by the NHB.

NON-PERFORMING ASSETS AND PROVISIONS FOR CONTINGENCY

Your Company scrupulously adheres to the prudential guidelines for Non-Performing Assets (NPAs), issued by NHB under its Housing Finance Companies (NHB) Directions, 2010, as amended from time to time. Your Company has made adequate provision for the assets on which instalments are overdue for more than 90 days and on other assets, as required.

INSURANCE PROTECTION TO BORROWERS

Your Company has tied up with Kotak Mahindra Old Mutual Life Insurance Limited and Cholamandalam MS General Insurance Company Limited for insurance of its housing loan products alongwith life insurance called Sampoorna Suraksha Plan which covers the borrowers of the Company.

DIRECTORS

Mr. V. Rajan, Nominee of National Housing Bank (NHB) resigned as the Nominee Director of the Company with effect from 20th February, 2015. The Board has placed on record its sincere appreciation for the valuable services rendered and the guidance received from Mr. Rajan during his tenure as a Nominee Director of the Company.

Mr. K. Chakravarthy was appointed as a Nominee Director of NHB in place of Mr. V. Rajan, not liable to retire by rotation, at the Meeting of the Board of Directors held on 12th March, 2015.

Mr. Nityanath Ghanekar and Ms. Anjali Raina have been appointed by Members as Independent Directors of the Company for a period of five years with effect from 30th March, 2015.

Mr. Uday Y. Phadke retires by rotation at the forthcoming Annual General Meeting. Mr. Phadke has expressed his desire not to seek re-appointment. It is proposed not to fill up the vacancy thereby caused.

The Board has placed on record its deep appreciation of the invaluable counsel rendered by Mr. Phadke to the Company and his contribution in guiding the management during his tenure as a Director on the Board of Directors of the Company.

Members at the Extra ordinary General Meeting held on 27th February, 2015 have re-appointed Mr. Anuj Mehra as Managing Director of the Company for a period of 5 years with effect from 16th January, 2015 to 15th January, 2020.

Mr. Anuj Mehra, Managing Director, Mr. Dharmesh Vakharia, Chief Financial Officer and Ms. Harshada Pathak, Company Secretary are the Key Managerial Personnel of the Company as per provisions of Section 203 of the Companies Act, 2013.

NUMBER OF MEETINGS OF THE BOARD

The Board met seven times in financial year 2014-15 viz., on 15th April, 2014, 14th July, 2014, 21st August, 2014, 13th October, 2014, 13th January, 2015, 12th March, 2015 and 30th March, 2015.

AUDIT COMMITTEE

The Audit Committee of the Board was re-constituted during the year to comprise of Mr. Nityanath Ghanekar (Chairman of the Committee), Ms. Anjali Raina, both Independent Directors and Mr. V. Ravi. The Audit Committee met thrice during the year under review. The role of Audit Committee *inter alia* includes examination of the financial statements and the auditors' report thereon, review and monitoring of the auditor's independence and performance, and effectiveness of audit process, evaluation of internal financial controls and risk management systems, approval of transactions of the Company with related parties and oversight of the internal audit function.

NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee of the Board was re-constituted during the year to comprise of Mr. Ramesh Iyer, Mr. K. Chandrasekar as well as Mr. Nityanath Ghanekar and Ms. Anjali Raina, Independent Directors of the Company. The Committee met thrice during the year under review. The Nomination and Remuneration Committee *inter alia* recommends the appointment and removal of Directors and carries out evaluation of performance of every Director in accordance with the framework adopted by the Board. The Committee is also empowered to look into the entire gamut of remuneration package for the working Director(s) and revise their remuneration subject to limits approved by the shareholders.

ASSET LIABILITY COMMITTEE

The Asset Liability Committee (ALCO) of the Board presently comprises of Mr. Ramesh Iyer (Chairman of the Committee), Mr. K. Chandrasekar and Mr. V. Ravi. The ALCO Committee met twice during the year under review. The Committee oversees the Asset Liability Management system of the Company.

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Corporate Social Responsibility (CSR) Committee was re-constituted during the year to comprise of Mr. Ramesh Iyer (Chairman), Mr. K. Chandrasekar, Mr. V. Ravi, Mr. Anuj Mehra and Ms. Anjali Raina, Independent Director. The Committee has framed the CSR Policy of the Company in accordance with the Companies Act, 2013 ('the Act') read with the Companies (Corporate Social Responsibility Policy) Rules, 2014. The CSR Committee *inter alia*, allocates the amount of expenditure to be incurred by the Company on CSR activities as enumerated

in Schedule VII to the Act and monitors the CSR Policy of the Company periodically. During the year under review, your Company has spent Rs. 66.85 Lacs towards CSR activities for promotion of education and improvement of health of the underprivileged section of the society. Your Company is in compliance with the statutory requirements in this regard.

The Annual Report on CSR Activities of the Company in the format prescribed by the Companies (Corporate Social Responsibility Policy) Rules, 2014 has been appended as **Annexure I** to this Report. The contents of the CSR Policy of the Company are published elsewhere in this Annual Report and on the Company's website, www.mahindrachomefinance.com.

ANNUAL EVALUATION BY THE BOARD

Pursuant to the provisions of the Companies Act, 2013, the Board has adopted the Evaluation Framework and carried out an annual performance evaluation of its own performance, the directors individually as well as the evaluation of the working of its Committees.

Well-defined and structured questionnaires were prepared after taking into consideration inputs received from the Directors, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, areas of responsibility, execution and performance of specific duties, obligations, governance and compliance perspectives etc.

The evaluation process involves self-evaluation by the Board Member and subsequent assessment by the Nomination and Remuneration Committee and the Board of Directors based on the inputs received from all the Directors through the questionnaires. In general, the Directors have expressed their satisfaction with the evaluation process.

DECLARATION GIVEN BY INDEPENDENT DIRECTORS

The Company has received declarations from all the Independent Directors of the Company confirming that they fulfil the criteria of independence as prescribed under sub-section (6) of Section 149 of the Companies Act, 2013.

COMPANY'S POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION

During the year, the Nomination and Remuneration Committee and the Board of Directors have approved the 'Policy to determine qualifications, positive attributes and independence of Directors and evaluation of the Board, Committees and individual Directors', 'Policy on Remuneration of Directors' and 'Remuneration Policy for Key Managerial Personnel and Employees' as required under sub-section (3) of Section 178 of the Act. The Nomination and Remuneration Committee while recommending the appointment of Directors considers desirable qualifications which may amongst other things include professional qualifications, skills, professional experience, background, independence and knowledge apart from the criteria of independence as prescribed under the Companies Act, 2013.

The Policy on Remuneration of Directors and Remuneration Policy for KMPs and Employees of the Company are appended as **Annexure II** to this Report in accordance with the provisions of sub-section (4) of Section 178 of the Act.

PARTICULARS OF REMUNERATION

In accordance with the provisions of Section 197(12) of the Companies Act, 2013 and Rule 5(2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the names and other particulars of employees who were in receipt of remuneration of not less than Rs. 60,00,000 during the year ended 31st March, 2015 or not less than Rs. 5,00,000 per month during any part of the said year are set out in the **Annexure III** to the Director's Report. The Company had no employee who was employed for a part of the Financial Year and was in receipt of remuneration of not less than Rs. 5,00,000 per month during any part of the year.

HUMAN RESOURCES AND TRAINING

Your Company took a number of initiatives to strengthen human resources during the year. In pursuance of the Company's commitment to develop and retain the best available talent, the Company has been sponsoring the employees for training programmes organized by reputed professional institutions for building capabilities thereby upgrading the skill and knowledge of the employees in different operational areas. Constant endeavours are being made to offer professional growth opportunities and recognitions, apart from imparting training to employees.

The Company has also conducted various engagement surveys to understand the engagement levels across employees for devising various policies which has helped in boosting employees morale and engagement levels.

Your Company strongly believes in maintaining the dignity of all its employees, irrespective of their gender or seniority. Discrimination and harassment of any type are strictly prohibited. The Company has taken the necessary steps to enhance awareness amongst its employees in respect of the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules framed thereunder. During the year, the Company has not received any complaints of sexual harassment.

CODES OF CONDUCT FOR CORPORATE GOVERNANCE

The Company has adopted Codes of Conduct for Corporate Governance ("the Codes") for its Directors and Senior Management and Employees. These Codes enunciate the underlying principles governing the conduct of the Company's business and seek to reiterate the fundamental precept that good governance must and would always be an integral part of the Company's ethos.

The Company has for the year under review, received declarations under the Codes from the Board Members and the Senior Management and Employees of the Company affirming compliance with the respective Codes.

AUDITORS

Messrs. B. K. Khare & Co., Chartered Accountants, retires as Auditors of the Company at the forthcoming Annual General Meeting, and has given their consent for re-appointment. The shareholders would be required to elect Auditors from the conclusion of this Annual General Meeting upto the conclusion of the next Annual General Meeting and fix their remuneration.

As required under the provisions of Sections 139(1) read with 141 of the Companies Act, 2013, the Company has obtained a written certificate from Messrs. B. K. Khare & Co., Chartered Accountants, proposed to be re-appointed to the effect that their re-appointment, if made, would be in conformity with the criteria specified in the said sections.

The Report of Statutory Auditors is enclosed to this Annual Report. There is no qualification, reservation or adverse remark in the Auditors' Report.

SECRETARIAL AUDIT REPORT

The Board of Directors of the Company has appointed Dr. K. S. Ravichandran, Managing Partner KSR & Co., Company Secretaries LLP to conduct the Secretarial Audit of the Company and in accordance with provisions of the Companies Act, 2013 the Secretarial Audit Report is appended to this Report as **Annexure IV**.

The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

EXTRACT OF ANNUAL RETURN

Pursuant to sub-section 3(a) of Section 134 and sub-section (3) of Section 92 of the Companies Act 2013, read with Rule 12 of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return as at March 31, 2015 forms part of this Report and is appended herewith as **Annexure V**.

VIGIL MECHANISM

The Company promotes ethical behaviour in all its business activities and has established a vigil mechanism for Directors and Employees to report their genuine concerns.

As per the Whistle Blower Policy of the Company the Employees are free to report illegal or unethical behaviour, actual or suspected fraud or violation of the Company's Codes of Conduct or Corporate Governance Policies or any improper activity to the Chairman of the Audit Committee of the Company or Chairman of the Company or the Corporate Governance Cell.

Under the Whistle Blower Policy, the confidentiality of those reporting violation(s) is protected and they are not subject to any discriminatory practices. No personnel have been denied access to the Audit Committee.

INTERNAL FINANCIAL CONTROL SYSTEM

The Company has put in place an adequate internal control system to safeguard all assets and ensure operational excellence. It also has a team of internal auditors to conduct internal audit. Independent audit firms also ensure that all

transactions are correctly authorised and reported. The reports are reviewed by the Audit Committee of the Board. Wherever deemed necessary, internal control systems are strengthened and corrective actions initiated.

During the year, review of the internal financial controls environment of the Company was undertaken which covered verification of entity level controls, process level controls and IT controls, identification, assessment and definition of key business processes and analysis of risk control matrices, etc. The Management is responsible for establishing and maintaining internal controls for financial reporting. The effectiveness of the internal control systems of the Company pertaining to financial reporting is reviewed by the Statutory Auditors and the Audit Committee periodically to ensure Financial Statements of the Company present a true and fair view of the state of affairs of the Company.

RISK MANAGEMENT POLICY

The Company has a well-defined risk management framework in place. Your Company has established procedures to periodically place before the Board the risk assessment and minimisation procedures being followed by the Company and steps taken by it to mitigate these risks. The key business risks identified by the Company and its mitigation plans are as under:

1. **Credit Risk** : Credit risk is inherent to any lending business and the Company also faces this risk. To mitigate this, the Company has put in place stringent lending norms, has developed metrics to evaluate a customer's income and insists on a thorough field investigation to check the viability of lending to a customer.
2. **People Risk** : The Company's business model is highly people centric and the Company's employees are its biggest strength. Retention of employees is hence a key focus area. Extensive training, team building & employee engagement initiatives have been adopted to mitigate this risk. The Company follows a policy of hiring locally. This ensures employees appreciate local conditions which in turn ensures superior productivity while taking credit decisions and also while servicing customers.
3. **Environmental Risk** : Cash flows of a large number of the Company's customers depend on agriculture. Environmental factors affecting crops (yields and/or prices) impact the customer's ability to repay. The Company mitigates this risk through a policy of geographical hedging. The Company engages with its customers through regular follow up and close monitoring.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 134(5) of the Companies Act, 2013, your Directors confirm that:

- i. In the preparation of the annual accounts for financial year ended 31st March, 2015, the applicable accounting standards have been followed and there are no material departures in adoption of these standards.

- ii. The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at 31st March, 2015 and of the profit of the Company for the year ended on that date.
- iii. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv. The Directors have prepared the annual accounts for financial year ended 31st March, 2015 on a 'going concern' basis.
- v. The Directors have devised proper systems to ensure compliance with provisions of all applicable laws and that such systems were adequate and operating effectively.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS IN SECURITIES

Pursuant to Section 186(11) of the Companies Act, 2013 ('the Act'), the provisions of Section 186(4) of the Act requiring disclosure in the financial statements of the full particulars of the loans made and guarantees given or securities provided by a Housing Finance Company in the ordinary course of its business and the purpose for which the loan or guarantee or security is proposed to be utilised by the recipient of the loan or guarantee or security are exempted from disclosure in the Annual Report. No investments were made by the Company during the year under review.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

During the year, the company has not entered into any contract or arrangements with related parties which attracted the provisions of Section 188 of the Act.

PARTICULARS REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars in respect of conservation of energy, technology absorption and foreign exchange earnings and outgo, as required under Section 134(3)(m) of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014 is given in **Annexure VI**.

SUBSIDIARIES

The Company does not have any subsidiary as on 31st March, 2015 or during the financial year ended on that date.

CHANGE IN THE NATURE OF BUSINESS

There have been no change in the nature of business carried out by the Company during the year under review.

PUBLIC DEPOSITS AND LOANS/ADVANCES

The Company has not accepted deposits from the public or its employees during the year under review. There were no

Non-Convertible Debentures which have not been claimed by the investors or not paid by the Company after the date on which the Non-Convertible Debentures became due for redemption. There were no unclaimed Deposits or interest thereon or unpaid Dividend due for transfer to Investor Education & Protection Fund during the year.

The Company has not made any loans/advances in the nature of loans which are otherwise required to be disclosed in the annual accounts of the Company pursuant to Clause 32 of the Listing Agreement of the parent company – Mahindra & Mahindra Financial Services Limited and the ultimate parent company – Mahindra & Mahindra Limited, with the Stock Exchanges.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

There were no significant and material orders passed by the Regulators/ Courts/ Tribunals which would impact the going concern status and Company's operations in future.

ACKNOWLEDGEMENTS

Your Directors take this opportunity to place on record their sincere appreciation to National Housing Bank, the Company's

customers, bankers, and shareholders for the support received from them during the year under review. Your Directors also acknowledge the hard work, dedication and commitment of the employees.

For and on behalf of the Board

Ramesh Iyer
Chairman

Mumbai, 15th April, 2015

Registered Office:

Mahindra Towers,

P. K. Kurne Chowk, Worli,

Mumbai - 400018.

CIN: U65922MH2007PLC169791

Tel.: 91 22 6652 3500 Fax: 91 22 2497 2741

E-mail: customercare.mrhfl@mahfin.com

Website: www.mahindrashomefinance.com

ANNEXURE I TO THE DIRECTORS' REPORT

Annual Report on Corporate Social Responsibility Activities as prescribed under Section 135 of the Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Rules, 2014

1. **A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs:** The objective of Company's CSR policy is to continuously and consistently generate goodwill in communities where the Company operates or is likely to operate, initiate projects that benefit communities and encourage an increased commitment from employees towards CSR activities and volunteering.

The Corporate Social Responsibility Committee ('CSR Committee') is responsible to formulate and recommend to the Board the CSR Policy indicating the activities falling within the purview of Schedule VII to the Companies Act, 2013, to be undertaken by the Company, to recommend the amount to be spent on CSR activities presented by the CSR Council ('CSR Council') and to monitor the CSR Policy periodically. The CSR Council will be supported by the CSR Secretariat at Head Office, for implementation of the approved projects. For achieving the CSR objectives through implementation of meaningful and sustainable CSR Projects, the CSR Committee will allocate for its Annual CSR Budget, 2% of the average profits of the Company made during the three immediately preceding financial years, calculated in accordance with the relevant Sections of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014.

The Company has identified following CSR Thrust areas for undertaking CSR projects or programs or activities in India. The actual distribution of the expenditure among these thrust areas will depend upon the local needs as may be determined by the need identification studies or discussions with local government/ Grampanchayat/ NGOs. The Company shall give preference to the local area and areas around which the Company operates.

Thrust areas:

a) Education

- Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects.

b) Health

- Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation and making available safe drinking water.

c) Environment

- Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro forestry, conservation of natural resources and maintaining quality of soil, air and water.

d) Others

- Promoting gender equality, empowering women, setting up homes and hostels for women and orphans, setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups.
- Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional arts and handicrafts.
- Measures for the benefit of armed forces veterans, war widows and their dependents.
- Training to promote rural sports, nationally recognised sports, paralympic sports and Olympic sports.
- Contribution to the Prime Minister's National Relief Fund or any other fund set up by the central government for socio-economic development and relief and welfare of the scheduled castes, the scheduled tribes, other backward classes, minorities and women.
- Contribution or funds provided to technology incubators located within academic institutions which are approved by the central government
- Rural development projects.
- Any other activities within the purview of schedule VII of the Act that the CSR Committee of the Company may define from time to time.

The detailed CSR Policy is available at the website of the Company at following link <http://www.mahindrahomelfinance.com/csr-policy.php>.

2. **The Composition of the CSR Committee** : Mr. Ramesh Iyer (Chairman), Mr. K. Chandrasekar, Mr. V. Ravi, Mr. Anuj Mehra and Ms. Anjali Raina.
3. **Average net profit of the Company for last three financial years** : Rs. 3,283.75 Lacs.
4. **Prescribed CSR Expenditure (two per cent of the amount as in item 3 above)** : Rs. 65.68 Lacs
5. **Details of CSR spent during the financial year.**
 - (a) Total amount spent for the financial year; Rs. 66.85 Lacs
 - (b) Amount unspent, if any; NIL
 - (c) Manner in which the amount spent during the financial year is detailed below :

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S. No.	CSR Project or Activity identified	Sector in which the Project is covered (Note 1)	Projects or programs (1) Local Area or other (2) Specify the state or district where projects or programs were undertaken	Amount outlay (Budget) projects or programs wise	Amount spent on the project or programs (1) Direct & (2) Overhead	Cumulative expenditure upto the reporting period	Amount spent : Directly or Through Implementing Agency
1	KCMET - Donation for Nanhi Kali	(ii)	Mumbai, Maharashtra	Rs. 65.68 Lacs	Rs. 65.85 Lacs	Rs. 65.85 Lacs	K.C. Mahindra Education Trust
2	Samaj Shakti Awards	(i)	Mumbai, Maharashtra	–	Rs. 1.00 Lacs	Rs. 1.00 Lacs	Shree Hariharaputrabhajan Samaj

Note 1

- (i) Eradicating hunger, poverty and malnutrition, promoting health care including preventive healthcare and sanitation including contribution to the Swachh Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water.
 - (ii) Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and differently abled and livelihood enhancement projects.
6. In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board report : N.A.
 7. The CSR Committee of the Company hereby confirms that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

For Mahindra Rural Housing Finance Limited

For and on behalf of the Corporate Social Responsibility Committee of Mahindra Rural Housing Finance Limited

Anuj Mehra
Managing Director

Ramesh Iyer
Chairman of the
Corporate Social Responsibility Committee

ANNEXURE II TO THE DIRECTORS' REPORT

Policy on Remuneration of Directors

Prelude

The Company is a housing finance company registered with the National Housing Bank, and is engaged in providing Home Loans primarily in rural areas for construction or purchase of a new property or for repairs, modernization or extension of an existing home.

This Policy shall be effective from the financial year 2014 - 15.

Intent of the Policy

The intent of the Remuneration Policy of Directors of Mahindra Rural Housing Finance Limited ("the Company") is to focus on enhancing the value and to attract and retain quality individuals with requisite knowledge and excellence as Executive and Non-Executive Directors for achieving objectives of the Company and to place the Company in a leading position.

The Nomination and Remuneration Committee (NRC) of the Board shall, while formulating the policy ensure that —

- a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the company successfully;
- b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- c) remuneration to Directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

While deciding the policy on remuneration of Directors the Committee may consider amongst other things, the duties and responsibilities cast by the Companies Act, 2013, various Codes of Conduct, Articles of Association, restrictions on the remuneration to Directors as also the remuneration drawn by Directors of other companies in the industry, the valuable contributions and inputs from Directors based on their knowledge, experience and expertise in shaping the destiny of the Company etc. The Policy is guided by a reward framework and set of principles and objectives as more fully and particularly envisaged under Section 178 of the Companies Act 2013 and principles pertaining to qualifications, positive attributes, integrity and independence of Directors, etc.

Directors

The Managing Director is an executive of the Company and draws remuneration from the Company. The Non-Executive Chairman and Independent Directors may receive sitting fees for attending the meeting of the Board and the Committees thereof, if fixed by the Board of Directors from time to time subject to statutory provisions. The Non-Executive Chairman and Independent Directors would be entitled to the

remuneration under the Companies Act, 2013. A Non-Executive Non-Independent Director who receives remuneration from the holding company or a Group Company will not be paid any sitting fees or any remuneration. In addition to the above the Directors are entitled for reimbursement of expenses incurred in discharge of their duties. Payment of Remuneration to Nominee Directors shall be governed by the agreement with the Financial Institution/Bank appointing the Nominee Director and by the Articles of Association of the Company.

The Managing Director and other eligible Director(s) as per extant statutory provisions may be granted Employees Stock Options, Stock Appreciation Rights or any other Share based Employee benefits pursuant to any scheme that may be approved by the Board of Directors and shareholders of the Company subject to such other approvals as may be required.

Non Executive Directors may be paid remuneration either by way of monthly payment or at a specified percentage of net profits of the Company or partly by one way and partly by another, subject to the provisions of Companies Act, 2013.

The NRC while determining the remuneration shall ensure that the level and composition of remuneration to be reasonable and sufficient to attract, retain and motivate the person to ensure the quality required to run the Company successfully. While considering the remuneration, the NRC shall also ensure a balance between fixed and performance-linked variable pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.

The NRC shall consider that a successful Remuneration Policy must ensure that some part of the remuneration is linked to the achievement of corporate performance targets.

Managing Director/Executive Directors

The term of office and remuneration of Managing Director/ Executive Directors are subject to the approval of the Board of Directors, shareholders, and Central Government, as may be required and the limits laid down under the Companies Act, 2013 from time to time.

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay, subject to the requisite approvals, remuneration to its Managing Director/Executive Directors in accordance with the provisions of Schedule V of the Companies Act, 2013.

If any Managing Director/Executive Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Companies Act, 2013 or without the prior sanction of the Central Government, where required, he/she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

Remuneration of the Managing Director/Executive Directors reflects the overall remuneration philosophy and guiding principle of the Company. While considering the appointment and remuneration of Managing Director/Executive Directors,

the NRC shall consider the industry benchmarks, merit and seniority of the person and shall ensure that the remuneration proposed to be paid is commensurate with the remuneration packages paid to similar senior level counterpart(s) in other companies.

Remuneration for Managing Director/Executive Director is designed subject to the limits laid down under the Companies Act, 2013 to remunerate them fairly and responsibly. The remuneration to the Managing Director/Executive Director comprises of salary, perquisites and performance based incentive apart from retirement benefits like Provident Fund, Superannuation, Gratuity, Leave Encashment, etc., as per Rules of the Company. Salary is paid within the range approved by the Shareholders. Increments are effective annually, as recommended/approved by the NRC/Board. In terms of the shareholders' approval, the Commission may be paid to Managing Director in any Financial Year at a rate not exceeding 1/4% (one fourth percent) per annum of the profits of the Company computed in accordance with the applicable provisions of the Companies Act, 2013 as may be recommended by NRC and approved by the Board.

The total remuneration will have a flexible component with a bouquet of allowances to enable the Managing Director/Executive Director to choose the allowances as well as the quantum based on laid down limits as per Company policy. The flexible component can be varied only once annually.

The actual pay-out of variable component of the remuneration will be a function of individual performance as well as business performance. Business performance is evaluated using a Balanced Score Card (BSC) while individual performance is evaluated on Key Result Areas (KRA). Both the BSC and KRAs are evaluated at the end of the fiscal to arrive at the BSC rating of the business and performance rating of the individual.

Remuneration also aims to motivate the Personnel to deliver Company's key business strategies, create a strong performance-oriented environment and reward achievement of meaningful targets over the short and long-term.

The Managing Director/Executive Directors are entitled to customary non-monetary benefits such as company cars, health care benefits, leave travel, communication facilities, etc., as per policies of the Company. The Managing Director and Executive Directors are entitled to grant of Stock Options as per the approved Stock Options Schemes of the Company from time to time.

Disclosures

Information on the total remuneration of members of the Company's Board of Directors, Managing Director/Executive Directors and Key Managerial Personnel/Senior Management Personnel may be disclosed in the Board's Report as per statutory requirements laid down in this regard.

REMUNERATION POLICY FOR KEY MANAGERIAL PERSONNEL AND EMPLOYEES

This Policy shall be effective from the financial year 2014 - 15.

Objective

To establish guidelines for remunerating employees fairly and in keeping with Statutes.

Definition(s)

“Key Managerial Personnel” (KMP) as defined in Section 2(51) of the Companies Act, 2013 means:

- (i) the Chief Executive Officer or the Managing Director or Manager;
- (ii) the Company Secretary;
- (iii) the Whole-time Director;
- (iv) the Chief Financial Officer; and
- (v) such other officer as may be prescribed.

Standard

The broad structure of compensation payable to employees is as under:

- Fixed pay which has components like basic salary & other allowances/flexi pay as per the grade where the employees can chose allowances from bouquet of options.
- Variable pay (to certain grades) in the form of annual/half yearly performance pay based on Key Result Areas agreed – as applicable.
- Incentives either monthly or quarterly based on targets in the lower grades.
- Retirals such as Provident Fund, Gratuity & Superannuation (for certain grades).
- Benefits such Employee Stock Option Scheme, car scheme, medical & dental benefit, loans, insurance etc. as per grades.

Increments

- Salary increase is given to eligible employees based on position, performance & market dynamics as decided from time to time.

ANNEXURE III TO THE DIRECTORS' REPORT

ADDITIONAL INFORMATION AS REQUIRED UNDER SECTION 197(12) OF THE COMPANIES ACT, 2013 AND RULE 5(2) OF COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014 AND FORMING PART OF DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2015.

Name of Employee	Designation	Gross Remuneration (subject to income-tax) (Rs. in Lacs)	Qualifications	Experience (Years)	Age (Years)	Date of Commencement of Employment	Last Employment held, Designation and Organisation
Mr. Anuj Mehra	Managing Director	131.77	Bachelor in Economics P.G.D.M., I.I.M. (Ahmedabad)	31	54	1 st March, 2009	Vice President –Marketing Mahindra Lifespace Developers Limited
Mr. Dharmesh Vakharia	Chief Financial Officer	77.41	Bachelor of Commerce, Chartered Accountant	16	42	1 st August, 2011	Chief Manager Regional Accounts - Mahindra & Mahindra Financial Services Limited

Notes:

- Nature of employment is contractual, subject to termination on one month's notice on either side.
- Terms and conditions of employment are as per Company's Rules/contract.
- None of the employees mentioned above is related to any Director or Manager of the Company.
- No employee was in receipt of remuneration more than the remuneration drawn by a Managing Director or whole-time director or manager and holds by himself or alongwith his spouse and dependent children not less than 2% of the equity shares of the Company.
- Gross remuneration received as shown in the statement includes Salary, Bonus, House Rent Allowance or value of perquisites for accommodation, car perquisites value/allowances applicable, employer's contribution to Provident Fund, Superannuation scheme and Gratuity Fund including group insurance premium, leave travel facility, reimbursement of medical expenses and all allowances/perquisites and terminal benefits as applicable.
- Mr. Mehra has been granted stock options under the Employees' Stock Option Scheme of the holding Company, Mahindra & Mahindra Financial Services Limited.

ANNEXURE IV TO THE DIRECTORS' REPORT

SECRETARIAL AUDIT REPORT

[Pursuant to Section 204(1) of the Companies Act, 2013 read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

For the Financial Year ended 31st March, 2015

To,

The Members

Mahindra Rural Housing Finance Limited
Mahindra Towers, P.K. Kurne Chowk, Worli,
Mumbai- 400 018.

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Mahindra Rural Housing Finance Limited** (hereinafter called "the Company"). Secretarial Audit was conducted for the financial year ended on 31st March, 2015 in a manner that provided us reasonable basis for evaluating the corporate conduct/ statutory compliances and expressing our opinion thereon.

On the basis of the above and on our verification of documents, books, papers, minutes, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of the Audit, We hereby report that in our opinion, the Company has, during the period covered under the Audit as aforesaid, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended 31st March, 2015 according to the provisions of:

- (i) The Companies Act, 1956 and the Rules made there under (to the extent applicable).
- (ii) The Companies Act, 2013 and the Rules made there under.
- (iii) The National Housing Bank Act, 1987.
- (iv) The Housing Finance Companies (NHB) Directions, 2010.
- (v) Housing Finance Companies issuance of Non-Convertible Debentures on private placement basis (NHB) Directions, 2014.
- (vi) the Depositories Act, 1996 and the Regulations and Bye-Laws framed there under.

The Company being an unlisted public company, Regulations and Guidelines prescribed under Securities and Exchange Board of India Act, 1992 does not apply. Further the provisions of the Securities Contracts (Regulation) Act, 1956 and the Rules made there under do not apply.

The compliance of Secretarial Standards does not arise as the same was not notified under Section 118 of the Companies Act, 2013 for being applicable during the period covered under the Audit.

Based on the information and explanation provided, the Company had no transactions during the period covered under the Audit requiring the compliance of the provisions of:

- i) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.
- ii) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008
- iii) The Foreign Exchange Management Act, 1999 and the Rules and Regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings.

We further report that

The Board of Directors of the Company is duly constituted with the proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period covered under the Audit were carried out in compliance with the provisions of the Act.

Adequate notice was given to all Directors at least seven days in advance to schedule the Board Meetings. Agenda and detailed notes on Agenda were sent in advance, and a system exists for seeking and obtaining further information and clarifications on the Agenda items before the Meeting and for meaningful participation at the Meeting.

Majority decision is carried through and recorded as part of the minutes. We understand that there were no dissenting members' views requiring to be captured in the minutes.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the period covered under the Audit, the Company has made the following specific actions having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, referred to above:

- i) Members have enabled Borrowing Powers of the company up to a limit of Rs. 3,200 Crores over and above the aggregate of the paid-up share capital and free reserves under Section 180(1)(c) of the Companies Act, 2013 at the Seventh Annual General Meeting of the company held on 14th Day of July, 2014.
- ii) Members have also enabled the company to issue Non-Convertible Debentures and/or other debt securities on private placement basis within the aforesaid overall borrowing powers in one or more tranches for a period of one year from 14th Day of July, 2014 at the said Annual General Meeting of the company held on even date.

- iii) The Board of Directors vide their resolution dated 14th July, 2014 made calls @ Rs. 5.00 per share with a premium of Rs. 7.50 per share on the holders of 2,00,22,857 partly paid equity shares of Rs.10/- each paid-up to the extent of Rs. 5.00 per share. Pursuant to the call, all the 2,00,22,857 partly-paid equity shares in the paid-up share capital of the company have been fully paid.

For KSR & Co Company Secretaries LLP

Dr. K. S. Ravichandran
Managing Partner

Place: Coimbatore
Date: 15/04/2015

FCS: 3675
CP: 2160

To,

The Members,
Mahindra Rural Housing Finance Limited
Mahindra Towers, P.K. Kurne Chowk, Worli,
Mumbai - 400 018.

Our Secretarial Audit Report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.

4. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
5. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For KSR & Co Company Secretaries LLP

Dr. K. S. Ravichandran
Managing Partner

Place: Coimbatore
Date: 15/04/2015

FCS: 3675
CP: 2160

ANNEXURE V TO THE DIRECTORS' REPORT

Form No. MGT-9

Extract of Annual Return as on the financial year ended on 31st March, 2015
[Pursuant to Section 92(3) and Rule 12(1) of the
Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS

- i) CIN:- **U65922MH2007PLC169791** ii) Registration Date:- 9th April, 2007
- iii) Name of the Company:- **Mahindra Rural Housing Finance Limited** iv) Category/Sub-Category of the Company Public Limited Company
- v) Address of the Registered office and contact details:- **Mahindara Towers,
P. K. Kurne Chowk, Worli,
Mumbai - 400 018.
Tel.: 91 22 6652 3500
Fax: 91 22 2497 2741
E-mail: customercare.mrhfl@mahfin.com
Website: www.mahindrahomefinance.com** vi) Whether listed company: No Yes/No
- vii) Name, Address and Contact details of Registrar and Transfer Agent, if any **Karvy Computershare Private Limited
Unit : Mahindra Rural Housing Finance Limited
Karvy Selenium Tower B, Plot No 31 & 32
Gachibowli, Financial District,
Nanakramguda, Serilingampally
Hyderabad – 500 008
Email : einward.ris@karvy.com
Tel. No.: 040 67162222
Toll Free No.: 18003454001
Fax No.: 040 23001153**

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

Sl. No.	Name and Description of main products/services	NIC Code of the Product/service	% to total turnover of the company
1	Housing Finance	65923	100.00%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/Subsidiary/ Associate	% of shares held	Applicable Section
i.	Mahindra & Mahindra Limited	L65990MH1945PLC004558	Ultimate Holding company	0.00	2(46)
ii.	Mahindra & Mahindra Financial Services Limited	L65921MH1991PLC059642	Holding company	87.50	2(46)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)
(i) Category-wise Share Holding

Category of Shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A. Promoters									
(1) Indian									
(a) Individual/HUF	-	-	-	-	-	-	-	-	-
(b) Central Govt.	-	-	-	-	-	-	-	-	-
(c) State Govt.(s)	-	-	-	-	-	-	-	-	-
(d) Bodies Corp.	-	5,75,20,003	5,75,20,003	87.50	5,75,19,991	12	5,75,20,003	87.50	0.00
(e) Banks/Fl	-	-	-	-	-	-	-	-	-
(f) Any other	-	-	-	-	-	-	-	-	-
Sub-total (A)(1)	-	5,75,20,003	5,75,20,003	87.50	5,75,19,991	12	5,75,20,003	87.50	0.00
(2) Foreign									
a) NRIs-Individuals	-	-	-	-	-	-	-	-	-
b) Other-Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks/Fl	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	-
Sub-total (A)(2)	-	-	-	-	-	-	-	-	-
Total shareholding of Promoter (A) = (A)(1) + (A)(2)	-	5,75,20,003	5,75,20,003	87.50	5,75,19,991	12	5,75,20,003	87.50	0.00
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks/Fl	-	82,17,134	82,17,134	12.50	82,17,134	-	82,17,134	12.50	0.00
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt.(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others - Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
Sub-total (B)(1)	-	82,17,134	82,17,134	12.50	82,17,134	-	82,17,134	12.50	0.00
2. Non-Institutions									
a) Bodies corp.	-	-	-	-	-	-	-	-	-
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital upto Rs. 1 Lakh	-	-	-	-	-	-	-	-	-

Category of Shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 Lakh	-	-	-	-	-	-	-	-	-
c) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(2)	-	-	-	-	-	-	-	-	-
Total Public Shareholding (B)=(B)(1)+(B)(2)	-	82,17,134	82,17,134	12.50	82,17,134	-	82,17,134	12.50	0.00
C. Shares held by custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	-	65,737,137	65,737,137	100.00	6,57,37,125	12	65,737,137	100.00	0.00

(ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of shares	% of total shares of the company	% of shares pledged/encumbered to total shares	No. of shares	% of total shares of the company	% of shares pledged/encumbered to total shares	
1	Mahindra & Mahindra Financial Services Limited.	5,75,19,991	87.50	Nil	5,75,19,991	87.50	Nil	0.00
2	Mahindra & Mahindra Financial Services Limited Jointly with Mr. Ramesh Iyer.	2	0.00	Nil	2	0.00	Nil	0.00
3.	Mahindra & Mahindra Financial Services Limited Jointly with Mr. Bharat Doshi.	2	0.00	Nil	2	0.00	Nil	0.00
4.	Mahindra & Mahindra Financial Services Limited Jointly with Mr. Venkatraman Ravi.	2	0.00	Nil	2	0.00	Nil	0.00
5.	Mahindra & Mahindra Financial Services Limited Jointly with Mr. Ravi Kulkarni.	2	0.00	Nil	2	0.00	Nil	0.00
6.	Mahindra & Mahindra Financial Services Limited Jointly with Mr. Zhooben Bhiwandiwala.	2	0.00	Nil	2	0.00	Nil	0.00
7.	Mahindra & Mahindra Financial Services Limited Jointly with Mr. Anuj Mehra.	2	0.00	Nil	2	0.00	Nil	0.00
	TOTAL	5,75,20,003	87.50	Nil	5,75,20,003	87.50	Nil	0.00

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
1.	Mahindra & Mahindra Financial Services Limited alongwith joint holders				
	At the beginning of the year	5,75,20,003	87.50	5,75,20,003	87.50
	Date wise increase/decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.)	No change*			
	At the end of the year	5,75,20,003	87.50	5,75,20,003	87.50

* During the year, 1,75,20,003 partly paid equity shares held by the Mahindra & Mahindra Financial Services Limited and its joint holders were made fully paid up upon receipt of call money.

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
1.	National Housing Bank				
	At the beginning of the year	82,17,134	12.50	82,17,134	12.50
	Date wise increase/decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.)	No change*			
	At the end of the year	82,17,134	12.50	82,17,134	12.50

* During the year, 25,02,854 partly paid equity shares held by the National Housing Bank were made fully paid up upon receipt of call money.

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
1.	Mr. Ramesh Iyer (jointly with Mahindra & Mahindra Financial Services Limited)				
	At the beginning of the year	2	0.00	2	0.00
	Date wise increase/ decrease in shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/sweat equity etc.)	No change			
	At the end of the year	2	0.00	2	0.00
2.	Mr. Uday Y. Phadke				
	At the beginning of the year	Nil	0.00	Nil	0.00
	Date wise increase/ decrease in shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/sweat equity etc.)	No change			
	At the end of the year	Nil	0.00	Nil	0.00
3.	Mr. V. Ravi (jointly with Mahindra & Mahindra Financial Services Limited)				
	At the beginning of the year	2	0.00	2	0.00
	Date wise increase/ decrease in shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/ bonus/ sweat equity etc.)	No change			
	At the end of the year	2	0.00	2	0.00

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
4.	Mr. K. Chandrasekar				
	At the beginning of the year	Nil	0.00	Nil	0.00
	Date wise increase/ decrease in shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/ bonus/ sweat equity etc.)	No change			
	At the end of the year	Nil	0.00	Nil	0.00
5.	Mr. K. Chakravarthy (appointed as Nominee Director w.e.f. 12 th March, 2015)				
	At the beginning of the year	Nil	0.00	Nil	0.00
	Date wise increase/ decrease in shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/ bonus/ sweat equity etc.)	No change			
	At the end of the year	Nil	0.00	Nil	0.00
6.	Mr. V. Rajan (ceased to be a Nominee Director w.e.f. 20 th February, 2015)				
	At the beginning of the year	Nil	0.00	Nil	0.00
	Date wise increase/ decrease in shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/ bonus/ sweat equity etc.)	No change			
	At the end of the year	Nil	0.00	Nil	0.00
7.	Mr. Nityanath Ghanekar (appointed as Independent Director w.e.f. 30 th March, 2015)				
	At the beginning of the year	Nil	0.00	Nil	0.00
	Date wise increase/ decrease in shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/ bonus/ sweat equity etc.)	No change			
	At the end of the year	Nil	0.00	Nil	0.00
8.	Ms. Anjali Raina (appointed as Independent Director w.e.f. 30 th March, 2015)				
	At the beginning of the year	Nil	0.00	Nil	0.00
	Date wise increase/ decrease in shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/ bonus/ sweat equity etc.)	No change			
	At the end of the year	Nil	0.00	Nil	0.00
9.	Mr. Anuj Mehra (jointly with Mahindra & Mahindra Financial Services Limited)				
	At the beginning of the year	2	0.00	2	0.00
	Date wise increase/ decrease in shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/ bonus/ sweat equity etc.)	No change			
	At the end of the year	2	0.00	2	0.00
10.	Mr. Dharmesh Vakharia				
	At the beginning of the year	Nil	0.00	Nil	0.00
	Date wise increase/ decrease in shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/ bonus/ sweat equity etc.)	No change			
	At the end of the year	Nil	0.00	Nil	0.00
11.	Ms. Harshada Pathak				
	At the beginning of the year	Nil	0.00	Nil	0.00
	Date wise increase/ decrease in shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/ bonus/ sweat equity etc.)	No change			
	At the end of the year	Nil	0.00	Nil	0.00

V. INDEBTEDNESS –**Indebtedness of the Company including interest outstanding/ accrued but not due for payment**

(Rs. in Lacs)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
i) Principal Amount	103,515.56	5,848.88	Nil	109,364.44
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	1,043.44	252.67	Nil	1,296.11
Total (i + ii + iii)	104,559.00	6101.55	Nil	110,660.55
Change in Indebtedness during the financial year				
• Addition	116,558.23	140,412.63	Nil	256,970.86
• Reduction	58,847.60	136,452.05	Nil	195,299.65
Net Change	57,710.63	3,960.58	Nil	61,671.21
Indebtedness at the end of the financial year				
i) Principal Amount	161,160.63	9,806.50	Nil	170,967.13
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	1,109.00	255.63	Nil	1,364.63
Total (i + ii + iii)	162,269.63	10,062.13	Nil	172,331.76

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**A. Remuneration to Managing Director, Whole-time Directors and/or Manager:**

(Rs. in Lacs)

Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager
		Mr. Anuj Mehra, Managing Director
1.	Gross Salary	
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	95.32
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	36.04*
	(c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	Nil
2.	Stock Option	Nil
3.	Sweat Equity	Nil
4.	Commission – as % of profit	Nil
	– others	Nil
5.	Others (medical reimbursement)	0.41
	Total (A)	131.77
	Ceiling as per the Act	5% of the Net Profits equivalent to Rs. 426.13 Lacs with respect to the ceiling for the Company applicable for the financial year covered by this Report

* includes perquisite value of Stock options granted by Mahindra & Mahindra Financial Services Limited (Holding Company).

B. REMUNERATION TO OTHER DIRECTORS:

(Rs. in Lacs)

Sl. No.	Particulars of Remuneration	Name of Directors			Total Amount
		Mr. Nityanath Ghanekar	Ms. Anjali Raina		
1.	Independent Directors				
	Fees for attending Board/Committee Meetings	0.30	Nil		0.30
	Commission	Nil	Nil		Nil
	Others, please specify	Nil	Nil		Nil
	Total (1)	0.30	Nil		0.30
2.	Other Non-Executive Directors	Mr. Ramesh Iyer	Mr. K. Chandrasekar	Mr. K. Chakravarthy	Mr. Uday Phadke
	Fees for attending Board/Committee Meetings	Nil	Nil	Nil	Nil
	Commission	Nil	Nil	Nil	Nil
	Others	Nil	Nil	Nil	Nil
	Total (2)	Nil	Nil	Nil	Nil
	Total (B) = (1 + 2)				0.30
	Overall Ceiling as per the Act %	1% of the Net Profits equivalent to Rs. 85.23 Lacs with respect to the ceiling for the Company applicable for the financial year covered by this Report			
	Total Managerial Remuneration (A+B)				132.07

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/ MANAGER/ WTD :

(Rs. in Lacs)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			Total Amount
		Chief Financial Officer (Mr. Dharmesh Vakharia)	Company Secretary@ (Ms. Harshada Pathak)		
1.	Gross Salary				
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	60.79	7.49		68.28
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	16.47*	Nil		16.47*
	(c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	Nil	Nil		Nil
2.	Stock Option	Nil	Nil		Nil
3.	Sweat Equity	Nil	Nil		Nil
4.	Commission – as % of profit	Nil	Nil		Nil
	– others	Nil	Nil		Nil
5.	Others (medical reimbursement)	0.15	Nil		0.15
	Total	77.41	7.49		84.90

* includes perquisite value of Stock options granted by Mahindra & Mahindra Financial Services Limited (Holding Company)

@ secretarial function covered under cost sharing agreement.

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty/Punishment/Compounding fees imposed	Authority [RD/NCLT/COURT]	Appeal made, if any (give details)
A. COMPANY					
Penalty					
Punishment					
Compounding					
B. DIRECTORS					
Penalty			NONE		
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment					
Compounding					

ANNEXURE VI TO THE DIRECTORS' REPORT

The particulars in respect of conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo, as required under sub-section (3)(m) of Section 134 of the Companies Act, 2013 read with Rule (8)(3) of the Companies (Accounts) Rules, 2014

A. Conservation of Energy

- (i) The steps taken or impact on conservation of energy:

The operations of your Company are not energy intensive. However, adequate measures have been initiated to reduce energy consumption.

- (ii) The steps taken by the Company for utilizing alternate sources of energy:

The operations of your Company are not energy intensive.

- (iii) The capital investment on energy conservation equipments: Nil

B. Technology Absorption

- (i) The efforts made towards technology absorption : Not Applicable.

- (ii) The benefits derived like product improvement, cost reduction, product development or import substitution: Not Applicable.

- (iii) in case of imported technology (imported during the last three years reckoned from the beginning of the Financial Year) – Not Applicable

(a) Details of Technology Imported

(b) Year of Import

(c) Whether the Technology been fully absorbed

(d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof

- (iv) Your Company has not incurred any expenditure on Research and Development during the year under review.

C. Foreign Exchange Earnings and Outgo

The information on Foreign Exchange Outgo is furnished in the Notes to Accounts. There were no Foreign Exchange Earnings during the year under review.

INDEPENDENT AUDITOR'S REPORT

To the Members of **MAHINDRA RURAL HOUSING FINANCE LIMITED**

Report on the Financial Statements

1. We have audited the accompanying financial statements of **MAHINDRA RURAL HOUSING FINANCE LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2015, and the Statements of Profit and Loss and Cash Flow for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit.
4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial

statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2015, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

9. As required by the Companies (Auditor's Report) Order, 2015, issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
10. As required by Section 143(3) of the Act, we report that:
 - a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c. the Balance Sheet, the Statement of Profit and Loss and Cash Flow dealt with by this Report are in agreement with the books of account;
 - d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);
 - e. On the basis of written representations received from the directors as on March 31, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015, from being

- appointed as a director in terms of Section 164(2) of the Act.
- f. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 14 to the financial statements
 - ii. The Company does not have any long-term contracts including derivative contracts for which there are any material foreseeable losses that need provision
- iii. During the year, there were no amounts which were required to be transferred by the Company to the Investor Education and Protection Fund.

For **B. K. Khare & Co.**
Chartered Accountants
Firm's Registration Number 105102W

Naresh Kumar Kataria
Partner
Membership Number 037825

Mumbai, 15th April 2015

**ANNEXURE TO THE AUDITOR'S REPORT
REFERRED TO IN OUR REPORT OF EVEN
DATE:**

- 1 (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
- (b) The fixed assets of the Company have been physically verified by the Management during the year. The discrepancies noticed on such verification were not material and have been properly dealt with in the books of account. In our opinion, the frequency of verification is reasonable.
- 2 The Company is in the business of providing housing finance and consequently, does not hold any inventory. Therefore, the provisions of Clause 3(ii) of the said order are not applicable to the company.
- 3 The Company has not granted any loans, secured or unsecured, to Companies, firms or other parties covered in the Register maintained under Section 189 of the Act. Therefore, the provisions of clause (iii), (iii)(a), and (iii)(b) of the said Order are not applicable to the Company.
- 4 In our opinion and according to the information and explanations given to us, the Company is having an adequate internal control system commensurate with the size and the nature of its business, for the purchase of fixed assets and sale of services. The activities of the Company do not involve purchase of inventory and sale of goods. On the basis of our examination of the books and records of the Company and according to the information and explanations given to us, we have neither come across, nor have we been informed of, any continuing failure to correct any major weaknesses in the aforesaid internal control system.
- 5 In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and rules framed there under to the extent notified. Consequently, no order has been passed by the Company Law Board or National Company Law Commission or Reserve Bank of India or any court or any other tribunal on the Company.
- 6 On facts, the requirements of Para 3(vi) requiring maintenance of cost records are not applicable in case of the Company.
- 7 (a) According to the records of the Company and information and explanations given to us, the Company is generally regular in depositing undisputed statutory dues including Provident fund, Employees' state insurance, Income tax, Sales tax, Wealth tax and service tax, duty of customs, duty of excise, value added tax, cess and other applicable statutory dues with the appropriate authorities.

- (b) According to the information and explanations given to us and records of the Company examined by us, there are no dues of income tax, sales tax, wealth tax, service –tax, duty of excise, duty of customs, value added tax, and cess which have not been deposited on account of any dispute except as follows:

Name of the Statute	Nature of dues	Amount (Rs.)	Periods to which amounts relates	Forum where the dispute is pending
The Income tax Act, 1961	Income tax	37,75,670/-	AY 2012-13	CIT(A)

- (c) There were no amounts required to be transferred by the Company to the Investor Education and Protection Fund in accordance with the provisions of the Companies Act, 1956 and the rules made there under.
- 8 The Company has no accumulated losses as at the end of the financial year and it has not incurred any cash losses in the financial year ended on that date and in the immediately preceding financial year.
 - 9 Based on the records examined by us and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the Balance Sheet date.
 - 10 According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year. Accordingly, the provisions of clause 3(x) of the Order are not applicable to the Company.
 - 11 In our opinion, and according to the information and explanations given to us, during the year, the term loans have been applied for the purposes for which they were obtained.
 - 12 During the course of our examination of the books and records of the Company, carried out in accordance with generally accepted accounting practices and according to the information and explanations given to us, we have neither come across any instance of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of any such instance by the Management.

For **B. K. Khare & Co.**
Chartered Accountants
Firm's Registration Number 105102W

Naresh Kumar Kataria
Partner
Membership Number 037825

Mumbai, 15th April 2015

BALANCE SHEET AS AT 31ST MARCH, 2015

Particulars	Note No.	Rs. in Lacs March 2015	Rs. in Lacs March 2014
I. EQUITY & LIABILITIES			
1) Shareholders' funds			
a) Share Capital.....	<u>1</u>	6,573.71	5,572.57
b) Reserves and Surplus.....	<u>2</u>	10,742.14	6,579.42
		<u>17,315.85</u>	<u>12,151.99</u>
2) Non-Current Liabilities			
a) Long Term Borrowings.....	<u>3</u>	149,705.07	90,783.60
b) Long Term Provisions	<u>4</u>	1,936.29	1,215.91
		<u>151,641.36</u>	<u>91,999.51</u>
3) Current Liabilities			
a) Short Term Borrowings	<u>5</u>	4,124.23	2,625.00
b) Trade Payables.....	<u>6</u>	2,050.32	1,592.66
c) Other Current Liabilities	<u>7</u>	32,997.27	27,388.98
d) Short Term Provisions.....	<u>8</u>	3,813.37	2,005.92
		<u>42,985.19</u>	<u>33,612.56</u>
TOTAL.....		<u>211,942.40</u>	<u>137,764.06</u>
II. ASSETS			
1) Non-Current Assets			
a) Fixed Assets	<u>9</u>		
i) Tangible Assets.....		690.87	722.23
b) Deferred Tax Assets (Net).....	<u>10</u>	95.60	663.42
c) Long Term Loans and Advances	<u>11</u>	158,217.57	103,445.96
		<u>159,004.04</u>	<u>104,831.61</u>
2) Current Assets			
a) Cash and Cash Equivalents	<u>12</u>	990.24	653.21
b) Short Term Loans and Advances.....	<u>13</u>	51,948.12	32,279.24
		<u>52,938.36</u>	<u>32,932.45</u>
TOTAL.....		<u>211,942.40</u>	<u>137,764.06</u>

Summary of significant accounting policies and notes to the financial statements I & II

The notes referred to above form an integral part of the Balance Sheet.
This is the Balance Sheet referred in our report of even date.

For B K Khare & Co.

Chartered Accountants

(FRN: 105102W)

Naresh Kumar Kataria

Partner

Membership No. 37825

Harshada Pathak

Company Secretary

Dharmesh Vakharia

Chief Financial Officer

Ramesh Iyer**Anuj Mehra****Uday Y. Phadke****V. Ravi****K. Chandrasekar****Nityanath Ghanekar****Anjali Raina****K. Chakravarthy**

Chairman

Managing Director

Director

Mumbai, 15th April 2015

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH, 2015

Particulars	Note No.	Rs. in Lacs	Rs. in Lacs
		March 2015	March 2014
I. Revenue from Operations	<u>15</u>	32,830.44	21,243.53
II. Other Income	<u>16</u>	14.03	8.57
III. Total Revenue (I + II)		32,844.47	21,252.10
IV. Expenses:			
Employee Benefits Expense	<u>17</u>	6,528.93	3,501.89
Finance Costs	<u>18</u>	14,112.07	8,898.96
Depreciation and Amortization Expense	<u>19</u>	275.01	143.22
Loan Provisions and Write Offs	<u>20</u>	1,829.51	1,066.40
Other Expenses	<u>21</u>	3,367.15	3,961.42
Total Expenses		26,112.67	17,571.89
V. Profit Before Tax (III - IV)		6,731.80	3,680.21
VI. Tax expense:			
(1) Current Tax		2,394.00	1,309.67
(2) Deferred Tax		(138.26)	(337.31)
(3) Short Provision for Income Tax - earlier years		58.72	-
		2,314.46	972.36
VII. Profit/(Loss) for the year (V - VI)		4,417.34	2,707.85
VIII. Earnings per Equity Share (Rupees):			
(Face value - Rs. 10/- per share)			
(1) Basic		7.15	4.95
(2) Diluted		7.15	4.95
Summary of significant accounting policies and notes to the financial statements I & II			

The notes referred to above form an integral part of the Statement of Profit & Loss.
This is the Statement of Profit & Loss referred in our report of even date.

For B K Khare & Co.

Chartered Accountants
(FRN: 105102W)

Naresh Kumar Kataria
Partner
Membership No. 37825

Harshada Pathak
Company Secretary

Dharmesh Vakharia
Chief Financial Officer

Ramesh Iyer
Anuj Mehra
Uday Y. Phadke
V. Ravi
K. Chandrasekar
Nityanath Ghanekar
Anjali Raina
K. Chakravarthy

Chairman
Managing Director

} Director

Mumbai, 15th April 2015

CASH FLOW STATEMENT AS AT 31ST MARCH, 2015

Particulars	Rs. in Lacs March 2015	Rs. in Lacs March 2014
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxes and contingencies and exceptional items	6,731.81	3,680.21
Add/(Less):		
Non Cash Expenses:		
Depreciation and amortisation expenses	275.01	143.22
Loss/ (profit) on sale of fixed assets	5.48	-
Interest expense	14,007.36	8,825.28
Provision for Non Performing Assets (net)	1,379.41	837.15
General Provision on Standard Assets	273.83	174.13
Operating profit before working capital changes	22,672.90	13,659.99
Add/(Less):		
Increase/(decrease) in trade payables	457.66	346.91
Increase/(decrease) in long-term provisions	5.14	23.10
Increase/(decrease) in short-term provisions	404.83	115.38
Increase/(decrease) in other current liabilities	4,357.78	2,572.68
Decrease/(increase) in long-term loans and advances	(54,751.61)	(35,822.06)
Decrease/(increase) in short-term loans and advances	(19,668.88)	(11,738.28)
Cash generated from/(used in) operations	(46,522.17)	(30,842.28)
Advance taxes paid	(2,299.52)	(1,309.66)
Net Cash Generated from/ (Used In) Operating Activities (A)	(48,821.69)	(32,151.94)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets/Software	(303.49)	(368.15)
Sale of fixed assets	12.67	1.04
Net Cash Generated from/ (Used In) Investing Activities (B)	(290.82)	(367.11)
CASH FLOW FROM FINANCING ACTIVITIES		
Issue of Equity Shares (net of issue expenses)	2,502.86	2,497.85
Increase/(Decrease) in long-term borrowings (net)	58,921.47	33,918.85
Increase/(Decrease) in short-term borrowings (net)	1,499.23	(900.00)
Increase/(Decrease) in current maturities of long term loans (net)	1,181.99	6,022.55
Interest paid	(13,938.84)	(8,349.44)
Dividend paid on equity shares	(612.98)	(457.14)
Tax on equity dividend paid	(104.18)	(77.69)
Net Cash Generated from/ (Used In) Financing Activities (C)	49,449.54	32,654.97
Net increase/(decrease) in cash and cash equivalents (A + B + C)	337.03	135.93

CASH FLOW STATEMENT AS AT 31ST MARCH, 2015 (CONTD.)

Particulars	Rs. in Lacs	Rs. in Lacs
	March 2015	March 2014
Cash and cash equivalents at the beginning of the year	653.21	517.28
Cash and cash equivalents at the end of the year (Refer Note no. 12)	990.24	653.21

For B K Khare & Co.

Chartered Accountants
(FRN: 105102W)

Naresh Kumar Kataria
Partner
Membership No. 37825

Harshada Pathak
Company Secretary

Dharmesh Vakharia
Chief Financial Officer

Ramesh Iyer
Anuj Mehra
Uday Y. Phadke
V. Ravi
K. Chandrasekar
Nityanath Ghanekar
Anjali Raina
K. Chakravarthy

Chairman
Managing Director

} Director

Mumbai, 15th April 2015

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS

Note I

NOTES FORMING PART OF THE ACCOUNTS FOR THE PERIOD ENDED MARCH 31st, 2015.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

1.1 BASIS FOR PREPARATION OF FINANCIAL STATEMENTS:

The financial statements have been prepared in accordance with the Generally Accepted Accounting Principles (IGAAP) under the historical cost convention as a going concern and on accrual basis and in accordance with the provisions of the Companies Act, 2013 and the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended).

All assets and liabilities have been classified as current and non – current as per the Company's normal operating cycle and other criteria set out in the Schedule III of the Companies Act, 2013. Based on the nature of services and their realization in cash and cash equivalents, the company has ascertained its operating cycle as 12 months for the purpose of current – noncurrent classification of assets and liabilities.

Further, the Company follows prudential norms for Income Recognition, Assets classification and provisioning for Non-performing Assets as well as contingency provision for Standard Assets as prescribed by The National Housing Bank for Housing Finance Companies.

1.2 USE OF ESTIMATES

The preparation of financial statements requires the management to make estimates and assumptions considered in the reported amount of assets and liabilities (including contingent liabilities) as on the date of financial statements and the reported income and expenses during the reporting period. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

1.3 REVENUE RECOGNITION

a. General:

The Company follows the accrual method of accounting for its income and expenditure except delayed payment charges, service charges and fee based income which on account of uncertainty of ultimate collection are accounted on receipt basis.

Further, in accordance with the guidelines issued by The National Housing Bank for Housing Finance Companies, income on business assets classified as Non-Performing Assets, is recognized on receipt basis. Unrealised interest recognized as income in the previous period is reversed in the month in which the loan is classified as Non-performing.

b. Income from Loans

- i. Interest Income from loan transactions is accounted for by applying the interest rate implicit in such contracts.
- ii. Service charges and documentation charges and other fees on loan transactions are recognized at the commencement of the contract.

c. Income From Investments:

- i. Dividend from investments is accounted for as income when the right to receive dividend is established.
- ii. Interest income is accounted on accrual basis.

1.4 FIXED ASSETS, DEPRECIATION AND AMORTIZATION

a. Tangible Assets:

Tangible assets are stated at cost of acquisition (including incidental expenses), less accumulated depreciation. Assets held for sale or disposals are stated at the lower of their net book value and net realizable value.

b. Depreciation on Tangible Assets

Depreciation on fixed assets is charged on the basis of the useful life of the assets as specified in Schedule II to The Companies Act, 2013 except for:

- i. Vehicles used by employees are depreciated over the maximum period of 48 months based on the useful life of vehicle for the Company.

- ii. Assets costing less than Rs.5000/- are fully depreciated in the period of purchase.

1.5 FOREIGN EXCHANGE TRANSACTIONS AND TRANSLATIONS :

a. Initial recognition:

Transactions in foreign currencies are recognised at the prevailing exchange rates between the reporting currency and a foreign currency on the transaction dates.

b. Conversion

- i. Foreign currency monetary assets and liabilities at the year-end are translated at the year-end exchange rates and the resultant exchange differences are recognised in the Statement of profit and loss.
- ii. Non-monetary items, which are measured in terms of historical Cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

c. Exchange differences

The Company accounts for exchange differences arising on translation/settlement of foreign currency monetary items as below:

- i. Realized gains and losses on settlement of foreign currency transactions are recognised in the Statement of profit and loss.
- ii. Foreign currency monetary assets and liabilities at the year-end are translated at the year-end exchange rates and the resultant exchange differences are recognised in the Statement of profit and loss.

1.6 INVESTMENTS

Investments held as long-term investments are carried at cost comprising of acquisition and incidental expenses less permanent diminution in value, if any. Investments other than long-term investments are classified as current investments and valued at cost or fair value whichever is less.

Provision for diminution in value of investments is made if management perceives that there is permanent diminution in value of investments or in accordance with the norms prescribed by National Housing Bank and Accounting Standard on 'Accounting for Investments' (AS 13) notified by Companies (Accounting Standards) Rules, 2006.

1.7 LOAN AGAINST ASSETS

Loan against assets are stated at agreement value net of installments received less unmaturing finance charges.

1.8 SHARE ISSUE EXPENSES

Expenses incurred in connection with fresh issue of share capital are adjusted against Securities premium reserve in the year in which they are incurred.

1.9 LEASE

Lease rentals in respect of assets taken on operating lease arrangements are recognized as per the terms of the lease.

1.10 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the Company's earnings per share is the net profit for the period after deducting preference dividends and any attributable tax thereto for the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, sub-division of shares etc. that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

1.11 CURRENT AND DEFERRED TAX

Tax expense for the period, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the period. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the provisions of the Income Tax Act, 1961.

Deferred tax on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods is accounted for using the tax rates and tax laws enacted or substantively enacted as on the balance sheet date. Deferred tax assets arising on account of unabsorbed depreciation or carry forward of tax losses are recognised only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised. Other deferred tax assets are recognised only when there is a reasonable certainty of their realisation.

1.12 EMPLOYEE BENEFITS

a. Contribution to provident fund

Company's contribution paid/payable during the year to provident fund and labour welfare fund are recognised in the Statement of profit and loss.

b. Gratuity

The Company provides for the gratuity, a defined benefit retirement plan covering all employees. The plan provides for lump sum payments to employees upon death while in employment or on separation from employment after serving for the stipulated period mentioned under 'The Payment of Gratuity Act, 1972'. The Company accounts for liability of future gratuity benefits based on an external actuarial valuation on projected unit credit method carried out for assessing liability as at the reporting date. Actuarial gains/losses are immediately taken to the Statement of profit and loss and are not deferred.

c. Superannuation

The Company makes contribution to the Superannuation scheme, a defined contribution scheme, administered by Life Insurance Corporation of India, which are charged to the Statement of profit and loss. The Company has no obligation to the scheme beyond its monthly contributions.

d. Leave encashment/compensated absences/sick leave

The Company provides for the encashment/availment of leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits for future encashment/availment. The liability is provided based on the number of days of unutilized leave at each balance sheet date on the basis of an independent actuarial valuation.

1.13 BORROWING COST

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use or sale. All other borrowing costs are charged to the Statement of profit and loss. Ancillary expenditure incurred in connection with the arrangement of borrowings is amortized over the tenure of the respective borrowings.

1.14 IMPAIRMENT OF ASSETS

The carrying value of assets/cash generating units at each balance sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life to their present value based on an appropriate discount factor.

1.15 PROVISIONS FOR NON PERFORMING ASSETS (NPA)

Housing loans are classified into "Performing" and "Non Performing" assets in terms of guidelines laid down by the National Housing Bank. The provisioning policy of the Company covers the minimum provisioning required as per the NHB guidelines.

1.16 PROVISIONS AND CONTINGENT LIABILITIES

Provisions are recognised when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

Note 1

Share Capital:

Particulars	Rs. in Lacs	Rs. in Lacs
	March 2015	March 2014
Authorised Capital:		
100,000,000 Equity shares of Rs.10/- each	10,000.00	10,000.00
Issued Capital:		
65,737,137 Equity shares of Rs.10/- each	6,573.71	6,573.71
Subscribed and Paid-up Capital:		
65,737,137 Equity shares of Rs.10/- each fully paid up	6,573.71	5,572.57
(Previous year 45,714,280 Equity shares of Rs.10/- each fully paid up 20,022,857 Equity Shares of Rs. 10/- each and Rs. 5/- called & paid up))		
Total	6,573.71	5,572.57

Particulars

Other quantitative information:

Particulars	March 2015	March 2014
a) Reconciliation of Number of Equity Shares :		
Balance at the beginning of the year	65,737,137	45,714,280
1) Issue of Rights Shares	-	20,022,857
Balance at the end of the year	65,737,137	65,737,137
b) Reconciliation of Equity Shares - in Value		
Balance at the beginning of the year	5,572.57	4,571.43
Add : Issue of Right Shares		
Call made for partly paid up shares Rs. 5 per Equity Share (Previous Year Rs. 5 Per Equity Share)	1,001.14	1,001.14
Balance at the end of the year	6,573.71	5,572.57
c) Number of Equity Shares held by holding company or ultimate holding company including shares held by its subsidiaries/associates -		
Holding Company: Mahindra & Mahindra Financial Services Limited	57,520,003	57,520,003
(including 6 shares held jointly with nominees)		
Percentage of Holding (%)	87.50%	87.50%
d) Shareholders Holding more than 5 % Shares :		
Mahindra & Mahindra Financial Services Limited	57,520,003	57,520,003
Percentage of holding (%)	87.50%	87.50%
National Housing Bank	8,217,134	8,217,134
Percentage of holding (%)	12.50%	12.50%

Note 2
Reserves and Surplus:

Particulars	Rs. in Lacs March 2015	Rs. in Lacs March 2014
Securities Premium Reserve:		
Balance as at the beginning of the year	1,496.71	-
Add : Received during the year on account of calls made on partly paid up shares	1,501.71	1,501.71
Less : Deduction during the year in respect of shares issue expenses	-	5.00
Net balance as at the end of the year	2,998.42	1,496.71
Statutory Reserve:		
(As per Section 29C of the National Housing Bank Act, 1987) {refer note no 22}		
Balance as at the beginning of the year	2,079.93	1,254.93
Add : Transfer from surplus in the Statement of Profit and Loss	1,475.00	825.00
Less: Deduction during the year	-	-
Balances as at the end of the year	3,554.93	2,079.93
General Reserve :		
Balance as at the beginning of the year	68.00	-
Add : Transfer from surplus in the Statement of Profit and Loss	222.00	68.00
Less: Deduction during the year	-	-
Balances as at the end of the year	290.00	68.00
Surplus in Statement of Profit and Loss :		
Balance as at the beginning of the year	2,934.78	1,837.09
Add : Profit for the current year transferred from Statement of Profit and Loss	4,417.34	2,707.85
	7,352.12	4,544.94
Less: Appropriations:		
General Reserve	222.00	68.00
Special Reserve	1,450.00	820.00
Additional Special Reserve	25.00	5.00
Proposed Dividend On Equity Shares	854.58	612.98
Corporate Dividend Tax on Equity Shares	173.99	104.18
Additional depreciation charged due to change in useful life (refer note 2.7)	21.68	-
Deferred Tax Liability on Special Reserve (refer note 2.6)	706.08	-
	3,453.33	1,610.16
Balances as at the end of the year	3,898.79	2,934.78
Total	10,742.14	6,579.42

Note 3
Long Term Borrowings:

Particulars	Rs. in Lacs March 2015	Rs. in Lacs March 2014
a) Secured -		
Term Loan		
- from Banks {refer note no 23 (i)}	120,666.08	66,389.47
- National Housing Bank {refer note no 23 (ii)}	21,682.49	23,544.13
Total	142,348.57	89,933.60

Particulars
b) Unsecured -

Particulars	Rs. in Lacs March 2015	Rs. in Lacs March 2014
Non-Convertible Debentures		
Unsecured bonds (Subordinate Debt) {refer note no 24 (i)}	700.00	700.00
Loans and Advances from related parties (ICDs) {refer note no 24 (ii)}	6,656.50	150.00
Total	7,356.50	850.00
Total (a + b)	149,705.07	90,783.60

Note 4
Long Term Provisions:

Particulars	Rs. in Lacs March 2015	Rs. in Lacs March 2014
Provision for employee benefits {refer note no 2.13}	72.47	67.33
Provision for Non performing assets	1,255.03	748.37
Contingent provision for Standard assets	608.79	400.21
Total	1,936.29	1,215.91

Note 5
Short Term Borrowings:

Particulars	Rs. in Lacs March 2015	Rs. in Lacs March 2014
a) Secured -		
Loans from banks {refer note 25}	2,900.00	1,500.00
Cash Credit facilities with banks {refer note 25}	649.23	-
Total	3,549.23	1,500.00
b) Unsecured -		
Loans and Advances from Related Parties (ICDs) {refer note no 24 (ii)}	575.00	1,125.00
Total	575.00	1,125.00
Total	4,124.23	2,625.00

Note 6
Trade Payables:

Particulars	Rs. in Lacs March 2015	Rs. in Lacs March 2014
Finance	1,111.21	912.03
Expenses and Others	939.11	680.63
Total	2,050.32	1,592.66

Note 7

Other Current Liabilities:

Particulars	Rs. in Lacs	Rs. in Lacs
	March 2015	March 2014
Current Maturities of Long Term Debt		
a) Secured -		
Term Loans:		
- From banks {refer note no 23 (i)}	8,223.39	5,862.28
- From National Housing Bank {refer note no 23 (ii)}	7,039.44	6,219.68
	<u>15,262.83</u>	<u>12,081.96</u>
b) Unsecured -		
Loans and Advances from related parties (ICDs) {refer note no 24 (ii)}	1,875.00	3,873.88
	<u>1,875.00</u>	<u>3,873.88</u>
Interest Accrued but not Due on Borrowings	1,364.63	1,296.11
Credit balances in Current Accounts with Banks as per books	14,338.03	10,021.76
Statutory & Other Liabilities	156.78	115.27
Total	<u>32,997.27</u>	<u>27,388.98</u>

Note 8

Short-term provisions:

Particulars	Rs. in Lacs	Rs. in Lacs
	March 2015	March 2014
Provision for Employee Benefits {refer note no 2.13}	855.08	450.24
Others		
Provision for Non Performing Assets	1,531.35	658.61
Contingent Provisions against Standard Assets	182.86	117.61
Proposed Dividend on equity shares*	854.58	612.98
Corporate Dividend Tax	173.99	104.18
Provision for Taxation (net of taxes paid)	215.51	62.30
Total	<u>3,813.37</u>	<u>2,005.92</u>

* The Board of Directors have recommended a dividend of Rs. 1.30 per share on 6,57,37,137 Equity Share of Rs. 10/- each for the current financial year. The dividend payout will absorb a sum of Rs. 1028.57 Lacs (including dividend distribution tax).

Note 9

Fixed Assets:

Rs. in Lacs

Asset Description	GROSS BLOCK AT COST				DEPRECIATION & AMORTISATION				NET BLOCK		
	As at 1 st April, 2014	Additions	Deductions/ adjustments	As at 31 st March, 2015	As at 1 st April, 2014	Transitional Depreciation#	Additions	Deductions/ adjustments	As at 31 st March, 2015	As at 1 st April, 2014	As at 31 st March, 2015
	<i>As at 1st April, 2014</i>	<i>Additions</i>	<i>Deductions/ adjustments</i>	<i>As at 31st March, 2015</i>	<i>As at 1st April, 2014</i>	<i>Transitional Depreciation#</i>	<i>Additions</i>	<i>Deductions/ adjustments</i>	<i>As at 31st March, 2015</i>	<i>As at 1st April, 2014</i>	<i>As at 31st March, 2015</i>
i) Tangible Assets:											
Computers	257.61	77.94	4.21	331.34	72.05	21.50	111.61	3.02	202.14	185.56	129.20
	<i>161.81</i>	<i>96.05</i>	<i>0.25</i>	<i>257.61</i>	<i>38.07</i>	-	<i>34.06</i>	<i>0.08</i>	<i>72.05</i>	<i>123.74</i>	<i>185.56</i>
Furniture and Fixtures	109.76	39.07	-	148.83	52.32	-	17.34	-	69.66	57.44	79.17
	<i>83.80</i>	<i>26.96</i>	<i>1.00</i>	<i>109.76</i>	<i>39.79</i>	-	<i>12.66</i>	<i>0.13</i>	<i>52.32</i>	<i>44.01</i>	<i>57.44</i>
Vehicles	314.22	31.32	48.34	297.20	95.59	-	49.68	35.86	109.41	218.63	187.79
	<i>183.75</i>	<i>130.48</i>	-	<i>314.22</i>	<i>47.41</i>	-	<i>48.18</i>	-	<i>95.59</i>	<i>136.34</i>	<i>218.63</i>
Office Equipment	353.55	135.16	17.65	471.06	92.95	0.18	96.38	13.16	176.35	260.60	294.71
	<i>217.68</i>	<i>135.86</i>	-	<i>353.55</i>	<i>44.63</i>	-	<i>48.32</i>	-	<i>92.95</i>	<i>173.05</i>	<i>260.60</i>
Total	1,035.14	283.49	70.20	1,248.43	312.91	21.68	275.01	52.05	557.56	722.23	690.87
	<i>647.04</i>	<i>389.35</i>	<i>1.25</i>	<i>1,035.14</i>	<i>169.90</i>	-	<i>143.22</i>	<i>0.21</i>	<i>312.91</i>	<i>477.14</i>	<i>722.23</i>

Previous year figures are in italics.

represents transitional depreciation charge adjusted in opening balance of surplus in statement of profit and loss on re-computation based on the useful life of the assets as prescribed in Schedule II of the Companies Act, 2013 in respect of carrying amount of assets where remaining useful life of an asset is nil (refer note no. 2.7)

Note 10

Deferred Tax Assets (net):

Particulars	Rs. in Lacs	Rs. in Lacs
	March 2015	March 2014
a) Deferred tax assets		
Provision for Non Performing Assets	964.31	478.23
Provision on Standard Assets	273.97	176.01
Difference between written down value of books of account and Income Tax Act, 1961	26.66	-
Other Disallowances	37.47	22.17
	<u>(a) 1,302.41</u>	<u>676.41</u>
b) Deferred tax liabilities		
Difference between written down value of books of account and Income Tax Act, 1961	-	12.99
Special Reserve	1,206.81	-
	<u>(b) 1,206.81</u>	<u>12.99</u>
Deferred Tax Assets (Net)	<u>95.60</u>	<u>663.42</u>

Note 11

Long Term Loans and Advances:

Particulars	Rs. in Lacs	Rs. in Lacs
	March 2015	March 2014
Unsecured, Considered good unless otherwise stated :		
Capital Advances	20.56	0.56
Deposits for Office Premises & Others	75.69	49.72
Other Loans and Advances		
- Employee Loans & Advances	7.03	4.62
- Prepaid Expenses	6.08	6.47
Loans against Assets - Housing Loans (Secured)		
- Loans against Assets - Housing Loans (Secured - Considered good)	151,932.21	99,856.98
- Loans against Assets - Housing Loans (Secured - Non Performing Assets)	6,176.00	3,527.61
Total	<u>158,217.57</u>	<u>103,445.96</u>

Note 12
Cash and Cash Equivalents:

Particulars	Rs. in Lacs	Rs. in Lacs
	March 2015	March 2014
Balance with Banks in Current Accounts	684.50	336.05
Balance with Bank in Cash Credit Accounts	-	1.78
Cash on Hand	305.74	315.38
Total	990.24	653.21

Note 13
Short Term Loans & Advances:

Particulars	Rs. in Lacs	Rs. in Lacs
	March 2015	March 2014
Unsecured, Considered good unless otherwise stated:		
Loans against Assets - Housing Loans (Secured)		
- Loans against Assets - Housing Loans (Secured - Considered good)	45,634.14	29,343.73
- Loans against Assets - Housing Loans (Secured - Non Performing Assets)	6,089.29	2,768.44
Other Loans and Advances		
- Employee Loans & Advances	28.47	18.64
- Prepaid Expenses	185.38	134.70
- Deposits for Office Premises/Others	10.84	13.73
Total	51,948.12	32,279.24

Note 14
Contingent Liabilities, Commitments (to the extent not provided for) and Changes in Provisions:

Particulars	Rs. in Lacs	Rs. in Lacs
	March 2015	March 2014
I Contingent Liabilities and commitments (to the extent not provided for)		
(a) Legal suits filed by customers in Consumer Forums and civil courts claiming compensation from the company	15.18	29.07
(b) Demand against the company not acknowledged as debts - Income Tax	37.76	-
Total	52.94	29.07
II Commitments:		
(a) Estimated amount of contracts remaining to be executed on capital account	51.78	7.69
Total	51.78	7.69

Note 15
Revenue from Operations:

Particulars	Rs. in Lacs	Rs. in Lacs
	March 2015	March 2014
a) Interest Income		
Income from Loans	29,740.41	19,334.22
Others (Employee Loans, etc)	1.06	1.26
	29,741.47	19,335.48
b) Other Financial Services		
Service Charges and Other Fees on loan transactions	3,088.97	1,908.05
	3,088.97	1,908.05
Total (a + b)	32,830.44	21,243.53

Note 16
Other Income:

Particulars	Rs. in Lacs	Rs. in Lacs
	March 2015	March 2014
Other non-operating income	14.03	8.57
Total	14.03	8.57

Note 17
Employee Benefit Expenses:

Particulars	Rs. in Lacs	Rs. in Lacs
	March 2015	March 2014
Salary, Bonus and Incentives	5,893.72	3,141.17
Company's Contribution to Provident Funds and other funds	427.38	247.09
Employee Stock Compensation Costs	76.99	21.57
Staff Welfare Expenses	130.84	92.06
Total	6,528.93	3,501.89

Note 18
Finance Cost:

Particulars	Rs. in Lacs	Rs. in Lacs
	March 2015	March 2014
Interest Expense	14,007.36	8,825.28
Other Borrowing Costs	104.71	73.68
Total	14,112.07	8,898.96

Note 19
Depreciation and Amortization Expense:

Particulars	Rs. in Lacs	Rs. in Lacs
	March 2015	March 2014
Depreciation on Tangible Assets {refer note no 2.7}	275.01	143.22
Total	275.01	143.22

Note 20
Loan provisions and Write Offs :

Particulars	Rs. in Lacs	Rs. in Lacs
	March 2015	March 2014
Provision for Non Performing Assets (net)	1,379.41	837.15
General Provision on Standard Assets	273.83	174.13
Bad Debts and Write Offs	176.27	55.12
Total	1,829.51	1,066.40

Note 21
Other Expenses:

Particulars	Rs. in Lacs	Rs. in Lacs
	March 2015	March 2014
Electricity Charges	26.60	21.23
Rent	139.63	103.58
Repairs & Maintenance -		
- Buildings	11.49	14.06
- Others	3.71	2.22
Insurance	150.29	116.08
Rates & Taxes	16.40	13.73
Directors' sitting fees and commission	0.30	-
Legal & Professional Charges {refer note no 2.14}	308.99	1,836.52
Travelling & Conveyance Expenses	1,212.98	631.35

Particulars	Rs. in Lacs	Rs. in Lacs
	March 2015	March 2014
Administration Support Charges	381.87	372.31
Loss on Sale/Disposal of Owned Assets	5.48	-
Payments to the Auditor -		
(a) as auditor	5.04	5.04
(b) for other services	6.48	4.73
(c) for reimbursement of expenses	0.07	0.69
CSR Expenditure (including donations) {refer note no 2.10}	66.85	24.45
General and Administrative Expenses	1,030.97	815.43
Total	3,367.15	3,961.42

Note 22

Movement of Statutory Reserve

(As per Section 29C of the National Housing Bank Act, 1987)

Particulars	Rs. in Lacs	Rs. in Lacs
	March 2015	March 2014
Balance at the beginning of the year		
(a) Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	10.00	5.00
(b) Amount of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under Section 29C of the NHB Act, 1987	2,069.93	1,249.93
(c) Total	2,079.93	1,254.93

Addition/Appropriation/Withdrawal during the year

Add: (a) Amount Transferred u/s 29C of the NHB Act, 1987	25.00	5.00
(b) Amount of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under Section 29C of the NHB Act, 1987	1,450.00	820.00
Less: (a) Amount appropriated from the Statutory Reserve u/s 29C of the NHB Act 1987	-	-
(b) Amount withdrawn from the Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961 which has been taken into account for the purposes of provision u/s 29C of the NHB Act, 1987	-	-

Balance at the end of the year

(a) Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	35.00	10.00
(b) Amount of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under Section 29C of the NHB Act, 1987	3,519.93	2,069.93
(c) Total	3,554.93	2,079.93

Note: 23 (i)

SECURED - LONG TERM BORROWINGS

Secured Term Loans from Banks (Secured loans against assets - Housing Loans and Book debts)

As on 31st March, 2015

Rs. in Lacs

Particulars	Rate Range	(a) Non-Current	(b) Current	Total
1) Repayable on maturity:				
a) Maturity beyond 3 years	10.25%	30,000.00	-	30,000.00
b) Maturing between 1 year to 3 years	10.25 % - 10.30%	45,000.00	-	45,000.00
c) Maturing within 1 year	-	-	-	-
Total repayable on maturity		75,000.00	-	75,000.00
2) Repayable in installments:				
i) Quarterly:				
a) Maturity beyond 3 years	10.00%	1,666.67	-	1,666.67
b) Maturing between 1 year to 3 years	10.00% - 10.80%	4,932.74	-	4,932.74
c) Maturing within 1 year	10.00% - 10.80%	-	3,690.06	3,690.06
Total		6,599.41	3,690.06	10,289.47
ii) Half-Yearly:				
a) Maturity beyond 3 years	10.25%	6,666.67	-	6,666.67
b) Maturing between 1 year to 3 years	10.25%	11,400.00	-	11,400.00
c) Maturing within 1 year	10.25%	-	4,533.33	4,533.33
Total		18,066.67	4,533.33	22,600.00
iii) Yearly:				
a) Maturity beyond 3 years	10.15 % - 10.20%	12,000.00	-	12,000.00
b) Maturing between 1 year to 3 years	10.15 % - 10.20%	9,000.00	-	9,000.00
c) Maturing within 1 year	-	-	-	-
Total		21,000.00	-	21,000.00
Total repayable on installments		45,666.08	8,223.39	53,889.47
Total (1 + 2)		120,666.08	8,223.39	128,889.47

As on 31st March, 2014

Rs. in Lacs

Particulars	Rate Range	(a) Non-Current	(b) Current	Total
1) Repayable on maturity:				
a) Maturity beyond 3 years	10.20% - 10.50%	48,500.00	-	48,500.00
b) Maturing between 1 year to 3 years	-	-	-	-
c) Maturing within 1 year	-	-	-	-
Total repayable on maturity		48,500.00	-	48,500.00
2) Repayable in installments:				
i) Quarterly:				
a) Maturity beyond 3 years	10.00% - 10.80%	131.58	-	131.58
b) Maturing between 1 year to 3 years	10.00% - 10.80%	5,157.89	-	5,157.89
c) Maturing within 1 year	10.00% - 10.80%	-	4,662.28	4,662.28
Total		5,289.47	4,662.28	9,951.75

As on 31st March, 2014		Rs. in Lacs		
Particulars	Rate Range	(a) Non-Current	(b) Current	Total
ii) Half-Yearly:				
a) Maturity beyond 3 years	10.25%	3,333.33	–	3,333.33
b) Maturing between 1 year to 3 years	10.25%	9,266.67	–	9,266.67
c) Maturing within 1 year	10.25%	–	1,200.00	1,200.00
Total		12,600.00	1,200.00	13,800.00
iii) Yearly:				
a) Maturity beyond 3 years	–	–	–	–
b) Maturing between 1 year to 3 years	–	–	–	–
c) Maturing within 1 year	–	–	–	–
Total		–	–	–
Total repayable on installments		17,889.47	5,862.28	23,751.75
Total (1+2)		66,389.47	5,862.28	72,251.75

Note: 23 (ii)
Secured Term Loans from NHB (Secured loans against assets - Housing Loans and Book debts)

As on 31st March, 2015		Rs. in Lacs		
Particulars	Rate Range	(a) Non-Current	(b) Current	Total
1) Repayable in installments:				
i) Quarterly:				
a) Maturity beyond 3 years	9.15%–10.05%	10,092.19	–	10,092.19
b) Maturing between 1 year to 3 years	6.00%–10.15%	11,590.30	–	11,590.30
c) Maturing within 1 year	6.00%–10.30%	–	7,039.44	7,039.44
Total		21,682.49	7,039.44	28,721.93

As on 31st March, 2014		Rs. in Lacs		
Particulars	Rate Range	(a) Non-Current	(b) Current	Total
1) Repayable in installments:				
i) Quarterly:				
a) Maturity beyond 3 years	6.00%–10.30%	12,134.47	–	12,134.47
b) Maturing between 1 year to 3 years	6.00%–10.30%	11,409.66	–	11,409.66
c) Maturing within 1 year	6.00%–10.30%	–	6,219.68	6,219.68
Total		23,544.13	6,219.68	29,763.81

UNSECURED BORROWINGS

Note: 24 (i)

i) Subordinated Debts (Long Term)

As on 31st March, 2015		Rs. in Lacs			
Particulars	Rate Range	(a) Non-Current	(b) Current	(c) Current Maturity	Total
1) Repayable on maturity:					
a) Maturity beyond 3 years	11.00%	700.00	–	–	700.00
b) Maturing between 1 year to 3 years	–	–	–	–	–
c) Maturing within 1 year	–	–	–	–	–
Total repayable on maturity		700.00	–	–	700.00

As on 31st March, 2014		Rs. in Lacs			
Particulars	Rate Range	(a) Non-Current	(b) Current	(c) Current Maturity	Total
1) Repayable on maturity:					
a) Maturity beyond 3 years	11.00%	700.00	–	–	700.00
b) Maturing between 1 year to 3 years	–	–	–	–	–
c) Maturing within 1 year	–	–	–	–	–
Total repayable on maturity		700.00	–	–	700.00

Note: 24 (ii)

ii) Inter - Corporate Deposits (ICD)

As on 31st March, 2015		Rs. in Lacs			
Particulars	Rate Range	(a) Non-Current	(b) Current	(c) Current Maturity	Total
1) Repayable on maturity:					
a) Maturity beyond 3 years	–	–	–	–	–
b) Maturing between 1 year to 3 years	9.80% – 10.50%	6,656.50	–	–	6,656.50
c) Maturing within 1 year	9.10% – 9.75%	–	575.00	1,875.00	2,450.00
Total repayable on maturity		6,656.50	575.00	1,875.00	9,106.50

As on 31st March, 2014		Rs. in Lacs			
Particulars	Rate Range	(a) Non-Current	(b) Current	(c) Current Maturity	Total
1) Repayable on maturity:					
a) Maturity beyond 3 years	–	–	–	–	–
b) Maturing between 1 year to 3 years	9.50% – 11.00%	150.00	–	–	150.00
c) Maturing within 1 year	8.90% – 10.50%	–	1,125.00	3,873.88	4,998.88
Total repayable on maturity		150.00	1,125.00	3,873.88	5,148.88

SHORT TERM BORROWINGS

Note: 25

Secured Short Term Loans

As on 31st March, 2015		Rs. in Lacs		
Particulars	Rate Range	(a) Non-Current	(b) Current	Total
1) Repayable on maturity:				
a) Maturing within 1 year	10.20% – 10.50%	–	3,549.23	3,549.23
Total		–	3,549.23	3,549.23

As on 31st March, 2014		Rs. in Lacs		
Particulars	Rate Range	(a) Non-Current	(b) Current	Total
1) Repayable on maturity:				
a) Maturing within 1 year	10.75%	–	1,500.00	1,500.00
Total		–	1,500.00	1,500.00

Note II

NOTES TO THE ACCOUNTS:

2.1 The Company has complied with norms prescribed under Housing Finance Companies (NHB) Directions, 2010 for recognizing Non-performing Assets in preparation of accounts.

Classification of loans are given below:

Rs. in Lacs

Particulars	Standard Assets	Sub Standard Assets	Bad & Doubtful Assets	Total
As at March 31, 2015				
Housing Loans	197,566.35	8,274.60	3,990.68	209,831.63
Other Loans and Advances	313.50	-	-	313.50
Percentage to Total Loans	94.16%	3.94%	1.90%	100.00%
As at March 31, 2014				
Housing Loans	129,200.71	4,923.87	1,372.19	135,496.76
Other Loans	227.88	-	-	227.88
Percentage to Total Loans	95.36%	3.63%	1.01%	100.00%

2.2 The company has made adequate provision for Non Performing Assets identified, in accordance with the Housing Finance Companies (NHB) Directions, 2010. As per the practice consistently followed, the Company has also made additional provision on prudential basis. The cumulative additional provision made by the company as on 31st March 2015 is Rs. 283.57 Lacs (March 2014: Rs. 140.91 Lacs).

In line with Notification No. NHB.HFC.DIR.3/CMD/2011 issued by National Housing Bank, the company has made a provision @ 0.40 % on outstanding Standard Assets.

Rs. in Lacs

Particulars	Standard	Sub Standard	Doubtful	Loss
Provisions made:				
As at March 31, 2015				
Housing Loans	790.30	1,438.36	1,267.68	80.34
Other Loans	1.35	-	-	-
As at March 31, 2014				
Housing Loans	516.90	857.61	397.04	152.33
Other Loans	0.92	-	-	-

2.3 In accordance with Accounting Standard 29 (AS-29) "Provisions, Contingent Liabilities and Contingent Assets", the following are the details of the movement in provisions for the period ending March 31st, 2015:

Rs. in Lacs

Particulars	March 2014	Additional Provision	Utilizations/ Reversals	March 2015
Provision on Standard Assets	517.82	273.83	-	791.65
Provision for Non Performing Assets	1,406.98	1,644.47	265.07	2,786.38

2.4 Loan receivable includes Rs. 5,025.67 Lacs outstanding towards financing of insurance as of March 31st, 2015 and Rs. 3,525.77 Lacs as of March 31st, 2014.

2.5 As per Section 29C (i) of the National Housing Bank Act, 1987, the Company is required to transfer at least 20% of its net profits every year to a reserve before any dividend is declared. For this purpose a Special Reserve created by the Company under Section 36(1)(viii) of the Income Tax Act, 1961 is considered to be an eligible transfer. The company has transferred an amount to Special Reserve in terms of 36(1)(viii) of the Income Tax Act, 1961 and Section 29C of the National Housing Bank Act, 1987, as amended, at year end. The company does not anticipate any withdrawal from Special Reserve in foreseeable future.

2.6 In terms of requirements of Circular NHB(ND)/DRS/Policy Circular No. 62/2014 issued by NHB, the company has created deferred tax liability on the Special Reserve. Further Vide another circular NHB(ND)/DRS/Policy Circular 65/2014 dated August 22, 2014, the National Housing Bank ("NHB") has directed Housing Finance Companies (HFCs) to provide for a deferred tax liability in respect of amount transferred to "Special Reserve" created under Section 36(1)(viii) of the Income Tax Act, 1961. As per above circular, NHB has advised HFCs to create deferred tax liability in respect of accumulated balance of Special Reserve as on April 1, 2014 from the reserves over a period of 3 years starting with current financial year, in a planned manner in the ratio of 25:25:50. However the company has created 100% of deferred tax liability (as per Circular No. 62/2014) of Rs. 706.08 Lacs on accumulated Special Reserve as on April 1, 2014 out of opening balance of Profit and Loss as on April 1, 2014.

Company has charged to its Statement of Profit and Loss for the year ended March 31st, 2015 with the deferred tax liability of Rs. 500.73 Lacs on amount appropriated towards Special Reserve out of current year's profits.

2.7 Consequent to the enactment of The Companies Act, 2013, the Company has charged depreciation on its fixed assets as per the useful life mentioned in Schedule II to the Act or useful life as assessed by the management (refer Accounting Policies note 1.4). Consequently, depreciation charged for the year is increased by Rs. 102 Lacs. Further additional depreciation of Rs. 21.68 Lacs, on the fixed assets in respect of which useful life is fully exhausted as at 1st April 2014, is adjusted against the opening balance of Profit and Loss.

2.8 The company is not required to make provision for diminution in value of investments, as per NHB norms, as the company does not hold any investment.

2.9 The company has not granted any loans or advances against collateral of gold jewellery.

2.10 During the year the company has incurred CSR expenses of Rs. 66.85 Lacs as per the requirement of Section 135 of The Companies Act, 2013. The said expenditure represents contribution made to trust which are engaged in the activity prescribed under the said section read with Schedule VII to the Act.

2.11 Bad Debts and Write offs includes loss on termination of Rs. 22.78 Lacs (March 2014 Rs. 8.07 Lacs) which mainly represents shortfall on settlement of certain contracts due to lower realization from such loan assets on account of poor financial position of such customers.

2.12 In the opinion of the Board, Current assets, Loans and Advances are of the value stated, if realized, in the ordinary course of business.

2.13 Employee Benefits:

Defined Benefit Plans -As per Actuarial valuation.

Rs. in Lacs

	Gratuity (Funded)		Sick leave (Non-funded)		Privilege leave (Non-funded)	
	Mar-15	Mar-14	Mar-15	Mar-14	Mar-15	Mar-14
I. Expense recognised in the Statement of Profit and Loss Account for the period ending 31st March						
1 Current service cost	90.89	54.68	16.22	8.88	145.66	85.45
2 Interest cost	6.02	3.83	0.84	0.48	6.14	6.99
3 Expected return on plan assets	(6.33)	(3.66)	-	-	-	-
4 Actuarial (Gains)/ Losses	(60.09)	(35.94)	(12.73)	(6.41)	(106.98)	(74.42)

Rs. in Lacs

		Gratuity (Funded)		Sick leave (Non-funded)		Privilege leave (Non-funded)	
		Mar-15	Mar-14	Mar-15	Mar-14	Mar-15	Mar-14
		5	Adjustment due to change in opening balance of plan assets	1.16	-	-	-
6	Fund amount to be transferred from MBCSPL Gratuity Fund	(13.82)	-	-	-	-	-
7	Total expenses	17.84	18.92	4.33	2.95	44.82	18.02
II. Net asset/(liability) recognised in the Balance Sheet as at 31st March							
1	Present Value of Defined Benefit obligation as at 31st March	91.92	60.14	12.60	8.27	92.52	55.26
2	Fair value of plan assets as at 31st March	90.86	48.93	-	-	-	-
3	Funded status (surplus/(deficit))	1.06	11.21	(12.60)	(8.27)	(92.52)	(55.26)
4	Net asset/(liability) as at 31st March	1.06	11.21	(12.60)	(8.27)	(92.52)	(55.26)
III. Change in the obligations during the period ending 31st March							
1	Present Value of Defined Benefit obligation at the beginning of the year	60.14	39.61	8.27	5.32	55.26	41.20
2	Transfer of Projected benefit obligation from MBCSPL	0.30	-	-	-	-	-
3	Current service cost	90.89	54.68	16.22	8.88	145.66	85.45
4	Interest cost	6.02	3.83	0.84	0.48	6.14	6.99
5	Actuarial (Gains)/ Losses	(60.09)	(35.94)	(12.73)	(6.41)	(106.98)	(74.42)
6	Benefits paid	(5.34)	-	-	-	(7.55)	(3.96)
7	Present Value of Defined Benefit obligation at the end of the period	91.92	60.14	12.60	8.27	92.52	55.26
IV. Change in the fair value of plan assets during the period ending 31st March							

Rs. in Lacs

		Gratuity (Funded)		Sick leave (Non-funded)		Privilege leave (Non-funded)	
		Mar-15	Mar-14	Mar-15	Mar-14	Mar-15	Mar-14
		1	Fair value of plan assets at the beginning of the year	48.93	35.88	-	-
2	Expected return on plan assets	5.16	3.66	-	-	-	-
3	Contributions by employer	28.29	11.43	-	-	-	-
4	Actuarial (Gains)/ Losses	-	-	-	-	-	-
5	Actual Benefits paid	(5.34)	(2.04)	-	-	-	-
6	Fund amount to be transferred from MBCSPL Gratuity Fund	13.82	-	-	-	-	-
7	Fair value of plan assets at the end of the period	90.86	48.93	-	-	-	-
V. Major category of plan assets as a percentage of total plan							
	Funded with LIC	100%	100%				
VI. Actuarial Assumptions							
1	Discount Rate	8.00 % p.a.	8.00 % p.a.	8.00 % p.a.	8.00 % p.a.	8.00 % p.a.	8.00 % p.a.
2	Expected Rate of return on plan assets	8.00 % p.a.	8.00 % p.a.				
3	Rate of Salary increase	5.00 % p.a.	5.00 % p.a.	5.00 % p.a.	5.00 % p.a.	5.00 % p.a.	5.00 % p.a.
4	In-service Mortality	Indian Assured lives Mortality (2006-08) Ultimate	Indian Assured lives Mortality (2006-08) Ultimate				

Experience Adjustments:

Rs. in Lacs

		Year Ended 31 st March					
		2010	2011	2012	2013	2014	2015
1	Defined benefit obligations at end of the period	7.36	12.95	22.85	39.61	60.14	91.92
2	Plan assets at the end of period	6.47	14.59	32.34	35.88	48.93	90.86
3	Funded Status Surplus/ (Deficit)	(0.89)	1.64	9.48	(3.72)	(11.21)	(1.06)
4	Experience adjustments on plan liabilities (gain)/loss	1.42	(3.70)	(6.03)	(6.77)	(10.35)	(20.08)
5	Experience adjustments on plan assets gain/(loss)	-----	-----	-----	-----	-----	-----

MAHINDRA RURAL HOUSING FINANCE LIMITED

2.14 During the year certain employees of Mahindra Business and Consulting Services Private Limited (MBCSPL) were transferred to the payroll of the company.

Legal and Professional Charges includes fees for manpower services provided by MBCSPL of Rs. 73.07 Lacs (previous year Rs. 1674.88 Lacs)

2.15 The Company has single reportable segment "Housing Finance business – Financial Services" for the purpose of Accounting Standard 17 (AS-17) on Segment Reporting.

2.16 Earnings per share as required by Accounting Standard-20 (AS-20) read with the Guidance note on "Accounting for employee share based payments" is as follow

Particulars	March 2015	March 2014
Net Profit after tax (Rs. In Lacs)	4,417.34	2,707.85
Weighted Average Number of Equity Shares of Rs. 10/- each - Basic (in Lacs)	618.15	546.83
Weighted Average Number of Equity Shares of Rs. 10/- each – Diluted (in Lacs)	618.15	546.83
Basic Earnings Per Share (Rs.)	7.15	4.95
Diluted Earnings Per Share (Rs.)	7.15	4.95

2.17 The company has incurred a cost of Rs. 76.99 Lacs (previous period Rs. 21.57 Lacs) towards ESOP granted to its employees by Mahindra and Mahindra Financial Services Limited (MMFSL).

2.18 The company has incurred an expenditure in Foreign Currency towards:

- Foreign Travel Expenses Rs. 0.74 Lacs (previous period Rs. 1.99 Lacs)
- Conference Registration Charges Rs. NIL (previous period Rs. 1.33 Lacs)

2.19 Related Party Disclosure as per Accounting Standard 18:

List of the related parties which have transactions with our Company during the year:

Ultimate Holding Company:	Mahindra and Mahindra Limited
Holding Company:	Mahindra and Mahindra Financial Services Limited
Fellow subsidiary Companies:	Mahindra Insurance Brokers Limited Mahindra Business and Consulting Services Pvt. Ltd. Mahindra First Choice Services Ltd. NBS International Limited
Key Management Personnel:	Mr. Anuj Mehra (Managing Director)

Related Parties transactions are as under:						Rs. in Lacs		
Sr. No.	Nature of transactions		Holding Companies	Fellow Subsidiary Companies	Key Management Personnel			
1	Expenses							
	Interest	Mahindra & Mahindra Financial Services Limited	602.73 (366.01)					
		Mahindra Insurance Brokers Limited		402.67 (381.65)				
	Other Expenses	Mahindra & Mahindra Limited	13.81 (12.72)					

Related Parties transactions are as under:						Rs. in Lacs		
Sr. No.	Nature of transactions		Holding Companies	Fellow Subsidiary Companies	Key Management Personnel			
		Mahindra & Mahindra Financial Services Limited	517.99 (442.47)					
		Mahindra Business & Consulting Services Private Limited*				- (1,674.88)		
		Mahindra First Choice Services Limited				1.49 (1.22)		
		NBS International Limited				0.03 (0.06)		
	Employee Remuneration	Mahindra & Mahindra Financial Services Limited	76.99 (21.57)					
		Mr. Anuj Mehra						131.77 (134.32)
2	Issue of equity shares (Call money including Premium received)	Mahindra & Mahindra Financial Services Limited	2,190 (2,190)			-		-
3	Purchase of Fixed Assets (including CWIP & Capital Advance)	Mahindra & Mahindra Limited	- (103.48)					
		NBS International Limited				- (3.66)	-	-
4	Dividend paid – for previous year (FY13-14)	Mahindra & Mahindra Financial Services Limited	536.36 (400.00)			-		-
	Proposed Dividend for the current year	Mahindra & Mahindra Financial Services Limited	747.76 (536.36)			-		-
5	Unsecured Subordinate Debts placed (including interest accrued)	Mahindra & Mahindra Financial Services Limited	700.38 (700.76)			-		-

Related Parties transactions are as under:					Rs. in Lacs
Sr. No.	Nature of transactions		Holding Companies	Fellow Subsidiary Companies	Key Management Personnel
6	Inter Corporate Deposits Outstanding (including interest accrued but not due)	Mahindra & Mahindra Financial Services Limited	4,747.90 (552.83)		
		Mahindra Insurance Brokers Limited		4,613.84 (4,847.97)	– –
7	Inter Corporate Deposits taken (including interest accrued but not due)	Mahindra & Mahindra Financial Services Limited	69,107.00 (46,298.00)		
		Mahindra Insurance Brokers Limited		1,550.00 (2,800.00)	
8	Inter Corporate Deposits repaid (including interest accrued but not due)	Mahindra & Mahindra Financial Services Limited	64,974.38 (45,812.63)		
		Mahindra Insurance Brokers Limited		1,725.00 (300.00)	
9	Payables	Mahindra & Mahindra Limited	9.26 (4.97)		
		Mahindra & Mahindra Financial Services Limited	59.41 (35.78)		

Related Parties transactions are as under:					Rs. in Lacs
Sr. No.	Nature of transactions		Holding Companies	Fellow Subsidiary Companies	Key Management Personnel
		Mahindra Insurance Brokers Limited		4.33 (22.66)	
		Mahindra Business & Consulting Services Private Limited		– (64.21)	
		Mahindra First Choice Services Limited		– (0.15)	

Notes:

- i) Figures in bracket represent corresponding figure of previous year.
- ii) *Mahindra Business & Consulting Services Private Limited is merged with Mahindra & Mahindra financial Services Limited (holding company) during the current year w.e.f 01 April, 2014. However, transactions in the form of employee expenses of the previous year amounting to Rs. 1674.88 Lacs and balance payable as at March 31st, 2014 amounting to Rs. 64.21 Lacs is disclosed in the column pertaining to fellow subsidiary companies.

2.20 The Company has sent letters to suppliers covered under the Micro, Small and Medium Enterprises Development Act, 2006. No interest has been paid/payable by the company during/for the period to these 'suppliers'. The above information takes into account only those suppliers who have submitted their registration details or has responded to the inquiries made by the company for this purpose.

2.21 Previous year's figures have been regrouped/ reclassified wherever found necessary.

Signatures to Notes 1 to 25

For B K Khare & Co.
Chartered Accountants
(FRN: 105102W)

Naresh Kumar Kataria
Partner
Membership No. 37825

Harshada Pathak
Company Secretary

Dharmesh Vakharia
Chief Financial Officer

Ramesh Iyer
Anuj Mehra
Uday Y. Phadke
V. Ravi
K. Chandrasekar
Nityanath Ghanekar
Anjali Raina
K. Chakravarthy

Chairman
Managing Director

} Director

Mumbai, 15th April 2015

Disclosure in the Balance Sheet

(as on: 31st March 2015)

I. Capital to Risk Assets Ratio (CRAR)

	Items	Current Year	Previous Year
i)	CRAR (%)	15.3%	16.0%
ii)	CRAR – Tier I capital (%)	14.3%	14.7%
iii)	CRAR – Tier II Capital (%)	1.0%	1.3%

II. Exposure to Real Estate Sector

		(Rs. in Lacs)	
	Category	Current Year	Previous Year
a)	Direct exposure		
	(i) Residential Mortgages – Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented Of the above Individual housing loan upto Rs.15 lakh	209,832 208,510	135,497 134,994
	(ii) Commercial Real Estate – Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits;	Nil	Nil
	(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures –		
	a. Residential	Nil	Nil
	b. Commercial Real Estate	Nil	Nil
b)	Indirect Exposure		
	Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	Nil	Nil

III. Asset Liability Management

Maturity pattern of certain items of assets and liabilities

		(Rs. in Lacs)									
	1 day to 30-31 days (one month)	Over 1 month to 2 months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 to 5 years	Over 5 to 7 years	Over 7 to 10 years	Over 10 years	Total
Liabilities											
Borrowings from banks	4,945	–	659	4,970	7,589	82,572	58,120	2,306	–	–	161,161
Market Borrowings	–	975	275	275	925	6,656	700	–	–	–	9,806
Assets											
Advances	4,913	3,509	3,626	12,348	23,344	79,832	56,409	15,900	4,041	6,244	210,166
Investments	–	–	–	–	–	–	–	–	–	–	–

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors have pleasure in presenting their Second Annual Report together with the Audited Accounts of your Company for the year ended March 31, 2015.

Financial Results

Particulars	Amount in Rs. Lacs	
	Year ended March 31, 2015	Year ended March 31, 2014
Income	0.80	0
Less : Finance Costs		
Expenditure	6.58	0.49
Depreciation and Amortisation Expenses		
Total Expenses	6.58	0.49
Profit Before Tax	(5.78)	(0.49)
Less : Provision for Tax		
Current Tax	0	0
Deferred Tax	0	0
Profit/(Loss) for the year	(5.78)	(0.49)
Profit/(Loss) brought forward from previous year	(0.49)	
Transfer of Reserves	0	0

DIVIDEND

In view of losses incurred by the Company, your Directors do not recommend any dividend for the period under review.

OPERATIONS

Your Company will be engaged as an investment manager to the proposed Mahindra Mutual Fund, and is currently in the process of obtaining regulatory approval from the Securities and Exchange Board of India (SEBI). During the year under review the Company has not commenced any business activities.

EXTRACT OF ANNUAL RETURN

Pursuant to sub-section 3(a) of Section 134 and sub-section (3) of Section 92 of the Companies Act, 2013 read with Rule 12 of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return as at 31st March, 2015 forms part of this Report and is appended as **Annexure I**.

NUMBER OF MEETINGS OF THE BOARD

The Board met five times during the financial year 2014-15 viz., on 17th April, 2014, 21st July, 2014, 22nd September, 2014, 14th October, 2014 and 8th January, 2015.

SHARE CAPITAL

During the year under review, an amount of Rs. 10 per share on 10,00,000 equity shares aggregating to Rs. 1.00 crores has been called and paid-up during the year on a Right basis. The Company's paid-up capital as on 31st March, 2015 stands at Rs. 1.05 crores consisting of 10,50,000 Equity Shares of Rs. 10 each fully paid-up.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Mr. Gautam R. Divan (DIN: 00001176) was appointed as an Independent Director at the Annual General Meeting of the Company held on 7th August, 2014. Mr. Sethu Gururajan (DIN: 00034908) was appointed as an Independent Director at the Extraordinary General Meeting of the Company held on 16th January, 2015.

Mr. V. Ravi (DIN: 00307328) retires by rotation and being eligible, offers himself for re-appointment.

Mr. Neeraj Verma resigned as Company Secretary and Compliance Officer of the Company with effect from 21st July, 2014. Mr. Abhijeet Gogate who is having the requisite qualification as prescribed under the Companies (Appointment and Qualifications of Secretary) Rules, 1988, was appointed as Company Secretary of the Company with effect from 21st July, 2014. His appointment as Key Managerial Personnel have been duly formalised Pursuant to Section 203 of the Companies Act, 2013 which came into effect from 21st July, 2014.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 134(5) of the Companies Act, 2013, your Directors confirm that:

- In the preparation of the annual accounts for financial year ended 31st March, 2015, the applicable accounting standards have been followed and there are no material departures in adoption of these standards;
- The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a

true and fair view of the state of affairs of the Company at 31st March, 2015 and of the loss of the Company for the year ended on that date.

The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

The Directors have prepared the annual accounts for financial year ended 31st March, 2015 on a 'going concern' basis.

The directors have devised proper systems to ensure compliance with provisions of all applicable laws and that such systems were adequate and operating effectively.

STATEMENT ON DECLARATION GIVEN BY INDEPENDENT DIRECTORS

All the Independent Directors of the Company have given a declaration under Section 149(7) of the Companies Act, 2013 that they meet the criteria of independence under Section 149(6) of the Companies Act, 2013 and there has been no change in the circumstances which may affect their status as independent director during the year.

AUDITORS

The Board of Directors at its meeting held on 17th April, 2014 had appointed M/s. B. K. Khare and Co., as the Statutory Auditors of the Company for a period of 5 years from the conclusion of the Annual General Meeting (AGM) held on 7th August, 2014 till the conclusion of the Sixth AGM of the Company to be held in the year 2019, subject to the ratification of their appointment by shareholders at every Annual General Meeting.

As required under the provisions of Sections 139(1) read with 141 of the Companies Act, 2013, the Company has obtained a written certificate from M/s. B. K. Khare & Co., Chartered Accountants, to the effect that their ratification of appointment, if made, would be in conformity with the criteria specified in the said sections.

Pursuant to the recommendation received from the Audit Committee, the Board has proposed the ratification of the appointment of M/s. B. K. Khare and co. as Statutory Auditors of the Company, to the shareholders at the second Annual General Meeting for a period of one year.

COMMENTS ON AUDITORS' REPORT

There are no qualifications, reservations or adverse remarks or disclaimers made by M/s. B. K. Khare & Co., Statutory Auditors, in their report.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186

The Company has not advanced any loans, provided any guarantee, or made investment under section 186 of the Companies Act, 2013 during the year under review.

The Company has not made any loans/advances in the nature of loans which are otherwise required to be disclosed in the annual accounts of the Company pursuant to Clause 32 of the Listing Agreement of the parent company – Mahindra &

Mahindra Financial Services Limited and the ultimate parent company – Mahindra & Mahindra Limited, with the Stock Exchanges.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES REFERRED TO IN SECTION 188(1)

There were no contracts or arrangements with related parties referred to in Section 188(1) of the Act read with, rules prescribed under Chapter XII relating Meetings of Board and its Power as amended from time to time.

MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY

There have been no material changes and commitments, if any, affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the Report.

PARTICULARS REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars in respect of conservation of energy, technology absorption and foreign exchange earnings and outgo, as required under Section 134(3)(m) of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014 is given in Annexure II.

RISK MANAGEMENT POLICY

The Company is in process of designing a well defined risk management framework commensurate with the nature of its proposed mutual fund business. During the year under review the company has not commenced any operations.

INTERNAL FINANCIAL CONTROL SYSTEM

The Management is responsible for establishing and maintaining internal controls for financial reporting and the Statutory Auditors periodically review the effectiveness of the internal control systems of the Company pertaining to financial reporting of the Company to ensure Financial Statements of the Company present a true and fair view of the state of affairs of the Company.

SUBSIDIARIES

The Company does not have any subsidiary as on March 31, 2015 or during the financial year ended on that date.

PUBLIC DEPOSITS

The Company has not accepted any deposits from the public or its employees during the year under review. There were no other deposits falling under Rule 2(i)(c) of the Companies (Acceptance of Deposits) Rules, 2014 during the year under review. There are no deposits which are not in compliance with the requirement of Chapter V of the Companies Act, 2013 during the year under review.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

There are no significant material orders passed by the Regulators/Courts which would impact the going concern status of the Company and its future operations.

PARTICULARS OF REMUNERATION

As the Company has no employees for the period under review, the provisions of Section 197(12) of the Companies Act, 2013 and Rule 5(2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are not applicable.

GENERAL

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions/ events on these items during the year under review:

- Issue of equity shares with differential rights as to dividend, voting or otherwise.
- There were no Shares having voting rights not exercised directly by the employees and for the purchase of which or subscription to which loan was given by the Company.
- There are no employees in the Company and hence during the period under review the Company has not received any complaint under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

- Change in the nature of business carried out by the Company during the year under review.
- Issue of Shares (Including Sweat Equity Shares) to employees of the Company under any Scheme.
- Payment of Remuneration or Commission to the Managing Director or the Whole Time Director of the Company from any of its subsidiaries.

For and on behalf of the Board

Ramesh Iyer
Chairman

Mumbai, 7th April, 2015

Registered Office: 'A' Wing, 4th Floor, Mahindra Towers,
P. K. Kurne Chowk, P. B. Marg,
Worli, Mumbai - 400018.

CIN: U65900MH2013PTC244758

Tel.: 91 22 6652 6000 Fax: 91 22 2498 4170

ANNEXURE I TO THE DIRECTORS' REPORT

Form No. MGT-9

Extract of Annual Return as on the financial year ended on March 31, 2015

[Pursuant to section 92(3) and Rule 12(1) of the Companies
(Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS

i.	CIN	U65900MH2013PTC244758
ii.	Registration Date	20 th June, 2013
iii.	Name of the Company	Mahindra Asset Management Company Private Limited
iv.	Category/Sub-Category of the Company	Public Limited Company
v.	Address of the Registered office and contact details	4 th Floor, Mahindra Towers, A Wing, P. B. Marg, Worli, Mumbai - 400018. Tel.: 91 22 6652 6000 Fax: 91 22 2498 4170
vi.	Whether listed company Yes/No	No
vii.	Name, Address and Contact details of Registrar and Transfer Agent, if any	N.A.

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products/services	NIC Code of the Product/service	% to total turnover of the company
1.	N.A.*	N.A.*	N.A.*

* The company has not commenced any business activities during the year under review.

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1.	Mahindra & Mahindra Limited	L65990MH1945PLC004558	Ultimate Holding Company	0	Section 2(46)
2.	Mahindra & Mahindra Financial Services Limited	L65921MH1991PLC059642	Holding Company	100	Section 2(46)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	-	2	-	-	-	-	-	-	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt (s)	-	-	-	-	-	-	-	-	-
d) Bodies Corporate	-	49,998	50,000	100	-	10,50,000	10,50,000	100	Nil
e) Banks/FI	-	-	-	-	-	-	-	-	-
f) Any Other	-	-	-	-	-	-	-	-	-
Sub-total (A) (1):-	-	50,000	50,000	100	-	10,50,000	10,50,000	100	Nil

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(2) Foreign									
a) NRIs – Individuals	–	–	–	–	–	–	–	–	–
b) Other – Individuals	–	–	–	–	–	–	–	–	–
c) Bodies Corporate	–	–	–	–	–	–	–	–	–
d) Banks/FI	–	–	–	–	–	–	–	–	–
e) Any Other	–	–	–	–	–	–	–	–	–
Sub-total (A) (2):-	–	–	–	–	–	–	–	–	–
Total shareholding of Promoter (A) = (A)(1)+ (A)(2)	–	50,000	50,000	100	–	10,50,000	10,50,000	100	Nil
B. Public Shareholding	–	–	–	–	–	–	–	–	–
1. Institutions	–	–	–	–	–	–	–	–	–
a) Mutual Funds	–	–	–	–	–	–	–	–	–
b) Banks/FI	–	–	–	–	–	–	–	–	–
c) Central Govt	–	–	–	–	–	–	–	–	–
d) State Govt(s)	–	–	–	–	–	–	–	–	–
e) Venture Capital Funds	–	–	–	–	–	–	–	–	–
f) Insurance Companies	–	–	–	–	–	–	–	–	–
g) FIs	–	–	–	–	–	–	–	–	–
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
i) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(1):-	–	–	–	–	–	–	–	–	–
2. Non-Institutions	–	–	–	–	–	–	–	–	–
a) Bodies Corporate	–	–	–	–	–	–	–	–	–
i) Indian	–	–	–	–	–	–	–	–	–
ii) Overseas	–	–	–	–	–	–	–	–	–
b) Individuals	–	–	–	–	–	–	–	–	–
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	–	–	–	–	–	–	–	–	–
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	–	–	–	–	–	–	–	–	–
c) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(2):-	0	0	0	0	0	0	0	0	0
Total Public Shareholding (B) = (B)(1) + (B)(2)									
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	–	50,000	50,000	100	–	10,50,000	10,50,000	100	Nil

(ii) Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of Total Shares of the company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of Total Shares of the company	% of Shares Pledged/encumbered to total shares	
1.	Mahindra & Mahindra Financial Services Limited	49,998	100	–	10,49,998	100	–	NIL
2.	Mr. Ramesh Iyer	1*	–	–	–	–	–	–
3.	Mr. V. Ravi	1#	–	–	–	–	–	–
4.	Mahindra & Mahindra Financial Services Limited Jointly with Mr. Ramesh Iyer	–	–	–	1	–	–	NIL
5.	Mahindra & Mahindra Financial Services Limited Jointly with Mr. V. Ravi	–	–	–	1	–	–	NIL
	Total	50,000	100	–	10,50,000	100	–	NIL

* During the year, 1 equity share held in the name of Mr. Ramesh Iyer who was subscriber to the Memorandum of Association at the time of incorporation was subsequently transferred in the name of Mahindra & Mahindra Financial Services Limited jointly with Mr. Ramesh Iyer.

During the year, 1 equity share held in the name of Mr. V. Ravi who was subscriber to the Memorandum of Association at the time of incorporation was subsequently transferred in the name of Mahindra & Mahindra Financial Services Limited jointly with V. Ravi.

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
	At the beginning of the year				
	Mahindra & Mahindra Financial Services Limited along with joint holders	49,998	100	10,50,000	100
	Mr. Ramesh Iyer	1*	–	–	–
	Mr. V. Ravi	1#	–	–	–
	Date wise increase/decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.)	N.A	N.A	N.A	N.A
	At the end of the year	50,000	100	10,50,000	100

* During the year, 1 equity share held in the name of Mr. Ramesh Iyer who was subscriber to the Memorandum of Association at the time of incorporation was subsequently transferred in the name of Mahindra & Mahindra Financial Services Limited jointly with Mr. Ramesh Iyer.

During the year, 1 equity share held in the name of Mr. V. Ravi who was subscriber to the Memorandum of Association at the time of incorporation was subsequently transferred in the name of Mahindra & Mahindra Financial Services Limited jointly with V. Ravi.

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	Not Applicable			
	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.):	Not Applicable			
	At the End of the year (or on the date of separation, if separated during the year)	Not Applicable			

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Mr. Ramesh Iyer*				
	At the beginning of the year	1*	–	0	–
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):		N.A.		
	At the End of the year	1	–	0	–
2	Mr. V. Ravi#				
	At the beginning of the year	1#	–	0	–
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):		N.A.		
	At the End of the year	1	–	0	–
3	Mr. Gautam Divan				
	At the beginning of the year	Nil	0.00	Nil	0.00
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):		N.A.		
	At the End of the year	Nil	0.00	Nil	0.00
4	Mr. Sethu Gururajan				
	At the beginning of the year	Nil	0.00	Nil	0.00
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):		N.A.		
	At the End of the year	Nil	0.00	Nil	0.00
5	Mr. Abhijeet Gogate				
	At the beginning of the year	Nil	0.00	Nil	0.00
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):		N.A.		
	At the End of the year	Nil	0.00	Nil	0.00

* 1 equity share held in the name of Mr. Ramesh Iyer at the beginning of the year was transferred in the name of Mahindra & Mahindra Financial Services Limited jointly with Mr. Ramesh Iyer during the year.

1 equity share held in the name of Mr. V. Ravi at the beginning of the year was transferred in the name of Mahindra & Mahindra Financial Services Limited jointly with Mr. V. Ravi during the year.

V. INDEBTEDNESS
Indebtedness of the Company including interest outstanding/accrued but not due for payment

	Secured Loans Excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year	–	–	–	–
i) Principal Amount	–	–	–	–
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	–	–	–
Total (i + ii + iii)	–	–	–	–
Change in Indebtedness during the financial year	–	–	–	–
• Addition	–	–	–	–
• Reduction	–	–	–	–
Net Change	–	–	–	–
Indebtedness at the end of the financial year	–	–	–	–
i) Principal Amount	–	–	–	–
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	–	–	–
Total (i + ii + iii)	–	–	–	–

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Sl. No.	Particulars of Remuneration	Name of MD/WTD/Manager			Total Amount
		Managing Director	Whole time Director	Manager	
1.	Gross Salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-Tax Act	–	–	–	–
	(b) Value of perquisites u/s 17(2) Income-Tax Act, 1961	–	–	–	–
	(c) Profits in lieu of salary under Section 17(3) Income-Tax Act, 1961	–	–	–	–
2.	Stock option	–	–	–	–
3.	Sweat Equity	–	–	–	–
4.	Commission	–	–	–	–
	– as % of profit				
	– others, specify...				
5.	Others, please specify	–	–	–	–
	Total (A)	–	–	–	–
	Ceiling as per the Act	–	–	–	–

B. Remuneration to other directors:

Particulars of Remuneration		Total Amount
3. Independent Directors	Mr. Gautam Divan	
• Fee for attending board/committee meetings	40,000	40,000
• Commission	–	–
• Others	–	–
Total (1)	40,000	40,000
4. Other Non-Executive Directors		
• Fee for attending board/committee meetings	–	–
• Commission	–	–
• Others	–	–
Total (2)	–	–
Total (B) = (1 + 2)	40,000	40,000
Total Managerial Remuneration	40,000	40,000
Overall Ceiling as per the Act	The Company has incurred losses and has not yet commenced business during the year under review.	

C. Remuneration to Key Managerial Personnel other than MD/MANAGER/WTD

Sl. no.	Particulars of Remuneration	Key Managerial Personnel			Total
		CEO	Company Secretary	CFO	
1.	Gross Salary	-	-	-	-
	(a) Salary as per provisions contained in section 17(1) of the Income-Tax Act, 1961	-	-	-	-
	(b) Value of perquisites u/s 17(2) of the Income-Tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under Section 17(3) Income-Tax Act, 1961	-	-	-	-
2.	Stock option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission				
	- as % of profit	-	-	-	-
	- others, specify	-	-	-	-
5.	Others	-	-	-	-
	Total	-	-	-	-

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority (RD/NCLT/ court)	Appeal made, if any (give details)
A. COMPANY					
Penalty			NONE		
Punishment					
Compounding					
B. DIRECTORS					
Penalty			NONE		
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty			NONE		
Punishment					
Compounding					

ANNEXURE II TO THE DIRECTORS' REPORT

Information pursuant to Section 134(3)(m) of the Companies Act, 2013, read with the Companies (Accounts) Rules, 2014 in respect of Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

(A) Conservation of energy-

- i. the steps taken or impact on conservation of energy;

The operations of your Company are not energy intensive. However, adequate measures have been initiated to reduce energy consumption

- ii. the steps taken by the company for utilising alternate sources of energy – The operations of your Company are not energy intensive
- iii. the capital investment on energy conservation equipments – NIL

(B) Technology absorption-

- i. the efforts made towards technology absorption – *None*.

- ii. the benefits derived like product improvement, cost reduction, product development or import substitution – *Not applicable*.

- iii. in case of imported technology (imported during the last three years reckoned from the beginning of the financial year

- a) the details of technology imported : *None*
- b) the year of import; : *Not applicable*
- c) whether the technology been fully absorbed; : *Not applicable*
- d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof; and : *Not applicable*

- iv. the expenditure incurred on Research and Development – *Nil*.

(C) Foreign exchange earnings and Outgo

There were no foreign exchange earnings or outgo during the year.

For and on behalf of the Board

Ramesh Iyer
Chairman

Mumbai, 7th April, 2015

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MAHINDRA ASSET MANAGEMENT COMPANY PRIVATE LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **MAHINDRA ASSET MANAGEMENT COMPANY PRIVATE LIMITED** ("the Company"), which comprise of the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies 1 Standard on Auditing (SA) 700, *Forming An Opinion and Reporting on Financial Statements*.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of

material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2015, and its profit/loss and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

As required by Section 143 (3) of the Act, we report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors as on 31st March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- a. The Company has not disclosed the impact of pending litigations on its financial position in its financial statements, since there are no pending litigations as on the date of financial statements.
- b. the Company has not entered into any long term contracts or derivative contracts, hence the company is not required to make any provision for foreseeable material losses on the same;
- c. The company has been in existence for a period less than 7 years, hence provision of section 124(5) and 124(6) regarding transfer of amounts

to Investor Education and Protection Fund are not applicable.

FOR B. K. KHARE & CO.
Chartered Accountants
Firm's Registration No. 105102W

Padmini Khare Kaicker
Partner
Membership No. 044784

Place: Mumbai
Dated: 07/04/2015

BALANCE SHEET AS AT MARCH 31, 2015

Particulars	Note No.	Amount in ₹	
		March 2015	March 2014
I. EQUITY & LIABILITIES			
1) Shareholders' funds			
a) Share Capital.....	1	10,500,000	500,000
b) Reserves and Surplus	2	(626,819)	(49,218)
		9,873,182	450,782
2) Current liabilities			
a) Trade payables.....	3	16,854	16,854
		16,854	16,854
Total.....		9,890,036	467,636
II. ASSETS			
1) Non-current assets			
a) Long-term loans and advances	4	2,312,500	–
2) Current assets			
a) Current investments.....	5	7,480,386	–
b) Cash and bank balance	6	75,369	465,782
c) Short-term loans and advances	7	21,780	1,854
		7,577,536	467,636
Total.....		9,890,036	467,636
Summary of significant accounting policies and notes to the financial statements	I & II		

The notes referred to above form an integral part of the Balance Sheet

This is the Balance Sheet referred in our report of even date

For **B. K. KHARE & CO.**

Chartered Accountants
Firm Regn No. 105102W

Padmini Khare Kaicker
Partner

Membership No. 44784

Place : Mumbai

Date : 7th April, 2015

For and on behalf of the Board

Ramesh Iyer

Chairman

Sethu Gururajan

Director

Abhijeet Gogate

Company Secretary

V. Ravi

Director

Gautam Divan

Director

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2015

Particulars	Note No.	Amount in ₹	
		March 2015	March 2014
I. Revenue from operations.....		–	–
II. Other income (Dividend Income from Mutual Fund Units)		80,386	–
III. Total Revenue (I + II).....		80,386	–
IV. Expenses:			
Other expenses	8	657,987	49,218
Total expenses		657,987	49,218
V. Profit before exceptional and extraordinary items and tax (III-IV)		(577,601)	(49,218)
VI. Tax expense:			
(1) Current tax		–	–
(2) Deferred tax		–	–
VII. Profit/(Loss) for the period (V - VI)		(577,601)	(49,218)
VIII. Earnings per equity share (Rupees):	9		
(1) Basic.....		(0.55)	(0.98)
(2) Diluted		(0.55)	(0.98)
Summary of significant accounting policies and notes to the financial statements	I & II		

The notes referred to above form an integral part of the Statement of Profit & Loss

This is the Statement of Profit & Loss referred in our report of even date

For **B. K. KHARE & CO.**

Chartered Accountants
Firm Regn No. 105102W

Padmini Khare Kaicker
Partner

Membership No. 44784

Place : Mumbai

Date : 7th April, 2015

For and on behalf of the Board

Ramesh Iyer
Chairman

V. Ravi
Director

Sethu Gururajan
Director

Gautam Divan
Director

Abhijeet Gogate
Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2015

		Amount in ₹	
		March 2015	March 2014
A. CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxes and contingencies.....		(577,601)	(49,218)
Operating profit before working capital changes	(I)	(577,601)	(49,218)
Add/Less:			
(Increase)/Decrease in Loans & Advances.....		(19,926)	(1,854)
		(19,926)	(1,854)
Add: Increase in Current Liabilities & Provisions		–	16,854
	(II)	(19,926)	15,000
Cash generated from operations	(I+II)	(597,527)	(34,218)
NET CASH FROM OPERATING ACTIVITIES (A)		(597,527)	(34,218)
B. CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Investments.....		(8,680,386)	–
Sale of Investments.....		1,200,000	–
Purchase of Software.....		(2,312,500)	–
Income received on investments.....		–	–
NET CASH FROM INVESTING ACTIVITIES (B)		(9,792,886)	–
C. CASH FLOW FROM FINANCING ACTIVITIES			
Issue of Equity Shares.....		10,000,000	500,000
Interest paid		–	–
Dividend paid		–	–
NET CASH FROM FINANCING ACTIVITIES (C)		10,000,000	500,000
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENT (A+B+C)		(390,413)	465,782
CASH AND CASH EQUIVALENTS AS AT:			
Beginning of the year		465,782	–
End of the year		75,369	465,782

Examined and found correct.

For **B. K. KHARE & CO.**

Chartered Accountants
Firm Regn No. 105102W

Padmini Khare Kaicker
Partner

Membership No. 44784

Place : Mumbai

Date : 7th April, 2015

For and on behalf of the Board

Ramesh Iyer

Chairman

Sethu Gururajan

Director

Abhijeet Gogate

Company Secretary

V. Ravi

Director

Gautam Divan

Director

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

1) BASIS OF PREPARATION OF ACCOUNTS

The financial statements have been prepared in accordance with the Generally Accepted Accounting Principles (IGAAP) under the historical cost convention as a going concern and on accrual basis and in accordance with the provisions of the Companies Act, 2013 and the Accounting Standards notified under section 133 of the Companies Act 2013.

All assets & liabilities have been classified as current & non – current as per the Company's normal operating cycle and other criteria set out in the Schedule III of the Companies Act, 2013. Based on the nature of services and their realization in cash and cash equivalents, the company has ascertained its operating cycle as 12 months for the purpose of current – non current classification of assets & liabilities.

2) USE OF ESTIMATES

The preparation of financial statements requires the management to make estimates and assumptions considered in the reported amounts of assets and liabilities as on the date of the financial statements and the reported income and expenses during the reporting period. Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Actual results could differ from these estimates.

3) CURRENT AND DEFERRED TAX

Tax expense for the period, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the period. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the provisions of the Income Tax Act, 1961.

Deferred tax on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods is accounted for using the tax rates and tax laws enacted or substantively enacted as on the balance sheet date. Deferred tax assets arising on account of unabsorbed depreciation or carry forward of tax losses are recognised only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised. Other deferred tax assets are recognised only when there is a reasonable certainty of their realisation.

4) PROVISIONS AND CONTINGENT LIABILITIES

Provisions are recognised in accounts in respect of present probable obligations, the amount of which can be reliably estimated. Contingent liabilities are disclosed in respect of possible obligations that arise from past events but their existence is confirmed only by the occurrence or non-occurrence of one or more certain future events not wholly within the control of the company.

5) INVESTMENTS

Investments other than Long –term Investments are classified as current investments and valued at lower of cost or fair value.

6) REVENUE RECOGNITION

Dividend from investments is accounted for as income when the right to receive dividend is established.

II. NOTES TO THE FINANCIAL STATEMENTS:

1) Share Capital:

Particulars	Amount in ₹	
	March 2015	March 2014
Authorised Capital:		
50,00,000 Equity shares of Rs. 10/- each (Mar 2014 : 50,00,000 shares)	5,00,00,000	5,00,00,000
Issued Capital:		
10,50,000 Equity shares of Rs. 10/- each (Mar 2014 : 50,000 shares)	1,05,00,000	5,00,000

Particulars	Amount in ₹	
	March 2015	March 2014
Subscribed and Paid-up Capital:		
10,50,000 Equity shares of Rs. 10/- each (Mar 2014 : 50,000 shares)	1,05,00,000	5,00,000
Total	1,05,00,000	5,00,000

Particulars	Amount in ₹			
	March 2015		March 2014	
	Number of Shares	Rupees	Number of Shares	Rupees
a) Reconciliation of the number of shares –				
Number of equity shares outstanding at the beginning of the period	50,000	5,00,000	–	–
Add : Fresh allotment of shares during the period :	10,00,000	1,00,00,000	50,000	5,00,000
	10,50,000	1,05,00,000	50,000	5,00,000
Less : Shares bought back during the period	–	–	–	–
Number of equity shares outstanding	10,50,000	1,05,00,000	50,000	5,00,000
b) Number of equity shares held by holding company or ultimate holding company including shares held by its subsidiaries/ associates –				
Holding company : Mahindra & Mahindra Financial Services Limited (Equity shares of Rs. 10/- each)	10,50,000	1,05,00,000	49,998	4,99,980
Percentage of holding (%)	100	100	99.996	99.996
c) Shareholders holding more than 5 percent shares :				
Mahindra & Mahindra Financial Services Limited	10,50,000	1,05,00,000	49,998	4,99,980

2) Reserves & Surplus:

Particulars	Amount in ₹	
	March 2015	March 2014
Surplus:		
Balance Profit as per last Balance Sheet	(49,218)	–
Add : Loss for the current period transferred from Statement of Profit & Loss	(5,77,601)	(49,218)
Balance Loss carried to Balance Sheet	(6,26,819)	(49,218)
Less: Allocations & Appropriations:	–	–
Balance Loss as at the end of the period	(6,26,819)	(49,218)
Total	(6,26,819)	(49,218)

3) Trade Payables:

Particulars	Amount in ₹	
	March 2015	March 2014
Trade payables for expenses	16,854	16,854
Total	16,854	16,854

4) Long Term Loans and Advances:

Particulars	Amount in ₹	
	March 2015	March 2014
Capital Advances	23,12,500	–
Total	23,12,500	–

5) Current Investments :

Unquoted (at cost)	Amount in ₹	
	March 2015	March 2014
Investment in Schemes of Mutual Fund		
a) 7,17,185.282 Units (Previous Year Nil) of Rs. 10 each in JM High Liquidity Fund –Daily Dividend Option	74,80,386	–
Total	74,80,386	–

6) Cash and bank balance:

Particulars	Amount in ₹	
	March 2015	March 2014
Balance with Scheduled Banks in Current Accounts	75,369	4,65,782
Total	75,369	4,65,782

7) Short-term loans and advances:

Particulars	Amount in ₹	
	March 2015	March 2014
Other Loans & Advances		
– Service tax credit available	21,780	1,854
Total	21,780	1,854

8) Other Expenses:

Particulars	Amount in ₹	
	March 2015	March 2014
Rates and Taxes	(3,708)	3,708
Directors sitting fees	50,000	30,000
Filing fees	42,791	510
Bank Charges	213	–
Legal and Professional Charges	44,050	–
Share Issue Expenses	4,67,610	–
Auditor Fees	15,000	15,000
Travelling Expenses	42,031	–
Total	6,57,987	49,218

9) In Accordance with the Accounting Standard on "Earning Per Share" (AS 20) issued by the Institute of Chartered Accountants of India, the EPS are as follows:

Particulars	Amount in ₹	
	FY 2014-15	FY 2013-14
Net Profit/(Loss) attributable to Equity Share Holders	(5,77,601)	(49,218)
Weighted Average Numbers of Shares	10,50,000	50,000
EPS – (Basic)	(0.55)	(0.98)
EPS – (Diluted)	(0.55)	(0.98)

10) The Company Mahindra Asset Management Company Private Limited ('the Company') was incorporated under the Companies Act, 1956 on June 20, 2013. The company is a subsidiary of Mahindra & Mahindra Financial Services Ltd. The company is incorporated to function as an investment manager to the proposed "Mahindra Mutual Fund". The company is in the process of applying for a license from SEBI. Consequently, during the period under audit the company has not started its operations.

11) Related Party Disclosure as per Accounting Standard 18:

A) List of the related parties and nature of relationship which have transactions with our Company during the period:

Holding Company: Mahindra & Mahindra Financial Services Limited

B) Related party transactions are as under:

Sr.	Nature of transactions	Amount in ₹
		Holding Company
1)	Reimbursement of Expenses	4,96,746/-
2)	Issuance of Equity Share Capital	1,00,00,000/-

12) Contingent Liabilities and Commitments (to the extent not provided for)

Particulars	Amount in ₹	
	March 2015	March 2014
i. Commitments		
a) Estimated amount of contracts remaining to be executed on capital account	23,50,000	–
Total	23,50,000	–

13) Deferred tax on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods is accounted for using the tax rates and tax laws enacted or substantively enacted as on the balance sheet date. In the absence of Virtual Certainty of future realization, Deferred tax assets arising on account of unabsorbed depreciation or carry forward of tax losses are not recognized on a prudent basis.

Signatures to Significant accounting policies and Notes to the financial statements – I and II

For B. K. KHARE & CO.

Chartered Accountants

Padmini Khare Kaicker
Partner

Membership No. 44784

Place : Mumbai

Date : 7th April, 2015

For and on behalf of the Board

Ramesh Iyer

Chairman

Sethu Gururajan

Director

Abhijeet Gogate

Company Secretary

V. Ravi

Director

Gautam Divan

Director

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors have pleasure in presenting their Second Annual Report together with the Audited Accounts of your Company for the period ended March 31, 2015.

FINANCIAL RESULTS

Particulars	Amount in Rs. Lacs	
	For the period ended March 31, 2015	For the period ended June 30, 2014
Income	0	0
Less : Finance Costs	0	0
Expenditure	(1.18)	(1.35)
Depreciation and Amortisation Expenses	0	0
Total Expenses	(1.18)	(1.35)
Profit Before Tax	0	0
Less : Provision for Tax		
Current Tax	0	0
Deferred Tax	0	0
Profit/(Loss) for the period	(1.18)	(1.35)
Profit/(Loss) brought forward from previous period	(1.35)	0
Transfer of Reserves	0	0

DIVIDEND

In view of losses incurred by the Company, your Directors do not recommend any dividend for the period under review.

OPERATIONS

Your Company will be engaged as a Trustee to the proposed Mahindra Mutual Fund, and is currently in the process of obtaining regulatory approval from the Securities and Exchange Board of India (SEBI). During the period under review, the Company has not commenced any business activities.

EXTRACT OF ANNUAL RETURN

Pursuant to sub-section 3(a) of Section 134 and sub-section (3) of Section 92 of the Companies Act, 2013 read with Rule 12 of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return as at 31st March, 2015 forms part of this Report and is appended as **Annexure I**.

NUMBER OF MEETINGS OF THE BOARD

The Board met three times during the period commencing from 1st July 2014 to 31st March 2015 viz., on 21st July, 2014, 13th October, 2014 and 7th January, 2015.

DIRECTORS

Mr. M. G. Bhide (DIN: 00001826), Mr. Ravindra Kulkarni (DIN: 00059367) and Mr. Uday Y. Phadke (DIN: 00030191) were appointed as Directors of the Company at the First Annual General Meeting (AGM) held on 6th August 2014. Any one of them will be liable to retire by rotation at the forthcoming AGM of the Company.

The Company has received a letter dated 6th April 2015 from Mr. Uday Y. Phadke expressing his desire not to seek re-election at the forthcoming AGM to be held on 8th July 2015.

The Board placed on record its deep appreciation of the invaluable counsel rendered by Mr. Phadke to the Company and his contribution in guiding and supporting the management during his tenure as a Director on the Board of Directors of the Company.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 134(5) of the Companies Act, 2013, your Directors confirm that:

- i. In the preparation of the annual accounts for the period ended 31st March, 2015, the applicable accounting standards have been followed and there are no material departures in adoption of these standards;
- ii. The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at 31st March, 2015 and of the loss of the Company for the period ended on that date.
- iii. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv. The Directors have prepared the annual accounts for period ended 31st March, 2015 on a 'going concern' basis.
- v. The directors have devised proper systems to ensure compliance with provisions of all applicable laws and that such systems were adequate and operating effectively.

AUDITORS

Messrs. B. K. Khare & Co are eligible for re-appointment as Statutory Auditors of the Company, have given their consent for re-appointment. The Shareholders would be required to appoint Auditors from the conclusion of this Annual General Meeting upto the conclusion of the next Annual General Meeting and fix their remuneration.

As required under the provisions of Sections 139(1) read with 141 of the Companies Act, 2013, the Company has obtained a written certificate from M/s. B. K. Khare & Co., Chartered Accountants, proposed to be re-appointed to the effect that their re-appointment, if made, would be in conformity with the criteria specified in the said sections.

COMMENTS ON AUDITORS' REPORT

There are no qualifications, reservations or adverse remarks or disclaimers made by M/s. B. K. Khare & Co., Statutory Auditors, in their report.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186

The Company has not advanced any loans, provided any guarantee, or made investment under section 186 of the Companies Act, 2013 during the period under review.

The Company has not made any loans/advances in the nature of loans which are otherwise required to be disclosed in the annual accounts of the Company pursuant to Clause 32 of the Listing Agreement of the parent company – Mahindra & Mahindra Financial Services Limited and the ultimate parent company – Mahindra & Mahindra Limited, with the Stock Exchanges.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES REFERRED TO IN SECTION 188(1)

There were no contracts or arrangements with related parties referred to in Section 188(1) of the Act read with, rules prescribed under Chapter XII relating to Meetings of Board and its Power as amended from time to time.

MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY

There have been no material changes and commitments, if any, affecting the financial position of the Company which have occurred between the period to which the financial statements relate and the date of the Report.

PARTICULARS REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars in respect of conservation of energy, technology absorption and foreign exchange earnings and outgo, as required under Section 134(3)(m) of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014 is given in Annexure II.

RISK MANAGEMENT POLICY

The Company is in process of designing a well defined risk management framework for its proposed asset management business. During the year under review, the Company has not commenced any operations.

INTERNAL FINANCIAL CONTROL SYSTEM

The Management is responsible for establishing and maintaining internal controls for financial reporting and the Statutory Auditors periodically review the effectiveness of the internal control

systems of the Company pertaining to financial reporting of the Company to ensure Financial Statements of the Company present a true and fair view of the state of affairs of the Company.

SUBSIDIARIES

The Company does not have any subsidiary as on March 31, 2015 or during the period year ended on that date.

PUBLIC DEPOSITS

The Company has not accepted any deposits from the public or its employees during the year under review. There were no other deposits falling under Rule 2(i)(c) of the Companies (Acceptance of Deposits) Rules, 2014 during the year under review. There are no deposits which are not in compliance with the requirement of Chapter V of the Companies Act, 2013 during the year under review.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

There are no significant material orders passed by the Regulators/Courts which would impact the going concern status of the Company and its future operations.

PARTICULARS OF REMUNERATION

As the Company has no employees for the period under review, the provisions of Section 197(12) of the Companies Act, 2013 and Rule 5(2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are not applicable.

General

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions/events on these items during the year under review:

- Issue of equity shares with differential rights as to dividend, voting or otherwise.
- There were no Shares having voting rights not exercised directly by the employees and for the purchase of which or subscription to which loan was given by the Company.
- There are no employees in the Company and hence during the period under review the Company has not received any complaint under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.
- Change in the nature of business carried out by the Company during the year under review.
- Issue of Shares (Including Sweat Equity Shares) to employees of the Company under any Scheme.
- Payment of Remuneration or Commission to the Managing Director or the Whole Time Director of the Company from any of its subsidiaries.

For and on behalf of the Board

M. G. BHIDE
Chairman

Mumbai, 7th April, 2015

Registered Office:

“A” Wing, 4th Floor,

Mahindra Towers, 570 P B Marg,

P. K. Kurne Chowk, Worli,

Mumbai - 400018.

CIN: U67100MH2013PTC245464

Tel.: 91 22 6652 6000 Fax: 91 22 2498 4170

ANNEXURE I TO THE DIRECTORS' REPORT

Form No. MGT-9

Extract of Annual Return for the period ended on March 31, 2015
[Pursuant to section 92(3) and Rule 12(1) of the
Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS

i.	CIN	U67100MH2013PTC245464
ii.	Registration Date	10 th July, 2013
iii.	Name of the Company	Mahindra Trustee Company Private Limited
iv.	Category/Sub-Category of the Company	Public Limited Company
v.	Address of the Registered office and contact details	4 th Floor, Mahindra Towers, A Wing, P. B. Marg, Worli, Mumbai - 400018. Tel.: 91 22 6652 6000 Fax: 91 22 2498 4170
vi.	Whether listed company Yes/No	No
vii.	Name, Address and Contact details of Registrar and Transfer Agent, if any	N.A.

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products/services	NIC Code of the Product/ service	% to total turnover of the Company
1.	N.A.*	N.A.*	N.A.*

* The company has not commenced any business activities during the period under review.

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1.	Mahindra & Mahindra Limited	L65990MH1945PLC004558	Ultimate Holding Company	0.0%	Section 2(46)
2.	Mahindra & Mahindra Financial Services Limited	L65921MH1991PLC059642	Holding Company	100%	Section 2(46)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	-	2	2	-	-	-	-	-	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt (s)	-	-	-	-	-	-	-	-	-
d) Bodies Corporate	-	49,998	49,998	100	-	50,000	50,000	100	Nil
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any Other	-	-	-	-	-	-	-	-	-
Sub-total (A) (1):-	-	50,000	50,000	100	-	50,000	50,000	100	Nil
(2) Foreign									
a) NRIs -	-	-	-	-	-	-	-	-	-
Individuals	-	-	-	-	-	-	-	-	-
b) Other –	-	-	-	-	-	-	-	-	-
Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corporate	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any Other	-	-	-	-	-	-	-	-	-
Sub-total (A) (2):-	-	-	-	-	-	-	-	-	-
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	-	50,000	50,000	100	-	50,000	50,000	100	Nil
B. Public Shareholding	-	-	-	-	-	-	-	-	-
1. Institutions	-	-	-	-	-	-	-	-	-
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks/FI	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):-	-	-	-	-	-	-	-	-	-
2. Non-Institutions	-	-	-	-	-	-	-	-	-
a) Bodies Corporate	-	-	-	-	-	-	-	-	-
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	-	-	-	-	-	-	-	-	-

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh									
c) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(2):-	0	0	0	0	0	0	0	0	0
Total Public Shareholding (B)=(B)(1)+(B)(2)	-	-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	-	50,000	50,000	100	-	50,000	50,000	100	Nil

(ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Shares	% of Total Shares of the company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of Total Shares of the company	% of Shares Pledged/encumbered to total shares	
1.	Mahindra & Mahindra Financial Services Limited	49,998	100	-	49,998	100	-	-
2.	Mr. M. G. Bhide	1*	-	-	-	-	-	-
3.	Mr. R. K. Kulkarni	1#	-	-	-	-	-	-
4.	Mahindra & Mahindra Financial Services Limited Jointly with Mr. M. G. Bhide	-	-	-	1	-	-	-
5.	Mahindra & Mahindra Financial Services Limited Jointly with Mr. R. K. Kulkarni	-	-	-	1	-	-	-
	Total	50,000	100	-	50,000	100	-	-

* During the year, 1 equity share held in the name of Mr. M.G. Bhide who was subscriber to the Memorandum of Association at the time of incorporation was subsequently transferred in the name of Mahindra & Mahindra Financial Services Limited jointly with Mr. M.G. Bhide.

During the year, 1 equity share held in the name of Mr. R. K. Kulkarni who was subscriber to the Memorandum of Association at the time of incorporation was subsequently transferred in the name of Mahindra & Mahindra Financial Services Limited jointly with Mr. R. K. Kulkarni.

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
	At the beginning of the year				
	Mahindra & Mahindra Financial Services Limited along with joint holders	49,998	100	50,000	100
	Mr. M. G. Bhide	1*	-	-	-
	Mr. R. K. Kulkarni	1#	-	-	-
	Date wise increase/decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.)	N.A.			
	At the end of the year	50,000	100	50,000	100

* During the year, 1 equity share held in the name of Mr. M. G. Bhide who was subscriber to the Memorandum of Association at the time of incorporation was subsequently transferred in the name of Mahindra & Mahindra Financial Services Limited jointly with Mr. M. G. Bhide.

During the year, 1 equity share held in the name of Mr. R. K. Kulkarni who was subscriber to the Memorandum of Association at the time of incorporation was subsequently transferred in the name of Mahindra & Mahindra Financial Services Limited jointly with Mr. R. K. Kulkarni.

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the Year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	For Each of the Top 10 Shareholders				
	At the beginning of the year	Not Applicable			
	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):	Not Applicable			
	At the End of the year (or on the date of separation, if separated during the year)	Not Applicable			

(v) Shareholding of Directors and Key Managerial Personnel:

Sr. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the Year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	For Each of the Directors and KMP				
1	Mr. M. G. Bhide*				
	At the beginning of the year	1*	0.00	0	0.00
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment /transfer /bonus/ sweat equity etc):	N.A.			
	At the End of the year	1	0.00	0	0.00
	For Each of the Directors and KMP	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
2	Mr. R. K. Kulkarni#	-	-	-	-
	At the beginning of the year	1#	0.00	0	0.00
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):	N.A.			
	At the End of the year	1	0.00	0	0.00

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the Year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	For Each of the Directors and KMP				
3	Mr. U. Y. Phadke				
	At the beginning of the year	Nil	0.00	Nil	0.00
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer /bonus/sweat equity etc):	N.A.			
	At the End of the year	Nil	0.00	Nil	0.00

* 1 equity share held in the name of Mr. M. G. Bhide at the beginning of the year was transferred in the name of Mahindra & Mahindra Financial Services Limited jointly with Mr. M. G. Bhide during the year.

1 equity share held in the name of Mr. R. K. Kulkarni at the beginning of the year was transferred in the name of Mahindra & Mahindra Financial Services Limited jointly with Mr. R. K. Kulkarni during the year.

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

PARTICULARS	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year	–	–	–	–
i) Principal Amount	–	–	–	–
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	–	–	–
Total (i + ii + iii)	–	–	–	–
Change in Indebtedness during the financial year	–	–	–	–
• Addition	–	–	–	–
• Reduction	–	–	–	–
Net Change	–	–	–	–
Indebtedness at the end of the financial year	–	–	–	–
i) Principal Amount	–	–	–	–
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	–	–	–
Total (i + ii + iii)	–	–	–	–

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Sl. no.	Particulars of Remuneration	Name of MD/WTD/Manager			Total Amount
		Managing Director	Whole time Director	Manager	
1.	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	–	–	–	–
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	–	–	–	–
	(c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	–	–	–	–
2.	Stock Option	–	–	–	–
3.	Sweat Equity	–	–	–	–
4.	Commission - as % of profit - others	–	–	–	–
5.	Others	–	–	–	–
	Total (A)	–	–	–	–
	Ceiling as per the Act	–	–	–	–

B. Remuneration to other directors:

Particulars of Remuneration			Total Amount
Independent Directors			
• Fee for attending board/committee meetings	–	–	–
• Commission	–	–	–
• Others	–	–	–
Total (1)	–	–	–
4. Other Non-Executive Directors	Mr. M.G. Bhide	Mr. R.K. Kulkarni	
• Fee for attending board/committee meetings	30,000	30,000	60,000
• Commission	–	–	–
• Others	–	–	–
Total (2)	30,000	30,000	30,000
Total (B)=(1+2)	30,000	30,000	60,000
Total Managerial Remuneration	30,000	30,000	60,000
Overall Ceiling as per the Act	The Company has incurred losses and has not yet commenced business during the period under review.		

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

Sl. no.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary	CFO	Total
1	Gross salary	–	–	–	–
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	–	–	–	–
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	–	–	–	–
	(c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	–	–	–	–
2.	Stock Option	–	–	–	–
3.	Sweat Equity	–	–	–	–
4.	Commission - as % of profit - others	–	–	–	–
5.	Others	–	–	–	–
	Total	–	–	–	–

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

	Type	Section of the Companies Act	Brief Description	Details of Penalty /Punishment/ Compounding fees imposed	Authority [RD/NCLT/ COURT]	Appeal made, if any (give details)
A. COMPANY						
Penalty				NONE		
Punishment						
Compounding						
B. DIRECTORS						
Penalty				NONE		
Punishment						
Compounding						
C. OTHER OFFICERS IN DEFAULT						
Penalty				NONE		
Punishment						
Compounding						

ANNEXURE II TO THE DIRECTORS' REPORT

Information pursuant to Section 134(3)(m) of the Companies Act, 2013, read with the Companies (Accounts) Rules, 2014 in respect of Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

(A) Conservation of energy-

- i. the steps taken or impact on conservation of energy;

The operations of your Company are not energy intensive. However, adequate measures have been initiated to reduce energy consumption

- ii. the steps taken by the company for utilising alternate sources of energy – The operations of your company are not energy intensive
- iii. the capital investment on energy conservation equipments – Nil

(B) Technology absorption-

- i the efforts made towards technology absorption – *None*.

- ii the benefits derived like product improvement, cost reduction, product development or import substitution – *Not applicable*.

- iii in case of imported technology (imported during the last three years reckoned from the beginning of the financial year

- a) the details of technology imported : *None*
- b) the year of import; : *Not applicable*
- c) whether the technology been fully absorbed; : *Not applicable*
- d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof; and : *Not applicable*

- iv the expenditure incurred on Research and Development – *Nil*.

(C) Foreign exchange earnings and Outgo

There were no foreign exchange earnings or outgo during the year.

For and on behalf of the Board

M. G. Bhide
Chairman

Mumbai, 7th April, 2015

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MAHINDRA TRUSTEE MANAGEMENT COMPANY PRIVATE LTD

Report on the Financial Statements

We have audited the accompanying financial statements of **MAHINDRA TRUSTEE COMPANY PRIVATE LIMITED** ("the Company"), which comprise of the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the nine months period ended 31st March 2015 then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies 1 Standard on Auditing (SA) 700, Forming An Opinion and Reporting on Financial Statements.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due

to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2015, and its profit/loss and its cash flows for the nine months period ended on that date.

Report on Other Legal and Regulatory Requirements

As required by Section 143 (3) of the Act, we report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors as on 31st March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- a. The Company has not disclosed the impact of pending litigations on its financial position in its financial statements, since there are no pending litigations as on the date of financial statements.
- b. The Company has not entered into any long term contracts or derivative contracts, hence the company is not required to make any provision for foreseeable material losses on the same;
- c. The company has been in existence for a period less than 7 years, hence provision of section 124(5) and 124(6) regarding transfer of amounts

to Investor Education and Protection Fund are not applicable.

FOR B. K. KHARE & CO.
Chartered Accountants
Firm's Registration Number 105102W

Padmini Khare Kaicker
Partner
Membership No. 044784

Place: Mumbai
Date: 07/04/2015

BALANCE SHEET AS AT MARCH 31, 2015

Particulars	Notes	Amount in ₹	
		For the period ended 31 st March 2015	For the period ended 30 th June 2014
I. EQUITY & LIABILITIES			
1) Shareholders' funds			
a) Share Capital.....	1	500,000	500,000
b) Reserves and Surplus	2	(253,343)	(135,398)
		246,658	364,602
2) Current liabilities			
a) Trade payables.....	3	21,754	118,854
b) Other current liabilities.....	4	3,000	17,888
		24,754	136,742
Total		271,412	501,344
II. ASSETS			
1) Current assets			
a) Cash and bank balance	5	249,022	499,490
b) Short-term loans and advances.....	6	22,390	1,854
		271,412	501,344
Total		271,412	501,344
Summary of significant accounting policies and notes to the financial statements	I & II		

The notes referred to above form an integral part of the Balance Sheet
This is the Balance Sheet referred in our report of even date

For B. K. KHARE & CO.
Chartered Accountants
Firm Regn No. 105102W

Padmini Khare Kaicker
Partner
Membership No. 44784

Place : Mumbai
Date : 07th April, 2015

For and on behalf of the Board
M. G. Bhide
Chairman

Uday Phadke
Director

R.K.Kulkarni
Director

STATEMENT OF PROFIT AND LOSS FOR THE NINE MONTHS ENDED MARCH 31, 2015

Particulars	Notes	Amount in ₹	
		For the period ended 31 st March 2015	For the period ended 30 th June 2014
I. Revenue from operations.....		-	-
II. Other income.....		-	-
III. Total Revenue (I + II).....		-	-
IV. Expenses:			
Other expenses	7	117,945	135,398
Total expenses		117,945	135,398
V. Profit before tax (III - IV)		(117,945)	(135,398)
VI. Tax expense:			
(1) Current tax		-	-
(2) Deferred tax		-	-
VII Profit (Loss) for the period (V - VI).....		(117,945)	(135,398)
VIII Earnings per equity share (Rupees):	8		
(1) Basic.....		(2.36)	(2.71)
(2) Diluted		(2.36)	(2.71)
Summary of significant accounting policies and notes to the financial statements	I & II		

The notes referred to above form an integral part of the Statement of Profit & Loss

This is the Statement of Profit & Loss referred in our report of even date

For B. K. KHARE & CO.
Chartered Accountants
Firm Regn No. 105102W

Padmini Khare Kaicker
Partner
Membership No. 44784

Place : Mumbai
Date : 07th April, 2015

For and on behalf of the Board
M. G. Bhide
Chairman

Uday Phadke
Director

R.K.Kulkarni
Director

CASH FLOW STATEMENT FOR THE NINE MONTHS ENDED MARCH 31, 2015

Particulars	Amount in ₹	
	For the period ended 31 st March 2015	For the period ended 30 th June 2014
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxes and contingencies.....	(117,945)	(135,398)
Add: Items considered separately:		
Interest expense	—	—
	—	—
Operating profit before working capital changes	(I) (117,945)	(135,398)
<u>Add/Less:</u>		
(Increase)/Decrease in Loans & Advances	(20,536)	(1,854)
	(20,536)	(1,854)
Add: Increase in Current Liabilities & Provisions.....	(111,988)	136,742
	(II) (132,524)	134,888
Cash generated from operations.....	(I+II) (250,469)	(510)
Advance taxes paid.....	—	—
NET CASH FROM OPERATING ACTIVITIES (A)	(250,469)	(510)
B. CASH FLOWS FROM INVESTING ACTIVITIES		
NET CASH FLOWS FROM INVESTING ACTIVITIES (B)	—	—
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Issue of Equity Shares	—	500,000
NET CASH FROM FINANCING ACTIVITIES (C)	—	500,000
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	(250,469)	499,490
CASH AND CASH EQUIVALENTS AS AT:		
Beginning of the period	499,490	—
End of the period	249,022	499,490

Examined and found correct.

For B. K. KHARE & CO.
Chartered Accountants
Firm Regn No. 105102W

Padmini Khare Kaicker
Partner
Membership No. 44784

Place : Mumbai
Date : 07th April, 2015

For and on behalf of the Board
M. G. Bhide
Chairman

Uday Phadke
Director

R.K.Kulkarni
Director

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 31ST MARCH, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

1) BASIS OF PREPARATION OF ACCOUNTS

The financial statements have been prepared in accordance with the Generally Accepted Accounting Principles (IGAAP) under the historical cost convention as a going concern and on accrual basis and in accordance with the provisions of the Companies Act, 2013 and the Accounting Standards notified under section 133 of the Companies Act 2013.

All assets & liabilities have been classified as current & non – current as per the Company's normal operating cycle and other criteria set out in the Schedule III of the Companies Act, 2013. Based on the nature of services and their realisation in cash and cash equivalents, the company has ascertained its operating cycle as 12 months for the purpose of current – non current classification of assets & liabilities.

2) USE OF ESTIMATES

The preparation of financial statements requires the management to make estimates and assumptions considered in the reported amounts of assets and liabilities as on the date of the financial statements and the reported income and expenses during the reporting period. Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Actual results could differ from these estimates.

3) CURRENT AND DEFERRED TAX

Tax expense for the period, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the period. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the provisions of the Income Tax Act, 1961.

Deferred tax on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods is accounted for using the tax rates and tax laws enacted or substantively enacted as on the balance sheet date. Deferred tax assets arising on account of unabsorbed depreciation or carry forward of tax losses are recognised only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised. Other deferred tax assets are recognised only when there is a reasonable certainty of their realisation.

4) PROVISIONS AND CONTINGENT LIABILITIES

Provisions are recognised in accounts in respect of present probable obligations, the amount of which can be reliably estimated. Contingent liabilities are disclosed in respect of possible obligations that arise from past events but their existence is confirmed only by the occurrence or non-occurrence of one or more certain future events not wholly within the control of the company.

II. NOTES TO THE FINANCIAL STATEMENTS:

1) Share Capital:

Particulars	Amount in ₹	
	March 2015	June 2014
Authorised Capital:		
50,000 Equity shares of Rs. 10/- each	5,00,000	5,00,000
Issued Capital:		
50,000 Equity shares of Rs. 10/- each	5,00,000	5,00,000
Subscribed and Paid-up Capital:		
50,000 Equity shares of Rs.10/- each	5,00,000	5,00,000
Total	5,00,000	5,00,000

Particulars	March 2015		June 2014	
	Number of Shares	Rupees	Number of Shares	Rupees
a) Reconciliation of the number of shares –				
Number of equity shares outstanding at the beginning of the period	50,000	5,00,000	–	–
Add: Fresh allotment of shares during the period:			50,000	5,00,000
			50,000	5,00,000
Less: Shares bought back during the period	–	–	–	–
Number of equity shares outstanding at the end of the period	50,000	5,00,000	50,000	5,00,000
b) Number of equity shares held by holding company or ultimate holding company including shares held by its subsidiaries/ associates –				
Holding company: Mahindra & Mahindra Financial Services Limited (Equity shares of Rs. 10/- each)	50,000	5,00,000	49,998	4,99,980
Percentage of holding (%)	100	100	99.996	99.996
c) Shareholders holding more than 5 percent shares:				
Mahindra & Mahindra Financial Services Limited	50,000	5,00,000	49,998	49,998

2) Reserves & Surplus:

Particulars	Amount in ₹	
	March 2015	June 2014
Surplus:		
Balance Profit as per last Balance Sheet	(135,398)	–
Add: Profit for the current period transferred from Statement of Profit & Loss	(1,17,945)	(1,35,398)
Balance Profit carried to Balance Sheet	(2,53,343)	(1,35,398)
Less: Allocations & Appropriations:	–	–
Balance as at the end of the period	(2,53,343)	(1,35,398)
Total	(2,53,343)	(1,35,398)

3) Trade Payables:

Particulars	Amount in ₹	
	March 2015	June 2014
Trade payables for expenses	21,754	1,18,854
Total	21,754	1,18,854

4) Current Liabilities

Particulars	Amount in ₹	
	March 2015	June 2014
TDS payable	3,000	8,000
Service Tax Payable	–	9,888
Total	3,000	17,888

5) **Cash and bank balance:**

Particulars	Amount in ₹	
	March 2015	June 2014
Balance with Scheduled Banks in Current Accounts	2,49,022	4,99,490
Total	2,49,022	4,99,490

6) **Short-term loans and advances:**

Particulars	Amount in ₹	
	March 2015	June 2014
Other Loans & Advances		
– Service tax credit available	22,390	1,854
Total	22,390	1,854

7) **Other Expenses:**

Particulars	Amount in ₹	
	March 2015	June 2014
Rates and Taxes	(9,888)	9,888
Directors sitting fees	60,000	80,000
Bank Charges	143	–
Legal & Professional Fees	29,250	–
Filing fees	21,500	510
Shop Establishment Expenses	1,940	–
Audit Fees	15,000	15,000
Share Issue Expenses	–	30,000
Total	1,17,945	1,35,398

8) In Accordance with the Accounting Standard on "Earning Per Share" (AS 20) Issued by the Institute of Chartered Accountants of India, the EPS are as follows:

Particulars	Amount in ₹	
	FY 2014-15	FY 2013-14
Net Profit/(Loss) attributable to Equity Share Holders	(1,17,945)	(1,35,398)
Weighted Average Numbers of Shares	50,000	50,000
EPS – (Basic)	(2.36)	(2.71)
EPS – (Diluted)	(2.36)	(2.71)

9) The Company Mahindra Trustee Company Private Limited ('the Company') was incorporated under the Companies Act, 1956 on July 10, 2013. The company is a subsidiary of Mahindra & Mahindra Financial Services Ltd. The company is incorporated to function as a Trustee to the proposed "Mahindra Mutual Fund". The company is in the process of applying for a license from SEBI. Consequently, during the period under audit the company has not started its operations.

10) Related Party Disclosure as per Accounting Standard 18:

A) **List of the related parties and nature of relationship which have transactions with our Company during the period:**

Holding Company: Mahindra & Mahindra Financial Services Limited

B) Related party transactions are as under:

Sr.	Nature of transactions	Amount in ₹	Holding Company
1	Reimbursement of Expenses	1,940	

11) Deferred tax on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods is accounted for using the tax rates and tax laws enacted or substantively enacted as on the balance sheet date. In the absence of Virtual Certainty of future realization, Deferred tax assets arising on account of unabsorbed depreciation or carry forward of tax losses are not recognized on a prudent basis.

Signatures to Significant accounting policies and Notes to the financial statements – I and II

For B. K. KHARE & CO.

Chartered Accountants
(FRN:105102W)

Padmini Khare Kaicker
Partner
Membership No. 44784

M. G. Bhide
Chairman

Uday Phadke
Director

R.K.Kulkarni
Director

Mumbai, April 07, 2015

DIRECTORS' REPORT

Directors' Report to the Shareholders

Your Directors are pleased to present their Nineteenth Report together with the audited accounts of your Company for the year ended March 31, 2015.

1. Operations/State of the Company's Affairs

During 2014-15, your Company performed creditably in a challenging macroeconomic environment. It added around 12,800 new members to its vacation ownership business, taking the total membership to around one lakh eighty three thousand at the end of the year. The new member addition was marginally higher as compared to previous year, and reflects successful execution of its strategy to focus on quality 'Pull' leads from referrals and digital channels. During the year, the pace of room inventory expansion was very commendable. It added another 409 units to its inventory, taking the total room inventory to 2,816 units at the end of the year.

In another important development, your Company through its subsidiary Covington S.a.r.l, Luxembourg, acquired 23.32 per cent equity stake of Holiday Club Resorts Oy, Finland, Europe's leading vacation ownership company with around 50,000 members and 30 resorts—of which 22 are in Finland, 2 in Sweden and 6 in Spain. Your Company also has a right to increase its ownership within a period of two years. This investment allows your Company to offer member exchange opportunities and opens up growth opportunities in Europe and other international destinations.

Your Company's total income (including other income) grew marginally from ₹ 79,893 lakh in 2013-14 to ₹ 80,756 lakh in 2014-15. Profit after taxes (PAT) declined from ₹ 9,453 lakh in 2013-14 to ₹ 7,902 lakh in 2014-15 mainly due to increase in depreciation charge by ₹ 2,738 lakh, primarily due to change in useful life of the assets, and an exceptional item of ₹ 2,188 lakh (pre-tax) written off consequent to adjustments relating to past periods. Diluted earnings per share (EPS) was ₹ 8.98 in 2014-15, down from ₹ 10.75 in the previous year.

Your Company's consolidated total income (including other income) during 2014-15 was ₹ 82,964 lakh. The consolidated profit after taxes (PAT) was ₹ 8,122 lakh and the diluted EPS was ₹ 9.23.

There are no audit qualification in the standalone or in the consolidated financial statements by the statutory auditors for the year under review.

2. Financial Highlights (Standalone)

	(₹ Lakh)	
	2015	2014
<u>Income:</u>		
Income from sale of Vacation Ownership and other services.....	79,485	77,752
Other Income	1,271	2,141
Total Income	80,756	79,893
<u>Expenditure:</u>		
Less: Employee Cost & other expenses	(61,506)	(61,851)
Profit before Depreciation, Interest and Taxation	19,250	18,042
Less: Depreciation	(6,541)	(3,803)
Interest	(25)	(97)
Profit for the year before Exceptional Item and Tax	12,684	14,142
Less: Exceptional Item (pre-tax)	(2,188)	-
Profit for the year before Tax	10,496	14,142
Less: Provision for Tax – Current Tax	(1,920)	(2,910)
– Deferred tax (net)	(674)	(1,779)
Net Profit for the year after tax.....	7,902	9,453
Balance brought forward from earlier years.....	37,688	33,335
Less: Adjustment on Amalgamation of Bell Tower Resorts Private Limited (BTRPL)	(4,560)	-

	(₹ Lakh)	
	2015	2014
Less : Loss of BTRPL for the year 2013-14	(870)	–
Less : Depreciation adjustment consequent to transition to Schedule II of the Companies Act, 2013 net of deferred tax of ₹ 528 lakh	(1,026)	–
	39,134	42,788
Appropriations:		
General Reserve	(790)	(945)
Proposed Dividend on Equity Shares	(3,551)	(3,551)
Income Tax on Proposed Dividend.....	(723)	(604)
Surplus carried to Balance Sheet.....	34,070	37,688

3. Dividend and Reserve

Your Directors are pleased to recommend a dividend of ₹ 4/- per equity share of face value ₹ 10 each for the financial year ended March 31, 2015. The dividend, if approved at the ensuing Annual General Meeting, will be paid to the shareholders whose names appear on the register of members of the Company as on the Book Closure Date. The equity dividend outgo for 2014-15, inclusive of tax on distributed profits would absorb a sum of ₹ 4,274 lakh (as compared to ₹ 4,155 lakh comprising the dividend of ₹ 4 per equity share paid for the previous year).

The Board of Directors proposes to transfer ₹ 790 lakh to the General Reserve representing around 10 per cent of the profit for the year. The balance is proposed to be retained in the Profit & Loss Account.

4. Share Capital

The paid up equity share capital as on March 31, 2015 was ₹ 88.78 crore. During the year under review, your Company did not issue shares with differential voting rights, sweat equity except fresh grant issued under Company's Employee Stock Option Scheme 2014 discussed later in this report. Details of Directors' shareholding as on March 31, 2015, are mentioned in the Corporate Governance Report, which forms a part of this Annual Report.

5. Institutional Placement Programme (IPP)

During 2013-14, your Company had successfully carried out an Institutional Placement Programme (IPP) and allotted the shares to Qualified Institutional Buyers (QIBs) under Chapter VIII-A of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended from time to time, in order to meet the minimum public shareholding requirements of 25 per cent. Your Company had issued and allotted 41,41,084 Equity Shares of ₹ 10 each at a premium of ₹ 245 per share aggregating to ₹ 10,560 lakh to QIBs under IPP.

Your Directors are pleased to inform you that during the year under review, your Company completed the utilisation of funds raised from the IPP towards the objects of the issue.

6. Schemes of Amalgamation and Arrangement pertaining to wholly owned subsidiary companies

A) Bell Tower Resorts Private Limited

During the year under review, Bell Tower Resorts Private Limited (BTRPL), a wholly owned subsidiary company of the Company, was amalgamated with the Company with effect from July 31, 2014, being the date of filing the Orders of Hon'ble High Courts of Bombay at Goa and Madras with the Registrar of Companies at Goa and Chennai respectively.

Consequent to the above, BTRPL ceased to be subsidiary of the Company and all the assets and liabilities of BTRPL have been transferred to and vested in the Company pursuant to the Scheme of Amalgamation and Arrangement ("the Scheme") with effect from April 1, 2013 ("the Appointed Date"). There was no allotment of shares to the BTRPL equity shareholders since the BTRPL was a wholly owned subsidiary of the Company. The amalgamation has been accounted under the 'pooling of interest method' referred in Accounting Standard 14 and the assets and liabilities transferred have been recorded at their book values as on the Appointed Date. Further, difference of ₹ 3,061 lakh between value of assets and liabilities acquired at their book value at the Appointed Date as reduced by carrying value of investment in the books of the Company was adjusted in the "Amalgamation and Reserve Account" and the same was transferred to "Securities Premium Account" on the Appointed Date as per the approved Scheme. Further, the loss of ₹ 869 lakh of the BTRPL for the year ended March 31, 2014 has been adjusted against the Surplus in the Statement of Profit and Loss at the beginning of the year.

B) Competent Hotels Private Limited, Divine Heritage Hotels Private Limited and Holiday on Hills Resorts Private Limited

During the year under review, the Board approved the Scheme of Amalgamation and Arrangement ("the Scheme") of Competent Hotels Private Limited,

Divine Heritage Hotels Resorts Private Limited and Holiday on Hills Resorts Private Limited, wholly owned subsidiaries (collectively referred as “Subsidiary Companies”) of the Company with the Company. These Subsidiary Companies own and operate resort properties at Manali (Himachal Pradesh), Kandaghat (Himachal Pradesh) and Jaisalmer (Rajasthan) respectively.

The Board felt that it is in the best interest of the Company to merge these Subsidiary Companies with the Company so as to benefit from operational and managerial synergies in the form of economies of cost, enhancing flexibility and pooling of managerial resources. The Appointed Date of the Scheme is April 1, 2015 and the Scheme shall be effective from the last of the dates on which the certified or authenticated copies of the Orders of the Hon’ble High Courts of Delhi, Himachal Pradesh, Rajasthan at Jaipur and Madras are filed with the respective Registrar of Companies.

Subsequent to approval of the Scheme by the Board, your Company has obtained letters from BSE Limited and National Stock Exchange of India Limited conveying that they have no objections / no adverse observations in respect of the same, and your Company is in the process of filing necessary application with the Hon’ble High Court of Madras for obtaining necessary directions to convey the meetings of Shareholders of the Company for taking their approval on aforementioned merger.

7. Related Parties Transactions

Your Company undertakes various transactions with related parties in the ordinary course of business. All transactions entered with related parties during the year under review were on arm’s length basis and in the ordinary course of business and that the provisions of the Section 188 of the Companies Act, 2013 (“the Act”) were not attracted.

During the year under review, your Company made investments in MHR Holdings (Mauritius) Limited, (“MHR Holdings”) and it became wholly owned subsidiary of the Company. Further, your Company has provided corporate guarantees on behalf of MHR Holdings in respect of funds raised by it in Mauritius in order to make investments in Holiday Club Resorts Oy, Finland (HCR). These investments in HCR by MHR Holdings were made through its wholly owned subsidiary Covington s.a.r.l., in Luxembourg. Your Directors confirm that these transactions with MHR Holdings are in the ordinary course of business and at arm’s length as per the transfer pricing guidelines.

Apart from the above transactions with MHR Holdings, your Company had not entered into any contracts / arrangements / transactions with related parties which could be considered material in accordance with the policy of the Company on materiality of related party

transactions. The details of the above material related party transactions with MHR Holdings at an aggregate level for the year ended March 31, 2015 is annexed to this report as Annexure 1.

There were no materially significant related party transactions with the Promoters, Directors and Key Managerial Personnel, which may have a potential conflict with the interest of the Company at large.

The Policy on materiality of related party transactions and also in dealing with related party transactions as approved by the Audit Committee and the Board is available on the website of the Company at the following link: http://www.clubmahindra.com/sites/default/files/Policy_on_Materiality.pdf.

Your Directors draw attention of the members to Note No. 41 to the standalone financial statements which sets out related party disclosure.

8. Particulars of Loans and Advances, Guarantees or Investments

As your Company is engaged in the business of providing infrastructural facilities, the provisions of Section 186 of the Act related to loans made, guarantees given or securities provided are not applicable to the Company. However, the details of such loans made, and guarantees given to/on behalf of subsidiary companies / JV company are provided in the standalone financial statement at Note No.41. These loans and guarantees for which loans are provided are proposed to be utilised by the respective recipients for their business purposes.

Particulars of investments made by the Company are provided in the standalone financial statement at Note Nos. 13 and 16.

The details of loans and advances which are required to be disclosed in the Annual Accounts of the Company pursuant to Clause 32 of the Listing Agreement are furnished separately as Annexure 2 to this report.

9. Significant and Material Orders passed by the Regulators or Courts

There are no significant and material orders passed by the Regulators/Courts/Tribunal which would impact the going concern status of the Company and its operations in future.

10. Corporate Social Responsibility

Corporate Social Responsibility (CSR) activities of the Company are guided by its CSR Policy, which is framed and approved by the Board. These are discussed in detail in the Management Discussion and Analysis Report, which forms a part of this Annual Report. The statutory disclosure with respect to CSR activities forms part of this Annual Report is annexed herewith as Annexure 3.

11. Sustainability

In line with the philosophy of the Mahindra Group, your Company is committed by following sustainable practices

in its operations. The details of the initiatives taken by your Company in this regard are discussed in the section on Sustainability in the Management Discussion and Analysis Report, which forms a part of this Annual Report.

12. Corporate Governance Report

A Report on Corporate Governance along with a certificate from the statutory auditors of the Company regarding the compliance of conditions of corporate governance as stipulated under Clause 49 of the Listing Agreement forms part of this Annual Report.

13. Management Discussion and Analysis Report

A detailed analysis of the Company's operational and financial performance as well as the initiatives taken by the Company in key functional areas such as Member Relations, Quality and Information Technology are separately discussed in the Management Discussion and Analysis Report, which forms part of this Annual Report.

14. Vigil Mechanism/Whistle Blower Mechanism

The Company has established a vigil mechanism by adopting Whistle Blower Policy pursuant to which whistle blowers can raise concerns in prescribed manner. Further, the mechanism adopted by the Company encourages a whistle blower to report genuine concerns or grievances and provides for adequate safeguards against victimisation of the whistle blower who avails of such mechanism as well as direct access to the Chairman of the Audit Committee. The functioning of the vigil mechanism is reviewed by the Audit Committee from time to time.

None of the whistle blowers have been denied access to the Audit Committee of the Board. The details of the Whistle Blower Policy is available on the website of the Company http://www.clubmahindra.com/sites/default/files/MHRIL_Whistle_Blower_Policy.pdf.

15. Employees' Stock Option

During the year under review, in order to enable its employee to participate in the Company's future growth and financial success and on the basis of the approval obtained from the Members through Postal Ballot, your Company had formulated the Mahindra Holidays & Resorts India Limited Employees' Stock Option Scheme 2014 (MHRIL ESOS 2014). The MHRIL ESOS 2014 is administered and implemented in accordance with the directions of the Nomination and Remuneration Committee (the "Committee") and in accordance with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (the "SEBI Regulations"). The MHRIL ESOS 2014 will be administered and implemented either through existing Mahindra Holidays & Resorts India Limited Employees Stock Option Trust (the "Trust") or through a Trust or other entity which may be setup for this purpose or directly by the Company.

The earlier employee stock option scheme i.e. Mahindra Holidays & Resorts India Limited Employees' Stock Option Scheme 2006 (MHRIL ESOS 2006) will remain in operations till the exercise of options granted under this scheme.

During the year under review, on the recommendation of the Committee, 6,20,000 new options were granted under the MHRIL ESOS 2014. Details required to be provided under the SEBI Regulations in respect of MHRIL ESOS 2006 and MHRIL ESOS 2014 are set out in Annexure 4 to this Report.

A certificate from the statutory auditors of the Company that the MHRIL ESOS 2006 and MHRIL ESOS 2014 have been implemented in accordance with the SEBI guidelines and regulations, and the resolution passed by the shareholders, would be placed at the ensuing Annual General Meeting for inspection by members.

16. Subsidiaries, Joint Venture and Associate Companies

During the year under review, Mahindra Holidays and Resorts USA, Inc., ceased to be subsidiary of your Company consequent upon voluntary dissolution with effect from May 19, 2014 and Bell Tower Resorts Private Limited ("BTRPL") ceased to be subsidiary of your Company subsequent to amalgamation of BTRPL with the Company with effect from July 31, 2014.

During the year under review, Competent Hotels Private Limited and MHR Holding (Mauritius) Limited, Mauritius ("MHR Holdings"), became wholly owned subsidiary companies of your company with effect from June 18, 2014 and July 11, 2014 respectively. Covington S.a.r.l, Luxembourg, became wholly subsidiary company of MHR Holdings with effect from July 17, 2014 and in turn became step-down subsidiary of the Company. As of March 31, 2015 your Company has 10 subsidiaries, 1 JV company and 2 associate companies.

17. Performance of Subsidiaries

Domestic Subsidiaries

Divine Heritage Hotels Private Limited (DHHPL), a wholly owned subsidiary company of the Company. DHHPL owns and operate a resort property at Jaisalmer, Rajasthan.

Holiday on Hills Resorts Private Limited (HHRPL), a wholly owned subsidiary company of the Company. HHRPL owns and operate a resort property at Kandaghat, Himachal Pradesh.

During the year under review, Competent Hotels Private Limited became a wholly owned subsidiary of the Company with effect from June 18, 2014. CHPL owns and operates a resort property at Manali, Himachal Pradesh.

Gables Promoters Private Limited (GPPL) is the wholly owned subsidiary company of the Company. GPPL is currently developing a resort property of around 100 rooms at Naldhera, Shimla, Himachal Pradesh and accordingly, GPPL is yet to commence its operation.

Mahindra Hotels and Residences India Limited (MHARIL) is the wholly owned subsidiary company of the Company. MHARIL did not have any operations during the year under review.

During the year under review, erstwhile Bell Tower Resorts Private Limited (BTRPL) which owned and operated a resort

property at Goa was ceased to be subsidiary company of the Company consequent to the amalgamation with the Company with effect from July 31, 2014.

Foreign Subsidiaries

Heritage Bird (M) Sdn. Bhd, Malaysia (Heritage Bird) is the wholly owned subsidiary company of the Company. Heritage Bird's principal activities are holding of investment properties and provision for time sharing services. Heritage Bird own rooms in a well-known location at Kuala Lumpur, Malaysia.

MH Boutique Hospitality Limited, Thailand (MH Boutique), in which your Company holds forty nine per cent of equity stake, is the subsidiary of the Company by virtue of control on the composition of the Board of MH Boutique and it mainly holds investments in Infinity Hospitality Group Company Limited, Thailand.

Infinity Hospitality Group Company Limited, Thailand (Infinity) is the subsidiary company of MH Boutique and by virtue of the same is also subsidiary of the Company. Infinity own and operate a hotel property at Bangkok, Thailand.

During the year under review, MHR Holdings (Mauritius) Limited, Mauritius (MHR Holdings), became wholly owned subsidiary company of the Company with effect from July 11, 2014. The principal activity of MHR Holdings is to hold investments.

During the year under review, Covington S.a.r.l, Luxemburg (Covington) became wholly owned subsidiary company of MHR Holdings with effect from July 17, 2014 and in turn became subsidiary of your Company. Further, as reported earlier in this report, Covington, during the year under review, had invested in share capital of Holiday Club Resorts Oy, Finland.

During the year under review, the erstwhile Mahindra Holidays and Resorts USA Inc., ceased to be wholly owned subsidiary of the Company consequent to voluntary dissolution with effect from May 19, 2014.

Joint Venture

Arabian Dreams Hotel Apartments LLC (Dubai), operates a hotel property in Dubai, (UAE) and is a Joint Venture company of the Company.

Associate Companies

During the year under review, your Company made investment in Holiday Club Resorts Oy, Finland (HCR), a Europe's leading vacation ownership company, through its subsidiary, Covington, to the extent of 23.32 per cent in equity share capital of HCR. Accordingly, HCR became an associate company of Covington and in turn an associate company of the Company.

Guestline Hospitality Management & Development Services Limited (Guestline) became an associate company of your Company pursuant to the provisions of the Act, as the Company is holding more than 20%

of total share capital which includes preference share capital. Guestline did not have any operations during the year under review.

A report on the performance and financial position of each of the subsidiaries, associate and joint venture companies as per the Companies Act, 2013 is provided as Annexure A to the Consolidated Financial Statement and hence not repeated here for the sake of brevity. The policy for determining material subsidiaries as approved by the Board may be accessed on the Company's website at the link: http://www.clubmahindra.com/sites/default/files/Policy_for_Determining_Material_Subsidiaries.pdf. During the year under review, there were no Material Subsidiaries and Material Indian Non-Listed Subsidiaries of the Company, in terms of the proviso to revised Clause 49 V of the Listing Agreement and Company's Policy for Determining Material Subsidiaries.

In accordance with third proviso to Section 136(1) of the Act, the Annual Report of the Company, containing therein its standalone and the consolidated financial statements are available on Company's website www.clubmahindra.com. Further, as per fourth proviso to the said Section, the audited annual accounts of each of the said subsidiary companies of the Company are also available in the Company's website www.clubmahindra.com. Any shareholder who may be interested in obtaining a copy of the aforesaid documents may write to the Company Secretary at the Company's Registered Office. Further, please note that the said documents will be available for examination by the shareholders of the Company at its Registered Office during business hours.

18. Directors

As on March 31, 2015, your Company had 10 Directors, which include 5 Independent Directors (IDs), 3 Non-Executive Directors (NEDs) and 2 Executive Directors (EDs).

A) Appointment of Directors

At the last Annual General Meeting of the Company held during the year under review, the members approved the appointments of Mr. Cyrus Guzder, Mr. Sridar Iyengar, Mr. Rohit Khattar and Mr. Sanjeev Aga, as Independent Directors, not liable to retire by rotation, for a period of 5 years.

During the year, in terms of the Section 149 of the Act and Clause 49 of the Listing Agreement, and on the recommendation of Nomination and Remuneration Committee (NRC), the Board had appointed Ms. Radhika Shastry and Mr. V S Parthasarathy as Additional Directors on the Board with effect from August 27, 2014.

The Board of Directors at their meetings held on September 29, 2014, on the recommendation of NRC, appointed Mr. Kavinder Singh as an Additional Director with effect from November 3, 2014, and as Managing Director & CEO for a period of 5 years.

Subsequently, Members through Postal Ballot on December 26, 2014 approved the appointment of Mr. Parthasarathy as a Non-Executive Director of the Company, liable to retire by rotation and Ms. Shastry as Independent Director, not liable to retire by rotation for a period of 5 years. Members also approved the appointment of Mr. Kavinder Singh as Managing Director & CEO of the Company for a period of 5 years from November 3, 2014 and the remuneration payable to him for a period of 3 years.

During the year under review, on the recommendation of NRC, Mr. S Krishnan, Chief Financial Officer of the Company was appointed as an Additional Director on the Board of the Company with effect from January 22, 2015. Mr. S Krishnan, subject to approval of shareholders, has also been appointed as Whole Time Director on the Board of the Company for a period of 3 years with effect from January 22, 2015 and designated as Chief Financial Officer & Executive Director. Mr. Krishnan holds the office as an Additional Director upto the date of the forthcoming Annual General Meeting of the Company. The Company has received a notice under Section 160 of the Companies Act, 2013 with the requisite deposit from a member proposing Mr. S Krishnan as a candidate for the post of Director of the Company. Accordingly, the approval of Members of the Company is being sought for his appointment as Chief Financial Officer & Executive Director for a period of 3 years in the ensuing Annual General Meeting.

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Act and Clause of 49 of the Listing Agreement.

B) Director Retiring by Rotation

In terms of the Articles of Associations of the Company and as per Section 152(6) of the Act, Mr. Vineet Nayyar, being longest in the office, shall retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

C) Resignation of Director

Mr. Uday Phadke, Non-Executive Director, resigned from the Board of the Company with effect from the conclusion of the 18th Annual General Meeting of the Company held on August 27, 2014. The Board places on record its deep sense of appreciation for the valuable contribution made by Mr. Phadke during his long association with the Company.

19. Key Managerial Personnel

Mr. Kavinder Singh, Managing Director & CEO was appointed as Key Managerial Personnel (KMP) of the Company with effect from November 3, 2014. In addition, Mr. S Krishnan, Chief Financial Officer & Executive Director, and Mr. Dinesh Shetty, Head Legal & Company

Secretary, are other KMPs as per the provisions of the Act and were already in office before the commencement of the Act. None of the KMPs resigned during the year.

20. Board Evaluation

Pursuant to the provisions of the Act and Clause 49 of the Listing Agreement, evaluation of every Director's performance was done by Nomination and Remuneration Committee. The performance evaluation of Non-Independent Directors and the Board as a whole, Committees thereof and Chairman of the Company was carried out by the Independent Directors. Evaluation of Independent Directors was carried out by the entire Board of Directors, excluding the Director being evaluated. A structured questionnaire was prepared after circulating the draft forms, covering various aspects of the evaluation such as adequacy of the size and composition of the Board and Committee thereof with regard to skill, experience, independence, diversity; attendance and adequacy of time given by the Directors to discharge their duties; Corporate Governance practices etc. The Directors expressed their satisfaction with the evaluation process.

The Policy on appointment of Directors and Senior Management and Policy on Remuneration of Director and Policy on Remuneration of Key Managerial Personnel and Employees are attached herewith and marked as Annexure 5, Annexure 6A and Annexure 6B respectively.

The Managing Director & CEO and Chief Financial Officer & Executive Director do not receive remuneration or commission from any of its subsidiaries and draw remuneration only from the Company.

21. Number of Board Meetings

During the year under review, the Board of Directors met 8 (Eight) times. The details of board meetings and attendance of Directors are provided in the Report on Corporate Governance, which forms a part of this Annual Report.

22. Composition of Audit Committee

The Board has constituted the Audit Committee with Mr. Sridar Iyengar as its Chairman and Mr. Cyrus Guzder, Mr. Rohit Khattar, Mr. Sanjeev Aga and Mr. V S Parthasarathy as its other members. Further details are provided in the Report on Corporate Governance, which forms a part of this Annual Report.

23. Directors' Responsibility Statement

Pursuant to Section 134(3)(c) of the Act, your Directors state that:

- a) in the preparation of the annual accounts for the year ended March 31, 2015, the applicable Accounting Standards had been followed and there is no material departure;
- b) they had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to

give a true and fair view of the state of affairs of the Company as at March 31, 2015 and of the profit of the Company for the year ended on that date;

- c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the annual accounts have been prepared on a going concern basis;
- e) the directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- f) the directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

24. Internal Financial Controls and Their Adequacy

Your Company has an adequate internal control system, commensurate with the size and nature of its business. The system is supported by documented policies, guidelines and procedures to monitor business and operational performance which are aimed at ensuring business integrity and promoting operational efficiency. Further details are provided in the Management Discussion and Analysis Report, which forms a part of this Annual Report.

25. Consolidated Financial Statement

Pursuant to Section 129 of the Act, the Company has prepared a consolidated financial statements of the Company, which shall be laid before the ensuing 19th Annual General Meeting of the Company along with the laying of the Company's Financial Statement under sub-section (2) of Section 129 i.e. Standalone Financial Statement of the Company.

Further, pursuant to the provisions of Accounting Standard 21, Consolidated Financial Statements notified under Section 133 of the Act, read together with Rule 7 of the Companies (Accounts) Rules, 2014, issued by the Ministry of Corporate Affairs, the Consolidated Financial Statements of the Company along with its subsidiary, Joint Venture and associate company for the year ended March 31, 2015, form part of this Annual Report.

26. Risk Management

Your Company has a well-defined risk management framework to identify and evaluate elements of business risk. These are discussed in detail in the Management Discussion and Analysis Report forming part of this Annual Report.

27. Auditors

A) Statutory Auditors

Messrs Deloitte Haskins & Sells, Chartered Accountants, Chennai, statutory auditors of the Company, hold office till the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment.

As required under the provisions of Sections 139 and 141 of the Act, the Company has obtained a written certificate from the above auditors proposed to be reappointed to the effect that their re-appointment, if made, would be in conformity with the provisions specified in the said Sections.

B) Secretarial Audit

Pursuant to the provisions of Section 204 of the Act and Rules there under, the Company has appointed Mr. Mukesh Siroya, Practising Company Secretary to undertake the secretarial audit of the Company. The Report of the secretarial audit is annexed herewith as Annexure 7.

With respect to the observations made in the secretarial audit report, consequent upon the resignation of erstwhile Managing Director & CEO (MD&CEO) with effect from the closure of business hour on March 31, 2014, your Company's Board of Directors at their meeting held on September 29, 2014, had filled up the vacancy by appointing Mr. Kavinder Singh as MD & CEO of the Company. However, he joined the Company only with effect from November 3, 2014, due to his commitment with his previous employer.

Apart from the above observation, there are no qualifications, reservations or adverse remarks made by Mr. Mukesh Siroya, Practising Company Secretaries, Secretarial Auditors of the Company in their secretarial audit report.

28. Deposits

Your Company has not accepted any fixed deposit and, as such no amount of principal or interest are outstanding as of the Balance Sheet date. Your Company has not accepted any deposits from the public or its employees during the year under review.

29. Material Changes and Commitment Affecting Financial Position of the Company

There are no material changes and commitments, affecting financial position of the Company which have occurred between the end of the financial year of the Company i.e March 31, 2015, and the date of the Directors' Report.

30. Extract of Annual Return

An extract of the Annual Return as of March 31, 2015 pursuant to the sub section (3) of the Section 92 of the Act, in form MGT 9 is annexed herewith as Annexure 8.

31. Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

Your Company continuously strives to conserve energy, adopt environment friendly practices and employ technology for more efficient operations. Some of these initiatives are discussed in the section on Sustainability in the Management Discussion and Analysis Report.

The particulars relating to the energy conservation, technology absorption and foreign exchange earnings and outgo, as required under Section 134(3)(m) of the Act and Rule 8(3) of the Companies (Accounts) Rules, 2014 are given in the Annexure 9 to this Report.

32. Human Resources

Your Company takes pride in the commitment, competence and dedication shown by its employees in all areas of its business. It considers people as its biggest assets. It has put concerted efforts in talent management and succession planning practices, strong performance management and learning and training initiatives to ensure that your Company consistently develops inspiring, strong and credible leadership. Your Company has a structured induction process at all its locations and management development programs to upgrade skills of managers. These are discussed in the Management Discussion and Analysis Report forming part of this Annual Report.

The Company has a Policy on Prohibition, Prevention and Redressal of Sexual Harassment of Women at Workplace and matters connected therewith or incidental thereto covering all the aspects as contained under The Sexual Harassment of Women at Workplace (Prohibition, Prevention and Redressal) Act, 2013. During the year under review, the Company received three complaints under the Policy, all of which were disposed-off.

33. Particulars of Employees

The ratio of the remuneration of each director to the median employees' remuneration and other details in terms of Section 197(12) of the Act with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 ("the Rules"), forms a part of this Annual Report as Annexure 10.

The Company had 8 employees who were employed throughout the year and were in receipt of remuneration more than ₹60 lakh per annum and 1 employee was employed for part of the year and was in receipt of remuneration of more than ₹5 lakh per month. In terms of Section 136 of the Act, the copy of the financial statements of the Company, including the consolidated financial statements, the auditor's report and relevant annexures to the said financial statements and reports are being sent to the Members and other persons entitled thereto, excluding the information in respect of the said employees containing the particulars as specified in Rule 5(2) of the said Rules, which is available for inspection by the Members at the Company's Registered Office during business hours on working days of the Company up to the date of the ensuing Annual General Meeting. If any Member is interested in obtaining a copy thereof, he may write to the Company Secretary of the Company at its Registered Office. The financial statements, reports etc. of the Company are available on the website of the Company www.clubmahindra.com.

34. Acknowledgement and Appreciation

Your Directors take this opportunity to thank the Company's customers, shareholders, suppliers, bankers, financial institutions and the Central and State Governments for their unstinted support. The Directors would also like to place on record their appreciation to employees at all levels for their hard work, dedication and commitment.

For and on behalf of the Board

A K NANDA
Chairman

Place: Mumbai
Date: May 18, 2015

ANNEXURE 1 TO THE DIRECTORS REPORT FOR THE YEAR ENDED MARCH 31, 2015**Form No. AOC – 2**

(Pursuant to Clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2012 including certain arm's length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis: Nil**2. Details of material contracts or arrangement or transactions at arm's length basis:**

(a) Name(s) of the related party Nature of relationship	MHR Holdings (Mauritius) Limited. (MHR Holdings) Wholly owned subsidiary of the Company	
(b) nature of contracts/arrangements/ transactions	Corporate Guarantees ('Guarantees')	Investment in Share Capital
(c) Duration of the contracts / arrangements / transactions	5 Years	NA
(d) Salient terms of the contracts or arrangements or transactions including the value, if any:	Guarantees given on behalf of MHR Holdings by the Company guaranteeing repayments of foreign currency loans to a Bank raised by MHR Holdings. Period of the Guarantees are 5 years. Aggregate Value of the guarantees given is Euro 11.2 Million (equivalent to ₹7,577 lakh as on March 31, 2015).	Investments of Euro 145,000 (equivalent to INR 115 lakh as on March 31, 2015) in the Share Capital of MHR Holdings.
(e) Date(s) of approval by the Board , if any:	NA	NA
(f) Amount paid as advances, if any;	Nil	Nil

The above mentioned transactions were entered into by the Company in its ordinary course of business.

For and on behalf of the Board

Place : Mumbai
Date : May 18, 2015**A K NANDA**
Chairman**ANNEXURE 2 TO THE DIRECTORS REPORT AS ON MARCH 31, 2015****Loans and Advances as per Clause 32 of the Listing Agreement:**

Particulars of loans and advances to subsidiaries, associates, etc., required to be disclosed in the annual accounts of the Company pursuant to Clause 32 of the Listing Agreement.

Loans and advances in the nature of loans to subsidiary:

(₹ in lakh)

Name of the Company	Balance as on 31st March, 2015	Maximum outstanding during the year
Heritage Bird (M) Sdn Bhd.	800.92	916.05
Holiday on Hills Resorts Private Limited	2955.51	2955.51
Divine Heritage Hotels Private Limited	2764.33	2764.33
Infinity Hospitality Group Company Limited	2621.65	2621.65
MH Boutique Hospitality Limited	535.87	535.87
Gables Promoters Private Limited	2117.86	2117.86

ANNEXURE 3 TO THE DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2015

THE ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITIES (CSR) ACTIVITIES

1	A brief outline of the company's CSR policy including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs	<p>At Mahindra Holidays & Resorts India Limited (MHRIL) CSR activities were undertaken through its own CSR department, in the following manner.</p> <ol style="list-style-type: none"> Through active involvement of employees under ESOPs (Employee Social Options Program) which is the employees volunteering program in the area around our 40 Resorts across India. Through partnerships with our Group Corporate Foundations namely: the Mahindra Foundation, The K C Mahindra Education Trust which promotes girl child education through Nanhi Kali programme. Through partnerships with other reputed Not For Profit Organizations having an established track record of at least 3 years in carrying on the specific CSR activity. <p>MHRIL's CSR Policy is available under the Company's website: http://www.clubmahindra.com/sites/default/files/MHRIL_CSR_Policy.pdf</p>					
2	The Composition of the CSR Committee	<p>Mr. A K Nanda, Chairman Mr. Cyrus J Guzdar Mr. V. S. Parthasarathy Mr. Kavinder Singh</p>					
3	Average Net Profit of the company for last 3 financial years	₹ 149.70 crore					
4	Prescribed CSR expenditure (2% of this amount as in item 3 above)	₹ 2.99 crore					
5	Details of CSR spent for the financial year 2014-15:						
a)	Total amount to be spent for the financial year 2014-15	₹ 2.99 crore					
b)	Amount unspent, if any;	Nil					
c)	Manner in which the amount spent during the financial year 2014-15 is detailed below						
	CSR project/activity identified	Sector in which the Project is covered	Projects/Programs 1) Local area or other 2) specify the State and district where projects or Programs was undertaken	Amount outlay (budget) project/program wise	Amount spent on the project/ programs Sub-heads: 1) Direct expenditure on projects or programs 2) Overheads.	Cumulative spend upto the reporting period	Amount spent (Direct or through implementing agency*)
				(₹ in Lakhs)			
	Conservation & renovation of school buildings and classrooms	Promotion of education.	Pan India where MHRIL has existing resorts (Mussoorie, Kumarakom, Poovar, Coorg, Puducherry, Ashtamudi, Binsar, Corbett, Dharmasala, Ooty, Udaipur, Naukuchiatal) and Mumbai	232.29	226.29	226.29	Direct and alongwith K C Mahindra Trust, Chhatrapati Shikshan Mandal, Hejamadi-Kodi Vidyaprasara Foundation, Jeevan Vidya Mission, Junoon Project at Mumbai Arts at Play with School Education, Masoom and Shri Raj Educational Centre

	Access to safe drinking water	Safe drinking water, Eradicating hunger & poverty	Gangtok	1.87	1.22	1.22	Direct
	Haryali Projects, Cleaning drives, Waste Management	Ensuring environmental sustainability.	Pan India where MHRIL has existing resorts (Ashtamudi, Baiguny, Binsar, Cherai, Kandaghat, Mussorie, Pondicherry, Kumarakom and Corbett)	28.01	28.00	28.00	Direct and alongwith Waste Warrior
	Healthcare including preventive health care	Health care	Mussoorie, Kumarakom and Mumbai	7.05	7.04	7.04	Direct and alongwith Cancer Patients Aids Association
	Promoting Preventive health care and sanitation	Sanitation	Puducherry and Coorg	1.33	1.15	1.15	Direct
	Development activities in villages	Rural Development	Dharamsala, Kumbhalgarh and Mumbai	6.74	6.74	6.74	Direct and alongwith Jeevan Vidya
	Support for Orphanages	Support for Orphanages	Naukuchiatal, Baiguney and Chennai	2.73	2.73	2.73	Direct and alongwith SIP (South Indian Positive Network) Memorial Trust
	Support for old age Homes	Support for old age Homes	Manali and Pondicherry	1.57	1.58	1.58	Direct
	Providing Relief Measures	For relief and welfare of the victims affected due to natural calamity	Mahabaleswar	0.85	0.85	0.85	Direct
	Support art by Visually impaired	Livelihood enhancement activities	Mumbai	0.67	0.67	0.67	Beyond Sight Foundation
	Employment enhancing vocation skills especially among disabled	Employment enhancing vocation skills especially among disabled	Chennai	17.70	17.70	17.70	Vidya Sagar, The Banyan and The Shakti Foundation
	Support to Animal welfare	Animal welfare	Mumbai	5.00	5.00	5.00	Animal Welfare Animal Matters To Me at Mumbai
	Donation to Prime Minister's Relief Fund	Prime Minister's National relief Fund	Delhi	5.00	5.00	5.00	Direct
				310.79	303.97	303.97	
6	In case the company has failed to spend the 2% of the Average Net Profit (INR) of the last 3 financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board's Report:			The Company has spent all the amounts reserved for CSR activities i.e. 2% of average net profit for the last three financial years.			
7	The implementation and monitoring of CSR policy is in compliance with CSR objectives and Policy of the Company.						

Kavinder Singh

Managing Director & CEO
Mumbai, May 18, 2015

A K Nanda

Chairman of Corporate Social Responsibility Committee

ANNEXURE 4 TO THE DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2015

Information to be disclosed under Securities and Exchange Board of India (Share Based Employees Benefits) Regulation, 2014 and Companies Act, 2013 and Rules made thereunder:

		Mahindra Holidays & Resorts India Limited Employee Stock Option Scheme (MHRIL ESOS)							
		2006							2014
a)	Options granted	1951350							620000
b)	The pricing formula	Grant II - Granted on March 30, 2007	Grant III - Granted on November 1, 2007	Grant V - Granted on November 1, 2008	Grant VI - Granted on February 21, 2012	Grant VII - Granted on February 21, 2012	Grant VIII - Granted on February 21, 2013	Grant IX - Granted on January 29, 2014	Grant I - Granted on January 22, 2015
		The options were granted prior to the listing of Company's shares. These options were granted, based on the valuation done by an independent Chartered Accountant using Discounted Cash Flow Method			Average price preceding the specified date - July 25, 2011	Average price preceding the specified date - October 29, 2011	Average price preceding the specified date - January 31, 2013	Average price preceding the specified date - January 29, 2014	Average price preceding the specified date - January 22, 2015
		Average price	- average of the daily high and low of the prices of the Company's Equity Shares quoted on National Stock Exchange of India Limited during the 15 days preceding the specified date.						
		The specified date	- Date on which the Remuneration Committee decided to recommend to the Mahindra Holidays & Resorts India Limited Employees' Stock Option Trust to grant the Options.						
c)	Options vested	1,232,222 Options stand vested on March 31, 2015.							Nil
d)	Options exercised	897,943							Nil
e)	The total number of shares arising as a result of exercise of options	897,943 Equity Shares of ₹ 10/- each. These were transferred from the Trust to the Eligible Employees.							Nil
f)	Options lapsed	561,168							Nil
g)	Exercise Price (in ₹)	52	52	52	370	323	323	253	264
h)	Variation of terms of options	The Mahindra Holidays & Resorts India Limited Employees' Stock Option Scheme 2006 formulated prior to the Initial Public Offering (IPO) of the Company was ratified by the Company subsequent to IPO on 16th December, 2009 by seeking the consent of shareholders through Postal Ballot and subsequently the scheme has been modified.							NA
i)	Money realised by exercise of options	₹24,404,896.00							Nil
j)	Total number of options in force	496,652							620,000

k) Employee-wise details of options granted to:								
i) Key Managerial Personnel	Names of Directors and Key Managerial Persons to whom stock options have been granted	Number of options granted in March, 2007*	Number of options granted in November, 2007**	Number of options granted in November, 2008***	Number of options granted in February, 2012#	Number of options granted in February, 2013#	Number of options granted in January, 2014#	Number of options granted in January, 2015##
	Mr. A K Nanda	-	9,510	10,500	-	-	-	-
	Mr. Vineet Nayyar	-	10,000	-	-	-	-	-
	Mr. Sridar Iyengar	-	-	-	27,500	-	-	-
	Mr. Ravindera Khanna	3,570	-	2,830	-	-	-	-
	Mr. Mohit Bhatia	-	-	-	54,000	-	-	-
	Mr. Rohit Malik	-	-	-	-	60,000	-	-
	Mr. Dinesh Shetty	-	-	-	-	40,000	-	-
	Mr. Sujit Paul	-	-	-	-	30,000	-	-
	Ms. Deepali Naair	-	-	-	-	-	35,000	-
	Mr. Kavinder Singh	-	-	-	-	-	-	400,000
	Mr. S Krishnan	-	-	-	-	-	-	200,000
	Mr. Subash Kelkar	-	-	-	-	-	-	20,000
	* All the above Options have been exercised.							
	** 56,700 options have been vested till March 31, 2015, of which 55,114 options have been exercised by the eligible employees.							
	*** 160,600 options have been vested till March 31, 2015, of which 141,762 options have been exercised by the eligible employees.							
	# Options vested during the year but not exercised							
	## fresh Grant of Options made during the year.							

ii) Any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year	Names	Number of options granted in February 2012	Names	Number of options granted in February 2013	Names	Number of options granted in January 2014	Names	Number of options granted in January 2015
	Mr. Mohit Bhatia	54,000	Mr. Rohit Malik Mr. Dinesh Shetty Mr. Sujit Paul	60,000 40,000 30,000	Ms. Deepali Naair	35,000	Mr. Kavinder Singh Mr. S Krishnan	400000 200000
iii) Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	NIL							NIL
i) Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard (AS) 20 'Earnings per Share'	₹ 8.28							₹ 8.28
m) Where the company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognised if it had used the fair value of the options, shall be disclosed. The impact of this difference on profits and on EPS of the company shall also be disclosed.	The Company has calculated the employee compensation cost using the intrinsic value of stock options. Had the fair value method been used, in respect of stock options granted, the employee compensation cost would have been higher by ₹ 63.39 lakh, Profit after tax lower by ₹ 63.39 lakh and the basic and diluted earnings per share would have been lower by ₹ 0.07.							

		MHRIL ESOS 2006			MHRIL ESOS 2014		
n)	Weighted-average exercise prices and weighted-average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock.	Options Grant Date	Exercise Price (₹)	Fair Value (₹)	Options Grant Date	Exercise Price (₹)	Fair Value (₹)
		March 30, 2007	52.00	16.36	January 22, 2015	264.00	97.24
		November 1, 2007	52.00	16.55			
		November 1, 2008	52.00	16.04			
		February 21, 2012	370.00	113.81			
		February 21, 2012	323.00	129.93			
		February 21, 2013	323.00	94.43			
		January 29, 2014	253.00	83.75			

o)	A description of the method and significant assumptions used during the year to estimate the fair values of options, including the following weighted-average information:	The fair value of the stock options have been calculated using Black Scholes Options Pricing Model and the significant assumptions made in this regard are as follows:							
		Grant dated March 30, 2007	Grant dated November 1, 2007	Grant dated November 1, 2008	Grant dated February 21, 2012	Grant dated February 21, 2012	Grant dated February 21, 2013	Grant dated January 29, 2014	Grant dated January 22, 2015
	(i) risk-free interest rate,	7.92%	7.72%	7.34%	8.00%	8.00%	7.78%	8.81%	7.74%
	(ii) expected life,	5.00	5.00	5.00	6.00	6.00	3.50	3.50	3.50
	(iii) expected volatility,	Nil	Nil	Nil	0.33	0.33	0.31	0.29	0.29
	(iv) expected dividends, and	Nil	Nil	Nil	₹ 4.00	₹ 4.00	1.38%	1.66%	1.48%
	(v) the price of the underlying share in market at the time of option grant.	Not Applicable as the shares of the Company are not listed at the time of option grant.			329.80	329.80	290.10	240.35	270.25

Note:

- (i) The entire options granted under Grant - IV on 4th February, 2008 were either lapsed or surrendered.
- (ii) The options granted under Grant II & Grant III stand augmented by 5 Bonus options for every 3 existing options on account of 5:3 Bonus Issue made in November, 2007.
- (iii) Grant I either has been exercised or lapsed.

ANNEXURE 5 TO THE DIRECTORS REPORT FOR THE YEAR ENDED MARCH 31, 2015

Policy on Appointment of Directors and Senior Management

I. APPOINTMENT OF DIRECTORS

- The Nomination and Remuneration Committee (NRC) reviews and assesses Board composition and recommends the appointment of new Directors. In evaluating the suitability of individual Board member, the NRC shall take into account the following criteria regarding qualifications, positive attributes and independence of director:
 1. All Board appointments will be based on merit, in the context of the skills, experience, independence and knowledge, for the Board as a whole to be effective.
 2. Ability of the candidates to devote sufficient time and attention to his/her professional obligations as Independent Director for informed and balanced decision making.
 3. Adherence to the Code of Conduct and highest level of Corporate Governance in letter and in spirit by the Independent Directors.
- Based on recommendation of the NRC, the Board will evaluate the candidate(s) and decide on the selection of the appropriate member. The Board through the Chairman

will interact with the new member to obtain his/her consent for joining the Board. Upon receipt of the consent, the new Director will be co-opted by the Board in accordance with the applicable provisions of the Companies Act 2013 and Rules made thereunder.

REMOVAL OF DIRECTORS

If a Director is attracted with any disqualification as mentioned in any of the applicable Acts, rules and regulations thereunder or due to non - adherence to the applicable policies of the company, the NRC may recommend to the Board with reasons recorded in writing, removal of a Director subject to the compliance of the applicable statutory provisions.

SENIOR MANAGEMENT PERSONNEL

The NRC shall identify persons who are qualified to become directors and who may be appointed in senior management cadre in accordance with the criteria laid down above.

Senior Management personnel are appointed or promoted and removed/relieved with the authority of Managing Director & CEO based on the business need and the suitability of the candidate. The details of the appointment made and the personnel removed/relieved amongst the Leadership Team during a quarter shall be presented to the Board.

ANNEXURE 6A TO THE DIRECTORS REPORT AS ON MARCH 31, 2015

Policy on Remuneration of Directors

This Policy shall be effective from the financial year 2014 - 15.

Objective

The objective of the Remuneration Policy of Directors of Mahindra Holidays & Resorts India Limited ("the Company") is to focus on enhancing the value, to attract, retain and motivate Directors for achieving objectives of the Company and to place the Company in leading position.

The Nomination and Remuneration Committee (NRC) of the Board shall, while formulating the policy ensure that —

- a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the company successfully;
- b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- c) remuneration to Directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

While deciding the policy on remuneration of Directors the Committee may consider amongst other things, the duties and responsibilities cast by the Companies Act, 2013, the Listing

Agreement, various Codes of Conduct, Articles of Association, restrictions on the remuneration to Directors as also the remuneration drawn by Directors of other companies in the industry, the valuable contributions and inputs from Directors based on their knowledge, experience and expertise in shaping the destiny of the Company etc. The Policy is guided by a reward framework and set of principles and objectives as more fully and particularly envisaged under Section 178 of the Companies Act 2013 and principles pertaining to qualifications, positive attributes, integrity and independence of Directors, etc.

Directors

The Managing Director & Chief Executive Officer is an executive of the Company and draws remuneration from the Company. The Non-Executive Chairman and Independent Directors receive sitting fees for attending the meeting of the Board and the Committees thereof, as fixed by the Board of Directors from time to time subject to statutory provisions. The Non-Executive Chairman and Independent Directors would be entitled to the remuneration under the Companies Act, 2013. A Non-Executive Non-Independent Director who receives remuneration from the holding company is not paid any sitting fees or any remuneration. In addition to the above the Directors are entitled for reimbursement of expenses incurred in discharge of their duties.

Pursuant to Employee Stock Option Scheme 2006 (ESOS 2006), the Company has granted Stock Options to Directors including Independent Directors. The vesting and exercise of these Options shall continue to be governed by ESOS 2006 and terms of grant. However, as per Section 149(9) of the Companies Act, 2013, henceforth the Independent Directors will not be entitled to fresh grant of any Stock Options.

The NRC while designing the remuneration shall ensure that the level and composition of remuneration to be reasonable and sufficient to attract, retain and motivate the person to ensure the quality required to run the Company successfully. While considering a remuneration, the NRC shall also ensure a balance between fixed and performance linked variable pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.

The NRC shall consider that a successful Remuneration Policy must ensure that some part of the remuneration is linked to the achievement of corporate performance targets.

Managing Director and Executive Directors

The term of office and remuneration of Managing Director and Executive Directors are subject to the approval of the Board of Directors, shareholders, and Central Government, as may be required and the limits laid down under the Companies Act, 2013 from time to time.

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay, subject to the requisite approvals, remuneration to its Managing Director and Executive Directors in accordance with the provisions of Schedule V of the Companies Act, 2013.

If any Managing Director and Executive Directors draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Companies Act, 2013 or without the prior sanction of the Central Government, where required, he/she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

Remuneration of the Managing Director and Executive Directors reflects the overall remuneration philosophy and guiding principle of the Company. While considering the appointment and remuneration of Managing Director and Executive Directors, the NRC shall consider the industry benchmarks, merit and seniority of the person and shall ensure that the remuneration proposed to be paid is commensurate with the remuneration packages paid to similar senior level counterpart(s) in other companies.

Remuneration for Managing Director and Executive Directors are designed subject to the limits laid down under the Companies Act, 2013 to remunerate them fairly and responsibly. The remuneration to the Managing Director and Executive Directors comprises of salary, perquisites and performance based incentive apart from retirement benefits like P.F., Superannuation, Gratuity, Leave Encashment, etc.

as per Rules of the Company. Salary is paid within the range approved by the Shareholders. Annual increments are effective from 1st April each year, as recommended/approved by the Remuneration Committee/Board.

The fixed component of remuneration will have a flexible component with a bouquet of allowances to enable the Managing Director and Executive Directors to choose the allowances as well as the quantum based on laid down limits as per Company policy. The flexible component can be varied only once annually after the salary increment exercise.

The actual pay-out of variable component of the remuneration will be a function of individual performance as well as business performance. Business performance is evaluated using a Balanced Score Card (BSC) while individual performance is evaluated on Key Result Areas (KRA). Both the BSC and KRAs are evaluated at the end of the fiscal to arrive at the BSC rating of the business and performance rating of the individual.

Remuneration also aims to motivate personnel to deliver Company's key business strategies, create a strong performance-oriented environment and reward achievement of meaningful targets over the short and long-term.

The Managing Director and Executive Directors are entitled to customary non-monetary benefits such as company cars, health care benefits, leave travel, communication facilities, etc. as per policies of the Company. The Managing Director and Executive Directors are entitled for grant of Stock Options as per the approved Stock Options Schemes of the Company from time to time.

Non-executive Directors

The Non-Executive Directors (NEDs) are paid remuneration by way of Commission and Sitting Fees. In terms of the shareholders' approval, the Commission is paid at a rate not exceeding 1% (one percent) per annum of the profits of the Company computed in accordance with the applicable provisions of the Companies Act, 2013. The distribution of Commission amongst the NEDs shall be placed before the Board.

At present, the Company pays sitting fees to the NEDs for attending the meetings of the Board and the Committees constituted by the Board from time to time.

The Directors who are members of the Corporate Social Responsibility (CSR) Committee of the Board have voluntarily waived the receipt of sitting fees for attending the CSR Committee meetings.

Disclosures

Information on the total remuneration of members of the Company's Board of Directors, Managing Director and Executive Directors and KMP/senior management personnel may be disclosed in the Board's report and the Company's annual report/website as per statutory requirements in this regard.

ANNEXURE 6B TO THE DIRECTORS REPORT AS ON MARCH 31, 2015

Policy on Remuneration for Key Managerial Personnel and Employees

Applicability

This Policy shall be effective from the financial year 2014 - 15.

Objective

To establish guidelines for remunerating employees fairly and in keeping with Statutes.

Standards

- All employees, irrespective of contract, are to be remunerated fairly and the remuneration is to be externally competitive and internally equitable. The remuneration will be paid in accordance with the laid down Statutes.
- Remuneration for on-roll employees will include a fixed or guaranteed component payable monthly; and a variable component for eligible employees, which is based on performance and paid annually.
- The fixed component of remuneration will have a flexible component with a bouquet of allowances based on laid down limits as per Company policy. The flexible component can be varied only once annually.
- The variable component of the remuneration for eligible employees, will vary from 15% to 25% of the Cost-to-Company (CTC) and will be a function of the employee's grade.
- The actual pay-out of variable component of the remuneration will be a function of individual performance as well as business performance. Business performance is evaluated using a Balanced Score Card (BSC) while individual performance is evaluated on Key Result Areas (KRA). Both the BSC and KRAs are evaluated at the end of the fiscal to arrive at the BSC rating of the business and Performance rating of the individual.
- An annual compensation survey is carried out to ensure that the Company's compensation is externally competitive and is around 60th percentile. Based on the findings of the survey and the business performance, the CEO along with the CHRO & CFO decides:
 - The increment that needs to be paid for different performance ratings as well as grades.
 - The increment for promotions and the total maximum increment.
 - The maximum increase in compensation cost in % and absolute.
- Compensation corrections are made in few relevant cases to keep it in tune with the market.
- Mid-term compensation correction, if any, are made on a case-to-case basis.
- Remuneration to the Managing Director/CEO, Whole-time Directors & KMP's are subject to the approval of the Remuneration Committee/Board.

ANNEXURE 7 TO THE DIRECTORS REPORT AS ON MARCH 31, 2015

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2015

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,
The Members,
Mahindra Holidays & Resorts India Limited

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Mahindra Holidays & Resorts India Limited (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2015 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2015 according to the applicable provisions of:

- (i) The Companies Act, 1956 (the Old Act) and the rules made thereunder;
- (ii) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (iii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iv) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (v) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment and Overseas Direct Investment. There is no External Commercial Borrowing in the Company; and
- (vi) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - (c) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

(d) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; and

(e) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.

The provisions of the following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 were not applicable to the Company during the year under report:

- (i) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
- (ii) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- (iii) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; and
- (iv) The Securities and Exchange Board of India (Sweat Equity) Regulations, 2002.

Based on the representation made by the Company and its officers, the Company has proper system and process in place for compliance under the other applicable Laws, Acts, Rules, Regulations and Guidelines. Major heads/groups of Acts, Laws, Rules, Regulations, Guidelines and Standards as applicable to the Company are given below:

- (i) Labour Laws and other incidental laws related to labour and employees appointed by the Company either on its payroll or on contractual basis as related to wages, gratuity, provident fund, ESIC, compensation etc.;
- (ii) Acts as prescribed under Direct Tax and Indirect Tax;
- (iii) Acts prescribed under prevention and control of pollution;
- (iv) Acts prescribed under environmental protection;
- (v) Land Revenue laws of respective States;
- (vi) Labour Welfare Act of respective States; and
- (vii) Local laws as applicable to various offices of the Company.

We have also examined compliance with the applicable clauses of the following:

- (I) The Equity Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited.

The Institute of Company Secretaries of India has not prescribed any Secretarial Standards which are mandatory for the year 2014-15.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above *subject to the observation that the Board of Directors of the Company at their Meeting held on September 29, 2014 had filled up the vacancy caused by the resignation of erstwhile Managing Director & CEO (with*

effect from April 1, 2014) though the new appointee joined the Company w.e.f. November 3, 2014.

We further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors subject to what is stated herein before. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decisions were carried through at the meetings of the Board of Directors of the Company. There were no dissenting views by any Member of the Board of Directors during the period under review.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period the company has undertaken following major corporate events/actions having a bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above:

- (i) Completion of Amalgamation of Bell Tower Resorts Pvt Ltd, wholly owned subsidiary, with the Company w.e.f. July 31, 2014;
- (ii) Competent Hotels Private Limited and MHR Holdings (Mauritius) Limited (MHR) became wholly owned subsidiaries of the Company. Further, Covington S.a.r.l., Luxemburg, a wholly owned subsidiary of the MHR, also became subsidiary of the Company, which in turn holds in excess of 20% in Holiday Club Resorts OY, Finland;
- (iii) The members of the Company have on December 26, 2014 approved the "Mahindra Holidays & Resorts India Limited Employees Stock Option Scheme 2014" by a special resolution passed through postal ballot; and
- (iv) Board of Directors on January 22, 2015 approved the amalgamation of Divine Heritage Hotels Private Limited, Competent Hotels Private Limited and Holiday on Hills Resorts Private Limited with the Company, subject to requisite approvals.

For M Siroya and Company
Company Secretaries

Sd/-
Mukesh Siroya
Proprietor
FCS No.: 5682
CP No.: 4157

Date: May 18, 2015
Place : Mumbai

This report is to be read with our letter of even date which is annexed as **Annexure A** and forms an integral part of this report.

'Annexure A'

To,
The Members,
Mahindra Holidays & Resorts India Limited

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management's representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the verification of the procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For M Siroya and Company
Company Secretaries

Sd/-
Mukesh Siroya
Proprietor
FCS No.: 5682
CP No.: 4157

Date: May 18, 2015
Place : Mumbai

ANNEXURE 8

**Form No. MGT-9
EXTRACT OF ANNUAL RETURN
as on the financial year ended on 31.03.2015**

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies
(Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS

i.	CIN	L55101TN1996PLC036595
ii.	Registration Date	20 th September, 1996
iii.	Name of the Company	Mahindra Holidays & Resorts India Limited
iv.	Category/Sub-Category of the Company	Public Company Limited by Shares
v.	Address of the Registered office of the Company	Mahindra Towers, 2nd Floor, 17/18 Patullos Road, Chennai – 600 002 Tele.: 044 3988 1000 Fax.: 044 3027 7778 E- Mail: investors@mahindaholidays.com Website : www.clubmahindra.com
vi.	Whether listed company	Yes
vii.	Name of Registrar and Transfer Agent	Karvy Computershare Private Limited
	Address and Contact details	Karvy Selenium, Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032 Ph : 040 6716 2222 Fax : 040 2300 1153 Toll free no : 1800 345 4001

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products/services	NIC Code of the Product/ service	% to total turnover of the company
1.	Income from sale of vacation ownership (VO)	55101	54.97
2.	Annual Subscription Fee from VO members	55101	19.27
3.	Income from sale of Food and Beverages	55101	10.59

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1.	Mahindra & Mahindra Limited Gateway Building, Apollo Bunder, Mumbai – 400 001	L65990MH1945PLC004558	Holding	75%	2(46)
2.	Gables Promoters Pvt Ltd No. 504, Block A, 5 th Floor, Elante Office Suites, Plot No-178- 178/A, Industrial Area, Phase 1, Chandigarh – 160 001	U45209CH2012PTC033473	Subsidiary	100%	2(87)

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
3.	Holiday on Hills Resorts Private Ltd Village Sicharateh, Kandaghat, Dist. Solan, Himachal Pradesh – 173 215	U55101HP1996PTC017806	Subsidiary	100%	2(87)
4.	Divine Heritage Hotels Pvt Ltd 24,25 & 26, Mahindra Towers, Durga Vihar Colony, Tonk Road, Jaipur – 302 108	U55101RJ2008PTC025734	Subsidiary	100%	2(87)
5.	Mahindra Hotels and Residences India Ltd Mahindra Towers, 17/18 Patullos Road, Chennai – 600 002	U55101TN2007PLC063285	Subsidiary	100%	2(87)
6.	Competent Hotels Private Limited Unit 873, 8 th Floor, Aggarwal Cyber Plaza II, Plot No. C – 7, Netaji Subhash Place, Pitampura, New Delhi – 110 034.	U55101DL1986PTC114589	Subsidiary	100%	2(87)
7.	MHR Holding (Mauritius) Ltd IFS Court, Twenty Eight Cyber City, Ebene, Mauritius.	NA	Subsidiary	100%	2(87)
8.	Covington S.a.r.l 16 Avenue Pasteur, L-2310, Luxembourg, Grand Duchy of Luxembourg	NA	Subsidiary	100%	2(87)
9.	Heritage Bird (M) Sdn. Bhd. 802, 8 th Floor, Block C, Kelana Square, 17 Jalan SS7/26, 47301 Petaling Jaya, Selangor, Malaysia.	NA	Subsidiary	100%	2(87)
10.	Infinity Hospitality Group Company Ltd No. 20 Soi Sukhumvit 7 (Lerdsin 2), Sukhumvit Road, Khwaeng Khlongtoey Nua, Khet Wattana Bangkok	NA	Subsidiary		2(87)
11.	MH Boutique Hospitality Limited No. 33/118-119 Wall Street Tower Building, 23rd Floor Surawongse Road, Suriyawongse Sub-District, Bangrak District, Bangkok, Thailand	NA	Subsidiary	49%	2(87)
12.	Guestline Hospitality Management & Development Service Limited Saleh Centre Annexe, 1 st Floor, 18/4, Cunningham Road, Bangalore – 560 052	U55101KA1994PLC015472	Associate company	49.94%	2(6)
13.	Holiday Club Resorts Oy, Finalnd Hitsaajankatu 22, 00810 Helsinki	NA	Associate company	23.32%	2(6)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)
i) Category-wise Share Holding

Category Code	Category of Shareholder	No. of Shares held at the beginning of the year 31/03/2014				No. of Shares held at the end of the year 31/03/2015				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)	(X)	(XI)
(A)	Promoter and Promoter Group									
(1)	Indian									
(a)	Individual /HUF	-	-	-	-	-	-	-	-	-
(b)	Central Government/State Government(s)	-	-	-	-	-	-	-	-	-
(c)	Bodies Corporate	66585642	-	66585642	75.00	66585642	-	66585642	75.00	0.00
(d)	Financial Institutions/Banks	-	-	-	0.00	-	-	-	0.00	0.00
(e)	Others	-	-	-	0.00	-	-	-	0.00	0.00
	Sub-Total A(1):	66585642	-	66585642	75.00	66585642	-	66585642	75.00	0.00
(2)	Foreign									
(a)	Individuals (NRIs/Foreign Individuals)	-	-	-	-	-	-	-	0.00	0.00
(b)	Bodies Corporate	-	-	-	-	-	-	-	0.00	0.00
(c)	Institutions	-	-	-	-	-	-	-	0.00	0.00
(d)	Qualified Foreign Investor	-	-	-	-	-	-	-	0.00	0.00
(e)	Others	-	-	-	-	-	-	-	0.00	0.00
	Sub-Total A(2):	-	-	-	-	-	-	-	0.00	0.00
	Total A=A(1)+A(2)	66585642	-	66585642	75.00	66585642	-	66585642	75.00	0.00
(B)	Public Shareholding									
(1)	Institutions									
(a)	Mutual Funds /UTI	1416346	-	1416346	1.60	1981457	-	1981457	2.23	-0.64
(b)	Financial Institutions /Banks	46527	-	46527	0.05	40914	-	40914	0.05	0.01
(c)	Central Government/State Government(s)	-	-	-	-	-	-	-	0.00	-
(d)	Venture Capital Funds	-	-	-	-	-	-	-	0.00	-
(e)	Insurance Companies	-	-	-	-	-	-	-	0.00	-
(f)	Foreign Institutional Investors	10711451	-	10711451	12.07	9139452	-	9139452	10.29	1.77
(g)	Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	-
(h)	Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
(i)	Others	-	-	-	-	-	-	-	-	-
	Sub-Total B(1):	12174324	-	12174324	13.71	11161823	-	11161823	12.57	1.14
(2)	Non-Institutions									
(a)	Bodies Corporate	2871078	-	2871078	3.23	1808687	-	1808687	2.04	1.20
(b)	Individuals									
	i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	2107511	14183	2121694	2.39	3624775	14303	3639078	4.10	-1.71
	ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	3100386	-	3100386	3.49	3475804	-	3475804	3.92	-0.42
(c)	Others									
	Clearing Members	24460	-	24460	0.03	29627	-	29627	0.03	-0.01
	Foreign Bodies	824565	-	824565	0.93	824565	-	824565	0.93	0.00
	Non Resident Indians	145486	-	145486	0.16	167755	-	167755	0.19	-0.03
	Trusts	756683	-	756683	0.85	754605	-	754605	0.85	0.00
	HUF	176538	-	176538	0.20	333270	-	333270	0.38	-0.18
(d)	Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
	Sub-Total B(2):	10006707	14183	10020890	11.29	11019088	14303	11033391	12.43	-1.14
	Total B=B(1)+B(2):	22181031	14183	22195214	25.00	22180911	14303	22195214	25.00	0.00
	Total (A+B):	88766673	14183	88780856	100.00	88766553	14303	88780856	100.00	0.00

Category Code	Category of Shareholder	No. of Shares held at the beginning of the year 31/03/2014				No. of Shares held at the end of the year 31/03/2015				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)	(X)	(XI)
(C)	Shares held by custodians, against which									
	Depository Receipts have been issued									
(1)	Promoter and Promoter Group									
(2)	Public	-	-	-	0.00	-	-	-	0.00	0.00
	Grand Total (A+B+C):	88766673	14183	88780856	100.00	88766553	14303	88780856	100.00	

(ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% Change in shareholding during the year
		No. of Shares	% of total shares of the company	% of shares pledged/encumbered to total shares	No. of Shares	% of total shares of the company	% of shares pledged/encumbered to total shares	
1.	Mahindra & Mahindra Limited	66585642	75	0.00	66585642	75	0.00	0.00
	Total							

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	66585642	75	66585642	75
	Date wise Increase /Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease(e.g. allotment /transfer /bonus/sweat equity etc):	-	-	-	-
	At the end of the year	66585642	75	66585642	75

(iv) Shareholding Pattern of Top 10 Shareholders between 31/03/2014 and 31/03/2015 (Other than Directors, Promoters and Holders of GDRs & ADRs)

Sino	Date	Reason for Increase/Decrease	Name of the Share Holder	Shareholding at the beginning of the Year		Cumulative Shareholding during the Year	
				No of Shares	% of total shares of the company	No of Shares	% of total shares of the company
1	01/04/2014	Opening Balance	Government Pension Fund Global	3100000	3.49	3100000	3.49
	30/05/2014	Sale		15000	0.02	3085000	3.47
	10/10/2014	Purchase		15000	0.02	3100000	3.49
	05/12/2014	Purchase		61000	0.07	3161000	3.56
	12/12/2014	Purchase		20000	0.02	3181000	3.58
	19/12/2014	Purchase		9000	0.01	3190000	3.59
	09/01/2015	Purchase		10000	0.01	3200000	3.60
	13/02/2015	Purchase		10000	0.01	3210000	3.62
	27/02/2015	Purchase		22000	0.02	3232000	3.64
	06/03/2015	Purchase		24032	0.03	3256032	3.67
	13/03/2015	Purchase		3968	0.00	3260000	3.67
	20/03/2015	Purchase		20027	0.02	3280027	3.69
	27/03/2015	Purchase		19973	0.02	3300000	3.72
	31/03/2015	Closing Balance				3300000	3.72

Sino	Date	Reason for Increase/Decrease	Name of the Share Holder	Shareholding at the beginning of the Year		Cumulative Shareholding during the Year			
				No of Shares	% of total shares of the company	No of Shares	% of total shares of the company		
2	01/04/2014	Opening Balance	BNP Paribas Arbitrage	2660029	3.00	2660029	3.00		
	31/03/2015	Closing Balance			0.00	2660029	3.00		
3	01/04/2014	Opening Balance	Morgan Stanley Mauritius Company Limited	2070542	2.33	2070542	2.33		
	30/09/2014	Sale		45086	0.05	2025456	2.28		
	03/10/2014	Sale		20844	0.02	2004612	2.26		
	17/10/2014	Sale		75860	0.09	1928752	2.17		
	24/10/2014	Sale		41350	0.05	1887402	2.13		
	31/10/2014	Sale		63653	0.07	1823749	2.05		
	07/11/2014	Sale		77311	0.09	1746438	1.97		
	14/11/2014	Sale		111397	0.13	1635041	1.84		
	21/11/2014	Sale		119075	0.13	1515966	1.71		
	28/11/2014	Sale		148690	0.17	1367276	1.54		
	05/12/2014	Sale		306000	0.34	1061276	1.20		
	12/12/2014	Sale		26005	0.03	1035271	1.17		
	31/03/2015	Closing Balance				1035271	1.17		
	4	01/04/2014		Opening Balance	SBI Life Insurance Co. Ltd	1252728	1.41	1252728	1.41
		18/04/2014		Sale		1931	0.00	1250797	1.41
02/05/2014		Sale	10629	0.01		1240168	1.40		
09/05/2014		Sale	2052	0.00		1238116	1.39		
13/06/2014		Sale	5000	0.01		1233116	1.39		
11/07/2014		Sale	30220	0.03		1202896	1.35		
01/08/2014		Sale	15284	0.02		1187612	1.34		
08/08/2014		Sale	242	0.00		1187370	1.34		
15/08/2014		Sale	22386	0.03		1164984	1.31		
22/08/2014		Sale	43512	0.05		1121472	1.26		
12/09/2014		Sale	40000	0.05		1081472	1.22		
19/09/2014		Sale	1964	0.00		1079508	1.22		
10/10/2014		Sale	20000	0.02		1059508	1.19		
17/10/2014		Sale	1292	0.00		1058216	1.19		
28/11/2014		Sale	31649	0.04		1026567	1.16		
05/12/2014		Sale	64580	0.07		961987	1.08		
12/12/2014		Sale	20000	0.02		941987	1.06		
30/01/2015		Sale	6251	0.01		935736	1.05		
06/02/2015		Sale	50000	0.06		885736	1.00		
13/02/2015		Sale	207000	0.23		678736	0.76		
31/03/2015	Closing Balance			678736	0.76				
5	01/04/2014	Opening Balance	NYLIM Jacob Ballas Asset Management Company III LL A/C NYLIM JACOB BALLAS INDIA FUND (FII) IILLC	1174676	1.32	1174676	1.32		
	31/03/2015	Closing Balance			0.00	1174676	1.32		
6	01/04/2014	Opening Balance	NYLIM JACOB BALLAS INDIA FUND III, LLC	824565	0.93	824565	0.93		
	31/03/2015	Closing Balance			0.00	824565	0.93		

Sino	Date	Reason for Increase/Decrease	Name of the Share Holder	Shareholding at the beginning of the Year		Cumulative Shareholding during the Year	
				No of Shares	% of total shares of the company	No of Shares	% of total shares of the company
7	01/04/2014	Opening Balance	PPFAS Long Term Value Fund	769371	0.87	769371	0.87
	06/06/2014	Sale		49695	0.06	719676	0.81
	13/06/2014	Sale		50000	0.06	669676	0.75
	30/06/2014	Sale		27378	0.03	642298	0.72
	11/07/2014	Sale		41208	0.05	601090	0.68
	12/09/2014	Sale		5000	0.01	596090	0.67
	19/09/2014	Sale		21809	0.02	574281	0.65
	09/01/2015	Sale		5000	0.01	569281	0.64
	31/03/2015	Purchase		5000	0.01	574281	0.65
	31/03/2015	Closing Balance			0.00	574281	0.65
	8	01/04/2014		Opening Balance	Mahindra Holidays & Resorts India Limited Employees Stock Option Trust	756683	0.85
30/06/2014		Transfer	875	0.00		755808	0.85
31/12/2014		Transfer	1203	0.00		754605	0.85
31/03/2015		Closing Balance		0.00		754605	0.85
9	01/04/2014	Opening Balance	UBS Fund Management (Luxembourg) S.A. for and on Behalf of UBS (Lux) Equity Fund - Asian Consumption	745027	0.84	745027	0.84
	18/04/2014	Sale		8073	0.01	736954	0.83
	25/04/2014	Sale		6759	0.01	730195	0.82
	09/05/2014	Sale		3499	0.00	726696	0.82
	16/05/2014	Sale		12170	0.01	714526	0.80
	23/05/2014	Sale		240923	0.27	473603	0.53
	30/05/2014	Sale		7768	0.01	465835	0.52
	30/06/2014	Sale		72702	0.08	393133	0.44
	04/07/2014	Sale		925	0.00	392208	0.44
	11/07/2014	Sale		144710	0.16	247498	0.28
	25/07/2014	Sale		5098	0.01	242400	0.27
	05/09/2014	Sale		4802	0.01	237598	0.27
	12/09/2014	Sale		14894	0.02	222704	0.25
	19/09/2014	Sale		200280	0.23	22424	0.03
	19/12/2014	Sale		22424	0.03	0	0.00
	31/03/2015	Closing Balance			0.00	0	0.00
10	01/04/2014	Opening Balance	AADI Financial Advisors LLP	437072	0.49	437072	0.49
	06/02/2015	Sale		350000	0.39	87072	0.10
	13/02/2015	Sale		87072	0.10	0	0.00
	31/03/2015	Closing Balance			0.00	0	0.00
11	IN30016710088304	Opening Balance	Axis Mutual Fund Trustee Limited A/C Axis Mutual Fund A/C Axis Midcap Fund	0	0.00	0	0.00
	06/02/2015	Purchase		500000	0.56	500000	0.56
	13/02/2015	Purchase		118000	0.13	618000	0.70
	20/02/2015	Purchase		282000	0.32	900000	1.01
	31/03/2015	Closing Balance			0.00	900000	1.01
12	IN30343810011336	Opening Balance	SCHRODER INTERNATIONAL SELECTION FUND INDIAN OPPORTUNITIES	0	0.00	0	0.00
	20/02/2015	Purchase		118000	0.13	118000	0.13
	27/02/2015	Purchase		66289	0.07	184289	0.21
	06/03/2015	Purchase		14168	0.02	198457	0.22
	13/03/2015	Purchase		75161	0.08	273618	0.31
	20/03/2015	Purchase		45161	0.05	318779	0.36
	31/03/2015	Closing Balance				318779	0.36

(v) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	Name of the Share Holder	No of Shares held as on 01/04/2014	Change in Shareholding	No of Shares Held As on 31/03/2015	% Change in Shareholding
1	Arun Kumar Nanda	5,94,630	1,00,000	6,94,630	16.82
2	Cyrus J. Guzder	26,700	-	26,700	0.00
3	Vineet Nayyar	26,700	-	26,700	0.00
4	Rohit Khattar	26,700	-	26,700	0.00
		6,74,730	1,00,000	7,74,730	14.82

None of the other Directors and KMPs hold any shares in the Company

V. Indebtedness

Indebtedness of the Company including interest outstanding/accrued but not due for payment

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	291.36	-	-	291.36
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	291.36	-	-	291.36
Change in Indebtedness during the financial year				
• Addition	349.85	-	-	349.85
• Reduction	-	-	-	-
Net Change	349.85	-	-	349.85
Indebtedness at the end of the financial year				
i) Principal Amount	641.21	-	-	641.21
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	641.21	-	-	641.21

VI. Remuneration of Directors and Key Managerial personnel
A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Sl. No.	Particulars of Remuneration	Name of MD/WTD/Manager		Total Amount
		Kavinder Singh# (Managing Director & CEO)	S Krishnan* (CFO & Executive Director)	
1.	Gross salary			
	a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	71.76	90.89	162.65
	b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.17	0.32	0.49
	c) Profits in lieu of salary under section 17(3) Incometax Act, 1961	–	–	–
2.	Stock Option	–	–	–
3.	Sweat Equity	–	–	–
4.	Commission – as % of profit – others, specify...	–	–	–
5.	Others, please specify	–	–	–
	Total (A)	71.93	91.21	163.41
	Ceiling as per the Act	₹1,058.41 lakh (being 10% of the Net Profits of the Company calculated as per Section 198 of the Companies Act, 2013)		

For the Period November 3, 2014 to March 31, 2015.

* Mr. S Krishnan became Whole Time Director and designated as Chief Financial Officer (CFO) & Executive Director w.e.f January 22, 2015. Prior to that he was the CFO of the Company and the above amounts represent for the entire financial year 2014-15.

B. Remuneration to other directors:

Sl. No.	Particulars of Remuneration	Name of Directors								Total Amount
		A K Nanda	Cyrus Guzder	Rohit Khattar	Sanjeev Aga	Sridar Iyengar	Radhika Shastry	V S Parthasarathy	Vineet Nayyar	
3.	Independent Directors									
	• Fee for attending board / committee meetings	–	7.20	2.10	5.75	6.05	4.00	–	–	25.10
	• Commission	–	10.00	10.00	10.00	10.00	–	–	–	40.00
	• Others, please specify	–	–	–	–	–	–	–	–	–
	Total (1)	–	17.20	12.10	15.75	16.05	4.00	–	–	65.10
4.	Other Non-Executive Directors									
	• Fee for attending board / committee meetings	7.20	–	–	–	–	–	–	–	7.20
	• Commission	60.00	–	–	–	–	–	–	–	60.00
	• Others, please specify	–	–	–	–	–	–	–	–	–
	Total (2)	67.20	–	–	–	–	–	–	–	67.20
	Total (B)=(1+2)	67.20	17.20	12.10	15.75	16.05	4.00	–	–	132.30
	Total Managerial Remuneration (A+B)									295.44
	Overall Ceiling as per the Act (A+B)	₹1,164.25 lakh (being 11% of the Net Profits of the Company calculated as per Section 198 of the Companies Act, 2013)								

C. Remuneration to Key Managerial Personnel other than MD/MANAGER/WTD

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		
		Company Secretary	CFO	Total
1.	Gross salary			
	a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	44.85	Refer Point No. VIA	44.85
	b) Value of perquisites u/s 17(2) Income-tax Act, 1961	–		–
	c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	–		–
2.	Stock Option	–		–
3.	Sweat Equity	–		–
4.	Commission	–		–
	- as % of profit	–		–
	- others, specify...	–		–
5.	Others, please specify	–		–
	Total	44.85		44.85

VII. Penalties/Punishment/ Compounding of Offences:

During the year, no penalties were levied against the Company, its directors or any of its officers under the Companies Act, 2013 nor was there any punishment or compounding of offences against the Company, its directors or any of its officers.

ANNEXURE 9 TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2015

PARTICULARS AS PER THE COMPANIES (ACCOUNTS) RULES, 2014 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2015

A) Conservation of energy:

- (i) The steps taken or impact on conservation of energy:

The operations of your Company are not energy intensive. However, adequate measures have been initiated to reduce energy consumption.

- Installation of solar heating in Resorts
- Installation of Energy efficient LED lights in the Resorts
- Installation of Energy efficient chiller and Variable refrigerator volume in resort

- (ii) The steps taken by the company for utilizing alternate sources of energy: Solar heating

- (iii) The capital investment on energy conservation equipment: ₹ 250 Lakhs

(B) Technology absorption:

- (i) The efforts made towards technology absorption: The Company has not carried out any Technology absorption

- (ii) The benefits derived like product improvement, cost reduction, product development or import substitution: Not Applicable

- (iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year): Not applicable

(a) The details of technology imported;

(b) The year of import;

(c) Whether the technology been fully absorbed;

(d) If not fully absorbed, areas where absorption has not taken place, and the reasons thereof; and

- (iv) The expenditure incurred on Research and Development : Not applicable

C. Foreign Exchange Earnings and Outgo

Particulars with regard to Foreign Exchange Inflows and Outgo are given in the Notes to Accounts.

For and on behalf of the Board

A K NANDA
Chairman

Place: Mumbai

Date: May 18, 2015

ANNEXURE 10 TO THE DIRECTORS REPORT AS ON MARCH 31, 2015

Disclosures required with respect to Section 197(12) of the Companies Act, 2013

The ratio of the remuneration of each Director to the median employee's remuneration and such other details in terms of Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

1. The ratio of the remuneration of each director to the median employee's remuneration for the financial year and such other details as prescribed is as given below:

Name	Designation	Ratio
Kavinder Singh	Managing Director & Chief Executive Officer	114:1
Krishnan S	Chief Financial Officer & Executive Director	58:1
A K Nanda	Non-Executive Chairman	25:1
Cyrus Guzder	Independent Director	4:1
Sridar Iyengar	Independent Director	4:1
Rohit Khattar	Independent Director	4:1
Sanjeev Aga	Independent Director	4:1
Radhika Shastry	Independent Director	NA

For this purpose, sitting fees paid to the Directors have not been considered as remuneration. In respect of Non-executive Chairman and Independent Directors only remuneration paid by way of Commission during the year were considered. Further, median is calculated on the Cost to the Company (CTC) of active employees as on March 31, 2015.

2. The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year:

For Mr. Kavinder Singh and Mr. S. Krishnan, there is no increase applicable as Mr. Kavinder Singh joined the Company during the year under review and Mr. Krishnan during the last quarter of the previous financial year. The percentage increase in remuneration of Head Legal & Company Secretary was 13%. Further, in respect of Non- Executive Chairman and Independent Directors, the individual Commission amount remain unchanged as compared to previous financial year.

3. The Percentage increase in the median remuneration of employees in the financial year:

The percentage increase in the median remuneration of the employees in the financial year was around 7%. The calculation of percentage increase in Median Remuneration is done based on comparable employees. For this we have excluded employees who were not eligible for any increment.

4. The Number of permanent Employees on the rolls of the Company:

The number of on-roll employees, as mentioned in the section on 'Management Discussion and Analysis' is 3,238. Out of this, there were 2,629 permanent employees as on March 31, 2015.

5. The explanation on the relationship between average increase in remuneration and Company performance:

The Company considers following factors while recommending increase in the remuneration of its employees:

- Financial performance of the Company
- Industry Benchmarking and consideration towards cost of living adjustment/inflation
- Individual performance on the basis of Balanced Score Card approach.

The total compensation is a prudent mix of Fixed and variable pay in the form of performance pay. The proportion of variable pay to total compensation is higher at senior level and lower at middle level.

The increase in remuneration is a function of the factors outlined above. The performance of the Company has bearing on the quantum of variable pay declared for employees across senior and middle levels.

The average increase in the remuneration of the employee during the year 2014-15 was around 8%.

6. Comparison of the remuneration of the Key Managerial Personnel against the performance of the company:

For FY 2014-2015, the key managerial personnel were paid around 2.83% of the Profit After Tax (PAT).

7. Variations in the market capitalization of the company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase or decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer:

The Market capitalization of the Company has increased from ₹ 2076.14 Crore as of March 31, 2014 to ₹ 2288.77 Crore as of March 31, 2015. Over the same period, the price to earnings ratio moved from 21.75 to 28.71. The Company's stock price as at March 31, 2015 has increased by 1.1% to ₹ 257.80 over the last public offering, i.e. IPP in April 2013 at the price of ₹ 255 per share.

8. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and any exceptional circumstances for increase in the managerial remuneration:

The average percentage increase made in the salaries of total employees other than the Key Managerial Personnel during the FY2014-15 is around 8%, while the average increase

in the remuneration of the Key Managerial Personnel was 13%. For Mr. Kavinder Singh and Mr. S. Krishnan, there is no increase applicable as they joined the Company during the year under review and during the last quarter of the previous financial year respectively. This increment is in line with the factors outlined in point (5) above.

9. Comparison of the remuneration of each of the Key Managerial Personnel against the performance of the company:

The comparison of remuneration of each of the Key Managerial Personnel against the performance of the Company is as under:

Designation	% of PAT for the year ended March 31, 2015
Managing Director & Chief Executive Officer (w.e.f. November 3, 2014 to March 31, 2015)	1.00%
Chief Financial Officer & Executive Director	1.24%
Head Legal & Company Secretary	0.59%

10. The key parameters for any variable component of remuneration availed by the directors:

While no variable component of remuneration was availed by the Non-Executive Directors during the year under review, the following are the broad factors and guidelines considered for the Performance (Variable) Pay in respect of whole-time Directors:

- a. Financial outcomes and profitability of the company.
- b. Annual Performance Review based on the Company Balanced Scorecard.

11. The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year:

Not Applicable

12. It is affirmed that the remuneration is as per the remuneration policy of the Company.

Management Discussion and Analysis

Mahindra Holidays & Resorts India Limited ('Mahindra Holidays' or 'the Company') is a leading player in the leisure hospitality industry. It has established vacation ownership in India, and is the market leader in the business. It offers holidays to its customers that are designed for the discerning and differentiated needs of families. Apart from providing quality rooms in the form of furnished apartments and cottages at resorts in unique and popular destinations, Mahindra Holidays offers its members other amenities including fun dining, holiday activities, spa and wellness facilities.

This chapter presents an overview of the markets and opportunities as well as the operational and financial performance of the Company during 2014-15. It also highlights Mahindra Holidays' strategy, and discusses important initiatives taken by the Company during the year to achieve its growth and performance objectives.

Introduction and Key Achievements

Mahindra Holidays' focus during 2014-15 was to achieve continued success in its strategic objective: ensuring that its growing member base gets the best holiday experience. This year Company faced adverse macroeconomic environment including consumers postponing their purchase decisions. Despite this, Company's strong focus on operational performance has yielded achievement of significant milestones. The key highlights are:

- **Mahindra Holidays added 409 units to its room inventory — taking total room inventory to 2,816 units. In line with its long-term strategy for expansion, most of this increase in inventory came from greenfield/ expansion projects and through an acquisition in Manali.** Currently, Mahindra Holidays offers members a choice of 45 resorts. The pace of room inventory growth and development of new destinations will continue — five greenfield projects that are in the pipeline will add over 700 units in the next few years. Key developments have been covered in greater detail in the section on 'Properties and New Projects'.
- **Mahindra Holidays added twelve thousand eight hundred members (after considering the net cancellation) to its vacation ownership business in 2014-15 —the total membership base stood at 1.83 lakh at the close of 2014-15.** This performance is creditable given the challenging macroeconomic environment and poor consumer sentiment that prevailed for most of the year, especially the first half. This required the Company to recalibrate its marketing strategy — by focusing more on better quality leads and significant efforts in brand building. These have been discussed in greater detail in the sections on 'Markets and Opportunities' and 'Business Performance'.
- **Mahindra Holidays acquired 23.32 per cent in Holiday Club Resorts Oy, Finland, a leading vacation ownership company in Europe with around 50,000 members and**

30 resorts — of which 22 are in Finland, 2 in Sweden and 6 in Spain. Mahindra Holidays also has a right to increase its ownership up to 100 percent within a period of two years. This investment allows the Company to offer member exchange opportunities and is in line with the vision to widen its international footprint — by opening up growth opportunities in Europe and other international destinations.

- **Member satisfaction continued to improve consistently during the year — both in terms of member services and the holiday experience at the resorts. These are reflected in improved Customer as Promoter (CAP) scores, higher occupancy, increase in unique member holidayed and post-holiday feedback scores.** A more exhaustive discussion on the initiatives carried out by the Company and their impact can be found in the sections on 'Member Relations' and 'Resort Operations'.
- **Information technology (IT) infrastructure continued to actively contribute to the Company's growth and performance by providing it with a competitive edge in the market.** During the year, online services for members were expanded significantly to align it with the business strategy. The Company also launched 'ProDis', an IT solution which provides real-time information on room inventory. Considerable progress was also made in the area of business analytics, analysis of lead data and customer segmentation. More on important technology-driven initiatives can be found in the section on 'Information Technology'.

Mahindra Holidays markets a high-value discretionary product. Given the fact that consumer sentiment and spending was subdued, the Company has registered creditable results. The key financial results for 2014-15 (standalone) are given below:

- Total income of the Company (including other income) grew from ₹ 799 crore in 2013-14 to ₹ 808 crore in 2014-15.
- Depreciation for the year was at ₹ 65 crore as against ₹ 38 crore last year, this increase mainly on account of change in the useful life of the asset as per schedule II of the Companies Act, 2013.
- Profit before tax (PBT) and exceptional item was at ₹127 crore in 2014-15 as compared to ₹141 crore in 2013-14. After accounting for exceptional item of ₹22 crore, PAT for the year 2014-15 was at ₹79 crore as against ₹95 crore in 2013-14.
- Diluted EPS was ₹ 8.98 in 2014-15, down from ₹ 10.75 in the previous year.

In the rest of this chapter, we will discuss in greater detail markets and opportunities, the operational and financial performance of the Company, initiatives in the areas of quality, CSR, sustainable development, and key functional areas such as human resources and information technology (IT). We shall end the chapter with a discussion on risks and concerns, and the outlook of the Company for the future.

Markets and Opportunities

Mahindra Holidays is a leading player in the leisure hospitality industry in India. Built on the vacation ownership model, the Company’s principal business is to offer vacation ownership products that provide holiday entitlements to its members over the life of the product.

2014-15 was another challenging year for the Indian economy. Even as there was some improvement in the second half of the year — with the decline in inflation and consequent easing of monetary policy — interest rates continue to be high and there has not been a major improvement in consumer sentiment. This has constrained the ability of households to commit resources on discretionary spend categories such as holidays. It was only towards the end of the year that there was some positive movement in this regard.

The addressable market for the Company’s products is urban families with a capability to incur discretionary expenditure. At a fundamental level, there has been considerable growth in the size of this market in the last 15-20 years—both in terms of people with the ability to spend and change in lifestyle and aspirations that have increased the willingness to take vacations for leisure. Long weekend holidays and extended family holidays are key emerging trends that reinforce this belief. Today, ‘Holidays’ is in the top of discretionary spend list for 2 out of 5 Indians.

The Indian travel and tourism industry is worth USD 36 billion or roughly 2 per cent of India’s GDP. As far as the vacation ownership industry in India is concerned, the market penetration levels are still very low. If one compares the Indian vacation ownership industry with the US in terms of its share of the total hospitality sector, the scope for growth in India is around 5 times of its current size. Similarly, if one were to look at the 11.5 million households who own a car as a proxy for the addressable market, roughly one in thirty car owners has a vacation ownership membership. This clearly means that there is a significant headroom for growth of the business.

Due to lower fiscal and current account deficits, falling inflation, benign commodity prices, and structural reforms to boost investments, India’s economy is poised to return to its high-growth path. RBI’s monetary policy is also likely to be supportive having moved to flexible inflation targeting. The manufacturing sector is likely to benefit from lower interest rates. Overall, these efforts are likely to boost the service sector.

Business Performance

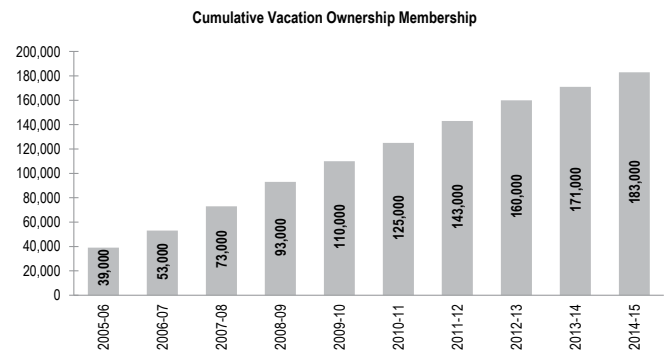
‘Club Mahindra Holidays’ is the Company’s flagship product in the vacation ownership business, which entitles its members a week’s holiday every year for a period of 10 or 25 years depending on the membership. Mahindra Holidays has recorded good growth in its membership over the last few years despite some challenging years and believes that there is significant potential for further growth of vacation ownership business in India with economy likely to grow at a higher rate.

During 2014-15, it focused on implementing a pull-based marketing strategy to reach its target audience and generate high value leads with better conversion. This has several key elements.

- First, the Company continued with its efforts on building ‘digital’ visibility and engaging prospects. This included launch of two major initiatives: ‘ClickPic’, a contest where members upload their holiday pictures on social media and ‘Teddy Travelogues’, India’s first travel e-magazine for and by the children. It also ran a very successful Twitter campaign during the Cricket World Cup 2015. **These efforts have won the Company several awards and recognitions including ‘Best Innovation Practice in Digital and Social Media’, ‘Innovation in Brand Management’, ‘Best Innovation Practice in Marketing and Operations’, and ‘Most innovative Big Data Analytic Solutions’ by World Innovation Congress in 2015.**
- Second, the Company re-launched ‘Happy Family Referral Programme’ (HFRP), a loyalty-cum-referral programme for its members, with features that makes it more attractive for the members to engage and contribute to Company’s growth. It also streamlined processes that make it simpler for members to earn and redeem benefits offered under the programme.
- To support these initiatives, the Company also carried out an extensive advertising and brand-building campaigns. **‘Club Mahindra’ was selected as a ‘Super Brand’ for the year 2014-15 by SuperBrand Council in India. It has also been listed amongst Mumbai’s Hot 50 Brands by Paul Writer & Hindustan Times.**

As a result of these efforts, contribution of digital and referral leads to overall sales increased considerably during the year. The Company was also successful in expanding its sales network during the year. At the end of 2014-15, it was present in 124 locations. Its focus on international markets with sizeable Indian population also saw significant progress, with deepening of its presence in Dubai, Abu Dhabi, and Sharjah. Contribution of these markets increased during the year.

During 2014-15, the Company added around twelve thousand and eight hundred members, taking the total membership to around 1.83 lakh as on March 31, 2015. The Chart provides details of the growth in membership in the last 10 years.



The Company also markets a corporate product called ‘Club Mahindra Fundays’, which allows enrolled organisations to offer holiday entitlements to its employees or group vacations either as a part of their reward and recognition programme or as an employment requisite or compensation. During the

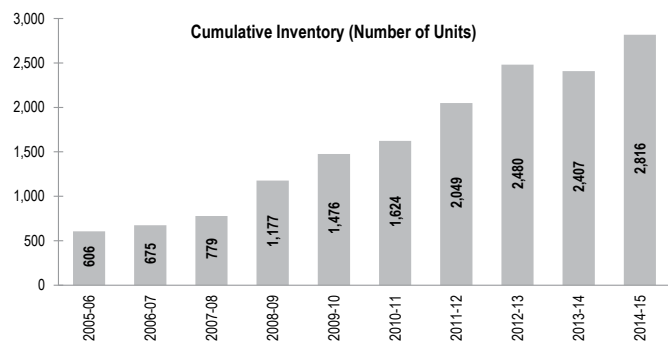
year, there was a healthy increase in the number of room nights utilised under this product. The overall performance of the product in terms of new business was also satisfactory.

As a part of its overall strategy, the Company discontinued 'Club Mahindra Travel', which provided travel related services to its vacation ownership members, employees and other corporate clients. These services are now being provided by a third-party service provider and the transition has taken place smoothly. Travel related services accounted for a very small part of the Company's business and will not have a material bearing on its performance.

Properties and New Projects

Mahindra Holidays currently has a pan-India presence through its extensive network of resorts across a cross-section of destinations including hill stations, beaches, backwaters, wildlife sanctuaries, forts and heritage places. It is also present in international destinations such as Bangkok, Innsbruck (Austria), Kuala Lumpur and Dubai.

As mentioned earlier, building inventory and adding new destinations is a key strategic objective for the Company. In line with this, it added substantial room inventory during the year. **Mahindra Holidays added 425 room units to its inventory across 8 resorts. After accounting for inventory retired, the net addition during the year was 409 units, taking the total inventory to 2,816 units— representing a 17 per cent increase in inventory over the previous year.** The Chart provides information on growth in inventory over the last 10 years.



An important part of the Company's inventory strategy is to have resorts that are either owned or under a long lease. New greenfield developments in Kanha (Madhya Pradesh) and expansion in Virajpet (Coorg, Karnataka) contributed 154 units to the increase in inventory. In addition an acquisition of a very popular premium resort in Manali (Himachal Pradesh) contributed another 60 units. The remaining inventory came through fresh inventory arrangements in Goa, Kodaikanal (Tamil Nadu), Ganpathipule (Maharashtra), Alleppey (Kerala) and leasing of additional rooms in Udaipur (Rajasthan). Further, construction of additional rooms through a greenfield development in Munnar was completed during the year and the same would be made available to the members during the first quarter of 2015-16.

As a result, by the end of 2014-15, Mahindra Holidays offered its members a choice of 45 resorts. In line with the Company's strategy, majority of the total inventory is owned by it. Besides, Mahindra Holidays entirely manages the resorts under lease arrangements and in respect of resorts through inventory arrangements, sufficient measures have been implemented to give members best holiday experience.

Increasing room inventory in line with our membership additions will continue to be central part of our growth plans. **The Company is currently undertaking 3 greenfield projects: Naldhera (Shimla), Assanora (Goa), and Ashtamudi (Kerala), which are in different stages of planning and development. Further, expansion in Kandaghat (Shimla) and a new greenfield project at Dharamshala (Himachal Pradesh) are being considered. These will be part of our inventory additions programme of around 700 units in the next few years.**

Apart from this, it is also considering resort acquisition opportunities at popular destinations, both in India and abroad. It also has land bank at 9 destinations across 6 states. Efforts are also on to expand this further. Some of our existing resorts also have additional land that can be utilised for further expansion. This will provide the flexibility to build at these destinations and add room inventory on an ongoing basis.

Resort Operations

Efficient resort operations are central to delivering a holiday experience that meets the expectations of our members. This encompasses three key areas: infrastructure and facilities, holiday activities, and food and beverage (F&B).

Mahindra Holidays has institutionalised 'post-holiday feedback' across its resorts to measure its success in delivering quality holiday experience to its customers and addressing their concerns. We are happy to report that the feedback scores have shown a positive growth during the year due to focused efforts. Also, efforts are in progress to further improve the coverage of the feedback, both in terms of processes and resorts. All the new resorts which were opened up for the members during the last year have been receiving positive feedback from the members.

As a Company marketing long duration products and services to its members, Mahindra Holidays ensures that quality of infrastructure and facilities are well maintained and upgraded regularly to meet customer expectations. Significant investments were made to upgrade around 120 rooms and common areas across multiple locations. In a major initiative, spa facilities are being expanded both in terms of their offerings and resort locations. At the end of the year, 26 resorts have such facilities. This will also contribute to greater resort revenues for the Company.

The Company has a unique distinction of having 22 RCI Gold Crown, 2 RCI Platinum Award & 2 Silver crown resorts in India, which bears testimony to the high standards of resort facilities, amenities and services that our resorts offer. We have also achieved 6 Trip Advisor awards, 8 Holiday IQ awards during the year. During the year, Club Mahindra Baiguney received the 'Best Resort Award 2014' in the state of Sikkim from the Department of Tourism, Government of Sikkim and Club Mahindra Kodaikanal received the Best Horticulture Resort by Horticulture Department of Tamilnadu.

Holiday activities continues to be an important focus area. During the year, significant effort went into developing a contemporary ambience for the 'Fun Zones' in the resorts. The coverage was also expanded with the introduction of facilities such as interactive games, mazes and slides, trampolines, archery and 3-D theatres. Besides these, there are activities built around the themes of learning, adventure, relaxation and local experiences, depending on the terrain and type of holiday the destination offers. These efforts have resulted in a continuous growth in member satisfaction and revenues from holiday activities. New Holiday Activity concept at Virajpet (like archery, electronic games, etc.), are receiving excellent feedback.

In the area of F&B, efforts are continuously made to increase the variety and make the dining experience more exciting. Through "Gourmet Express", a well-researched menu featuring the most sought-after food items faster and at a better value was introduced. This enhanced in-room dining experience in a hygienic, aesthetic and bio-degradable packaging has been received well by the members.

Mahindra Holidays' resorts in Thekkady, Ashtamudi, and Cherai are certified by National Accreditation Board for Certification Bodies ("NABCB") Branch Hygiene Code certification during the year. This certification is awarded upon meeting prescribed standards of hygiene in all activities related to F&B — from procurement of raw materials to preparation and serving it to the customers.

Member Relations

As a company that markets long-duration discretionary product, member satisfaction is the key to Mahindra Holidays' success. Responsive and effective member relations are critical to meet the Company's objectives in this regard. During 2014-15, the Company witnessed significant improvement in the overall member satisfaction levels. Deployment of technology and improvement in processes have played a defining role in this progress. Some of the key achievements are highlighted below.

During the year, the Company upgraded its website which has improved the peak load handling capacity. The percentage of online bookings increased to 52 per cent in 2014-15, from 45 per cent in the previous year. Online booking system has increased the efficiency of booking process — contributing to a superior member experience.

The Company serviced 15 per cent more members over the previous year. **Overall, there was a 7 per cent increase in the number of unique members availing a holiday over the previous year and occupancy rate remained stable at 82 per cent.**

Another measure of success is the conversion rate of holidays once a member displays intent at any of the Company's contact points. **During the year, 91 per cent of members who demanded a holiday ended up holidaying with us at least once, up from 85 per cent in the previous year.** This is significant given the wide choice of resorts and seasons that are available to the members and augurs well for the long-term satisfaction of our members.

During the year under review, the Company achieved significant success in member on-boarding process and accordingly the service level in making the first contact reached 100 percent. **Also, the Company reaches out proactively to assist new members book their first holidays. The percentage of new members, who took their first holiday during the year improved from 52 per cent to 60 per cent.**

The Company has institutionalised feedback generation mechanism to continuously improve its internal processes. During 2014-15, there has been a steady increase in the loyalty scores based on feedback received through both the Company's internal feedback generation mechanisms as well as external surveys. Overall member complaints have come down over the year. At the same time, substantial increase in referrals from members and appreciation in social media is testimony to the improvement in member satisfaction levels.

Human Resources (HR)

Mahindra Holidays is a leading players in the vacation ownership industry in India. Given the highly specialised nature of the business and the large number of locations where we operate, attracting and nurturing the right talent is at the core of the Company's strategy for success and growth. Accordingly, the HR function at Mahindra Holidays is organised into three key areas: customer acquisition, resort operations and corporate functions (including learning and development).

During the year, the Company successfully inducted people to meet the needs of the growing business both from outside as well as through talent management and capability development initiatives aimed at development of existing employees. At the same time, focus was on optimising the human resource base of the Company, keeping in mind the market dynamics and the competitive environment in which the Company operates. The key developments are discussed below.

In the area of customer acquisition, the Company has an established 'Club Mahindra One Sales Process' which requires all sales and marketing personnel to go through an intensive training and certification programme. During 2014-15, the Company strengthened it further by adding various modules to reflect the changes in the environment such as deployment of 'SellSmart' and sources of lead generation. The coverage of these training programmes is 100 per cent of eligible executives.

In the area of resort operations, the Company continues to carry out talent development programmes such as Club Mahindra Executive Trainee (CMET), certification from American Hotel and Lodging Educational Institute (AHLEI) for resort operations and skill development programmes for

specific functions such as front office and housekeeping. In the area of F&B, the executive training programme 'Sous Chef Live' continues to be a success. These programmes have been extremely successful and contributed significantly to the staffing of our new resorts in the last few years.

On the corporate and organisational development front, the Company regularly nominates executives to participate in development programmes and workshops to enhance their skills. Specific activities and programmes are undertaken to align the employees with the culture and business goals of the organisation. During the year, Mahindra Holidays had the highest employee engagement score within the Mahindra Group.

Overall, each employee received an average of 7.5 man days of training during the year. Going forward, focus will be on increasing the coverage of executive training to cover all consumer facing roles within the Company. As on March 31, 2015, there were 3,238 people on the rolls of the Company. Industrial and employee relations remained cordial throughout the year.

Quality

Mahindra Holidays has adopted the principles of Total Quality Management (TQM) under the banner of 'The Mahindra Way' (TMW) — the Mahindra Group's integrated approach to promote excellence in all spheres of its operations. Some of the key developments during the year are discussed below.

The Company has successfully institutionalised quality systems in all critical business functions. During the year, it witnessed a focussed approach to TMW with participation from all functions and sections of employees. Two processes — employee involvement & development and member relations—moved-up from Level 3 to Level 4 in their quality journey. The remaining processes stabilised at Level 3. Going forward, we are looking to integrate the Projects Department and some of the Company's support functions into the TMW framework.

During the year, participation increased significantly with all functions undertaking process improvement projects embracing principles of TQM, Kaizen and Daily Work Management (DWM). The Kaizen movement has been institutionalised by adding it to the Key Related Areas of the employees and is now tracked on a monthly basis. A reward and recognition scheme was also rolled out to encourage further participation, and the best projects are displayed for understanding and horizontal deployment by team members across different locations. The number of Kaizen projects across the Company crossed 1,000, which is a significant landmark. The DWM and plan-do-check-act (PDCA) cycle approach has helped Member Relations function to reduce complaints and improve customer satisfaction.

The skills of the Business Excellence (BE) team, which is responsible for in-house training & development of employees, was enhanced by conducting specialised program in quality tools such as 7QC Tools and Kano Model. As mentioned in our previous report, Failure Mode and Effects Analysis (FMEA) tools were further deployed for proactive identification of gaps and provide preventive actions.

The standardisation process across the Company was further enhanced by review of Standard Operating Procedures (SOPs) in resorts, which was done by a cross-functional team of resort

and functional managers. Visual SOPs continues to be a focus area, and saw implementation for critical processes at resorts. The member relations and customer acquisition processes have also identified new SOPs based on business needs. Support functions such as administration and security received an ISO 9001-2008 certification in November 2014, which has helped in streamlining the processes and create SOPs.

Audits are an integral part of process improvements. DWM and ISO audits are being conducted regularly, and with increased focus on internal audits, the frequency and coverage has increased significantly. During the year, the BE team created a centralised dashboard and increased the participation of resorts from 22 to 42. This dashboard has helped the resort managers to take preventive and corrective action based on factual data. A monthly dashboard is also published for the resort top management for their review and necessary actions.

Information Technology (IT)

Mahindra Holidays' believes that technology today plays an active role in providing a competitive edge in the market and contributes directly to meeting business goals. Over the last few years, the Company has invested significant resources in large-scale upgrading of its IT architecture and is actively benefiting from these investments in all key spheres of its operations — be it customer acquisition, resort operations or member services. **It was recognized by CIO Review magazine as 'Company of the Year – Hospitality' Companies of the Year 2014.**

The Company has a SAP based property management system and finance module for its existing resorts, including resorts launched during the year. As a result, the inventory information flows in real-time, which has significantly improved the utilisation of assets. Today, most operating locations and offices of the Company are connected to its ERP — exchanging real-time information and benefiting from an integrated IT infrastructure.

During the year, the Company implemented an in-house solution called 'ProDis' to make real time information on inventory. This features dynamic pricing based on available inventory and rates offered in the market. This has contributed to the highest ever lean period occupancy in last 3-4 years. **The Company won two prestigious awards for the successful implementation of ProDis: Innovation Award at the CIO100 Forum in 2014 and Innovation Award at Mahindra & Mahindra Group IT Connect 2015.**

The Company also made considerable progress in the area of business analytics during the year. It implemented a solution for analysis of lead data, customer segmentation analytics for better targeting; MIS and dashboards for customised reports and automated reports for key functions such as Member Relations, Marketing and Finance. **Mahindra Holidays won the award in "Best Use of Customer and Data Analytics in a Loyalty Program" at the 8th Loyalty Awards presented by AIMI.**

Taking into account the move of the Company from a 6 months to a 4 months booking window, website of the Company was optimised to yield better speed. Currently, over 67 per

cent of our members access the website for information or bookings. Another area where the Company made progress was online payments. All payments can be now made securely online, including redemption of loyalty points under the 'Happy Family Referral Programme' (HFRP). Currently, 57 per cent of all payments happen online. A series of other online features were also implemented during the year. This include 'QuickBook', which allows booking in a few clicks; implementation of booking wait lists; HFRP lead generation; and customised offers for members.

During the year, the Company achieved considerable success in strengthening its controls in areas of finance, procurement and material management at resorts. This included redefining processes, introducing checks and balances, improving access controls and carrying out security audits to measure their effectiveness. It also worked to economise on operations by rationalising the partner/vendor ecosystem, in-house development and shifting towards open source platforms.

Corporate Social Responsibility (CSR)

As a part of the Mahindra Group, your Company has been at the forefront of taking affirmative action as a responsible organisation that seeks to contribute to the socio-economic well-being and development of the communities and the ecosystem that it interacts with in carrying out its business. In the past, Mahindra Holidays has been voluntarily committing one (1) per cent of its profits to CSR activities. From 1st April 2014, it pledges at least two (2) per cent of the average net profits made during the three immediately preceding financial years towards CSR efforts and initiatives. It has also set-up implementation mechanisms mandated by the Companies Act, 2013.

Apart from working with NGOs, foundations and trusts, and contributing resources for socially relevant projects, the Company also encourages community service by its employees by involving them in the implementation of these CSR activities through its 'Employee Social Options Programme'. **During the year, employees volunteered 5309 man hours on CSR initiatives.** Some of the key CSR initiatives undertaken by the Company during 2014-15 are discussed below:

- **Education, Skill Development and Livelihood:** The Company sponsored the education of 5,009 girls through the "Nanhi Kali" project. It conducted need assessment and adopted rural schools and *anganwadis*, renovated their infrastructure and strengthened basic amenities at several of its resort locations. Other than these, educational material and amenities are regularly provided to underprivileged students and schools. At Coorg, it donated school stationery to six government schools and also provided funds to the opportunity section of Kodagu Valley School for differently abled students. Another important initiative of the Company is supporting skill development and generating livelihood opportunities through self-help groups (SHGs). During the year, it supported 8 SHGs of women across six resort locations in diverse areas such as handloom, sewing/tailoring and goat farming.

- **Environment:** Over 41,000 trees were planted across 33 locations during the year as a part of 'Mahindra Hariyali' — an initiative of Mahindra Group for tree plantation — taking the total trees planted to 2,18,525 since the beginning of the project in 2010-11. The Company responded with great resolve to the 'Swachh Bharat Abhiyaan' of the government, and almost all resort locations carried out cleanliness drives in their vicinity. In Puducherry, it worked with the municipal authorities to conduct need assessment, and the cleaning drive was followed by distribution of dustbins in the nearby village to address the problem of waste management. Awareness programmes are regularly carried out to sensitise the local communities on environmental issues and promoting green practices.
- **Health and Community Welfare:** The Company regularly carries out blood donation and medical check-up camps, awareness sessions in the areas of health, natural remedies, and HIV/AIDS to benefit the local communities in which it operates. Several such activities were carried out across most of the Company's resorts. In Gangtok, water filters were installed in a village to provide access to safe drinking water. In the area of community welfare, it engaged with several children homes and old-age homes, and provided basic amenities and infrastructural support such as water heaters, refrigerators, blankets and bedsheets. In other instances, resorts provided relief for natural calamities and creating awareness for social issues such as human rights and women empowerment.

Sustainability

Sustainable development aims at achieving economic growth and improvements in well-being while preserving the natural resources and ecosystem for future generations. As a part of the Mahindra Group, the Company recognises the importance of sustainability, and is committed to conserve the ecological integrity of its locations through responsible business practices, accountability and transparency.

Mahindra Holidays' initiatives in this sphere are carried out in line with a 'Sustainability Roadmap', which identifies the key areas of focus and parameters that are monitored to measure the progress of the Company in its sustainability journey. During the year, the Company drew a fresh three year roadmap that encompasses all key functions and departments. Some of the key areas that have been identified for implementing sustainable practices include conservation of biodiversity, environment, energy and water, sourcing and community development.

During the year, significant number of activities were carried out across resort locations in these areas. These include use of solar power; environment-friendly energy and water saving equipment; timers and motion sensors for lighting of pathways and common areas; eco-friendly bio-block sewage treatment plants and organic waste pulveriser for wet garbage disposal. Awareness drives were conducted for the employees at resorts about climate change, environment and biodiversity. Training programmes for segregation of waste were successfully implemented at several resort locations.

The Company actively participates in the Mahindra Group's journey for Corporate Sustainability Reporting. The 'Sustainability Report' of the Group is prepared in accordance with the internationally accepted framework specified by the Global Reporting Initiative (GRI). This framework sets out the principles and indicators that should be used to measure and report economic, environmental, and social performance. During 2014-15, the number of resorts that participated in sustainability reporting of the Group increased from 7 to 12.

Financials

Table 1: Financial Information – Standalone & Consolidated

	Standalone		Consolidated	
	2014-15	2013-14	2014-15	2013-14
Operating Income	794.85	777.52	811.88	816.37
Other Income	12.71	21.41	17.76	13.93
Total Income	807.56	798.93	829.64	830.30
Operating & Other Expenses	615.05	618.51	631.52	656.16
Financial Expenses	0.25	0.97	2.58	1.08
Depreciation	65.41	38.03	66.35	39.36
Total Expenditure	680.71	657.51	700.45	696.60
Profit before exceptional item and tax	126.84	141.42	129.19	133.70
Exceptional Item	21.88	–	21.88	–
PAT before Tax	104.96	94.53	107.31	133.70
Provision for Tax (Current Tax and Deferred Tax (Net))	25.94	–	27.04	46.91
PAT	79.02	94.53	80.27	86.79
Share of Profit of Associate	–	–	0.65	–
Minority Interest	–	–	0.30	0.24
Profit for the year	79.02	94.53	81.22	87.03
Diluted EPS (₹)	8.98	10.75	9.23	9.90
Fixed Assets	867.61	757.77	1007.77	926.20
Cash & Marketable Securities	26.19	51.33	31.63	60.99
Total Debt	6.41	2.91	123.79	2.97

Here are the key highlights of the financial performance of the Company as a standalone entity:

- Total standalone income, which includes both operating and other income, grew from ₹ 799 crore in 2013-14 to ₹ 808 crore in 2014-15 primarily on account of increase

in ASF income and income from resort operations compensating by reduction in non-operating income, income from TRS business and income from the sale of vacation ownership.

- Increase in repairs & maintenance, power & fuel, expenditure on corporate social responsibility and other miscellaneous items were offset on savings on account of reduction in sales & marketing expenses resulting in a marginal net decline in operating and other expenses from ₹619 crore in 2013-14 to ₹615 crore in 2014-15.
- Depreciation grew by ₹ 27.4 crore from ₹ 38 crore in 2013-14 to ₹ 65.4 crore in 2014-15. The increase is primarily on account of provisioning for change in the useful life of the assets as per Schedule II of the Companies Act, 2013.
- Profit after tax (PAT) before exceptional items remained steady at ₹ 93.5 crore in 2014-15 as compared to ₹ 94.5 crore in the previous year, despite increase in depreciation by ₹ 27.4 crore over the previous year.
- Exceptional Item represents a net debit of ₹ 21.88 crore (pre-tax), written-off consequent to adjustments relating to past periods, made to the balances carried forward under Receivables as at the year end, in the Deferred Service Tax Account, Deferred Interest Account and other accounts, aggregating to ₹ 73.74 crore (debit) and the Deferred Entitlement Fee Account amounting to ₹ 51.86 crore (credit). These adjustments are arising from the reconciliation exercise carried out by the Company of these accounts necessitated, *inter-alia*, due to the migration of the underlying data to the ERP system implemented in the previous financial years, and Management's decision to recognize the entitlement fee commencing from the year of admission of each member as against from the year of entitlement.
- PAT after exceptional items declined from ₹ 94.5 crore in 2013-14 to ₹ 79 crore in 2014-15. Diluted EPS was ₹ 8.98 in 2014-15, down from ₹ 10.75 in the previous year.
- The above numbers includes the financial information of erstwhile Bell Tower Resorts Private Limited, a wholly owned subsidiary of the Company, which got amalgamated with the Company with effect from July 31, 2014 and hence, are not comparable with the corresponding previous year.

At standalone basis, Mahindra Holidays continues to be a zero long-term debt company. The liquidity situation of the Company remained comfortable during the year.

As a consolidated entity, your Company's total income (including other income) remained unchanged at ₹ 830 crore in 2014-15 and the consolidated PAT was ₹ 81 crore as against ₹ 87 crore in 2013-14 and the Diluted EPS was ₹ 9.23 (₹ 9.90 previous year). Consolidated debt was at ₹ 124 crore as against ₹ 3 crore mainly on account of foreign currency loans raised by overseas subsidiaries of the Company at Mauritius and Luxembourg for the investment made in Holiday Club Resorts Oy, Finland.

Internal Controls

The Company has an adequate internal control system, commensurate with the size and nature of its business. The

system is supported by documented policies, guidelines and procedures to monitor business and operational performance which are aimed at ensuring business integrity and promoting operational efficiency. During the year under review, the Company engaged a reputed firm specialising in internal control implementation to carry out a study of the existing controls (manual/system) and to further strengthen controls over financial reporting and non-financial key processes.

The Company has appointed an Internal Auditor who oversees the entire internal audit function. However, given the size of its operations in terms of number of resort locations and nature of its business and services, it also uses independent audit firms to conduct periodic internal audits in line with an audit plan that is drawn at the beginning of the year. This audit plan, prepared by the Internal Auditor, is approved by the Audit Committee and the Board of Directors. The scope of the exercise includes ensuring adequacy of internal control systems, adherence to management policies and compliance with the laws and regulations of the country. Internal Auditor also report on the implementation of their recommendations.

The Company's ERP system has appropriate controls embedded in its processes and systems, to reduce the need and reliance for compensating manual controls.

Reports of the Internal Auditors are placed every quarter before the Audit Committee of the Board of Directors, which reviews the adequacy and effectiveness of the internal control systems and suggests improvements for strengthening them.

Threats, Risks and Concerns

Mahindra Holidays' risk management framework mainly consists of identification of risks, assessment of their nature, severity and potential impact, and measures to mitigate them. This framework is in place for adequate and timely reporting and monitoring. Risks are reviewed periodically and updated to reflect the business environment and change in the size and scope of the Company's operations.

Macroeconomic Risks

The macroeconomic and policy environment in India registered marginal improvement during the latter half of the year. The RBI eased the monetary policy after a broad-based decline in consumer price inflation starting September 2014. Even as these are good signs, there are still downside risks in the form of reversal in global commodity prices and poor monsoons. Also, the easing of monetary policy continues to be circumspect and interest rates are still high.

The Company recognises these risks and has initiated measures to minimise their impact. This includes focusing on pull-based strategy for customer acquisition, more focussed digital marketing in line with the current trend, and expanding the addressable market base beyond domestic boundaries. Other initiatives include renewed focus on marketing vacation ownership product through corporate channels and through referral programmes.

Operational Risks

Operational risks mainly relate to meeting customer expectations in terms of quality of service and maintaining a balance between

the room inventory of resorts and growth of customers. These assume significance given the long service duration of the key products. There could be occasions where the first choice of holiday requested by the customers may not be available, which may result in dissatisfaction. Another operational risk is in the ability to consistently attract, retain and motivate managerial talent and other skilled personnel, especially in a high growth industry with unique characteristics. Further, some of the Company's resorts are located in remote areas and natural calamities such as earthquake, flood, landslide etc. may affect the accessibility of the resort to the members and also affect the online connectivity with the resorts.

The Company has invested significant resources in systems and processes to ensure quality of service and overall experience of the customers to mitigate these risks. As noted earlier, customer satisfaction continues to be favourable. Regarding room inventory, the Company will continue to be judicious in the use of different options — fresh developments, expansions, leases and inventory arrangements — to meet the expectation of our customers and at the same time maintain a balance between the demand and supply. As far as talent management and retention is concerned, the management believes that its human resource practices enhance employee engagement and satisfaction.

Financial Risks

The Company's business involves significant investments in building resorts for its operations. Hence, it is exposed to risks in terms of timely and adequate availability of funds at competitive rates to finance its growth. Besides, the Company offers its customers schemes to finance the purchase of the vacation ownership and similar products, which exposes it to credit risks. Another financial risk that the Company is exposed to is potential non-payment or delayed payment of membership instalments/Annual Subscription Fee by members resulting in higher outstanding receivables.

Currently, Mahindra Holidays is a zero long-term debt company on standalone basis, and has a strong and stable capital structure to raise capital for further expansion, if necessary. The Company undertakes comprehensive assessment of the profile of its customers and carefully monitors its exposure to credit risk. The Company has implemented several improvements in control mechanisms across functions for better efficiency and reducing risks of potential leakages. Better monitoring systems were also put in place to aid the management in this process.

Regulatory and Legal Risks

Mahindra Holidays is exposed to regulatory and legal risks. These include cumbersome processes and risks relating to land acquisition, conversion of land for commercial usage and development of properties, environmental clearances, approvals and activities related to development of new resorts. There are also other regulatory and legal risks pertaining to tax proceedings, legal proceedings on properties, customer complaints, non-compliance of regulations including environmental regulations and those pertaining to the hospitality sector. Further, as the Company has investments and operations in different countries, it is also exposed to political and regulatory risks that emanate from its international presence.

The Company recognises that regulatory requirements can at times be challenging, and therefore will strive to understand the change in regulatory standards, so as to strengthen its decision making processes and integrate this in the business strategy of each of the Company's business functions and locations where it operates. Further, the Company has systems and controls in place to mitigate Regulatory and Legal risks by driving the business performance through the conversion of the risk, compliance processes and control mechanisms. This would minimise the instances of non-compliance and to ensure continued operational effectiveness.

Outlook

Global economic environment, especially in the US, saw positive developments during the year. In India too, the situation improved as the year progressed. The second half of 2014-15 saw a broad-based decline in inflation, which has resulted in a favourable change in the monetary policy stance of the RBI. On the fiscal policy front, there have been encouraging developments, which augur well for a more substantive turnaround of the economy in the next year or so. This will contribute to improvement in the consumer confidence, which is important for the products and services marketed by the Company.

During the year, Mahindra Holidays performed creditably in a business environment that was challenging. It recalibrated its strategy to generate 'pull' for its products and services,

and at the same time focused on adding room inventory and optimising operations. Our success is reflected in the comfortable inventory position and consistent improvements in member satisfaction levels. This provides us with an unmatched opportunity in a growing economy—as was visible in our performance towards the end of 2014-15.

The Company believes that 2015-16 will be a much better year for the Indian economy. It also believes that vacation ownership business has a significant room for growth, and that Mahindra Holidays is well placed to leverage this opportunity. Therefore, the outlook for the next year is optimistic.

Cautionary Statement

Certain statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be forward-looking statements within the meaning of applicable securities laws and regulations. Actual results could differ from those expressed or implied. Important factors that could make a difference to the Company's operations include poor macroeconomic growth and consumer confidence, inability to add resorts and increase the inventory of room, cyclical demand and pricing in the Company's principal markets, changes in tastes and preferences, government regulations, tax regimes, economic development within India and other incidental factors.

CORPORATE GOVERNANCE REPORT

Corporate Governance Philosophy

Mahindra Holidays & Resorts India Limited ('Mahindra Holidays' or 'the Company') is committed to sound corporate governance practices. This has been integral to the way the Company conducts its business since its inception. Our corporate governance framework is a reflection of our culture, our policies, our relationship with stakeholders and customers and our commitment to values. Accordingly, we always seek to ensure that our performance is driven by integrity.

The Company's corporate governance philosophy is built around the values of transparency, professionalism and accountability. Effective corporate governance is the manifestation of professional beliefs and values, which configures the organisational values, credo, and actions of its employees. Accordingly, the Company has also put in place appropriate systems and procedures for reporting, monitoring and control, which ensure a balance of accountability between the Directors and the Management.

In India, corporate governance standards for listed companies are regulated by the Securities and Exchange Board of India ("SEBI") through Clause 49 of the Listing Agreement of the Stock Exchanges. The SEBI, amended the listing agreement effective October 1, 2014, to bring in additional corporate governance norms for listed entities. These norms provide for stricter disclosure and protection of investor rights, including equitable treatment for minority and foreign shareholders. The amended norms are aligned with the provisions of the Companies Act, 2013, ("the Act") and are meant to encourage companies to "adopt best practices on corporate governance". The Company remains fully compliant with the revised norms of the Listing Agreements and the provisions of the Act as on March 31, 2015.

Board of Directors

The Company has a very balanced and diverse Board of Directors, which primarily takes care of the business needs and stakeholders interest. The composition of the Board is in conformity with Clause 49 of the Listing Agreement and also the provisions of the Act. The Chairman of the Board is a Non-Executive Director and half of the Board comprises Independent Directors. The Board reviews and approves strategy and oversees the actions and results of management to ensure that the long-term objectives of enhancing stakeholders' values are met.

The Independent Directors have the requisite qualifications and experience in general corporate management, finance, hospitality, telecom, financial services, vacation ownership, and other allied fields which enable them to contribute effectively to the Company in their capacity as Directors, while participating in its decision making process.

During the year under review, the Board appointed Mr. V.S. Parthasarathy and Ms. Radhika Shastry as Additional Directors on the Board of the Company with effect from August 27, 2014, and subsequently their appointments as Director and Independent Director were approved by the shareholders

through a postal ballot. Mr. V.S. Parthasarathy, who is Group CFO, CIO and President (Group - Finance & M&A), of Mahindra & Mahindra Ltd. (Holding Company) is a Non-Executive Director, liable to retire by rotation. Ms. Radhika Shastry was appointed as Independent Director, not liable to retire by rotation, and her appointment is for a period of 5 years from December 26, 2014. Consequent to appointment of Ms. Shastry, your Company is in compliance under the provisions of the Act with regard to appointment of one woman Director on the Board of the Company.

Mr. Uday Y. Phadke, Non-Executive Director, resigned from the services of the Company with effect from the conclusion of 18th Annual General Meeting (18th AGM) of the Company held on August 27, 2014. In line with the provisions of the Act, in the said 18th AGM, Mr. Cyrus Guzder, Mr. Rohit Khattar, Mr. Sridar Iyengar and Mr. Sanjeev Aga were appointed as Independent Directors, not liable to retire by rotation, for a period of 5 years from August 27, 2014.

During the year under review, the Board of Directors, at their meeting held on September 29, 2014, had filled up the vacancy caused by resignation of erstwhile Managing Director & CEO from the closure of business hour on March 31, 2014, by appointing Mr. Kavinder Singh as the Managing Director & CEO. Mr. Kavinder Singh joined the Company with effect from November 3, 2014. Subsequently, shareholders approved the appointment of Mr. Kavinder Singh as Managing Director & CEO for a period of 5 years from November 3, 2014, and also approved the remuneration payable to him for a period of 3 years.

During the year under review, the Board on January 22, 2015 had appointed Mr. S. Krishnan, Chief Financial Officer of the Company, as Additional Director and Whole Time Director designated as Chief Financial Officer & Executive Director for a period of 3 years from January 22, 2015, subject to approval of the shareholders.

Mr. A K Nanda, Non-Executive Chairman of the Company was on the Board of Holding Company as Non-Executive Non Independent Director till August 8, 2014. Mr. V. S. Parthasarathy, Non-Executive Director of the Company is a Key Managerial Personnel (KMP) of your Holding Company, and draws remuneration from it. Mr. Vineet Nayyar, Non-Executive Director of the Company is in the whole-time employment of an Associate company of your Holding Company, Tech Mahindra Limited, and draws remuneration from it.

Apart from the above, and apart from the reimbursement of expenses incurred in discharge of their duties and the remuneration that the Non-executive Directors, Managing Director & CEO and Chief Financial Officer & Executive Director would be entitled to under the Act, none of the Directors have any other material pecuniary relationships or transactions with the Company, its Promoters, its Directors, its Senior Management or its Holding Company, its subsidiaries and associate companies which in their judgement would affect their independence. None of the Directors of the Company are *inter se* related to each other.

All the Directors and the Senior Management have made disclosures to the Board confirming that there are no material, financial and/or commercial transactions between them and the Company which could have potential conflict of interest with the Company at large.

Composition of the Board

During the year under review, as referred earlier in this report, Mr. Uday Y. Phadke ceased to be a Director of the Company. Further, Mr. V. S. Parthasarathy, Ms, Radhika Shastry, Mr. Kavinder Singh and Mr. S. Krishnan were appointed as Directors of the Company.

As on March 31, 2015, the Board comprised of ten Directors. The names and categories of Directors, the number of Directorships and Committee positions held by them in companies at the end of the year under review, are given below. None of the Directors on the Board is a member on more than 10 Committees and Chairman of more than 5 Committees across all the companies in which they are Directors. Further, none of the Independent Directors on the Board is a Director in more than 7 listed companies. In addition, none of the Whole Time Directors of the Company and a Director who is the whole-time director in other listed company, are not independent directors in more than three listed companies.

The Company had issued the formal letter of appointment to all the Independent Directors as prescribed under the provisions of the Act and the terms and conditions of appointment has been uploaded under the Company's website.

Composition of the Board, and Directorships held as on March 31, 2015 are given below:

Directors	Category	As on March 31, 2015*			
		Indian Listed Companies	Total Directorship [#]	Committee Memberships [^]	Committee Chairmanships [^]
Mr. A K Nanda	Non-Executive Chairman	2	5	2	2
Mr. Vineet Nayyar	Non-Executive Director	3	5	1	Nil
Mr. Cyrus J Guzder	Independent Director	2	3	3	2
Mr. Rohit Khattar	Independent Director	1	4	1	Nil
Mr. Sridar Iyengar	Independent Director	2	5	2	1
Mr. Sanjeev Aga	Independent Director	4	6	7	2
Mr. V. S. Parthasarathy	Non-Executive Director	2	6	5	1
Ms. Radhika Shastry	Independent Director	1	1	Nil	Nil
Mr. Kavinder Singh	Managing Director & Chief Executive Officer	1	1	1	Nil
Mr. S. Krishnan	Chief Financial Officer and Executive Director	1	1	Nil	Nil

* Excludes private limited companies, foreign companies and companies registered under Section 8 of the Act.

[^] Committees considered are Audit Committee and "Stakeholders Relationship Committee", including that of Mahindra Holidays & Resorts India Limited ("MHRIL").

[#] Excludes Alternate Directorships but includes Additional Directorships and Directorship in MHRIL.

Board Meetings and Attendance

Eight Board Meetings were held during the financial year April 1, 2014, to March 31, 2015, on: May 6, 2014, May 20, 2014, July 28, 2014, August 27, 2014, September 29, 2014, October 30, 2014, January 22, 2015, and February 17, 2015. The gap between two Meetings did not exceed four months. These Meetings were well attended including attendance of the Independent Directors. The Eighteenth Annual General meeting (AGM) of the Company was held on August 27, 2014. The Chairman of the Audit Committee was present at the AGM.

Details of attendance at the Board Meeting/Last AGM:

Directors	Number of Board Meetings		Attendance at the last AGM
	Held	Attended	
Mr. A K Nanda	8	8	Y
Mr. Uday Y. Phadke [#]	4	4	Y
Mr. Vineet Nayyar	8	2*	Y
Mr. Cyrus J Guzder	8	7	Y
Mr. Rohit Khattar	8	2*	Y
Mr. Sridar Iyengar	8	6	Y
Mr. Sanjeev Aga	8	8	Y
Mr. V. S. Parthasarathy [^]	4	3*	N.A.
Ms. Radhika Shastri [^]	4	4	N.A.
Mr. Kavinder Singh	2	2~	N.A.
Mr. S. Krishnan	1	1 [@]	N.A.

* In addition, Mr. Vineet Nayyar (3 meetings), Mr. Rohit Khattar (2 meetings) and Mr. V S Parthasarathy (1 meeting) participated in Board Meetings through telephone/video conference call.

[#] Resigned from the services of the Company from the conclusion of 18th AGM held on August 27, 2014.

[^] Appointed on the Board of the Company from August 27, 2014.

~ Appointed on the Board of the Company from November 3, 2014.

[@] Appointed on the Board of the Company from January 22, 2015.

Board Procedure

A detailed agenda and notes thereon are sent to each Director in advance of Board and Committee Meetings. All material information is incorporated in the agenda for facilitating meaningful and focussed discussions at the meeting. Where it is not practicable to attach any documents of the agenda, it is tabled before the meeting with specific reference to this effect in the agenda. To enable the Board to discharge its responsibilities effectively, the Board was appraised at every meeting of the overall performance of the Company. A detailed functional report and quarterly compliance report are also presented at the Board Meetings.

The Board reviews strategy and business plans, annual operating and capital expenditure budgets, investment and exposure limits, compliance reports of all laws applicable to the Company, as well as steps taken by the Company to rectify instances of non-compliances, if any.

The items/matters required to be placed before the Board inter alia include:

- Annual operating plans of businesses and budgets including capital budgets and any updates
- Quarterly results/half yearly/annual Financial Results, Financial Statements, Auditors' Report and Board's Report

- Minutes of meetings of the Audit Committee and other Committees of the Board
- Review of major cases, show cause, demand, prosecution notices and penalty notices, which are materially important, if any and any issue, which involves possible public or product liability claims of substantial nature, including any judgment or order, which may have passed strictures on the conduct of the Company or taken an adverse view regarding another enterprise that can have negative implications on the Company. Significant labour problems and their proposed solutions. Any significant development in Human Resources/Industrial Relations
- Fatal or serious accidents, dangerous occurrences, and any material effluent or pollution problems, if any
- Any material default in financial obligations to and by the Company, or substantial non-payment for goods sold by the Company
- Details of any joint venture or collaboration agreement
- Transactions that involve substantial payment towards goodwill, brand equity or intellectual property
- Sale of material nature of investments, subsidiaries, assets, which is not in normal course of business.
- major accounting provisions and write-offs,
- Related Party Transactions including loans & advances to subsidiaries/Associates Joint Ventures and statement of significant transactions, related party transactions and arrangements entered by unlisted subsidiary companies
- Quarterly details of foreign exchange exposures, and steps taken by management to limit risks of adverse exchange rate movement, if material
- Non-compliance of any regulatory, statutory or listing requirements, and shareholders' service, such as dividend non-payment, share transfer delay (if any), among others
- Appointment, remuneration and resignation of Directors
- Appointment or removal of the Key Managerial Personnel
- Appointment of Internal Auditors and Secretarial Auditors and recommending appointment of and fixing of remuneration of the Auditors as recommended by the Audit Committee
- Formation/reconstitution and Terms of reference of Board Committees
- Minutes of Board meetings of unlisted subsidiary companies
- Declaration of Independent Directors at the time of appointment/annually
- Disclosure of Directors' interest and their shareholding
- Annual Secretarial Audit reports submitted by Secretarial Auditors
- Dividend declaration
- Quarterly summary of all long-term borrowings made, bank guarantees issued and loans and investments made
- Significant changes in accounting policies and internal controls

- Takeover of a company or acquisition of a controlling or substantial stake in another company and proposals for major investments, mergers, amalgamations and reconstructions
- Status of business risk exposures, its management and related action plans
- Making of loans and investment of surplus funds and borrowing of monies, giving guarantees or providing security in respect of loans
- Brief on statutory developments, changes in government policies, among others with impact thereof, Directors' responsibilities arising out of any such developments
- Compliance Certificate certifying compliance with all laws as applicable to the Company
- Reconciliation of Share Capital Audit Report under SEBI (Depositories and Participants) Regulations, 1996

The Chairman of the Board and Company Secretary, in consultation with other concerned members of the senior management, finalises the agenda for Board meetings.

Directors Seeking Re-Appointment/Appointment

Mr. Vineet Nayyar, Director, being longest in the office, retire by rotation at the forthcoming Annual General Meeting. Mr. Nayyar being eligible, has offered himself for re-appointment.

Mr. S. Krishnan, was appointed by the Board of Directors as an Additional Director of the Company with effect from January 22, 2015. Mr. S Krishnan, subject to approval of shareholders, has also been appointed as Whole Time Director on the Board of the Company for a period of 3 years with effect from January 22, 2015 and designated as Chief Financial Officer & Executive Director. Mr. S. Krishnan holds office upto the date of ensuing Annual General Meeting of the Company in terms of Section 161(1) of the Act. The Company has received a Notice in writing from a Member, along with requisite deposit, under Section 160 of the Act proposing Mr. S Krishnan as a candidate for the office of Director of the Company.

Brief resumes of Director seeking re-appointment/appointment are given below.

Mr. Vineet Nayyar

Mr. Vineet Nayyar is an accomplished leader and has led several organizations, Creating high performance teams and successful businesses. In a career spanning over 40 years, Mr. Nayyar has worked with the Government of India, international multilateral agencies and in the corporate sector (both public and private).

He started his career with the Indian Administrative Service and held a series of senior positions, including that of a District Magistrate, Secretary - Agriculture & Rural Development for the Government of Haryana and Director, Department of Economic Affairs, Government of India. He also worked with the World Bank for over 10 years in a series of senior assignments, including successive terms as the Chief for the Energy, Infrastructure and the Finance Divisions for East Asia and Pacific.

Mr. Nayyar was also the founding Chairman and Managing Director of the state-owned Gas Authority of India and has served as the Managing Director of HCL Corporation Ltd., and as the Vice Chairman of HCL Technologies Ltd. He was also a co-founder and Chief Executive Officer of HCL Perot Systems. He received a master's degree in development economics from Williams College, Massachusetts.

In addition to his responsibilities at Tech Mahindra, Mr. Nayyar principal directorships include his serving as a director on the Boards of Tech Mahindra Limited, Tech Mahindra (Americas) Inc., Tech Mahindra GmbH, Tech Mahindra Foundation, Mahindra United World College of India, The Great Eastern Shipping Company Limited, Greatship (India) Ltd, Vidya Investments Private Limited, Vidya Education Investment Private Limited, Maurya Education Company Private Limited, Comviva Technologies Ltd. and TML Benefit Trust.

He serves as Chairman of Supervisory Board of Tech Mahindra GmbH. He is also a trustee of Vidya Education Foundation, Cathedral Vidya Trust and Mahindra Education Foundation.

Mr. Nayyar was awarded the Ernst and Young 'Entrepreneur of the year [Manager]' for the year 2013.

Mr. Nayyar is a member of the following Board Committees:

Name of the Company	Name of the Committee	Position Held
Tech Mahindra Limited	Stakeholders Relationship Committee	Member
	Corporate Social Responsibility Committee	Chairman
	Investment Committee	Member
	Executive Committee	Chairman
	Securities Allotment Committee	Chairman
Mahindra Holidays & Resorts India Limited	Nomination and Remuneration Committee	Member
Greatship (India) Limited	Remuneration Committee	Chairman

Mr. Vineet Nayyar holds 26,700 Equity Shares in the Company.

Mr. S Krishnan

Mr. S Krishnan (Vasant) is a member of the Institute of Chartered Accountants of India, an Associate Member of the Institute of Company Secretaries and also holds a Diploma in Business Finance from the Institute of Chartered Financial Analysts of India

In a career spanning 25 years, of which nearly 15 years has been with the Mahindra Group, he has held various leadership positions with the Group. Prior to this assignment with the Company, Mr. Krishnan was the Chief Financial Officer (CFO) of the erstwhile Mahindra Satyam and was part of the top

management team that turned around the Company. He held the position from 2011 till it was merged with Tech Mahindra Limited.

In an earlier stint with the Mahindra Group, he was part of the Infrastructure Development Sector of the Group that comprised various businesses including, real estate (residential/commercial, integrated townships, SEZ's), infrastructure (thrust on urban infrastructure privatization), holidays and time share, engineering and construction and ultimately rose to be the Chief Financial Officer of the sector.

He has also been the CFO of the Adani Group (Realty) and the COO of South Asian Real Estate, a private equity realty fund.

Mr. Krishnan does not have Directorship in any other company and is also not a member of any Committee of Board of Directors of the Company. Mr. Krishnan does not hold Equity Shares in the Company. He has 2,00,000 fresh grant of options under employee stock option scheme.

Meetings of Independent Directors

The Company's Independent Directors requires to meet at least once in every financial year without the presence of Executive Directors or management personnel. Such meetings are conducted informally to enable Independent Directors to discuss matters pertaining to the Company's affairs and put forth their views. Further, Independent Directors also reviews the performance of the non-Independent Directors, Chairman (after taking into account the views of Executive and non Executive Directors) and Board as a whole. During the year under review, one Meeting was held and all Independent Directors attended the meeting.

Familiarisation Programmes for Board Members

The Board members are provided with necessary documents/ brochures, reports and internal policies to enable them to familiarise with the Company's procedures and practices.

Periodic presentations are made at the Board and Board Committee Meetings, on business and performance updates of the Company, global business environment, operations review, quarterly and annual results, budgets, review of internal audit reports and action taken report, statutory compliances, risk management, operations of subsidiaries and joint ventures companies, business strategy and risks involved. Such presentations and documents provides an opportunity to the Independent Directors to interact with the senior leadership team of the Company and help them understand the Company's strategy, operations, service and product offerings, markets, organisation structure, finance, human resources, technology, member relations, quality, resorts, and risk management and such other areas as may arise from time to time.

Quarterly updates on relevant statutory changes and landmark judicial pronouncements encompassing important laws are regularly circulated to the Directors. The Company also encourages the Director to visit the resort properties of the Company to feel the experiences and also directly interact with the vacation ownership members and guests.

The details of such familiarization programmes for Independent Directors are posted on the website of the Company and can be accessed at http://www.clubmahindra.com/sites/default/files/investor_news/Familiarisation_Programme_Policy.pdf.

Remuneration to Directors

Remuneration Policy

The Company has formulated a policy on remuneration of Directors and Senior Management Employees. While deciding on the remuneration for Directors, the Board and the Nomination and Remuneration Committee consider the performance of the Company, the current trends in the industry, the qualifications of the appointee(s), their experience, past performance and other relevant factors. The Board and the Nomination and Remuneration Committee regularly track the market trends in terms of compensation levels and practices in relevant industries through participation in structured surveys. This information is used to review the Company's remuneration policies.

The Company's Remuneration Policy for Directors, Key Managerial Personnel and other employees is annexed and forms part of this Annual Report.

The Company's remuneration policy is directed towards rewarding performance based on review of achievements periodically. The remuneration policy is in consonance with the existing industry practice.

Remuneration of Non-Executive Directors

The Non-Executive Directors shall be entitled to receive remuneration by way of sitting fees, reimbursement of expenses for participation in the Board/Committee meetings and commission as detailed hereunder. No sitting fee is payable in respect to CSR Committee meetings as the same was waived by the CSR Committee Members.

A Non-Executive Director will also be entitled to receive commission on an annual basis of such sum as may be approved by the Board. The Nomination and Remuneration Committee may recommend a higher commission for the Chairman of the Board of Directors taking into consideration his overall responsibility. The total commission payable to the Directors shall not exceed one (1) per cent of the net profit of the Company, calculated as per provisions of the Act. A commission of ₹ 100 lakh has been provided as payable to the eligible Non-Executive Directors in the accounts of the year under review.

As the existing shareholders' approval for payment of remuneration by way of commission of up to 1 per cent per annum of the net profits of the Company has expired with financial year ending March 31, 2015, a fresh approval under the Section 197 of the Act is being sought from the shareholders at the ensuing AGM.

The Independent Directors of the Company shall not be entitled to participate in Stock Option Scheme of the Company introduced by the Company.

The remuneration paid to Whole-time Directors were fixed by the Nomination and Remuneration Committee which was subsequently approved by the Board of Directors. The

Shareholders have approved the remuneration paid/payable to the Managing Director & Chief Executive Officer and in respect of remuneration paid/payable to the Chief Financial Officer & Executive Director, the same would be placed before the members at the ensuing AGM.

During the year under review, the Non-Executive Directors were paid a commission of ₹ 100 lakh (as provided in the accounts of the year ended March 31, 2014), distributed amongst themselves as shown in the table below.

Detailed information of Directors' remuneration paid during the year 2014-15 are given below:

(₹ lakh)

Name of Directors	Category	Sitting Fees (Note 1)	Commission	Salary, Performance pay and Perquisites	Superannuation and Provident Fund (Note 2)	Total
Mr. A K Nanda	Non-Executive Chairman	7.15	60.00	–	–	67.15
Mr. V. S. Parthasarathy ^	Non-Executive	–	–	–	–	–
Mr. Uday Y Phadke*	Non-Executive	–	–	–	–	–
Mr. Vineet Nayyar	Non-Executive	–	–	–	–	–
Mr. Cyrus J Guzder	Independent	7.20	10.00	–	–	17.20
Mr. Rohit Khattar	Independent	2.10	10.00	–	–	12.10
Mr. Sridar Iyengar	Independent	6.05	10.00	–	–	16.05
Mr. Sanjeev Aga	Independent	5.75	10.00	–	–	15.75
Ms. Radhika Shastry ^	Independent	4.00	–	–	–	4.00
Mr. Kavinder Singh~	Managing Director & Chief Executive Officer	–	–	72.70	6.25	78.95
Mr. S. Krishnan@	Chief Financial Officer & Executive Director	–	–	20.56	0.81	21.37

* Resigned from the services of the Company from the conclusion of the 18th AGM held on August 27, 2014.

^ Appointed w.e.f August 27, 2014.

~ Appointed w.e.f. November 3, 2014.

@ Appointed w.e.f. January 22, 2015 and the amount represents only for period from January 22, 2015 to March 31, 2015.

Notes:

- Non-Executive Chairman and Independent Directors are paid sitting fees for attending meetings of the Board/Committees of the Board of Directors of the Company. With effect from August 2014, the sitting fee has been raised from ₹ 20,000 to ₹ 1,00,000 for attending meetings of Board and for all other Committee Meetings the same has been raised to ₹ 30,000. In respect of Corporate Social Responsibility (CSR) Committee, no sitting fee is paid as the sitting fee has been waived by the members of the CSR Committee.
- Aggregate of the Company's contributions to Superannuation Fund and Provident Fund.
- Details of Salary to Mr. Kavinder Singh and Mr. S Krishnan
- The Company has not advanced loans to any Director during the year.
- The nature of employment of the Managing Director & CEO and Chief Financial Officer & Executive Director with the Company are contractual and can be terminated by giving 3 months notice from either party. Mr. Kavinder Singh's appointment is for a period of 5 years and Mr. Krishnan's appointment, subject to shareholders' approval, is for a period of 3 years. The contract does not provide for any severance fees. Remuneration payable to Mr. Kavinder Singh was approved for a period of 3 years by the shareholders
- Performance pay to the whole-time directors are determined by the Nomination and Remuneration Committee and then approved by the Board on the basis pre-determined performance parameters.

₹ in lakh

Particulars	Kavinder Singh@	S Krishnan*
Salary and Allowances	77.16	18.37
Perquisites	1.79	3.00
Performance Pay	–	–

@ For the period November 3, 2014 to March 31, 2015

* For the period January 22, 2015 to March 31, 2015

Shares and Convertible Instruments, if any, held by Directors

Details of ownership of any shares/options in the Company by the Directors either on their own or for any other person on a beneficial basis is given below:

Name of Directors	Category	Shares held as on March 31, 2015	No. of Options granted in November, 2007* (Note 1)	No. of Options granted in November, 2008* (Note 2)	No. of Options granted in February, 2012 (Note 3)	No. of Options granted in January, 2015 (Note 4)
Mr. A K Nanda	Non-Executive Chairman	6,94,630**	9,510	10,500	–	–
Mr. Uday Y Phadke#	Non-Executive	–	3,170	3,500	–	–
Mr. V. S. Parthasarathy ^	Non-Executive	–	–	–	–	–
Mr. Vineet Nayyar	Non-Executive	26,700	10,000	–	–	–
Mr. Cyrus J Guzder	Independent	26,700	–	–	–	–
Mr. Rohit Khattar	Independent	26,700	–	–	–	–
Mr. Sridar Iyengar	Independent	–	–	–	27,500	–
Mr. Sanjeev Aga	Independent	–	–	–	–	–
Ms. Radhika Shastry ^	Independent	–	–	–	–	–
Mr. Kavinder Singh~	Managing Director & CEO	–	–	–	–	4,00,000##
Mr. S. Krishnan@	CFO & Executive Director	–	–	–	–	2,00,000##

* All Options vested have been exercised.

** In addition 1,02,050 Equity Shares are held by relatives of Mr. A K Nanda.

Resigned with effect from the conclusion of 18th AGM held on August 27, 2014.

^ Appointed w.e.f. August 27, 2014.

~ Appointed w.e.f. November 3, 2014.

@ Appointed w.e.f. January 22, 2015.

Fresh grant under Mahindra Holidays & Resorts India Limited Employee Stock Option Scheme 2014.

Notes:

	Date of Grant	Vesting Period	Exercise Period	Exercise Price
1	November 1, 2007	Four equal installments in November 2008, 2009, 2010 and 2011	Five years from each date of vesting.	₹ 52/-
2	November 1, 2008	Four equal installments in November 2009, 2010, 2011 and 2012		₹ 52/-
3	February 21, 2012	Four equal installments in February 2013, 2014, 2015 and 2016		₹ 323/-
4	January 22, 2015##	Four equal installments in February 2016, 2017, 2018 and 2019		₹ 264/-

The Options granted in November 2007 stand augmented by 5 Bonus options for every 3 existing options on account of 5:3 Bonus Issue made in November 2007.

The Company has given fresh grant under Mahindra Holidays & Resorts India Limited Employee Stock Option Scheme 2014.

Board Committees

Audit Committee

The Committee's composition meets with the requirements of Section 177 of the Act and Clause 49 of the Listing Agreements. As on March 31, 2015, the Committee comprised of 5 Directors: Mr. Sridar Iyengar, Mr. Cyrus J Guzder, Mr. Rohit Khattar, Mr Sanjeev Aga (w.e.f. July 28, 2014) and Mr. V. S. Parthasarathy (w.e.f. August 27, 2014). Mr. Uday Y Phadke was member of the Committee till August 27, 2014. Mr. Sridar Iyengar is the Chairman of the Committee. Mr. Sridar Iyengar, Mr. Cyrus Guzder, Mr. Rohit Khattar and Mr. Sanjeev Aga are Independent Directors. All members of the Committee possess financial/accounting expertise/exposure. The Company Secretary is the Secretary to the Committee.

The terms of reference of the Committee are in accordance with the requirements of Clause 49 of the Listing Agreement and Section 177 of the Act.

Audit Committee The Committee's composition meets with the requirements of Section 177 of the Act and Clause 49 of the Listing Agreements. As on March 31, 2015, the Committee comprised of 5 Directors: Mr. Sridar Iyengar, Mr. Cyrus J Guzder, Mr. Rohit Khattar, Mr Sanjeev Aga (w.e.f. July 28, 2014) and Mr. V. S. Parthasarathy (w.e.f. August 27, 2014). Mr. Uday Y Phadke was member of the Committee till August 27, 2014. Mr. Sridar Iyengar is the Chairman of the Committee. Mr. Sridar Iyengar, Mr. Cyrus Guzder, Mr. Rohit Khattar and Mr. Sanjeev Aga are Independent Directors. All members of the Committee possess financial/ accounting expertise/exposure. The Company Secretary is the Secretary to the Committee.

The terms of reference of the Committee are in accordance with the requirements of Clause 49 of the Listing Agreement and Section 177 of the Act.

The terms of reference of this Committee are very wide. Besides having access to all the required information from within the Company, the Committee can obtain external professional advice whenever required. The Committee acts as a link between the Statutory and the Internal Auditors and the Board of Directors of the Company. It is authorised to select and establish accounting policies, review reports of the Statutory and the Internal Auditors and meet with them to discuss their findings, suggestions and other related matters. It is authorised to, inter alia, review and monitor the Auditor's independence and performance, effectiveness of the audit process, oversight of the Company's financial reporting process and the disclosure of its financial information, reviewing with the management the quarterly and annual financial statements before submission to the Board for approval, examination of the financial statements and the Auditors' Report thereon, approval of transactions of the Company with related parties wherever necessary, including subsequent modifications thereof, grant omnibus approvals subject to fulfillment of certain conditions, scrutiny of intercorporate loans and investments, valuation of undertakings or assets of the Company wherever it is necessary, evaluation of internal financial controls and risk management systems, monitoring the end use of funds raised through public offers, rights issue, preferential issue, etc.

The Committee is empowered to review, inter alia, the remuneration payable to the Statutory Auditors and Internal Auditors and to recommend a change in the Auditors, if felt necessary. It is also empowered to review Financial Statements and investments of the unlisted subsidiary companies, Management Discussion and Analysis of financial condition and results of operations, statement of significant related party transactions. Further, the Committee is also authorised to oversee the functioning of the Whistle Blower Policy/Vigil Mechanism as well as review on a quarterly basis, the report on compliance under SEBI (Prohibition of Insider Trading) Regulations, 2015 given by the Compliance Officer. Generally all items listed in Clause 49 III (D) of the Listing Agreement are covered in the terms of reference. The Audit Committee has been granted powers as prescribed under Clause 49III(C) of the Listing Agreement and reviews all the information as prescribed in Clause 49 III(E) of the Listing Agreement. The Chairman of the Board, Managing Director & Chief Executive Officer, Chief Financial Officer & Executive Director, Internal Auditor and Statutory Auditors are regularly invited to attend the Audit Committee Meetings. The Company Secretary is the Secretary to the Committee.

The Committee met five times during the year under review and the gap between two Meetings did not exceed four months. During the financial year April 1, 2014 to March 31, 2015, the Committee met on: May 6, 2014, July 24, 2014, July 28, 2014, October 30, 2014 and January 22, 2015. The attendance at the Meetings is as under:

Members	Number of Meetings	
	Held	Attended
Mr. Sridar Iyengar	5	5
Mr. Cyrus J Guzder	5	4
Mr. V. S. Parthasarathy	2	2
Mr. Rohit Khattar	5	0#
Mr. Sanjeev Aga	3	3
Mr. Uday Y Phadke	2	2

one meeting via telephone

Stakeholders Relationship Committee

The Company's Stakeholders Relationship Committee functions under the Chairmanship of Mr. A K Nanda, Chairman of the Board, Mr. V. S. Parthasarathy, Non-Executive Director (w.e.f August 27, 2014) and Mr. Kavinder Singh, Managing Director & CEO (w.e.f November 3, 2014) of the Company. Mr. Uday Y Phadke was a Member of Committee till August 27, 2014. Mr. Dinesh Shetty, Company Secretary, is also the Officer of the Company under the Listing Agreement.

The Committee meets as and when required, to inter-alia deal with matters relating to its terms of reference which include transfer of shares and monitoring redressal of complaints from shareholders relating to transfers, non-receipt of balance sheet, non-receipt of dividends declared, etc.

The Committee met four times during the financial year April 1, 2014 to March 31, 2015: May 6, 2014, July 28, 2014, October 30, 2014 and January 22, 2015. The attendance at the Meetings is as under:

Members	Number of Meetings	
	Held	Attended
Mr. A K Nanda	4	4
Mr. Uday Y Phadke	2	2
Mr. V. S. Parthasarathy	2	2
Mr. Kavinder Singh	1	1

During the year, 25 complaints were received from the Shareholders, all of which have been attended to/resolved. As of March 31, 2015, there are no pending share transfers or complaints from the shareholders.

Nomination and Remuneration Committee

The broad terms of reference of the Committee are to recommend to the Board about the Company's policy on appointment and remuneration package for Directors, Key Managerial Personnel and Senior Management and to advise the Board in framing the remuneration policy of the Company from time to time, to give directions for administration of the Employee's Stock Option Scheme and to attend to any other responsibility as may be entrusted by the Board within the terms of reference.

During the year under review, the Committee recommended the appointment of Mr. Kavinder Singh and Mr. S Krishnan as Managing Director & Chief Executive Officer and as Whole-time Director designated as Chief Financial Officer & Executive Director respectively for the approval of the Board. Further, the Committee also recommended the appointment of Mr. V S Parthasarathy as Non-Executive Director, and Ms. Radhika Shastry as Independent Director.

During the year under review, your Company had formulated the Mahindra Holidays & Resorts India Limited Employees' Stock Option Scheme 2014 (MHRIL ESOS 2014). The MHRIL ESOS 2014 is administered and implemented in accordance with the directions of the Nomination and Remuneration Committee and in accordance with the Securities and Exchange Board of India (Share Based Employee Benefit) Regulations, 2014 (the "SEBI Regulations").

The Committee's constitution and terms of reference are in compliance with provisions of the Act, Clause 49 of the Listing Agreement and SEBI Regulations.

The Nomination and Remuneration Committee consists of Mr. A K Nanda, Mr. Cyrus J Guzder, Mr. Vineet Nayyar, Mr. Rohit Khattar and Mr. Sridar Iyengar. Mr. Cyrus J Guzder is the Chairman of the Committee.

Terms of Reference of the Committee, *inter alia*, includes the following:

- To identify persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down and to recommend to the Board their appointment and/or removal
- To carry out evaluation of every Director's performance
- To formulate the criteria for determining qualifications, positive attributes and independence of a Director, and recommend to the Board a policy, relating to the remuneration for the Directors, key managerial personnel and other employees
- To formulate the criteria for evaluation of Independent Directors and the Board
- To devise a policy on Board diversity
- To recommend/review remuneration of the Managing Director(s) and Whole-time Director(s) based on their performance and defined assessment criteria To administer, monitor and formulate detailed terms and conditions of the Employees' Stock Option Scheme including:
 - the quantum of options to be granted under Employees' Stock Option Scheme per employee and in aggregate;
 - the conditions under which option vested in employees may lapse in case of termination of employment for misconduct;
 - the exercise period within which the employee should exercise the option, and that the option would lapse on failure to exercise the option within the exercise period;
 - the specified time period within which the employee shall exercise the vested options in the event of termination or resignation of an employee;
 - the right of an employee to exercise all options vested in him at one time or various points of time within the exercise period;
 - the procedure for making a fair and reasonable adjustment to the number of options and to the exercise price in case of corporate actions, such as rights issues, bonus issues, merger, sale of division and others;
 - the granting, vesting and exercising of options in case of employees who are on long leave; and
 - the procedure for cashless exercise of options.
- To carry out any other function as is mandated by the Board from time to time and/or enforced by any statutory notification, amendment or modification, as may be applicable;
- To perform such other functions as may be necessary or appropriate for the performance of its duties.

The Committee met four times during the year April 1, 2014 to March 31, 2015: May 6, 2014, July 28, 2014, August 27, 2014 and January 22, 2015. The attendance at the Meetings is as under:

Members	Number of Meetings	
	Held	Attended
Mr. A K Nanda	4	4
Mr. Vineet Nayyar	4	1#
Mr. Cyrus J Guzder	4	3
Mr. Rohit Khattar	4	1
Mr. Sridar Iyengar	4	4

in addition to the above Mr. Vineet Nayyar also attended one meeting via telephone

Loans & Investment Committee

The Loans & Investment Committee approves the loans, investment, subscription/acquisition, sale/transfer and all related aspects of these transactions. The Committee consists of Mr. A K Nanda, Chairman and Mr. Kavinder Singh, Managing Director & CEO (w.e.f. November 3, 2014) as the members. There were no meetings of the Committee during 2014-15 as all loans, investments and subscription/acquisition made during the year were approved by the Board in its meetings.

Inventory Approval Committee

Inventory Approval Committee was constituted by the Board for evaluating and approving property acquisition by way of outright purchase as well as long term lease proposals of the Company. Mr. A K Nanda, Mr. Kavinder Singh (w.e.f. November 3, 2014) and Mr. Cyrus J Guzder are the members of the Committee. While no physical meetings of the Committee were held, during the year under review, the committee approved certain transactions by passing of resolutions by circulation.

Strategy and Review Committee

The Strategy and Review Committee was constituted by the Board to evaluate and review the business plan and make necessary recommendations and also review the performance of the Company. Mr. A K Nanda, is the Chairman and Mr. Cyrus J Guzder, Mr. Rohit Khattar, Mr Sanjeev Aga and Mr. Kavinder Singh (w.e.f. November 3, 2014) are the other members of the Committee.

During the year under review, Committee met once on April 23, 2014 and all the other members attended the Meeting.

Corporate Social Responsibility Committee

The role of the Corporate Social Responsibility (CSR) Committee is inter-alia to approve the overview the CSR activities of the Company in terms of compliance under provisions of the Act. The Members of the CSR Committee

are Mr. A K Nanda, as the Chairman, Mr. V.S. Parthasarathy (w.e.f. August 27, 2014), Mr. Kavinder Singh, Managing Director & CEO (w.e.f from November 3, 2014) of the Company, and Mr. Cyrus J Guzder. Mr. Uday Y Phadke ceased to be a member of CSR committee consequent his resignation as Director of the Company with effect from the conclusion of 18th AGM.

The Committee met thrice during the year from April 1, 2014 to March 31, 2015 on: May 6, 2014, October 30, 2014 and January 22, 2015. The attendance of the Meeting is as under:

Members	Number of Meetings	
	Held	Attended
Mr. A K Nanda	3	3
Mr. V. S, Parthasarathy	2	2
Mr. Uday Y Phadke	1	1
Mr. Cyrus J Guzder	3	3
Mr Kavinder Singh	1	1

Committee of Directors - Investment

During the year under review, the Board of Directors at their meeting held on January 22, 2015, constituted Committee of Directors – Investment, to inter alia consider in detail the proposal for further investment in Holiday Club Resorts Oy, Finland and to approve the same. Mr. A. K. Nanda, is the Chairman and Mr. V. S. Parthasarathy, Mr. Sanjeev Aga and Mr. Cyrus J Guzder are the other members of the Committee.

During the year under review, the Committee met once on January 29, 2015. Except Mr. V. S. Parthasarathy (attended through via telephone) all the other members attended the Meeting.

Risk Management Committee

During the year under review, the Risk Management Committee was constituted by the Board on October 30, 2014. The Committee's prime responsibility is to implement and monitor the risk management plan and policy of the Company. Mr. A K Nanda, Mr. V. S. Parthasarathy, Mr. Cyrus J Guzder and Mr. Kavinder Singh are the other members of the Committee. There were no meetings of the Committee held during 2014-15.

The Committee's role and responsibilities includes framing, overseeing implementation and monitoring of Risk Management Plan and Policy; validating the process of risk management and procedure for Risk Minimization; periodically reviewing and evaluating the Risk Management Policy and practices with respect to risk assessment and risk management processes; continually obtaining reasonable assurance from management that all known and emerging risks have been identified and mitigated or managed and performing such other functions as may be necessary or appropriate for the performance of its oversight function.

Disclosures

Code of Conduct

The Board has amended the Code of Conduct and Ethics for the Board of Directors and Senior Management to align with the provisions of the Companies Act 2013. The Board has laid down two separate Codes of Conduct ("Codes"), one for Board Members and other for Senior Management and Employees of the Company. These Codes have been posted on the Company's website www.clubmahindra.com. All Board Members and Senior Management personnel of the Company have affirmed compliance with these Codes.

A declaration signed by Managing Director & CEO on the same is attached at the end of this report.

CEO and CFO Certification

The Managing Director & CEO ("MD & CEO") and the Chief Financial Officer & Executive Director ("CFO & ED") of the Company give annual certification on financial reporting and internal controls to the Board in terms of Clause 49 of the Listing Agreement. The MD & CEO and CFO & ED also gave quarterly certification on financial results while placing the financial results before the Board in terms of Clause 41 of the Listing Agreement. The annual certificate given by the MD & CEO and the CFO & ED is published in this Report.

Risk Management

Your Company has risk management framework in place and this has been discussed in greater detail in the Management Discussion and Analysis Chapter of this Annual Report.

Compliance Certificate of the Auditors

Certificate from the Company's Auditors, Deloitte Haskins & Sells confirming compliance with conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement, is attached to this Report.

Subsidiary Companies

All subsidiary companies are Board managed with their Boards having the rights and obligations to manage such companies in the best interest of their stakeholders. As of March 31, 2015, the Company does not have any material unlisted Indian subsidiary, and hence, is not required to nominate an Independent Director of the Company on the Board of any subsidiary.

The Company monitors performance of subsidiary companies, inter alia, by the following means:

- Financial statements, in particular investments made by unlisted subsidiary companies, are reviewed by the Company's Audit Committee.
- Minutes of Board meetings of unlisted subsidiary companies are placed before the Company's Board.
- A statement containing all significant transactions and arrangements entered into by unlisted subsidiary companies is placed before the Company's Board.

Related Party Transactions

During 2014-15, there were no materially significant transactions entered into between the Company and its Promoters, Directors or the management, Holding company, subsidiaries, associates or relatives that may have potential conflict with the interests of the Company at large except for those mentioned in the Directors report. Further, details of related party transactions form part of notes to the standalone accounts of the Annual Report.

Accounting Treatment in Preparation of Financial Statements

In the preparation of the standalone and consolidated financial statements, the Company has followed the Accounting Standards and the generally accepted accounting principles in India.

Details of Non-compliance Relating to Capital Markets

The Company has complied with all the requirements of regulatory authorities with respect to capital markets. There were no instances of non-compliances by the Company and no penalties or strictures were imposed on the Company by the Stock Exchanges or SEBI or any statutory authority, on any matter related to the capital markets during the year under review.

Code for Prevention of Insider Trading Practices

During the year under review, the Company adhered to comprehensive Code of Conduct for Prevention of Insider Trading for its Directors & designated employees. The Code lays down guidelines, through which it advises the designated employees or directors on procedures to be followed and disclosures to be made, while dealing with shares of the Company.

Proceeds from Public Issues

The Audit Committee has been monitoring the uses and applications of funds raised through Institutional Placement Programme (IPP) by major category such as capital expenditure, sales and marketing, working capital, etc., on a quarterly basis as part of its quarterly declaration of financial results. The Company has not utilised the funds generated out of public issue (IPP under Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended) for any purpose other than those stated in the offer document/prospectus.

During the year under review, the Company has completed the utilisation of entire funds raised from the IPP towards the objects of the issue.

Details of Unclaimed Shares

As per the provisions of Clause 5A of the Listing Agreement, the Company has a Demat account titled "Mahindra Holidays & Resorts India Limited - Unclaimed Shares Demat Suspense Account" ("Demat Suspense Account") for transferring the unclaimed shares which were allotted pursuant to Initial Public Offer (IPO) of the Company.

The Company has 6 shareholders with 262 outstanding shares in the suspense account lying at the year ended March 31, 2015. The voting rights on these shares shall remain frozen

till the rightful owner of such shares claims the shares. The details as required to be disclosed in the Annual Report are given below:

Particulars	No. of cases	No. of shares
Aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year i.e. April 1, 2014	9	370
Number of shareholders who approached Issuer/Registrar and Share Transfer Agent for transfer of shares from suspense account during the year 2014-15	3	108
Number of shareholders to whom shares were transferred from suspense account during the year	3	108
Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year i.e. March 31, 2015	6	262

Management Discussion and Analysis Report

Management Discussion and Analysis Report (MDA) has been attached as a separate chapter and forms part of this Annual Report.

Compliance with Clause 49

The Company has complied with all the mandatory requirements of Clause 49 of the Listing Agreement relating to Corporate Governance.

As regards the non-mandatory requirements during the year under review, there is no audit qualification in the Company's financial statements. The Company continues to adopt best practices to ensure that its financial statements remained unqualified. The Company has not adopted any other non-mandatory requirement specified in Annexure XIII of the Listing Agreement.

General Shareholder Information

Nineteenth Annual General Meeting

Date : Tuesday, 28th July, 2015,
 Time : 3.00 PM
 Venue : Mini Hall, The Music Academy,
 TTK Road, Chennai – 600 014.

Details of Annual General Meetings held during past three years and Special Resolutions passed

Year	Date	Time	Venue	Special Resolutions Passed
2012	July 25, 2012	3.00 PM	Tapovan Hall, Chinmaya Heritage Centre, No. 2, 13th Avenue, Harrington Road, Chetpet, Chennai – 600 031.	Amendment of Articles of Association of the Company.
2013	July 29, 2013	3.00 PM	Tapovan Hall, Chinmaya Heritage Centre, No. 2, 13th Avenue, Harrington Road, Chetpet, Chennai – 600 031.	No Special Resolution was passed.
2014	August 27, 2014	3.00 PM	Vani Mahal, Main Hall, T. Nagar, Chennai - 600017	Consent to the Board of Directors to exercise power to create charges, mortgages, hypothecations and pledges under Section 180(1)(a) of the Companies Act, 2013.

Details of Extraordinary General Meeting (EGM) held during past three years and Special Resolutions passed

Year	Date	Time	Venue	Special Resolutions Passed
2013	February 23, 2013	3.00 PM	Mahindra Towers, 4th Floor, 17/18, Patullos Road, Chennai – 600 002.	Approval for further Issue of Shares under Institutional Placement Programme (IPP).
2014	February 19, 2014*	3.00 PM	Mahindra Towers, 4th Floor, 17/18, Patullos Road, Chennai – 600 002.	Approval of the Scheme of Amalgamation & Arrangement of Bell Tower Resorts Private Limited with Mahindra Holidays & Resorts India Limited and their shareholders and creditors.

* Meeting of the Equity Shareholders of the Company pursuant to the Orders of the Hon'ble High Court of Judicature at Madras dated December 9, 2013 directing the said meeting to be held.

Details of Postal Ballot held during past three years and Special Resolutions passed

Year	Date	Special Resolutions Passed
2014	December 26, 2014	1. Approval of Employees Stock Option Scheme 2014 & Issue of Securities. 2. Approval of extending benefits of Employees Stock Option Scheme – 2014 to the employees of holding/subsidiary/associate company(ies) 3. Appointment and Remuneration to Mr. Kavinder Singh as a Managing Director & Chief Executive Officer

No Special Resolution was passed through Postal Ballot during 2012-13 and 2013-14.

Dates of Book Closure/Record Date

Dates of book closure for dividend will be from July 18, 2015 to July 28, 2015, both days inclusive.

Dividend Payment Date

Dividend if declared at the Annual General Meeting will be paid on or after July 29, 2015 but before August 5, 2015.

Financial Year

The financial year covers the period from April 1 to March 31.

Financial Reporting for 2015-16

The First Quarter Results – June 30, 2015	By end of July, 2015
The Half Yearly Results – September 30, 2015	By end of October, 2015
Third Quarter Results – December 31, 2015	By end of January, 2016
Approval of Annual Accounts – March 31, 2016	By end of April, 2016

Note: The above dates are indicative.

Means of Communication

The quarterly, half-yearly and yearly results as required under Clause 41 of the Listing Agreement are normally published in Business Standard (English editions) and Makkal Kural (Tamil edition). These are not sent individually to the Shareholders.

The Company's results and official news releases are displayed on the Company's website at www.clubmahindra.com. Presentations are also made to international and national institutional investors and analysts, which are also put up on the website of the Company.

Listing on Stock Exchanges

The Equity Shares of the Company are listed on National Stock Exchange of India Limited (NSE) and BSE Limited (BSE). The requisite listing fees have been paid in full to the Stock Exchanges where the Company's shares are listed.

Mahindra Holidays & Resorts India Limited's (MHRIL) Stock Exchange Codes

BSE 533088
NSE MHRIL

Demat International Security Identification Number (ISIN) in NSDL and CDSL for equity shares

ISIN: INE998I01010

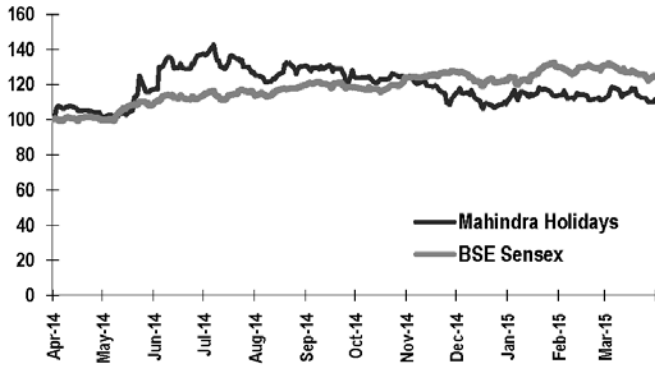
Stock Performance
BSE and NSE – Monthly High/Low and Volumes

	NSE			BSE		
	High (₹)	Low (₹)	Monthly Volume	High (₹)	Low (₹)	Monthly Volume
April, 2014	256.00	230.65	7,36,208	256.00	230.40	1,41,277
May, 2014	296.00	230.00	26,10,760	296.70	231.00	5,66,644
June, 2014	326.00	268.20	41,11,137	326.50	268.25	10,75,147
July, 2014	339.00	288.10	18,06,293	335.00	292.00	4,37,612
August, 2014	311.95	276.20	13,30,813	312.00	276.00	3,37,202
September, 2014	317.75	271.10	23,19,088	317.95	271.00	4,66,956
October, 2014	295.00	277.00	9,28,330	297.00	277.00	2,51,074
November, 2014	291.45	247.60	17,05,031	291.00	247.75	3,58,938
December, 2014	277.15	239.10	17,52,293	276.50	239.30	5,34,248
January, 2015	283.50	252.05	15,33,856	282.30	252.50	4,42,893
February, 2015	277.70	252.10	10,32,584	274.40	254.00	12,74,239
March, 2015	277.40	248.95	11,38,930	277.40	248.05	3,26,196

Performance in comparison to BSE – Sensex, NSE Nifty and BSE 500 Index

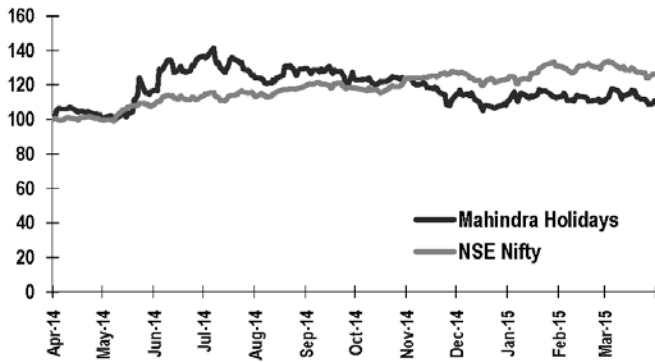
Month	MHRIL's Closing Price on NSE on the last trading day of month (₹)	BSE Sensex at the Close of last trading day of the month	NSE Nifty at the Close of last trading day of the month	BSE 500 Index at the Close of last trading day of the month
April, 2014	233.95	22,417.80	6,696.40	8,342.15
May, 2014	269.80	24,217.34	7,229.95	9,206.01
June, 2014	317.10	25,413.78	7,611.35	9,791.34
July, 2014	292.70	25,894.97	7,721.30	9,831.51
August, 2014	299.55	26,638.11	7,954.35	10,096.08
September, 2014	287.30	26,630.51	7,964.80	10,173.26
October, 2014	287.30	27,865.83	8,322.20	10,594.89
November, 2014	258.35	28,693.99	8,588.25	10,956.16
December, 2014	251.80	27,499.42	8,282.70	10,721.62
January, 2015	261.35	29,182.95	8,808.90	11,346.24
February, 2015	256.75	29,361.50	8,901.85	11,454.34
March, 2015	257.80	27,957.49	8,491.00	11,048.75

Mahindra Holidays' Share Performance versus BSE Sensex



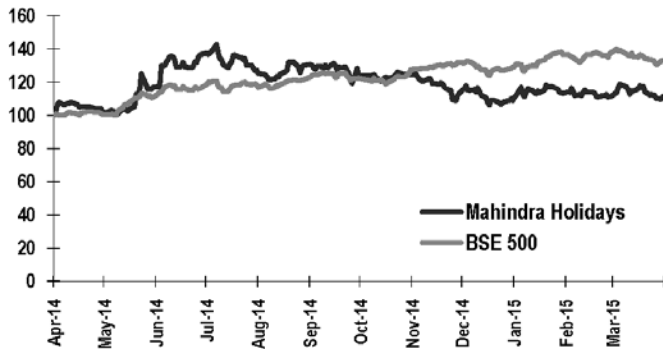
Note: Share price of Mahindra Holidays and BSE Sensex have been indexed to 100 on April 1, 2014

Mahindra Holidays' Share Performance versus NSE NIFTY



Note: Share price of Mahindra Holidays and NSE NIFTY have been indexed to 100 on April 1, 2014

Mahindra Holidays' Share Performance versus BSE 500



Note: Share price of Mahindra Holidays and BSE 500 have been indexed to 100 on April 1, 2014

Share Transfer System

Trading in equity shares of the Company through recognised Stock Exchanges is permitted only in dematerialised form. Shares sent for transfer in physical form are registered and returned within a period of thirty days from the date of receipt

of the documents, provided the documents are valid and complete in all respects.

The Stakeholders Relationship Committee meets as and when required to consider the other transfer proposals and attend to Shareholders' grievances. As of March 31, 2015, there are no pending share transfers pertaining to the year under review.

Distribution of Shareholding as on March 31, 2015

Sl no	Category (Shares)	No. of Shareholders	Percentage To Shareholders	No. of Shares	Percentage To Shares
1	1 – 100	16208	73.64	7,05,217	0.79
2	101 – 500	4161	18.91	10,73,420	1.21
3	501 – 1000	769	3.49	6,16,825	0.69
4	1001 – 5000	652	2.96	14,56,014	1.64
5	5001 – 10000	102	0.46	7,62,345	0.86
6	10001 – 50000	82	0.37	18,64,192	2.10
7	50001 – 100000	9	0.04	6,80,489	0.77
8	100001 and above	26	0.12	8,16,22,354	91.94
	TOTAL:	22009	100.00	8,87,80,856	100.00

Shareholding Pattern as on March 31, 2015

Category of Shareholders	Total Holdings	Holdings in Percentage
Promoters holdings	6,65,85,642	75.00
Mutual Funds	19,81,457	2.23
Banks, Financial Institutions & others	40,914	0.05
Foreign Institutional Investors	88,20,673	9.94
Foreign Portfolio Investors	3,18,779	0.36
Bodies Corporate	18,08,687	2.04
NRIs/OCBs/Foreign Nationals	9,92,320	1.12
Indian Public	82,32,384	9.26
Total	8,87,80,856	100.00

Dematerialisation of Shares

As on March 31, 2015, 99.98 per cent of the paid-up Equity Share Capital is held in dematerialised form with National Securities Depository Limited and Central Depository Services (India) Limited. The market lot is one share, as trading in the Equity Shares of the Company on exchanges is permitted only in dematerialised form. Non-Promoters' holding is 25 per cent.

Outstanding ADRs/GDRs/Warrants or any Convertible Instruments, conversion date and likely impact on Equity

The Company has not issued any ADRs/GDRs/Warrants or any convertible instruments.

Offices of the Company

Registered Office:

Mahindra Towers, 2nd Floor, No.17/18,
Patullos Road, Chennai – 600 002.

Tel: 044 - 3988 1000

Fax: 044 - 3027 7778

E: investors@mahindraholidays.com

W: www.clubmahindra.com

CIN No: L55101TN19996PLCO36595

Corporate Office:

Mahindra Towers, 1st Floor, 'A' Wing,
Dr. G.M. Bhosle Marg, P. K. Kurne Chowk,
Worli, Mumbai – 400 018.

Tel: 022 - 3368 4722

Fax: 022 - 3368 4721

Apart from the registered & corporate office, the Company has an extensive network of branch offices, including site offices at the resorts to carry out the business of the Company. Details of these offices can be found at the Company's website www.clubmahindra.com

Registrar and Share Transfer Agents

Karvy Computershare Private Limited
Karvy Selenium Tower B, Plot No. 31-32,
Gachibowli, Financial District, Nanakramguda,
Hyderabad – 500 032, Andhra Pradesh, India.

Tele no: 040 67162222

Toll Free no. 1800 345 4001

Fax No.: 040 2300 1153

E-mail: einward.ris@karvy.com

Address for Correspondence

Shareholders may correspond with the Company at its Corporate Office or with the Registrar and Transfer Agents M/s. Karvy Computershare Private Limited at the above mentioned address in respect of all matters relating to transfer/dematerialisation of shares, payment of dividend and any other query relating to Equity Shares of the Company.

Company Secretary & Compliance Officer

Mr. Dinesh Shetty

Mahindra Towers, 1st Floor,

'A' Wing, Dr. G.M. Bhosale Marg,

P.K. Kurne Chowk,

Worli, Mumbai – 400 018.

Tel: 022 - 3368 4722

Fax: 022 - 3368 4721

Email id: investors@ mahindraholidays.com

Company's Investor E-mail ID

The Company has also designated investors@mahindraholidays.com as an exclusive email ID for Shareholders for the purpose of registering complaints. This has also been displayed on the Company's website.

Company's website

www.clubmahindra.com

Declaration on Codes of Conduct

To

The Members of Mahindra Holidays & Resorts India Limited

I, Kavinder Singh, Managing Director & CEO of Mahindra Holidays & Resorts India Limited declare that all the Members of the Board of Directors and Senior Management Personnel have affirmed compliance with the Code of Conduct for the year ended 31st March, 2015.

Kavinder Singh
Managing Director & CEO

Mumbai, Date: May 18, 2015

CEO & CFO CERTIFICATION

The Board of Directors

Mahindra Holidays & Resorts India Limited

We hereby certify to the Board that

- (a) We have reviewed financial statements and the cash flow statement for the year and that to the best of our knowledge and belief and subject to the disclosures made to the Audit Committee at the meetings:
- (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of

the company pertaining to financial reporting and declare, subject to the disclosures made to the Audit Committee at the meetings, that there are no deficiencies in the design or operation of such internal controls, if any, of which we are aware.

- (d) We, have informed the Auditors and Audit Committee
- (i) significant changes in internal control over financial reporting during the year
 - (ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - (iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

Kavinder Singh
Managing Director & CEO

S Krishnan
Chief Financial Officer &
Executive Director

Mumbai, May 18, 2015

INDEPENDENT AUDITORS' CERTIFICATE

1. We, Deloitte Haskins & Sells, Chartered Accountants (Firm's Registration No.: 008072S), as Statutory Auditors of Mahindra Holidays & Resorts India Limited ("the Company"), having its Registered Office at Mahindra Towers, No. 17/18, Patullos Road, Chennai – 600 002, have examined the compliance of conditions of corporate governance by the Company, for the year ended on 31 March 2015 as stipulated in Clause 49 of the Listing Agreement, as amended from time to time, of the Company with the stock exchanges.
2. We have been requested by the Management of the Company to provide a certificate on compliance of corporate governance under Clause 49 of the Listing Agreement, as amended from time to time.
3. The Management is responsible for the compliance of conditions of corporate governance. Our examination was limited to a review of procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of corporate governance as stipulated in the said clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.
4. In our opinion and to the best of our information and according to the explanations given to us by the directors and the management, we certify that the Company has complied with the conditions of corporate governance as stipulated in Clause 49 of the above mentioned Listing Agreement, as amended from time to time.
5. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

for **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Registration No. 008072S)

M.K. Ananthanarayanan
Partner
(Membership No. 19521)

Place: Chennai

Date: May 18, 2015

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MAHINDRA HOLIDAYS & RESORTS INDIA LIMITED

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **MAHINDRA HOLIDAYS & RESORTS INDIA LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting

policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2015, its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government in terms of Section 143 (11) of the Act, we give in the Annexure a statement on the matters specified in paragraph 3 and 4 of the Order.

As required by Section 143 (3) of the Act, we report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors as on 31st March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit & Auditors) Rule, 2014, in our opinion and to the best of our information and according to the explanation given to us :

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Firm's Registration No. 008072S)

M.K. Ananthanarayanan
Partner
(Membership No. 19521)

Mumbai, May 18, 2015

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

(Referred to under 'Report on Other Legal and Regulatory Requirements' section of our report to the members of Mahindra Holidays & Resorts India Limited on the accounts for the year ended 31st March 2015)

- (i) Having regard to the nature of the Company's business/ activities/result, clause (v), (vi), (ix) and (xi) of the Order are not applicable to the Company in the current year.
- (ii) In respect of its fixed assets:
- (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
- (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
- (iii) In respect of its inventory:
- (a) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals.
- (b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- (iv) In our opinion and according to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the Register maintained under Section 189 of the Companies Act.
- (v) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weakness in such internal control system.
- (vi) According to the information and explanations given to us in respect of statutory dues:
- (a) The Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Luxury Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues applicable to it with the appropriate authorities.
- (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Luxury Tax, Wealth Tax, Service Tax, Customs

Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues in arrears as at March 31, 2015 for a period of more than six months from the date they became payable.

- (c) Details of dues of income tax, service tax and luxury tax which have not been deposited as on March 31, 2015 on account of disputes are given below:

Name of the statute	Nature of the dues	Forum where dispute is pending	Period to which the amount relates	Amount involved (₹)
Income Tax Act	Income Tax	Commissioner of Income Tax – Appeals	2010-11, 2011-12 & 2012-13	2,762,805,470
Finance Act	Service Tax	Central Excise & Service Tax Appellate Tribunal	2005 to 2011	601,217,070
		Commissioner (Appeals)	2011-12	1,053,030
Tamilnadu Luxury Tax Act	Luxury Tax	Deputy Commissioner – Appeals, Coimbatore	2002-03 to 2005-06, 2010-11, 2011-12	8,149,692
Kerala Luxury Tax Act	Luxury Tax	Deputy Commissioner – Appeals, Ernakulam	2008-09 to 2014-15	242,902,852

- (d) There are no amounts required to be transferred to the Investor Education and Protection Fund by the Company during the year.
- (vii) There are no accumulated losses as at the end of the financial year and the Company has not incurred cash loss during the financial year covered by our audit and in the immediately preceding financial year.
- (viii) In our opinion and according to the information and explanations given to us, the guarantee given by the Company for loans taken by others from banks are not, prima facie, prejudicial to the interests of the Company
- (ix) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No. 008072S)

M.K. Ananthanarayanan
Partner
(Membership No. 19521)

Mumbai, May 18, 2015

BALANCE SHEET AS AT MARCH 31, 2015

Particulars	Note No.	In ₹	
		As At March 31, 2015	As At March 31, 2014
EQUITY AND LIABILITIES			
Shareholders' funds			
Share Capital	3	880,262,510	880,241,730
Employee stock option outstanding		238,374	–
Reserves and Surplus	4	6,428,436,247	7,017,346,549
		7,308,937,131	7,897,588,279
Non-Current liabilities			
Deferred Income - Entitlement fee (See note 2 (viii) (a))		15,086,632,248	13,930,730,395
Deferred tax liabilities (net)	5	604,405,409	589,831,266
Other long term liabilities	6	50,444,931	71,077,452
Long term provisions.....	7	49,763,667	40,942,408
		15,791,246,255	14,632,581,521
Current liabilities			
Short term borrowings.....	8	64,121,146	29,135,656
Trade payables	9	1,137,108,817	1,161,923,267
Deferred Income - Entitlement fee (See note 2 (viii) (a))		851,778,117	751,102,920
Deferred Income - Annual Subscription fee (See note 2 (viii) (b))		817,292,263	662,569,007
Other current liabilities.....	10	739,616,287	559,369,690
Short term provisions	11	429,130,053	417,244,359
		4,039,046,683	3,581,344,899
		27,139,230,069	26,111,514,699
ASSETS			
Non-current assets			
Fixed Assets			
Tangible assets	12	7,734,800,880	6,669,436,338
Intangible assets.....		224,353,232	226,273,994
Capital work in progress	43	643,833,393	636,433,993
Intangible assets under development.....		73,088,979	45,531,430
		8,676,076,484	7,577,675,755
Non-current investments	13	1,415,016,691	1,460,749,621
Long term loans and advances	14	1,956,281,690	1,801,676,688
Other Non-Current Assets	15	4,370,238,603	3,844,171,488
		7,741,536,984	7,106,597,797
Current assets			
Current investments.....	16	95,826,402	126,646,207
Inventories.....	17	53,363,129	95,900,702
Trade receivables.....	18	8,704,466,501	8,434,161,810
Cash and cash equivalents.....	19	166,144,985	386,790,271
Short term loans and advances.....	20	1,539,486,804	2,181,139,326
Other current assets.....	21	162,328,780	202,602,831
		10,721,616,601	11,427,241,147
		27,139,230,069	26,111,514,699

See accompanying notes forming part of the financial statements.

In terms of our report attached
For **Deloitte Haskins & Sells**
Chartered Accountants

M. K. Ananthanarayanan
Partner

Place: Mumbai
Date: May 18, 2015

For and on behalf of the Board

A. K. Nanda
Chairman

S. Krishnan
Executive Director &
Chief Financial Officer

Place: Mumbai
Date: May 18, 2015

Kavinder Singh
Managing Director & CEO

Dinesh Shetty
Company Secretary

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2015

Particulars	Note No.	In ₹	
		Year ended March 31, 2015	Year ended March 31, 2014
REVENUE:			
Revenue from operations.....	22	7,948,508,218	7,775,195,726
Other Income.....	23	127,069,094	214,103,801
Total Revenue		8,075,577,312	7,989,299,527
EXPENDITURE:			
Employee benefits expense.....	24	1,619,766,584	1,617,371,322
Finance costs.....	25	2,500,122	9,684,184
Depreciation and amortisation expense.....	12	654,058,265	380,269,427
Other expenses.....	26	4,530,802,662	4,567,773,945
Total Expenditure		6,807,127,633	6,575,098,878
Profit before exceptional item and tax		1,268,449,679	1,414,200,649
Exceptional item	46	218,797,194	–
Profit before tax		1,049,652,485	1,414,200,649
Less: Tax expense.....			
- Current tax.....		192,000,000	291,000,000
- Deferred tax.....		67,410,300	177,853,979
Profit for the year		790,242,185	945,346,670
Earnings per share:			
Basic.....		8.98	10.76
Diluted.....		8.98	10.75

See accompanying notes forming part of the financial statements.

In terms of our report attached
For **Deloitte Haskins & Sells**
Chartered Accountants

M. K. Ananthanarayanan
Partner

Place: Mumbai
Date: May 18, 2015

For and on behalf of the Board

A. K. Nanda
Chairman

S. Krishnan
Executive Director &
Chief Financial Officer

Place: Mumbai
Date: May 18, 2015

Kavinder Singh
Managing Director & CEO

Dinesh Shetty
Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2015

Particulars	In ₹	
	Year ended March 31, 2015	Year ended March 31, 2014
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Profit before exceptional items and tax	1,268,449,679	1,414,200,649
Adjustments:		
Depreciation and amortisation expense	654,058,265	380,269,427
Finance costs.....	2,500,122	9,684,184
Interest income	(104,571,050)	(161,585,419)
Dividend income	(16,477,181)	(37,411,294)
Dividend on dissolution of investment in subsidiary (MHRUSA)	(6,020,863)	
Profit on Sale of Investment in subsidiary		(15,107,088)
Loss on fixed assets sold/scrapped (net)	1,327,859	3,305,618
Bad debts.....	-	1,886,810
Provision for doubtful debts receivables and advances.....	14,056,243	7,942,068
	<u>544,873,395</u>	<u>188,984,306</u>
Operating profit before working capital changes.....	1,813,323,074	1,603,184,955
Changes in working capital:		
Deferred income - Entitlement fee & Annual subscription fee	1,411,300,306	1,550,042,057
Trade and other receivables	(363,328,832)	(2,743,669,121)
Inventories.....	42,537,573	(32,104,745)
Trade and other payables	191,581,164	345,075,715
	<u>1,282,090,211</u>	<u>(880,656,094)</u>
Income taxes paid	(404,497,166)	(404,794,467)
NET CASH FROM OPERATING ACTIVITIES	<u>2,690,916,118</u>	<u>317,734,394</u>
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of fixed assets including capital work in progress and expenditure pending allocation	(1,416,923,271)	(923,316,274)
Proceeds from sale of fixed assets.....	6,803,144	2,482,852
Investments in subsidiaries and joint venture	(459,764,997)	(16,809,707)
Proceeds from sale/dissolution of investments in subsidiaries	6,066,366	328,053,267
Earmarked deposits not considered as part of Cash and cash equivalents (including acquired through merger of Bell Tower Resorts Private Limited)	(32,913,627)	(142,644)
Advances to subsidiaries and joint venture	(730,409,525)	(335,947,774)
Interest received	22,208,173	19,630,087
Dividend income.....	16,477,181	37,411,294
NET CASH (USED IN)/FROM INVESTING ACTIVITIES	<u>(2,588,456,556)</u>	<u>(888,638,899)</u>

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2015

Particulars	In ₹	
	Year ended March 31, 2015	Year ended March 31, 2014
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Repayments of borrowings	34,985,490	9,636,238
Dividends paid	(355,054,872)	(355,057,356)
Dividend distribution tax paid	(60,353,226)	(60,353,226)
Proceeds from issue of equity shares through IPP	-	1,055,976,420
Loan recovered from ESOP Trust	-	3,000,000
Finance cost paid	(2,500,122)	(9,684,184)
NET CASH (USED IN)/FROM FINANCING ACTIVITIES	(382,922,730)	643,517,892
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	(280,463,168)	72,613,387
CASH AND CASH EQUIVALENTS:		
Opening balance	510,051,166	437,437,779
Add: Acquired on merger of Bell Tower Resorts Private Limited	3,915,550	-
Total	513,966,716	437,437,779
Closing balance	225,672,448	510,051,166
	(280,463,168)	72,613,387
Reconciliation of Cash and Cash equivalents with the Balance Sheet		
Cash and cash equivalents as per Balance Sheet	166,144,985	386,790,271
Less: Bank balances not considered as Cash and cash equivalents	36,298,939	3,385,312
Net Cash and cash equivalents	129,846,046	383,404,959
Add: Current investments considered as part of Cash and cash equivalents (Investment in units of Mutual Funds)	95,826,402	126,646,207
Cash and cash equivalents at the end of the year	225,672,448	510,051,166

See accompanying notes forming part of the financial statements.

In terms of our report attached
For **Deloitte Haskins & Sells**
Chartered Accountants

M. K. Ananthanarayanan
Partner

Place: Mumbai
Date: May 18, 2015

For and on behalf of the Board

A. K. Nanda
Chairman

S. Krishnan
Executive Director &
Chief Financial Officer

Place: Mumbai
Date: May 18, 2015

Kavinder Singh
Managing Director & CEO

Dinesh Shetty
Company Secretary

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

1 Corporate Information

The company was incorporated on September 20, 1996, and is in the business of selling vacation ownership and providing holiday facilities.

2 Significant Accounting Policies

(i) Basis for preparation of financial statements:

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act")/Companies Act, 1956 ("the 1956 Act"), as applicable. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year. Also Refer Note No. 22.1 regarding recognition of entitlement fee.

(ii) Use of estimates:

The preparation of financial statements in conformity with Indian GAAP requires the management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the years in which the results are known/materialise.

(iii) Inventories:

Inventories are carried at lower of cost and net realisable value. Cost is determined on First-in-First-out basis. Cost includes the purchase price, non refundable taxes and delivery handling cost. Net realisable value is estimated at the expected selling price less estimated costs of procurement and sales.

(iv) Cash and cash equivalents:

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

(v) Cash flow statements:

Cash flows are reported using the indirect method, whereby profit/(loss) before extra-ordinary items and tax is adjusted for the effects of transactions of non cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flow from operating, investing and financing activities of the company are segregated based on the available information.

(vi) Depreciation and amortisation

Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets, in whose case the life of the assets has been assessed as under taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.

- Leasehold land and buildings are amortised over the period of lease.
- Floating cottages grouped under building are depreciated over the useful life of 25 years.
- Furniture and Fixtures in 'Club Mahindra Holiday World' are amortised over a period of 36 months from the date of capitalisation.
- Motor vehicles provided to employees are depreciated over a period of 48 months. Other assets provided to employees are depreciated over a period of 60 months.

Intangible assets are amortised over their estimated useful life on straight line method as follows:

- Expenditure incurred towards software is amortised over a period of 36 months.
- Expenditure on product design and development and web portal is amortised over the estimated useful life of the asset i.e. 3/4 years.
- Non- compete fee is amortised over a period of 5 years.

Assets individually costing less than ₹ 5000 each are fully depreciated in the year of capitalisation.

The estimated useful life of the intangible asset and the amortisation period are reviewed at the end of the each financial year and the amortisation method is revised to reflect the changed pattern.

(vii) Expenditure during construction period

Revenue expenses incurred in connection with construction of resorts insofar as such expenses relate to the period prior to the date the resort is put to use are treated as part of project cost and capitalised.

(viii) Revenue recognition:

- The Company's business is to sell Vacation ownership and provide holiday facilities to members for a specified period each year, over a number of years, for which membership fee is collected either in full upfront, or on a deferred payment basis. Admission fee, which is non-refundable, is recognized as income on admission of a member. Entitlement fee (disclosed under Deferred income – Entitlement fee), which entitles the vacation ownership members for the vacation ownership facilities is recognized as income equally over the tenure of membership (33 years/25 years/10 years or any other tenure applicable to the respective member), commencing from the year of admission of each member. Requests for cancellation of membership are accounted for when it is accepted by the Company. In respect of instalments considered doubtful of recovery by the management, the membership is treated as cancelled and related revenues are de-recognised.
- Annual subscription fee dues from members are recognised as income over the period of subscription as per terms agreed with the members. Subscription pertaining to the period beyond the date of the Balance Sheet is grouped under Deferred Income.
- Interest on instalment sales is recognised as income on an accrual basis.
- Income from resorts includes income from room rentals, food and beverages, etc. and is recognised when services are rendered.
- Securitised assets are derecognised as the contractual rights therein are transferred to the third party. On being derecognised, the excess of consideration received over the principal amounts of receivable from members (net of reversals in respect of cancelled members) is recognised as income from Securitisation.
- Income from travel services includes commission on tickets/hotel booking, service charges from customers, etc. and is recognised when services are rendered.

(ix) Other Income

Interest income is accounted on accrual basis. Dividend income is accounted for when the right to receive it is established.

(x) Fixed assets:

Fixed assets are carried at cost less accumulated depreciation/amortisation and accumulated impairment losses, if any. Cost comprises of purchase price and other directly attributable costs of bringing the asset to its working condition for its intended use and includes interest on moneys borrowed for construction/acquisition of fixed assets up to the period the assets are ready for use. Projects

under which assets are not ready for their intended use and other capital work-in-progress are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

(xi) Foreign currency transactions and translations:

Transactions in foreign currencies entered into by the Company are accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction. Exchange differences arising on settlement/restatement of foreign currency monetary assets and liabilities of the Company are recognised as income or expense in the Statement of Profit and Loss.

Foreign currency monetary items of the Company, outstanding at the balance sheet date are restated at the year-end rates. Non-monetary items of the Company are carried at historical cost.

(xii) Investments:

Long-term investments are carried individually at cost less provision for diminution, other than temporary, in the value of such investments. Current investments are carried individually, at the lower of cost and fair value. Cost of investments include acquisition charges such as brokerage, fees and duties.

(xiii) Employee benefits:

Employee benefits include provident fund, superannuation fund, employee state insurance scheme, gratuity fund and compensated absences.

(a) Short term employee benefit plans

All short term employee benefit plans such as salaries, wages, bonus, special awards and, medical benefits which fall due within 12 months of the period in which the employee renders the related services which entitles him to avail such benefits are recognized on an undiscounted basis and charged to the statement of profit and loss.

(b) Long term employee benefit plans

The Company has defined contribution and defined benefit plans. The plans are financed by the Company and in the case of some defined contribution plans employees also contribute to the plan.

Defined Contribution Plan

The Company's contribution to provident fund, superannuation fund and employee state insurance scheme are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

Defined Benefit Plan

For defined benefit plans in the form of gratuity fund, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the schemes.

Employee Stock Option Scheme

The compensation cost of stock option granted to employees is measured by Intrinsic Value Method. The intrinsic value, which is the excess of market price of the underlying equity shares as of the date of grant over the exercise price of the option, is recognised and amortised on straight line basis over the vesting period.

(xiv) Borrowing Cost:

Borrowing cost that are attributable to the acquisition, construction or production of qualifying asset are capitalized as part of cost of

such asset till such time as the asset is ready for its intended use or sale. A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use or sale. All other borrowing costs are recognized as expenses in the period in which they are incurred.

(xv) Segment reporting:

The Company has a single reportable segment namely sale of Vacation Ownership and other services for the purpose of Accounting Standard 17 on Segment Reporting. Business segment is considered as the primary segment.

(xvi) Leases:

Assets leased by the Company in its capacity as a lessee, where substantially all the risks and rewards of ownership vest in the Company are classified as finance leases. Such leases are capitalised at the inception of the lease at the lower of the fair value and the present value of the minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost so as to obtain a constant periodic rate of interest on the outstanding liability for each year.

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rentals under operating leases are recognised in the Statement of Profit and Loss on a straight-line basis over the lease term.

(xvii) Earnings per share:

Basic earnings per share is computed by dividing the profit/(loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit/(loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits/reverse share splits and bonus shares, as appropriate.

(xviii) Taxes on income:

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 and other applicable tax laws.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward of losses and items relating to capital losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that there will be sufficient future taxable income available to realise the assets. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each balance sheet date for their realisability.

Current and deferred tax relating to items directly recognised in reserves are recognised in reserves and not in the Statement of Profit and Loss.

(xix) Impairment of assets

The carrying values of assets/cash generating units at each balance sheet date are reviewed for impairment. If any indication of impairment exists the recoverable amount of such asset is estimated and impairment is recognised, if the carrying amount of these assets exceed their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present values based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting period no longer exists or may have decreased, such reversal of impairment loss is recognised in the statement of profit and loss, except in the case of re-valued asset.

(xx) Provision and contingencies:

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent Liabilities are disclosed in the notes.

(xxi) Share issue expenses:

Share issue expenses are adjusted against the Securities Premium Account as permissible under Section 52 of the Companies Act, 2013, to the extent any balance is available for utilisation in the Securities Premium Account. Share issue expenses in excess of the balance in the Securities Premium Account is expensed in the Statement of Profit and Loss.

(xxii) Insurance claims:

Insurance claims are accounted for on the basis of claims admitted /expected to be admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection.

(xxiii) Service tax input credit:

Service tax input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is reasonable certainty in availing/utilising the credits.

(xxiv) Operating cycle:

Based on the nature of services/activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

Note 3 : Share Capital

Particulars	As At	As At	As At	As At
	March 31, 2015	March 31, 2015	March 31, 2014	March 31, 2014
	No. of shares	₹	No. of shares	₹
Authorised:				
100,000,000 equity shares of ₹ 10 each	100,000,000	1,000,000,000	100,000,000	1,000,000,000
	100,000,000	1,000,000,000	100,000,000	1,000,000,000
Issued Subscribed & Paid up:				
Equity: (Net of shares allotted to ESOP Trust but not exercised by employees)				
88,780,856 (previous year 84,639,772) equity shares of ₹ 10 each fully paid	88,780,856	887,808,560	84,639,772	846,397,720
Add: NIL(previous year 4,141,084) shares issued during the year through Institutional Placement Programme	-	-	4,141,084	41,410,840
Less: 754,605 (previous year 756,683) equity shares of ₹ 10 each fully paid up allotted to Mahindra Holidays and Resorts India Limited Employees' Stock Option Trust ("ESOP Trust") but not exercised by employees.....	754,605	7,546,050	756,683	7,566,830
	88,026,251	880,262,510	88,024,173	880,241,730

Notes:

- 3 a) The above includes 48,995,228 equity shares allotted as fully paid-up by way of Bonus shares by capitalisation of balance in Statement of Profit & Loss and General Reserve on November 24, 2007 in the ratio of 5 equity shares for every 3 shares held.
- 3 b) Terms/rights attached to equity shares:
 - i) The company has only one class of shares referred to as equity shares having a par value of ₹ 10/-. Each holder of equity share is entitled to one vote per share.
 - ii) The dividends proposed by the Board of Directors is subject to approval of the shareholders in the Annual General Meeting.
 - iii) For the year ended March 31, 2015, the amount of dividend proposed to be distributed to equity shareholders is ₹ 355,123,424 at ₹ 4 per share (Previous year ₹ 355,123,424 at ₹ 4 per share).
 - iv) Repayment of capital will be in proportion to the number of equity shares held.

- 3 c) Shares in the company held by each shareholder holding more than 5% shares specifying the number of shares held.

Name of share holder	No. of shares	% held as at March 31 2015	No. of shares	% held as at March 31 2014
Mahindra & Mahindra Limited (Holding Company).....	66,585,642	75.00%	66,585,642	75.00%

- 3 d) The reconciliation of the number of shares outstanding as at March 31, 2015 and March 31, 2014 is set out below:

Particulars	As at March 31 2015		As at March 31 2014	
	No of Shares	In ₹	No of Shares	In ₹
No of Shares at the beginning.....	88,024,173	880,241,730	83,880,884	838,808,840
Add: Shares issued - pursuant to an Institutional Placement Programme (IPP)	-	-	4,141,084	41,410,840

Particulars	As at March 31 2015		As at March 31 2014	
	No of Shares	In ₹	No of Shares	In ₹
Add: Shares issued on exercise of employee stock options.....	2,078	20,780	2,205	22,050
Number of shares at the end	88,026,251	880,262,510	88,024,173	880,241,730

3 e)

i) Under the Employee Stock Option Scheme (ESOS 2006) equity shares are allotted to the Mahindra Holidays & Resorts India Limited Employees' Stock Option Trust (the trust) set up by the Company. The trust holds these shares for the benefit of the eligible Employees/Directors as defined under the scheme and transfers these shares to them as per the recommendation of the remuneration committee.

ii) During the year the Company formulated the Employee Stock Option Scheme (ESOS 2014), under which the company proposed to issue and allot the shares either directly or to the existing Mahindra Holidays & Resorts India Limited Employees' Stock Option Trust (the trust). To the extent allotted, the trust would hold these shares for the benefit of the eligible Employees/Directors as defined under the scheme and would transfer the shares to them as per the recommendation of the remuneration committee.

iii) The details of the Employees' Stock Option Schemes are as under:

Type of Arrangement	ESOS 2006 - Equity settled option plan administered through Employee Stock Option Trust.	ESOS 2014 - Equity settled option plan issued directly/administered through Employee Stock Option Trust.
Method of Settlement	By issue of shares at Exercise Price.	

Particulars	Date of Grant	Exercise price (in ₹)	Average Exercise Price (in ₹)	Vesting period (in Yrs)	No. of options granted	Contractual life	Vesting condition	No. of options exercisable in each tranche
Grant I (ESOS 2006)	15/07/2006	16.00	6.00	5	759,325	6 yrs from the date of grant	refer note (a) below	Minimum of 25 and a maximum of all the options vested but not exercised till that date.
Grant II (ESOS 2006)	30/03/2007	52.00	19.50	4	122,235	5 yrs from the date of each vesting	25% each on expiry of 12,24,36 and 48 months from the date of grant.	
Grant III (ESOS 2006)	11/01/2007	52.00	19.50	4	56,700			
Grant V (ESOS 2006)**	11/01/2008	52.00	52.00	4	261,590			
Grant VI (ESOS 2006) #	21/02/2012	370.00	-	4	400,000			
Grant VII (ESOS 2006) ##	21/02/2012	323.00	-	4	186,500			
Grant VIII (ESOS 2006)**	21/02/2013	323.00	-	4	130,000			
Grant IX (ESOS 2006)**	29/01/2014	253.00	-	4	35,000			
Grant I (ESOS 2014)	22/01/2015	264.00	-	4	620,000		refer note (b) below	
Note (a) 35%,30%,15%,10% and 10% on expiry of 12,24,36,48 and 60 months from the date of grant respectively.								
Note (b) Minimum of 100 and a maximum of all the options vested but not exercised till that date.								

iv) Summary of Stock options (including bonus shares)

Particulars	Date of Grant	Options outstanding as on 1.4.2014	Options granted	Options vested during the year	Options exercised during the year	Options lapsed during the year	Options outstanding as on 31.03.2015	Options vested but not exercised
Grant I (ESOS 2006)	15/07/2006					Closed		
Grant II (ESOS 2006)	30/03/2007	3,735	-	-	-	2,335	1,400	1,400
Grant III (ESOS 2006)	11/01/2007	4,234	-	-	-	-	4,234	4,234
Grant V (ESOS 2006)**	11/01/2008	20,916	-	-	2,078	-	18,838	18,838
Grant VI (ESOS 2006) #	21/02/2012	200,000	-	-	-	-	200,000	200,000
Grant VII (ESOS 2006) ##	21/02/2012	107,750	-	20,375	-	-	107,750	87,375
Grant VIII (ESOS 2006)**	21/02/2013	130,000	-	32,500	-	-	130,000	65,000
Grant IX (ESOS 2006)**	29/01/2014	35,000	-	8,750	-	-	35,000	8,750
Grant I (ESOS 2014)	22/01/2015	-	620,000	-	-	-	620,000	-
Total		501,635	620,000	61,625	2,078	2,335	1,117,222	385,597

** Issued out of lapsed options.

Out of the above 90,000 shares has been issued out of lapsed options.

Out of the above 86,500 shares has been issued out of lapsed options.

v) In accordance with the Guidance Note issued by the Institute of Chartered Accountants of India, the shares allotted to the trust including bonus shares but not exercised by the employees have been reduced from the share capital by ₹ 7,546,050 and securities premium account reduced by ₹ 145,180,792. The said shares will be added to the issued share capital as and when the trust issues the shares to the concerned persons on their exercising the option and till such shares are issued the amount received from the trust is disclosed under "other current liabilities".

vi) The Company has adopted the intrinsic value method in accounting for employee cost on account of ESOS for Grant I (ESOS 2006), Grant II (ESOS 2006), Grant III (ESOS 2006) and Grant V (ESOS 2006) and for all the other grants fair value method adopted. The intrinsic value of the shares granted under Grant I (ESOS 2006), Grant II (ESOS 2006), Grant III (ESOS 2006) and Grant V (ESOS 2006) based on the valuations obtained from an independent valuer is ₹ 16 per equity share as on 31st March, 2006, ₹ 52 per equity share as on 1st January, 2007, 31st August, 2008 and 1st Novmeber 2008, based on the Discounted Cash Flow Method. The fair value of the shares granted under Grant VI (ESOS 2006), Grant VII (ESOS 2006), Grant VIII (ESOS 2006) and Grant IX (ESOS 2006)

based on the fair value market price is ₹ 370, ₹ 323, ₹ 323 and ₹ 253 per share respectively. As the difference between the intrinsic value/fair value and the exercise price per share is ₹ Nil, no employee compensation cost has been charged.

vii) In respect of the options granted under the Grant I (ESOS 2014) of Employee Stock Option Plan, in accordance with guidelines issued by SEBI, the accounting value of the options is accounted as deferred employee compensation, which is amortised on a straight line basis over the period between the date of grant of options and the eligible dates for conversion into equity shares. Consequently, employee compensation cost include ₹ 238,374 (previous year nil) being the amortisation of deferred employee compensation.

viii) Fair Value of options based on Black Scholes option pricing model:

The fair value of options based on the valuation of the independent valuer for Grant I (ESOS 2006), Grant II (ESOS 2006), Grant III (ESOS 2006) and Grant V (ESOS 2006) as of the respective dates of grant i.e. 15th July 2006, 30th March 2007, 1st November 2007 and 1st November 2008 is ₹ 4.28, ₹ 16.36, ₹ 16.55 and ₹ 16.04 respectively.

The fair value of options based on the valuation of the independent valuer as of the respective dates of grant i.e. 21st February 2012 is ₹ 113.81 for Grant VI (ESOS 2006), ₹ 129.93 for Grant VII (ESOS 2006), 21st February

2013 is ₹ 94.43 for Grant VIII (ESOS 2006), 29th January 2014 is ₹ 83.75 for Grant IX (ESOS 2006) and 22nd January 2015 is ₹ 97.24 for Grant I (ESOS 2014).

Had the Company adopted the fair value method in respect of options granted, the total amount that would have been amortised over the vesting period is ₹ 167,679,000 and the impact on the financial statements would be:

Particulars	Year ended	
	31-March-15	31-March-14
Increase in employee compensation cost.....	6,339,644	1,026,858
Decrease in profit after tax.....	6,339,644	1,026,858
Decrease in basic & diluted earnings per share.....	(0.07)	(0.01)

The fair value has been calculated using the Black Scholes Options Pricing Model and the significant assumptions made in this regard are as follows:

Particulars	Grant I (ESOS 2006)	Grant II (ESOS 2006)	Grant III (ESOS 2006)	Grant V (ESOS 2006)	Grant VI & VII (ESOS 2006)	Grant VIII (ESOS 2006)	Grant IX (ESOS 2006)	Grant I (ESOS 2014)
Grant Date	15/07/2006	30/03/2007	11/01/2007	11/01/2008	21/02/2012	21/02/2013	29/01/2014	22/01/2015
Risk free interest rate	7.82%	7.92%	7.72%	7.34%	8.00%	7.78%	8.81%	7.74%
Expected life	4.5	5	5	5	6	3.5	3.5	3.5
Expected volatility	Nil	Nil	Nil	Nil	0.33	0.31	0.29	0.29
Expected dividend yield	Nil	Nil	Nil	Nil	₹ 4.00	1.38%	1.66%	1.48%

Note 4: Reserves & Surplus

	(In ₹)			(In ₹)	
	As At March 31, 2015	As At March 31, 2014		As At March 31, 2015	As At March 31, 2014
Capital Reserve	1,474,577	1,474,577	General Reserve		
Amalgamation Reserve Account			As per last balance sheet.....	686,134,032	591,599,365
Adjustment arising on Amalgamation (Refer Note No. 45).....	306,065,684	-	Add : Transfer from Statement of Profit and Loss	79,024,219	94,534,667
Less: Transferred to Securities Premium Account.....	306,065,684	-		765,158,251	686,134,032
	-	-	Add : Bonus shares issued to the ESOP Trust but not exercised by employees (See note below).....	2,156,870	2,169,200
	-	-		767,315,121	688,303,232
Securities Premium Account			Surplus in Statement of Profit & Loss		
As per last balance sheet.....	2,703,948,741	1,720,261,044	As per last balance sheet.....	3,768,805,861	3,333,470,508
Premium on shares issued during the year through Institutional Placement Programme	-	1,014,565,580	Less : Adjustment on Amalgamation (Refer Note No. 45)	456,076,659	-
Less: Share issue expenses on account of Institutional Placement Programme.....	-	30,877,883	Less : Loss of erstwhile Bell tower Resorts Private Limited for the year 2013-14 (Refer Note No. 45.b)	86,974,662	-
Less: Adjustment arising on Amalgamation (Refer Note No. 45)	306,065,684	-	Add : Profit for the current year.....	790,242,185	945,346,670
	2,397,883,057	2,703,948,741	Less : Depreciation adjustment consequent to transition to Schedule II of The Companies Act 2013 net of deferred tax of ₹ 52,836,157 (Refer Note No. 35)	102,610,025	-
Less: Premium on shares issued to Mahindra Holidays and Resorts India Limited Employees' Stock Option Trust (ESOP Trust) but not exercised by employees (See note below)	145,180,792	145,185,862		3,913,386,700	4,278,817,178
	2,252,702,265	2,558,762,879	Appropriations:		
			Transfer to General Reserve.....	79,024,219	94,534,667
			Proposed Dividend.....	355,123,424	355,123,424

	(In ₹)	
	As At March 31, 2015	As At March 31, 2014
Tax on Proposed Dividend	72,294,773	60,353,226
	<u>506,442,416</u>	<u>510,011,317</u>
	<u>3,406,944,285</u>	<u>3,768,805,861</u>
	<u>6,428,436,247</u>	<u>7,017,346,549</u>

Note :
Previous years' figures have been regrouped to reflect the re-alignment of options granted between normal and bonus shares with consequential adjustments to Securities Premium Account, General Reserve Account and amounts due from ESOP Trust Account.

Note 5 : Deferred Tax Liability (net)

	(In ₹)	
	As At March 31, 2015	As At March 31, 2014
Deferred tax asset		
Provision for doubtful receivables.....	8,270,396	3,344,993
Provision for compensated absences	17,814,649	14,517,169
Others	22,149,120	17,103,041
	<u>48,234,165</u>	<u>34,965,203</u>
Deferred tax liability		
Difference between book and tax depreciation	652,639,574	624,796,469
Deferred tax liability (net)	<u>604,405,409</u>	<u>589,831,266</u>

Reconciliation of Deferred Tax expenses for the year :

Difference between the deferred tax liability (net) as at the beginning and end of the year as above	14,574,143	
Deferred tax impact netted off from depreciation on tangible fixed assets on transition to Schedule II of the Companies Act, 2013 adjusted to opening surplus (Refer Note No. 35)	52,836,157	
Deferred tax expense for the year as per statement of Profit and Loss	<u>67,410,300</u>	

Note 6 : Other Long Term Liabilities

	(In ₹)	
	As At March 31, 2015	As At March 31, 2014
Others:		
Retention monies payables on purchase of fixed assets*	50,444,931	71,077,452
	<u>50,444,931</u>	<u>71,077,452</u>

* Due after one year from the date of the Balance Sheet.

Note 7 : Long Term Provisions

	(In ₹)	
	As At March 31, 2015	As At March 31, 2014
Compensated absences	49,763,667	40,942,408
	<u>49,763,667</u>	<u>40,942,408</u>

Note 8 : Short Term Borrowings

	(In ₹)	
	As At March 31, 2015	As At March 31, 2014
Secured:		
Loans repayable on demand		
– Cash credit from Banks.....	64,121,146	29,135,656
	<u>64,121,146</u>	<u>29,135,656</u>

Loans from banks are secured by an exclusive charge on inventories, receivables and other moveable assets, both present and future.

Note 9: Trade Payables

	(In ₹)	
	As At March 31, 2015	As At March 31, 2014
Trade Payables:		
Total outstanding dues to entities other than micro and small enterprises	1,137,108,817	1,161,923,267
	<u>1,137,108,817</u>	<u>1,161,923,267</u>

Trade payable are dues in respect of goods purchased and services rendered in the normal course of business.

The particulars regarding dues to Micro enterprises and small enterprises have been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors. There are no dues payable to such parties as at the balance sheet date.

Note 10 : Other Current Liabilities

	(In ₹)	
	As At March 31, 2015	As At March 31, 2014
Capital creditors.....	236,761,005	57,302,438
Dues to Statutory Authorities (PFESI & other taxes)	70,438,521	43,805,841
Gratuity.....	8,203,783	6,916,716
Unpaid dividend*.....	249,008	180,456
Other payables** (Refer note below)	423,963,970	451,164,239
	<u>739,616,287</u>	<u>559,369,690</u>

* There are no amounts due and outstanding to be transferred to Investor Education and Protection Fund as at March 31, 2015.

** Other payables mainly represent the Commission payable to non-whole time directors, amounts received from ESOP Trust on issue of shares, provision for estimated cost of offers made to members on acquisition, deferred rent on rent equalization under AS-19, renovation and pre-opening expenses in respect of resorts.

Note 11 : Short Term Provisions

	(In ₹)	
	As At March 31, 2015	As At March 31, 2014
Compensated absences	1,711,856	1,767,709
Proposed Dividend.....	355,123,424	355,123,424
Tax on Proposed Dividend.....	72,294,773	60,353,226
	<u>429,130,053</u>	<u>417,244,359</u>

Note 12 : Fixed Assets

Description of Assets	Gross block (at cost)				Depreciation/Amortisation				Net block			
	As at April 1, 2014	Addition on Amalgamation (Refer Note below)	Additions	Deductions	As at March 31, 2015	As at April 1, 2014	Addition on Amalgamation (Refer Note below)	For the year	Transferred to Reserves (Refer Note - 35)	Deductions/ Adjustments	As at March 31, 2015	As at March 31, 2014
A: Tangible Assets												
Land.....	1,021,491,999	8,275,505	41,514,318	-	1,071,281,822	-	-	-	-	-	1,071,281,822	1,021,491,999
Land - Leasehold	1,021,491,999	-	-	-	1,021,491,999	-	-	-	-	-	1,021,491,999	1,021,491,999
	864,000	-	-	-	864,000	122,168	8,641	8,641	-	-	733,191	741,832
	864,000	-	-	-	864,000	113,442	8,726	8,726	-	-	741,832	750,558
Buildings.....	4,269,301,390	323,704,073	798,389,058	-	5,391,394,521	372,912,429	304,486,378	80,401,674	7,774,998	-	4,896,037,062	3,896,388,961
	2,635,452,094	-	1,634,419,032	569,736	4,269,301,390	304,486,378	69,211,783	69,211,783	-	785,732	3,896,388,961	2,330,965,716
Buildings - Leasehold	15,608,588	-	-	-	15,608,588	10,859,909	234,703	234,703	-	-	4,513,976	4,748,679
	15,608,588	-	-	-	15,608,588	10,204,187	655,722	655,722	-	-	4,748,679	5,404,401
Plant and Equipments	1,435,357,259	179,541,359	261,988,333	33,430,517	1,843,466,434	425,117,632	61,917,167	241,590,806	93,637,815	32,197,515	1,053,390,529	1,010,239,627
	991,093,322	-	444,539,317	275,380	1,435,357,259	335,341,814	93,420,777	93,420,777	-	3,644,959	1,071,239,627	655,751,508
Furniture and Fittings	1,145,479,627	75,830,432	149,543,226	3,207,040	1,367,646,245	547,655,421	48,104,212	151,501,306	22,066,911	3,207,040	601,525,435	597,824,206
	829,167,036	-	321,400,247	5,087,656	1,145,479,627	460,572,186	-	91,656,185	-	4,572,950	597,824,206	368,594,850
	76,224,965	757,766	22,928,037	8,207,451	91,703,317	20,026,826	388,019	11,741,465	353,660	1,434,648	60,627,995	56,198,139
Vehicles.....	68,065,043	-	28,612,369	20,452,447	76,224,965	30,817,561	-	6,665,354	-	17,476,089	56,198,139	37,247,482
Office Equipment	209,546,478	1,248,857	19,399,141	2,696,996	227,497,480	127,743,583	153,360	24,269,753	31,184,419	2,544,505	46,690,870	81,802,895
	187,379,535	-	22,184,283	17,340	209,546,478	119,208,006	-	9,111,679	-	576,102	81,802,895	68,171,529
Sub Total A	8,173,874,306	589,357,992	1,293,762,113	47,542,004	10,009,452,407	1,504,437,968	144,831,116	509,748,348	155,017,803	39,383,708	7,734,800,880	6,669,436,338
Previous Year	5,749,121,617	-	2,451,155,248	26,402,559	8,173,874,306	1,260,743,574	-	270,750,226	-	27,055,832	6,669,436,338	4,488,378,043
B: Intangible Assets												
Software.....	401,707,072	8,027,202	142,389,154	66,435,769	485,687,659	175,433,078	7,598,822	144,309,917	428,379	66,435,769	224,353,232	226,273,994
	99,154,648	-	302,552,424	-	401,707,072	67,481,000	-	107,952,078	-	-	226,273,994	31,673,648
Development Expenditure.....	38,540,065	-	-	38,540,065	-	38,540,065	-	-	-	38,540,065	-	-
	38,540,065	-	-	38,540,065	-	38,540,065	-	-	-	38,540,065	-	-
Non-Compete Fees ..	20,000,000	-	-	20,000,000	-	20,000,000	-	-	-	20,000,000	-	-
	20,000,000	-	-	-	20,000,000	18,432,877	-	1,567,123	-	-	20,000,000	-
Vacation ownership weeks.....	6,226,938	-	-	6,226,938	-	6,226,938	-	-	-	6,226,938	-	-
	6,226,938	-	-	-	6,226,938	6,226,938	-	-	-	-	6,226,938	-
Sub Total B	466,474,075	8,027,202	142,389,154	131,202,772	485,687,659	240,200,081	7,598,822	144,309,917	428,379	131,202,772	261,334,427	226,273,994
Previous Year	163,921,651	-	302,552,424	-	466,474,075	130,690,880	-	109,519,201	-	-	240,200,081	33,240,771
TOTAL (A+B)	8,640,348,381	597,385,194	1,436,151,267	178,744,776	10,495,140,066	1,744,638,049	152,429,938	654,058,265	155,446,182	170,586,480	7,959,154,112	6,895,710,332
Total Previous Year ..	5,913,043,268	-	2,753,707,672	26,402,559	8,640,348,381	1,391,424,454	-	380,269,427	-	27,055,832	6,895,710,332	4,521,618,814

Notes:

(i) Figures in italics are in respect of the previous year.

(ii) Addition to Gross block and accumulated depreciation on amalgamation of Bell Tower Resorts Private Limited (BTRPL) as at 1st April 2014 shown above, is based on the audited financial statement of BTRPL as on 31st March 2014.

(iii) For Note on amalgamation, Refer Note No. 45.

Note 13 : Non current investments (At cost, unless otherwise specified)

	(In ₹)	
	As At	As At
	March 31, 2015	March 31, 2014
Long term Investments (Un-Quoted):		
Investment in Equity Shares (non trade, fully paid up)		
Mahindra World City Developers Ltd..... (1 equity share of ₹ 10 each.)	10	10
Investment in Equity Shares (trade, fully paid up)		
Subsidiaries :		
Mahindra Holidays and Resorts USA Inc - Dissolved during the year..... (100 equity shares of US\$ 0.10 each)	-	45,503
Heritage Bird (M) Sdn. Bhd..... (300,002 shares of one Ringgit each)	4,026,772	4,026,772
Mahindra Hotels and Residences India Ltd..... (49,994 equity shares of ₹ 10 each)	499,940	499,940
Bell Tower Resorts Private Limited - Merged with the Company in the current year (Refer note - 45)..... (19,938,674 Shares of ₹ 10/- each)	-	505,452,424
Divine Heritage Hotels Private Limited (700,000 Shares of ₹ 10/- each)	92,497,545	92,497,545
Gables Promoters Private Limited..... (13,200,000 Shares of ₹ 10/- each)	136,378,036	136,378,036
Holiday on Hills Resort Private Limited (1,000,000 Shares of ₹ 10/- each)	438,739,417	438,739,417
MH Boutique Hospitality Limited..... (49,000 shares of THB 100 each)	9,538,138	9,538,138
Infinity Hospitality Group Company Limited..... (734,850 shares of THB 100 each)	268,110,663	268,110,663
Competent Hotels Private Limited (Refer Note (b) below)..... (308,300 shares of ₹ 100/- each)	448,254,447	-
MHR Holdings (Mauritius) Limited (Refer Note (c) below)..... (145,000 shares of Eur 1/- each)	11,510,550	-
Joint venture :		
Arabian Dreams Hotels and Aparments LLC..... (147 shares of AED 1000/- each)	5,211,172	5,211,172
Others :		
Mahindra Hotels and Resorts Limited (20,011 shares of ₹ 10/- each)	1	1
Investment in Preference Shares (non trade fully paid up)		
Guestline Hospitality Management and Development Services Limited (25,000 7% non-cumulative redeemable participating optionally convertible preference shares of ₹ 10/- each) (Refer Note (a) below)	250,000	250,000
	<u>1,415,016,691</u>	<u>1,460,749,621</u>
Aggregate value of unquoted investments...	<u>1,415,016,691</u>	<u>1,460,749,621</u>

NOTE:

- a) The preference shares of Guestline Hospitality Management and Development Services Limited will be redeemed at par at the option of the investee at any time after five years but before twenty years from the date of allotment viz 14.01.2003 or at the option of the holder be convertible into fully paid equity shares of the face value of ₹ 10 each anytime after thirty six months from the date of allotment.

- b) On June 18, 2014, the Company acquired the entire share capital of Competent Hotels Private Limited (CHPL) from the existing shareholders and consequent to this, CHPL has become a wholly owned Subsidiary of the Company.

- c) On June 26, 2014, the Company subscribed to the entire share capital of MHR Holdings (Mauritius) Limited (MHRML).

Note 14 : Long Term Loans & Advances (Unsecured, considered good)

	(In ₹)	
	As At	As At
	March 31, 2015	March 31, 2014
Payments towards Income Tax (net of provision)	1,133,564,680	921,067,514
Security deposits	499,548,861	441,595,151
Capital advances	242,336,294	344,326,736
Loans and advances to related parties..	80,831,855	94,687,287
	<u>1,956,281,690</u>	<u>1,801,676,688</u>

Note 15 : Other Non-Current Assets (Unsecured, considered good)

	(In ₹)	
	As At	As At
	March 31, 2015	March 31, 2014
Long term trade receivables - due for payment after one year from the date of Balance Sheet.....	4,370,238,603	3,844,171,488
	<u>4,370,238,603</u>	<u>3,844,171,488</u>

Note 16 : Current investments (At lower of cost and fair value)

	(In ₹)			
	As at March 31, 2015		As at March 31, 2014	
	Units	Value	Units	Value
Investment in Mutual Funds (unquoted)				
Units:				
Birla Sun Life Cash Plus - Reg - Dly Dividend	-	-	35,110	3,522,513
Birla Sun Life Savings Fund	200,463	20,105,882	345	34,616
DWS Ultra Short Term Fund - DDRE	2,095,991	20,997,428	-	-
DWS Insta Cash Plus Fund - Super IP - Dly Dividend	-	-	13,589	1,364,159
ICICI Prudential Ultra Short Term - Regular Plan-DDRE	-	-	256,843	27,157,515
ICICI Prudential Liquid Reg DDRE	125,488	12,556,820	-	-
IDFC Ultra Short Term Fund - Reg - Dly Dividend	-	-	3,673,160	36,823,427
Kotak Liquid Scheme - Plan A - Dly Dividend	-	-	2,795	3,417,235
Kotak Floater Long Term	-	-	2,001,554	20,175,266
UTI Treasury Advantage Fund - IP - Dly Dividend	-	-	1,606	1,609,503
Sundaram Money Fund - Reg - Dly Dividend	-	-	344,289	3,475,697
Franklin India Ultra Short Bond Fund - SIP-DDRE	2,109,683	21,264,132	-	-

	As at March 31, 2015		As at March 31, 2014	
	Units	Value	Units	Value
Reliance Medium Term Fund - DDRE	1,222,641	20,902,140	-	-
Templeton India Ultra Short Bond Fund - Super IP - Dly Dividend	-	-	2,277,039	22,876,495
Templeton India TMA - Super IP - Dly Dividend	-	-	6,185	6,189,781
		<u>95,826,402</u>		<u>126,646,207</u>
Aggregate value of unquoted investments		<u>95,826,402</u>		<u>126,646,207</u>

Note 17 : Inventories (At lower of cost & net realisable value)

	As At	
	March 31, 2015	March 31, 2014
Stores:		
Food, beverages and smokes	10,342,893	10,860,164
Operating supplies	43,020,236	85,040,538
	<u>53,363,129</u>	<u>95,900,702</u>

Note 18 : Trade Receivable (Unsecured)

	As At	
	March 31, 2015	March 31, 2014
Trade receivables outstanding for more than six months from the date they are due for payment		
Considered good.....	3,655,908,491	2,996,340,744
Considered doubtful.....	11,397,352	9,841,109
Less: Allowance for trade receivables	11,397,352	9,841,109
	<u>3,655,908,491</u>	<u>2,996,340,744</u>
Others (Refer note below)	5,048,558,010	5,437,821,066
	<u>5,048,558,010</u>	<u>5,437,821,066</u>
	<u>8,704,466,501</u>	<u>8,434,161,810</u>

Note : Others include outstanding for less than six months from the date they are due for payment and amounts due within one year from the date of Balance Sheet.

Note 19 : Cash & Cash equivalents

	As At	
	March 31, 2015	March 31, 2014
Cash on hand.....	6,463,927	6,783,135
	<u>6,463,927</u>	<u>6,783,135</u>
Balances with Banks		
Current accounts	123,382,119	172,367,033
Deposit account - with maturity of less than 3 months.....	-	204,254,791
Deposit account - others.....	2,503,902	2,503,902
Earmarked accounts		
Margin money deposits (towards guarantees given)	33,469,453	624,378

	As At	
	March 31, 2015	March 31, 2014
Unpaid dividend accounts	325,584	257,032
	<u>159,681,058</u>	<u>380,007,136</u>
	<u>166,144,985</u>	<u>386,790,271</u>

Note 20 : Short Term Loans & Advances (Unsecured)

	As At	
	March 31, 2015	March 31, 2014
Inter corporate deposits, loan & advances to subsidiaries	1,177,389,757	1,734,490,371
Loan to ESOP Trust	125,000,000	125,000,000
Balances with Statutory Authorities-Service Tax.....	372,516	61,421,056
Advances to suppliers/ employees:		
Considered good.....	108,773,568	176,248,571
Considered doubtful.....	12,500,000	-
Less: Provision for doubtful advances	12,500,000	-
	<u>108,773,568</u>	<u>176,248,571</u>
Others (claims and prepaid expenses)	127,950,963	83,979,328
	<u>1,539,486,804</u>	<u>2,181,139,326</u>

Note 21 : Other Current Assets

	As At	
	March 31, 2015	March 31, 2014
Interest accrued on Inter corporate deposits, loans and advances:		
Subsidiaries.....	161,356,232	199,305,115
Others.....	972,548	3,297,716
	<u>162,328,780</u>	<u>202,602,831</u>

Note 22 : Revenue from Operations

	As At	
	Year ended March, 2015	Year ended March, 2014
Revenue from Operations		
Income from operations:		
Income from sale of vacation ownership (Refer Note No. 22.1 below)	4,439,384,806	4,826,007,078
Income from Resorts :		
- Room rentals.....	163,195,382	107,219,623
- Food and beverages.....	855,594,421	705,022,559
- Wine and liquor.....	28,345,093	27,452,549
- Others.....	270,965,571	241,821,508
Annual Subscription Fee	1,556,098,019	1,327,343,011
Income from travel services (Refer Note No. 22.2 below)	22,795,344	66,935,150
	<u>7,336,378,636</u>	<u>7,301,801,478</u>

Other Operating Income :

Interest Income on Instalment sales.....	597,985,963	455,981,405
Income from securitization (Refer Note No. 27)	6,575,718	3,776,696

	(In ₹)	
	Year ended March, 2015	Year ended March, 2014
Miscellaneous income	7,567,901	13,636,147
	<u>612,129,582</u>	<u>473,394,248</u>
	<u>7,948,508,218</u>	<u>7,775,195,726</u>

NOTE:

22.1 Pursuant to entitlement fee being recognised from the year of admission of each member as against from the year of entitlement, there has been an increase in revenue in current year amounting to ₹ 7,30,68,129. Also refer Note No. 46 for adjustments relating to past periods.

22.2 These services have been rendered only upto October 31, 2014.

Note 23 : Other Income

	(In ₹)	
	Year ended March, 2015	Year ended March, 2014
Dividend income:		
Dividend income from current investments...	16,477,181	37,411,294
Interest income:		
On deposits with bank	3,607,746	21,757,745
On others - related parties	100,963,304	139,827,674
Profit on sales of Investment in subsidiaries	-	15,107,088
Final dividend on dissolution of Investment in subsidiary.....	6,020,863	-
	<u>127,069,094</u>	<u>214,103,801</u>

Note 24 : Employee benefits expense

	(In ₹)	
	Year ended March, 2015	Year ended March, 2014
Salaries, wages and bonus	1,436,175,956	1,399,340,296
Contribution to Provident & other funds.....	60,774,348	62,685,628
Staff welfare	122,816,280	155,345,398
	<u>1,619,766,584</u>	<u>1,617,371,322</u>

Note 25 : Finance costs

	(In ₹)	
	Year ended March, 2015	Year ended March, 2014
Interest on short term borrowings	2,500,122	9,684,184
	<u>2,500,122</u>	<u>9,684,184</u>

Note 26 : Other expenses

	(In ₹)	
	Year ended March, 2015	Year ended March, 2014
Food, Beverages and smokes Consumed:		
Opening Stock	10,860,164	10,780,650
Add: Purchases	262,379,099	220,984,813
Add: Acquired on merger of BTRPL.....	639,513	-
	<u>273,878,776</u>	<u>231,765,463</u>
Less: Closing Stock.....	10,342,893	10,860,164
	<u>263,535,883</u>	<u>220,905,299</u>

	(In ₹)	
	Year ended March, 2015	Year ended March, 2014
Operating Supplies	313,781,866	354,359,015
Power and fuel.....	284,376,535	266,556,681
Rent (including lease rentals).....	597,343,272	605,267,646
Rates and taxes	35,447,992	37,598,502
Insurance.....	32,420,558	18,692,816
Repairs and maintenance :		
-Buildings and Resort	116,362,315	120,944,508
-Office Equipment	32,775,233	25,300,218
-Others	223,986,901	167,194,049
Communication.....	88,511,094	75,467,208
Software Charges	20,290,626	19,072,549
Consultancy charges	120,010,268	103,373,229
Sales commission	252,450,793	252,164,063
Sales promotion expenses	1,337,291,873	1,486,369,713
Discounts	156,588,073	176,482,536
Travelling	184,764,226	198,213,781
Service Charges	209,042,072	225,082,855
Bad debts.....	-	1,886,810
Provision for doubtful receivables and advances	14,056,243	7,942,068
Auditors' remuneration:		
-Audit fees.....	3,900,000	3,500,000
-Other services	3,500,000	7,120,000
-Reimbursement of expenses/levies	35,501	12,441
Director's fees	3,230,000	1,025,000
Commission to non whole time directors	10,000,000	10,000,000
Loss on exchange fluctuation (net)	5,904,388	1,488,689
Loss on fixed assets sold/Writeoff (net).....	1,327,859	3,305,618
Bank Charges	82,957,289	63,209,776
Expenditure on Corporate Social Responsibility	30,397,176	5,772,943
Miscellaneous.....	106,514,626	109,465,932
	<u>4,530,802,662</u>	<u>4,567,773,945</u>

27 Securitisation

The company has been securitising amounts receivable including future interest receivable thereon. The excess of consideration received over the principal amounts of receivable from members (net of reversals in respect of cancelled members) is recognised as income from Securitisation.

	(In ₹)	
	Year ended March 31, 2015	Year ended March 31, 2014
Value of Accounts receivable.....	586,013,212	603,524,597
Less: Future interest receivable	123,953,981	131,965,238
Principal amount of receivables.....	462,059,231	471,559,359
Consideration received.....	500,000,000	500,000,000
Profit on securitisation	37,940,769	28,440,641
Less: Reversals.....	31,365,051	24,663,945
Income from securitisation	6,575,718	3,776,696

28 Contingent Liabilities

(In ₹)

As at March 31, 2015 As at March 31, 2014

	As at March 31, 2015	As at March 31, 2014
(A) Receivables securitised, with recourse.		
Certain specified Receivables have been securitised with a bank for availing finance. In case a member defaults in payment to the bank, the bank would have recourse to the company. In such cases, the company has recourse to the customer.	1,867,971,631	2,689,790,487
(B) Claims against the company not acknowledged as debts		
1) Luxury tax claimed on members' stay at resorts (inclusive of penalty)	251,052,544	74,671,145
2) Service tax claimed on interest on instalments and other items (inclusive of penalty where quantified in demand)	638,770,100	638,770,100
Interest (estimated) [₹ 120,780,224 (2014: ₹ 120,780,224)]		
3) Income tax matters in dispute		
a) Pertaining to Revenue Recognition (timing differences)*		
<u>Assessment Years 1998-99 to Assessment Year 2003-04 and Assessment Year 2005-06 to Assessment Year 2009-10</u>		
The matter has been decided in favour of the Company by the appellate authorities, the Department has filed an appeal before the Madras High Court; Tax (excluding interest)	1,978,570,362	2,033,473,937
<u>Assessment Years 2004-05 and Assessment Year 2010-11 to Assessment Year 2012-13</u>		
Company's appeal before the CIT(A) is pending; Tax (including interest of ₹ 716,762,503)	2,753,180,338	1,824,923,160
b) Pertaining to other matters (mainly timing differences)*		
<u>From Assessment Year 2004-05 onwards</u>		
Company's appeal before Appellate authorities is pending; Tax (including interest of ₹ 76,297,746)	324,338,723	283,720,946

* For matters pertaining to timing differences, if liability were to crystallise, there would be future tax benefits, except to the extent of tax rate differences and interest, if any.

Notes:

1) The above amounts are based on demands raised, which the Company is contesting with the concerned authorities. Outflows, if any, arising out of these claims would depend on the outcome of the decision of the appellate authorities and the company's rights for future appeals. No reimbursements are expected.

2) In respect of above matters, it is not practicable for the Company to estimate the closure of these issues and the consequential timing of cash flows if any; the Company has also been legally advised that the consequential impact of matters referred in (1) and (2) above in respect of assessments remaining to be completed may not be material.

(C) Guarantees given by the company for subsidiaries

Value in foreign currency

Amount of Guarantee given (EURO) 11,200,000 -

Outstanding amount against Guarantee (EURO) 10,924,562 -

Value in INR

Amount of Guarantee given 757,736,000 -

Outstanding amount against Guarantee 739,101,242 -

(D) Other matters under appeal

i) Property Related

(a) The Government of Kerala issued an Order dated July 3, 2007 cancelling the assignment of land underlying the Munnar resort and directed repossession of land on the grounds that it is agricultural land and cannot be used for commercial purposes. The Company has filed an appeal before the Commissioner of Land Revenue against the Order stating that the patta issued does not specify that the land should be used only for agricultural purpose and also obtained a Stay Order from the Kerala High Court against eviction from the property.

The Commissioner of Land Revenue, Trivandrum vide his Order dated November 22, 2007 dismissed the appeal filed by the Company against the Order of the Sub-Collector, District of Devikulam dated July 3, 2007 cancelling the assignment of land underlying the Munnar Resort and directing repossession of land on the grounds that it is agricultural land and cannot be used for commercial purposes. The Company filed a writ petition before the Kerala High Court against the said Order and on December 13, 2007, the Court granted an interim stay of all further proceedings.

(b) With respect to the land underlying the resort at Tungi, the Sub-Divisional Magistrate, Maval, vide order dated 6th June, 2014 suspended the boarding and lodging license of the resort. The Company has filed an appeal before the Collector, Pune, and obtained a stay against the suspension. The final order in respect of this matter is awaited. The Company also filed an appeal before the Additional Divisional Commissioner Pune, challenging the cancellation of the "Non Agricultural" status of the land and obtained a stay against the cancellation. The matter is pending hearing and disposal.

With respect to certain claims of a neighbouring property owner, the Company filed a suit in the Civil Court, Pune seeking inter-alia permanent injunction against him disturbing the possession of the Company and obtained an ad-interim stay. In another development, notwithstanding these proceedings, the neighbouring property owner obtained an order from the Mamlatdar's Court for alleged access to his property through the

resort property. The Company obtained a stay against the order aforesaid and all matters with respect to the neighbouring property owner are currently pending before the Civil Court, Pune.

- (c) Pursuant to a “public interest litigation” filed before the Gujarat High Court, the officials of the Forest and Revenue departments undertook an inspection of all resorts (including the Company’s resort) at Gir in March 2015. Consequently, the Forest Department has alleged certain irregularities and sealed some structures/rooms in April 2015. The Company has denied the alleged violations and made its representations before a Committee constituted by the Gujarat High Court and the matter is pending hearing.

None of the matters contained in (a) to (c) above affect the routine operations of the resorts.

- (ii) The Company engaged a building contractor for construction of a resort. As the construction did not proceed as per agreed timelines the Company terminated the contract. The contractor has claimed ₹ 125,614,668 as damages for termination of the Contract. The Company has made a counter claim of ₹ 200,356,002 towards liquidated damages and other losses. The matter is pending before the Arbitrator.

- (iii) The Regional Provident Fund Commissioner, Chennai had issued Summons initiating proceedings under Section 7A of the Employees Provident Fund Act for failing to remit contributions on allowances relating to employees for the period from March 2011 to Feb 2013 in respect of Indian employees and from April 2010 to Feb 2013 in respect of international employees. The PF Authorities have made a claim of ₹ 18,993,169. The Company has filed a Writ Petition No 2408/2014 before the Madras High Court and the Court has granted an Interim stay of the above proceedings.

- (iv) With respect to member complaints pending before various consumer fora and other matters: Estimated amount of claims ₹ 82,650,033 (previous year: ₹ 55,120,252).

- 29 (i) The company did not have material foreseeable losses on long-term contracts.
(ii) The company did not enter into any derivative contracts during the year.

(In ₹)

30 Capital commitments	As at	As at
	March 31, 2015	March 31, 2014
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	241,222,451	369,926,295

(In ₹)

31 CIF Value of Imports	As at	As at
	March 31, 2015	March 31, 2014
Capital goods.....	48,834,258	11,552,423

32 Expenditure in foreign currency

(In ₹)

	Year ended	Year ended
	March 31, 2015	March 31, 2014
Salaries.....	43,245,765	33,645,528
Travel.....	7,432,834	5,005,321
Consultancy	15,867,297	21,379,965
Marketing expenses.....	54,255,064	40,831,278

(In ₹)

	Year ended	Year ended
	March 31, 2015	March 31, 2014
Lease rent	91,959,105	50,705,355
Others.....	30,635,864	24,023,359

(In ₹)

33 Earnings in foreign exchange	Year ended	Year ended
	March 31, 2015	March 31, 2014
Room rentals and restaurant sales ...	5,601,985	3,720,654
Interest (including Inter corporate deposits, loan & advances to subsidiaries and joint venture).....	43,277,579	44,551,294
Other receipts in foreign currency...	39,010,059	380,758,752

34 Particulars of consumption

(In ₹)

Consumption	2014-15	2013-14
	% of total	% of total
	value	value
	Consumption	Consumption
	₹	₹
Provisions, beverages (excluding wine, liquor and smokes)	97 255,532,928	97 213,699,847
Wine, Liquor and Smokes.....	3 8,002,955	3 7,205,452
Indigenous.....	100 263,535,883	100 220,905,299

35 Depreciation

During the year, pursuant to the notification of Schedule II to the Companies Act, 2013 with effect from April 1, 2014, the Company revised the estimated useful life of some of its assets to align the useful life with those specified in Schedule II. The details of previously applied depreciation method, rates/useful life are as follows:

Asset	Previous depreciation method	Previous useful life*	Revised useful life
Computers and Data Processing Equipment.....	SLM	21 years	3 years & 6 years
General Plant and Machinery	SLM	21 years	15 years
Furniture and Fixtures- Office	SLM	16 years	10 years
Furniture and Fixtures- Resorts ...	SLM	11 years	8 years
Office Equipment...	SLM	21 years	5 years
Vehicles- Motor Cycle and Two wheelers.....	SLM	11 years	10 years
Vehicles- Others	SLM	11 years	8 years

* Previous years’ useful life is converted to years from rate of depreciation under schedule XIV, the Companies Act 1956.

Pursuant to the transition provisions prescribed in Schedule II to the Companies Act, 2013, the Company has fully depreciated the carrying value of assets , net of residual value, where the remaining useful life of the asset was determined to be nil as on April 1, 2014, and has adjusted an amount of ₹ 102,610,025 (net of deferred tax ₹ 52,836,157) against the opening Surplus balance in the Statement of Profit and Loss under Reserves and Surplus.

The depreciation expense in the Statement of Profit and Loss for the year is higher by ₹ 219,172,670 consequent to the change in the useful life of the assets.

36 Employee Benefits

The following table sets out the funded status of the defined benefit scheme and amount recognised in the financial statements.

	(In ₹)	
Gratuity	2014-15	2013-14
a. Net Asset/ (Liability) recognized in the balance sheet		
Present value of funded obligation..	31,772,222	27,951,110
Fair value of plan assets	23,568,439	21,034,394
Net asset/(Liability)	(8,203,783)	(6,916,716)
b. Expense recognized in the Statement of profit and loss		
Current service cost	7,732,041	8,700,463
Interest cost	2,333,285	2,045,035
Expected return on plan assets.....	(1,983,342)	(1,694,432)
Actuarial (gains)/losses	(1,309,717)	(6,571,128)
Total expense.....	6,772,267	2,479,938
c. Change in present value of obligation		
Present value of defined benefit obligation as at the beginning of the year	27,951,110	27,354,662
Current service cost	7,732,041	8,700,463
Interest cost	2,333,285	2,045,035
Actuarial (gains)/losses	(1,342,752)	(6,565,606)
Benefits paid	(4,901,462)	(3,583,445)
Present value of defined benefit obligation as at the end of the year	31,772,222	27,951,110
d. Change in fair value of plan assets		
Plan assets at the beginning of the year.....	21,034,394	17,104,972
Expected return on plan assets.....	1,983,342	1,694,432
Actuarial (gains)/losses	(33,035)	5,522
Contributions by employer.....	5,485,200	5,812,912
Benefits paid	(4,901,462)	(3,583,445)
Plan assets at the end of the year	23,568,439	21,034,394
e. Principal actuarial assumptions		
1 Discount rate.....	8.00%	9.15%
2 Expected return on plan assets.....	9.30%	9.30%
3 Mortality table	IALM (2006-2008) ULT	IALM (2006-2008) ULT
f. Estimates of future salary increases considered in actuarial valuation take account of inflation, seniority, promotions, increments and other relevant factors such as supply and demand in the employment market.		

g. Experience Adjustment to the extent provided by actuary:

	2015	2014	2013	2012	2011
Present value of commitments	31,772,222	27,951,110	27,354,662	19,152,550	15,398,391
Fair value of the Plans	23,568,439	21,034,394	17,104,972	12,655,898	13,579,177
Surplus/ (Deficit)	(8,203,783)	(6,916,716)	(10,249,690)	(6,496,652)	(1,819,214)
Experience adjustment on plan liabilities	(5,465,888)	(15,152,629)	56,790	56,790	-
Experience adjustment on plan assets	(33,035)	5,522	1,923,330	1,923,330	-

h. In the absence of the relevant information from the actuary/insurer, the above details do not include the composition of plan assets and the estimated amount of contribution in the immediate next year.

37 Segment Reporting:

The Company has a single reportable segment namely sale of Vacation Ownership and other services for the purpose of Accounting Standard 17 on Segment Reporting. Business segment is considered as the primary segment.

(In ₹)

Secondary segment information (Geographical):

	2015	2014
Within India		
Sales	7,948,508,218	7,671,165,516
Segment assets	22,662,678,054	22,975,914,223
Capital expenditure incurred during the year	1,416,923,271	923,225,238
Outside India		
Sales	-	104,030,210
Segment assets	573,922,630	627,137,134
Capital expenditure incurred during the year	-	91,036
Total		
Sales	7,948,508,218	7,775,195,726
Segment assets	23,236,600,684	23,603,051,357
Capital expenditure incurred during the year	1,416,923,271	923,316,274

38 Earnings per share:

	2015	2014
Net profit after tax (in ₹)	790,242,186	945,346,670
Weighted average number of Equity Shares used in computing basic earnings per share (Nos.)	88,025,625	87,898,313
Weighted average number of Equity Shares used in computing diluted earnings per share (Nos.) on account of ESOP.....	88,045,717	87,915,815
Earnings Per Share – Basic (in ₹)	8.98	10.76
Earnings per share – Diluted (in ₹).....	8.98	10.75
Par value of shares (in ₹)	10.00	10.00

39 The year end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:

	As at March 31, 2015	As at March 31, 2014
Value in foreign currency		
Receivables (in UAE Dirham).....	-	8,783,464
Loan to Malaysian Subsidiary (in Malaysian Ringgit).....	4,763,836	5,131,914
Loan to Thailand Subsidiaries (in Thai Baht)	192,533,643	179,209,892
Loan & Advances to Arabian Dreams Hotels Apartments LLC (in UAE Dirham).....	6,010,714	3,395,834
Trade Payable (in UAE Dirham)	332,415	9,528
Trade payable (in EURO)	1,394	-
Trade Payable to Infinity Hospitality (in Thai Baht)	15,222,588	7,250,988
Trade Payable to Heritage Bird (in Malaysian Ringgit).....	198,309	673,215
Value in INR		
Receivables.....	-	144,425,013
Loan to Malaysian Subsidiary.....	80,091,522	94,016,661
Loan to Thailand Subsidiaries.....	368,441,686	329,746,696
Loan & Advances to Arabian Dreams Hotels Apartments LLC	102,338,746	55,837,123
Trade payable (UAE Dirham)	5,586,152	155,305
Trade payable (EURO)	91,630	-
Trade Payable to Infinity Hospitality	29,186,121	14,054,589
Trade Payable to Heritage Bird.....	3,334,044	12,333,299

40 The Company has taken certain properties under operating lease and those leases are cancellable in nature. Accordingly, no disclosure has been given in this regard.

41 **Related Party Transactions:**

(i) **Names of related parties and nature of relationship where control exists:**

A. Holding Company	Mahindra & Mahindra Limited
B. Subsidiary Companies	Mahindra Hotels & Residences India Limited
	Divine Heritage Hotels Private Limited
	Gables Promoters Private Limited
	Holiday on Hill Resorts Private Limited
	Competent Hotels Private Limited
	Bell Tower Resorts Private Limited (till March 31, 2014)
	Heritage Bird (M) Sdn Bhd.
	Mahindra Holidays and Resorts USA Inc. (till May 19, 2014)
	Infinity Hospitality Group Company Limited *
	MH Boutique Hospitality Limited **
	MHR Holdings (Mauritius) Limited
	Covington S.a.r.l***

C. Associate Companies	Holiday Club Resorts Oy
D. Fellow Subsidiaries with whom the company has transactions during the year	Bristlecone Inc
	Bristlecone India Limited
	Defence Land Systems India Limited
	EPC Industrie - Limited
	Mahindra Automobile Distributor Private Limited
	Mahindra Consulting Engineers Limited
	Mahindra Defence Systems Limited
	Mahindra Engineering Services Limited
	Mahindra EPC Services Private Limited
	Mahindra First Choice Services Limited
	Mahindra First Choice Wheels Limited
	Mahindra Integrated Township Limited
	Mahindra Intergrated Business Solutions Private Limited
	Mahindra Intertrade Limited
	Mahindra Life Space Developers Limited
	Mahindra Logistics Limited
	Mahindra Navistar Automatives Limited
	Mahindra Residential Developers Limited
	Mahindra Retail Private Limited
	Mahindra Reva Electric Vehicles Private Limited
	Mahindra Shubhlabh Services Limited
	Mahindra Solar One Private Limited
	Mahindra Steel Services Centre Limited
	Mahindra Two Wheelers Limited
	Mahindra World City (Jaipur) Limited
	Mahindra World City Developers Limited
	Mahindra World School
	Tech Mahindra Limited
E. Other entities under the control of the company	Mahindra Holidays & Resorts India Limited Employees' Stock Option Trust
F. Entity in which the company has joint control	Arabian Dreams Hotels Apartments LLC
G. Key Management Personnel	Mr. Rajiv Sawhney (Managing Director & CEO till March 31, 2014)
	Mr. Kavinder Singh (Managing Director & CEO from November 3, 2014)
	Mr. Dinesh Shetty (Company Secretary)
	Mr. S Krishnan (Chief Financial Officer)
	Mr. S Krishnan (Executive Director & Chief Financial Officer from January 22, 2015)
*	By virtue of management control. Further MH Boutique Hospitality Limited holds balance 51% equity.
**	By virtue of management control.
***	Step down subsidiary.

(ii) Related Party Transactions and balances

	(In ₹)		(In ₹)	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
Holding company				
Transactions for the year ended :				
Sale of services.....	379,867,057	485,998,501		
Purchases of fixed assets	1,277,046	–		
Purchase of services	97,579,648	70,659,156		
Dividend paid.....	266,342,568	266,342,568		
Balances as at:				
Outstanding: Payable	82,955,486	47,688,211		
Outstanding: Receivable	16,918,336	73,019,356		
Subsidiary companies				
Transactions for the year ended:				
Investments made:				
Infinity Hospitality Group Company Limited.....	–	11,598,534		
Competent Hotels Pvt Ltd.....	448,254,447	–		
MHR Holdings (Mauritius) Limited.....	11,510,550	–		
ICD, loans and advances given:				
Bell Tower Resorts Private Limited	–	2,000,000		
Divine Heritage Hotels Private Limited	107,733,000	103,700,000		
Holiday on Hills Resorts Private Limited.....	3,280,000	6,200,000		
Gables Promoters Private Limited	104,180,000	107,606,000		
Purchase of services:				
Bell Tower Resorts Private Limited	–	41,634,321		
BAH Hotelanlagen AG	–	619,544		
Divine Heritage Hotels Private Limited	13,179,568	9,136,600		
Holiday on Hills Resorts Private Limited	25,255,000	19,557,500		
Heritage Bird (M) Sdn Bhd.	15,886,536	15,933,409		
Infinity Hospitality Group Company Limited.....	15,131,532	16,875,071		
Competent Hotels Private Limited	4,346,250	–		
Interest Income:				
Bell Tower Resorts Private Limited.....	–	61,627,988		
Divine Heritage Hotels Private Limited	16,464,888	9,095,846		
Heritage Bird (M) Sdn Bhd.	7,407,485	7,690,389		
Gables Promoters Private Limited	13,449,115	728,320		
Holiday on Hills Resorts Private Limited ..	27,771,721	27,186,427		
Infinity Hospitality Group Company Limited.....	24,708,810	24,877,240		
MH Boutique Hospitality Limited	5,049,976	5,084,399		
Commission on Corporate Guarantee:				
MHR Holdings (Mauritius) Limited.....	2,288,868	–		
Dividend Income:				
Mahindra Holidays and Resorts USA Inc.	6,020,863	–		
Corporate Guarantees given to Bank:				
MHR Holdings (Mauritius) Limited (Euro 11,200,000) (outstanding amount against above guarantee Euro 10,924,562 INR 739,101,242)	757,736,000	–		
Balances as at:				
Investment:				
Mahindra Hotels & Residences India Limited	499,940	499,940		
Heritage Bird (M) Sdn Bhd.	4,026,772	4,026,772		
Mahindra Holidays and Resorts USA Inc.	–	–		45,503
Bell Tower Resorts Private Limited	–	–		505,452,424
Divine Heritage Hotels Private Limited.....	92,497,545	–		92,497,545
Gables Promoters Private Limited	136,378,036	–		136,378,036
Holiday on Hills Resorts Private Limited	438,739,417	–		438,739,417
Infinity Hospitality Group Company Limited.....	268,110,663	–		268,110,663
MH Boutique Hospitality Limited	9,538,138	–		9,538,138
Competent Hotels Private Limited	448,254,447	–		–
MHR Holdings (Mauritius) Limited.....	11,510,550	–		–
Loans and Advances:				
Mahindra Hotels & Residences India Limited	740,333	–		670,625
Heritage Bird (M) Sdn Bhd.	72,377,382	–		78,867,600
Heritage Bird (M) Sdn Bhd. (Interest accrued on above loan)	7,714,140	–		15,149,061
ICD Outstanding:				
Bell Tower Resorts Private Limited	–	–		650,682,785
Divine Heritage Hotels Private Limited	276,433,000	–		168,700,000
Holiday on Hills Resorts Private Limited	295,551,000	–		292,271,000
Gables Promoters Private Limited	211,786,000	–		107,606,000
Infinity Hospitality Group Company Limited.....	262,164,570	–		252,080,000
MH Boutique Hospitality Limited	53,587,142	–		51,520,000
Interest accrued but not due:				
Bell Tower Resorts Private Limited	–	–		122,691,827
Divine Heritage Hotels Private Limited.....	26,567,551	–		11,749,152
Holiday on Hills Resorts Private Limited	59,587,138	–		34,592,589
Gables Promoters Private Limited	12,759,691	–		655,489
Infinity Hospitality Group Company Limited.....	42,340,132	–		20,355,868
MH Boutique Hospitality Limited	10,349,842	–		5,790,827
Outstanding: Receivable				
Bell Tower Resorts Private Limited	–	–		49,123,988
Divine Heritage Hotels Private Limited	17,233,646	–		111,473,765
MHR Holdings (Mauritius) Limited	2,615,600	–		–
Holiday on Hills Resorts Private Limited.....	–	–		647,604
Deposits Given:				
Divine Heritage Hotels Private Limited.....	20,000,000	–		20,000,000
Holiday on Hills Resorts Private Limited	38,770,000	–		38,770,000
Outstanding: Payable				
Infinity Hospitality Group Company Limited.....	29,186,121	–		14,054,589
Heritage Bird (M) Sdn Bhd.	3,334,044	–		12,333,299
Competent Hotels Private Limited	2,363,655	–		–
Fellow Subsidiaries				
Transactions for the year ended:				
Sale of services:				
Mahindra Intertrade Limited	1,524,399	–		2,675,430
Mahindra Navistar Automotives Limited.....	–	–		1,806,074
Mahindra First Choice Wheels Ltd	1,048,192	–		471,532
Mahindra Lifespace Developers Ltd	4,314,190	–		4,400,232
Mahindra Reva Electric Vehicles Private Limited	–	–		101,316

	(In ₹)		(In ₹)	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
Mahindra Two Wheelers Limited.....	3,546,120	4,341,991	506,391	2,886,117
Mahindra Shubhlabh Services Limited..	452,907	908,950		
Mahindra Solar One P Ltd.	-	54,586		
Mahindra Integrated Township Ltd	103,163	29,339		
Mahindra World City Developers Ltd.....	1,098,155	1,956,406		
Mahindra World City (Jaipur) Ltd.....	1,277,067	1,806,199		
Mahindra Steel Service Centre Limited....	-	84,296		
Mahindra Defence Systems Limited.....	4,008,576	2,940,026		
Bristlecone India Limited.....	779,342	19,500		
Bristlecone Inc.	-	308,682		
Defence Land Systems India Private Limited	1,628,657	438,314		
EPC Industries Limited.....	-	21,901		
Mahindra Consulting Engineers Limited.....	2,039,304	1,012,732		
Mahindra EPC Services Private Limited.....	3,592,864	8,580,780		
Mahindra Logistics Limited	5,079,542	-		
Mahindra First Choice Services Ltd	1,951,282	-		
Mahindra Automobile Distributor Pvt Ltd...	27,553	-		
Tech Mahindra Limited	72,399,623	88,644,391		
Mahindra World School.....	49,400	-		
Mahindra Residential Developers Limited.....	100,000	-		
Purchase of Fixed Assets:				
Mahindra Two Wheelers Limited.....	232,976	-		
Purchase of services:				
Mahindra Logistics Limited	-	88,987		
Mahindra Integrated Business Solutions Private Limited.....	-	250,000		
Mahindra Defence Systems	599,077	310,000		
Mahindra Consulting Engineers Limited.....	375,000	-		
Bristlecone India Limited.	2,594,974	-		
Tech Mahindra Ltd.....	184,282,854	87,646,708		
Balances as at :				
Outstanding: Payable				
Mahindra Retail Pvt Ltd	70,508	-		
Tech Mahindra Ltd.....	19,804,676	7,486,296		
Bristlecone India Limited	2,701,996	-		
Outstanding: Receivable				
Mahindra Lifespace Developers Ltd	2,401,145	402,834		
Mahindra Consulting Engineers Limited...	140,722	1,021,716		
Mahindra Engineering Services Limited ...	-	515,839		
Mahindra Intertrade Limited	194,076	1,483,688		
Mahindra Shubhlabh Services Limited	59,088	145,899		
Mahindra EPC Services Private Limited	-	1,315,936		
Mahindra Two Wheelers Limited.....	645,298	3,697,724		
Mahindra First Choice Wheels Ltd.....	-	90,302		
Mahindra World City Developers Ltd.....	-	25,173		
Mahindra World City (Jaipur) Ltd.....	-	177,393		
Mahindra Defence Systems Limited	84,270	1,704,000		
Mahindra Navistar Automotives Limited ...	-	516,730		
Bristlecone India Limited.	-	19,500		
Defence Land Systems India Pvt Ltd ...	-	439,910		
Mahindra Logistics Limited	821,175	-		
Mahindra First Choice Services Ltd.....	39,713	-		
Tech Mahindra Limited				
Entity in which the company has joint control				
Transactions for the year ended:				
Investments made:	-	5,211,172		
ICD, loans and advances given:	30,872,900	46,044,914		
Purchase of services:	51,365,851	52,520,144		
Interest Income:	6,111,309	3,537,065		
Balances as at :				
Investment:	5,211,172	-		
Outstanding: Receivable	14,718,823	6,322,845		
ICD Outstanding:	77,868,045	46,044,914		
Interest accrued but not due:	9,751,878	3,469,364		
Other entities under the control of the company				
Balances as at:				
Outstanding: Receivable				
Mahindra Holidays & Resorts India Limited Employees' Stock Option Trust...	125,000,000	125,000,000		
Key Management Personnel				
Transactions for the year ended:				
Managerial remuneration:				
Mr. Rajiv Sawhney	-	28,886,988		
Mr. Kavinder Singh	7,894,958	-		
Mr. Dinesh Shetty	4,660,098	-		
Mr. S Krishnan	9,508,914	-		
42 During the year, the Company incurred an aggregate amount of ₹ 30,397,176 towards corporate social responsibility in compliance of Section 135 of the Companies Act 2013 read with relevant schedule and rules made thereunder.				
43 Capital work in progress (CWIP) and expenditure during construction pending allocation included therein.				
				₹
Description			As at	As at
			March 31, 2015	March 31, 2014
Capital Work-in-progress.....	643,833,393	636,433,993		
Expenditure during construction pending allocation included in (CWIP) above:				
Salaries,Wages & Bonus.....	103,049,793	100,732,036		
Staff welfare Expenses	1,347,999	1,042,167		
Power & Fuel	209,957	204,397		
Rent.....	826,294	539,627		
Rates & Taxes	1,599,922	434,549		
Repairs-Others	2,062,029	2,193,677		
Travelling.....	14,589,371	18,203,344		
Communication.....	1,683,121	2,095,479		
Printing & Stationery.....	677,558	865,930		
Insurance	27,162	15,074		
Consultancy Charges	22,639,925	28,744,380		
Freight	1,549,319	1,889,717		
Interest - Others.....	6,172,926	4,477,769		
Bank Charges	77,702	115,442		
Miscellaneous	181,780	129,880		
Total	156,694,858	161,683,468		

44 Joint Venture Disclosures

i. Interest in Joint Ventures

Name of the Jointly Controlled Entity	Country of Incorporation	Proportion of ownership interest
Arabian Dreams Hotels Apartments LLC, Dubai (since March 26, 2013)	United Arab Emirates	49%

ii. Interest in assets, liabilities, income, expenses and capital commitment with respect to the Jointly controlled entity is as follows:

Particulars	(In ₹)	
	2014-2015	2013-14
Liabilities :		
Short term borrowings	50,145,986	27,122,526
Other current liabilities	2,815,313	1,982,948
Assets :		
Short term loans and advances	9,625,810	7,790,008
Trade receivables	3,307,550	4,914,385
Cash and cash equivalents	4,640,149	801,759
Income	59,335,221	54,673,821
Expenses	77,436,897	72,840,122
Contingent liabilities/Capital commitments	NIL	NIL

45 (a).

i. In terms of the Scheme of Amalgamation and Arrangement, ('the Scheme'), the erstwhile Bell Tower Resorts Private Limited (a wholly owned subsidiary of the Company)(referred to as 'Transferor Company'), has been merged with the Company ('Transferee Company'), upon which the entire business, including all assets and liabilities of the Transferor Company stand transferred to and vested in the Transferee Company. The amalgamation has been accounted under the 'pooling of interest method' and the assets and liabilities transferred have been recorded at their book values as on the Appointed Date.

The Scheme filed by the Company has been approved by the Hon'ble High Court of Bombay at Goa on May 2,2014 and by the Hon'ble High Court of Madras on June 23, 2014 with the Appointed Date of April 1, 2013 and an effective date of July 31, 2014 ('the Effective Date'), being the date on which the copies of the orders of the Hon'ble High Court has been filed with the Registrar of Companies.

The current year figures are to that extent not strictly comparable to those of previous year.

ii. There was no allotment of shares to the Transferor Company's equity shareholders since the Transferor Company was a wholly owned subsidiary of the Company.

iii. Details of assets and liabilities and deficit in statement of Profit and Loss acquired on Amalgamation and treatment of the difference between the share capital of transferor company are listed below:

Particulars On the appointed date - As at April 1, 2013

Value of assets and liabilities acquired at their book values as at the Appointed Date.:	
Fixed assets	464,113,654
Other assets taken over	47,867,344
Liabilities taken over	(768,670,917)
Net Assets taken over	(256,689,919)
Deficit in Statement of profit & loss adjusted in the Surplus in Statement of Profit & loss	456,076,659
Share capital of the transferor company	A 199,386,740
Carrying value of investments in the books of the Transferee Company	B 505,452,424
Difference between A and B above adjusted in the 'Amalgamation Reserve Account' and the same transferred to 'Securities Premium Account' on the Appointed Date as per the Scheme approved.	A-B 306,065,684

(b). The loss of the transferor company for the year ended March 31, 2014 has been adjusted against the Surplus in Statement of Profit and Loss at the beginning of the year.

46. Exceptional item represents a net debit of ₹ 218,797,194 written off consequent to adjustments relating to past periods, made to the balances carried forward under Receivables as at the year end, in the Deferred Service Tax Account, Deferred Interest Account and other accounts, aggregating to ₹ 737,373,047 (debit) and the Deferred Entitlement Fee Account amounting to ₹ 518,575,853 (credit). These adjustments are arising from the reconciliation exercise carried out by the company of these accounts necessitated, inter-alia, due to the migration of underlying data to the ERP system implemented in the previous financial years, and Management's decision to recognize the entitlement fee commencing from the year of admission of each member as against from the year of entitlement.

47. On May 19 2014, Mahindra Holidays and Resorts USA Inc., wholly owned subsidiary of the company was dissolved voluntarily.

48. The figures for the previous year have been regrouped/reclassified to correspond with the current year's classification/disclosure.

For and on behalf of the Board of Directors.

A. K. Nanda
Chairman

Kavinder Singh
Managing Director & CEO

S Krishnan
Executive Director & Chief Financial Officer

Dinesh Shetty
Company Secretary

Place: Mumbai
Date: May 18, 2015

FORM AOC - 1

**PURSUANT TO FIRST PROVISO TO SUB-SECTION (3) OF SECTION 129 READ WITH RULE 5 OF
THE COMPANIES (ACCOUNTS) RULES, 2014
STATEMENT CONTAINING SALIENT FEATURES OF THE FINANCIAL STATEMENT OF
SUBSIDIARIES/ASSOCIATE COMPANIES/JOINT VENTURES**

Part "A" Subsidiaries

Sr. No.	Name of the Subsidiary	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Reporting Currency/ Exchange Rate as on the last date of the relevant financial year in the case of foreign subsidiaries	Share Capital	Reserves & Surplus	Total Assets	Total Liabilities	Investments	Turnover	Profit/(Loss) before tax	Provision for taxation	Profit after tax	Proposed dividend	% of Share Holding
1	Divine Heritage Hotels (P) Ltd			7,000,000	(85,254,756)	270,177,801	348,432,557	-	34,723,380	(47,905,503)	-	(47,905,503)	-	100%
2	Holiday on Hills Resorts (P) Ltd			10,000,000	(67,459,547)	341,182,158	398,641,705	-	73,812,608	(19,076,028)	-	(19,076,028)	-	100%
3	Competent Hotels (P) Limited			30,830,000	43,810,078	92,480,630	17,840,552	-	27,059,121	29,376,013	10,401,923	18,974,090	-	100%
4	Gables Promoters (P) Ltd			132,000,000	(571,822)	367,520,515	236,092,337	-	-	(267,970)	-	(267,970)	-	100%
5	Mahindra Hotels and Residences India Ltd			500,000	(1,283,777)	1,500	785,277	-	-	(80,944)	-	(80,944)	-	100%
6	Heritage Bird (M) Sdn Bhd		MYR 1 = INR16.81	5,043,034	(11,410,762)	76,846,865	83,214,593	-	15,088,992	(1,675,117)	48,749	(1,723,866)	-	100%
7	MH Boutique Hospitality Ltd		THB 1 = INR1.91	19,100,000	(12,218,136)	118,978	65,817,114	72,580,000	500	(5,157,156)	-	(5,157,156)	-	49%
8	Infinity Hospitality Group Company Ltd	December 31, 2014	THB 1 = INR1.91	286,500,000	(207,019,557)	395,362,954	315,882,511	-	62,753,749	(19,374,157)	-	(19,374,157)	-	49%
9	Covington S.a.r.l.	December 31, 2014	EURO 1 = INR67.66	845,750	478,470,374	4,120,100	702,040,492	1,177,236,456	12,708,226	(5,542,825)	435,054	(5,977,879)	-	100%
10	MHR Holdings (Mauritius) Ltd		EURO 1 = INR67.66	9,810,700	(10,817,075)	255,169,812	742,144,136	485,967,950	6,569,312	(10,817,075)	-	(10,817,075)	-	100%
11	Mahindra Holidays & Resorts USA Inc		USD 1 = INR 62.64	-	-	-	-	-	-	(7,365,900)	-	(7,365,900)	-	100%

Notes:

- 1 During the year Mahindra Holidays & Resorts USA Inc has been voluntarily liquidated.
- 2 Gables Promoters (P) Limited is yet to commence operations.
- 3 Translated at exchange rate prevailing as on 31st March 2015 MYR 1 = INR 16.81, THB 1 = INR 1.91, EURO 1 = INR 67.66 and USD 1 = INR 62.64, AED 1 = INR 16.97

STATEMENT PURSUANT TO SECTION 129 (3) OF THE COMPANIES ACT 2013 RELATED TO ASSOCIATE COMPANIES AND JOINT VENTURES

Part "B" Associate & Joint Venture

Sr. No.	Name of the Associate/ Joint-Ventures	Latest audited Balance Sheet Date	Share of Associates/Joint Ventures held by the Company on the year end		Description how there is significant influence	Reason why the joint venture/ associate not consolidated	Net worth attributable to shareholding as per latest audited Balance Sheet.	Profit/(Loss) for the year	
			No of Shares held	Amount of investment in Associate/Joint venture				Extent of holding - %	Considered in consolidation
Associate :									
1	Holiday Club Resorts Oy	30 th September, 2014	707,777	1,294,553,232	22.34%	NA	Refer note 2 below	6,562,052	22,811,502
2	Guestline Hospitality Management and Development Services Limited	31 st March, 2015	25,000	250,000	49.94%	Refer note 3 below	4,629,910	-	2,029,270
Joint-Venture :									
1	Arabian Dreams Hotel Apartments L.L.C.	31 st March, 2015	147	5,211,172	49%	NA	(34,347,211)	(18,106,690)	(18,845,737)

Notes:

- The investments in Holiday Club Resorts Oy is held by Covington S.a.r.l, a wholly owned subsidiary of MHR Holdings (Mauritius) Ltd, which in turn is a wholly owned subsidiary of Mahindra Holidays & Resorts India Limited.
- The networth as on the date of acquisition is ₹ 1,013,524,969
- The financials of Guestline Hospitality Management and Development Services Limited has not been considered for consolidation as the investment is acquired and held exclusively with a view to its subsequent disposal in the near future.

For Deloitte Haskins & Sells
Chartered Accountants

M. K. Ananthanarayanan
Partner

For and on behalf of the Board of Directors

A. K. Nanda
Chairman

S. Krishnan
Executive Director &
Chief Financial Officer

Place: Mumbai
Date: May 18, 2015

Kavinder Singh
Managing Director & CEO

Dinesh Shetty
Company Secretary

Place: Mumbai
Date: May 18, 2015

DIRECTORS' REPORT TO THE SHAREHOLDERS

To,

The Shareholders,

Your Directors have pleasure in presenting their Eighth Annual Report together with the audited the accounts of your Company for the Financial Year ended 31st March, 2015.

Performance of the Company

Your Company is yet to commence operations during the year under review.

The Financial Highlights of the Company are given below:

FINANCIAL RESULTS:

	(Rupees in Lakhs)	
	2015	2014
Income:		
Revenue from operations	–	–
Other Income	–	–
Total Income	–	–
Total Expenditure	0.81	0.53
Profit/(Loss) before Tax	(0.81)	(0.53)
Provision for Income Tax	–	–
Net Profit/(Loss) after Tax	(0.81)	(0.53)
Balance brought forward	(12.03)	(11.50)
Balance carried to Balance Sheet	(12.84)	(12.03)

Dividend and Reserves

In view of the losses, your Directors do not recommend any dividend for the year under review and also did not propose to transfer any amount to reserves.

Holding Company:

During the year under review, your Company continues to be a wholly owned subsidiary of Mahindra Holidays & Resorts India Limited and in turn subsidiary of the ultimate holding company Mahindra & Mahindra Limited.

Auditors' Report

There is no reservations, qualifications or adverse remarks contained in the Auditor's Report attached to Balance Sheet as at 31st March, 2015.

Extract of the annual return

The Extract of the Annual Return in Form No. MGT – 9, as required under sub-section (3) of Section 92 of the Companies Act, 2013 ("the Act") is given in the Annexure I to this Report.

Directors

Appointment of Director

Mr. Ajay Agrawal was appointed as an Additional Director of the Company with effect from 3rd June, 2014.

Mr. Ravindera Nath Khanna, Mr. Dinesh Shetty and Mr. Ajay Agrawal was appointed as Directors w.e.f. Annual General Meeting (AGM) held on 26th September, 2014.

Retirement by Rotation of Director

Since Mr. Dinesh Shetty had retired by rotation and had been reappointed in the AGM held in 2014 and Mr. Ravindera Nath Khanna and Mr. Ajay Agrawal were appointed as Director in the aforesaid AGM, pursuant to Section 152(6) of the Act, it was mutually agreed among the Directors that Mr. Ravindera Nath Khanna shall retires by rotation, and being eligible, has offered himself for re-appointment.

Resignation of Director

Ms. Vimla Dorairaju, resigned as the Director of the Company w.e.f. the close of the business hours on 30th September, 2014. The Board places on record the valuable contribution made by her during her tenure as Director of the Company.

Key Managerial Personnel

The provisions of Section 203 of the Act is not applicable to the Company.

Number of meetings of the Board of Directors

During the year under review, the Board met five times from 1st April, 2014 to 31st March, 2015. The Board of Directors had met once a quarter with a gap not exceeding 120 (one hundred and twenty) days between two Board Meetings.

Particulars of Loans, Guarantees or Investments under Section 186 of the Companies Act, 2015

During the year, the Company did not grant any loans or given any guarantees or made any investments under Section 186 of the Act.

Particulars of contracts or arrangements with related parties:

During the year under review, your Company did not enter into any contract or arrangement in the nature of a Related Party Transaction (RPT) under sub-section (1) of Section 188 of the Act which was not at arms length and not in Ordinary course of business.

There were no materially significant related party transactions with the Promoters, Directors and Key Managerial Personnel, which may have a potential conflict with the interest of the Company at large.

Your Directors draw attention of the members to Note No. 2.8 to the financial statements which sets out related party disclosure.

Statutory Auditors

Messrs Anil Nair & Associates, Chartered Accountants, Chennai (ICAI Registration Number 000175S), were appointed as Statutory Auditors of the Company for a term of five years, from the conclusion of the Annual General Meeting (AGM) held on 26th August, 2014 till the conclusion of AGM to be held in the year 2019, subject to a yearly ratification of such appointment by shareholders at the Annual General Meeting.

As required under the provisions of Section 139 and 141 of the Act, your Company has obtained a written certificate from the above Auditors to the effect that their ratification of appointment, if made at the forthcoming AGM, would be in conformity within the limits specified in the said Section. Accordingly, ratification of appointment of Statutory Auditors is being sought from the shareholders of the Company at the ensuing AGM.

Material Changes and Commitments, if any, affecting the financial position of the Company

There are no material changes and commitments, affecting the financial position of the Company which has occurred between the end of the financial year of the Company i.e 31st March, 2015 and the date of the Directors' Report.

Internal Financial Controls

Your Company has adequate internal financial controls with reference to financial statements.

Deposits and Loans/Advances

Your Company has not accepted any deposits from the public or its employees during the year under review.

Your Company has not made any loans/advances of the nature, which are otherwise required to be disclosed in the annual accounts of the Company pursuant to Clause 32 of the Listing Agreements of the parent companies Mahindra Holidays & Resorts India Limited and Mahindra & Mahindra Limited with the Stock Exchanges.

Significant and Material Orders passed by the Regulators or Courts

There are no significant and material orders passed by the Regulators/Courts/Tribunal which would impact the going concern status of the Company and its operations in future.

Conservation of energy, technology absorption and foreign exchange earnings and outgo

The Company did not carry out any operations during the year hence Section 134(3)(m) read with Rule 8(3) of the Companies (Accounts) Rules, 2014 shall not be applicable to the Company.

Statement concerning development and implementation of Risk Management Policy of the Company

The Company does not have any Risk Management Policy as the elements of risk threatening the Company's existence is very minimal.

Directors' Responsibility Statement

Pursuant to clause (c) of sub-section (3) of Section 134 of the Act, your Directors state that:

- (a) in the preparation of the annual accounts for the year ended 31st March, 2015, the applicable accounting standards have been followed and there is no material departure;
- (b) they have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view the state of affairs of the Company at the end of 31st March, 2015 and of the loss of the Company for the year ended on that date;
- (c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) the annual accounts have been prepared on a going concern basis; and
- (e) the directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Acknowledgements

The Board expresses its gratitude and appreciates the assistance and co-operation received from the Holding company, Creditors, Banks, Government Authorities, Customers during the year under review.

For and on behalf of the Board of Directors

Ravindera Nath Khanna

Ajay Agrawal

Place: Chennai

Date: 23rd April, 2015

ANNEXURE I TO THE DIRECTORS REPORT FOR THE YEAR ENDED MARCH 31, 2015

Form No. MGT-9

**EXTRACT OF ANNUAL RETURN
as on the financial year ended on 31.03.2015**

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

i	CIN	U55101TN2007PLC063285
ii	Registration Date	26 th April, 2007
iii	Name of the Company	Mahindra Hotels And Residences India Limited
iv	Category/Sub-Category of the Company	Company Limited by Shares/Indian Non-Government Company
v	Address of the Registered office of the Company	No.17 & 18, 2nd Floor, Mahindra Towers, 2nd Floor, Pattulos Road, Chennai – 600002 Ph. No. - 044 – 3988 1000 Fax No. - 044 – 3027 7778 E- Mail - arun.khandelwal@mahindraholidays.com
vi	Whether listed company	No
vii	Name, Address, contact details of Registrar and Transfer Agent	Not Applicable

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main product/services	NIC Code of the Product/service	% to total turnover of the company
1	Not Applicable		

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/Subsidiary/ Associate	% of Shares Held	Applicable Section
1	Mahindra Holidays & Resorts India Ltd Mahindra Towers, 2 nd Floor, 17/18 Patullas Road, Chennai – 600 002	L55101TN1996PLC036595	Holding Company	100%	2(46)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year (01/04/2014)				No. of Shares held at the end of the year (31/03/2015)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
g) Individual/HUF	–	–	–	–	–	–	–	–	–
h) Central Govt	–	–	–	–	–	–	–	–	–
i) State Govt (s)	–	–	–	–	–	–	–	–	–
j) Bodies Corp.	–	50,000	50,000	100.00	–	50,000	50,000	100.00	–
k) Banks/Fl	–	–	–	–	–	–	–	–	–
l) Any Other....	–	–	–	–	–	–	–	–	–
Sub-total A (1):-	–	50,000	50,000	100.00	–	50,000	50,000	100.00	–
(2) Foreign									
a) NRIs – Individuals	–	–	–	–	–	–	–	–	–
b) Other – Individuals	–	–	–	–	–	–	–	–	–

Category of Shareholders	No. of Shares held at the beginning of the year (01/04/2014)				No. of Shares held at the end of the year (31/03/2015)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks/Fl	-	-	-	-	-	-	-	-	-
e) Any Other...	-	-	-	-	-	-	-	-	-
Sub-total A (2):-	-	-	-	-	-	-	-	-	-
Total shareholding of Promoter (A)= (A)(1) + (A)(2)	-	50,000	50,000	100.00	-	50,000	50,000	100.00	-
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks/Fl	-	-	-	-	-	-	-	-	-
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) Flls	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):-	-	-	-	-	-	-	-	-	-
2. Non-Institutions									
a) Body Corp.	-	-	-	-	-	-	-	-	-
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individual	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	-	-	-	-	-	-	-	-	-
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	-	-	-	-	-	-	-	-	-
c) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(2):-	-	-	-	-	-	-	-	-	-
Total Public Shareholding (B)=(B)(1) + (B)(2)	-	-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	-	50,000	50,000	100.00	-	50,000	50,000	100.00	-

(ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year (01/04/2014)			Shareholding at the end of the year (31/03/2015)			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	
1.	Mahindra Holidays & Resorts India Limited	50,000	100.00	–	50,000	100.00	–	–
	Total	50,000	100.00	–	50,000	100.00	–	–

(iii) Change in Promoters' Shareholding (please specify, if there is no change): No Changes during the Year

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):
Not Applicable

(v) Shareholding of Directors and Key Managerial Personnel: Not Applicable

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year (01/04/2014)				
i) Principal Amount	–	–	–	–
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	–	–	–
Total (i+ii+iii)	–	–	–	–
Change in Indebtedness during the financial year	–	–	–	–
• Addition	–	–	–	–
• Reduction	–	–	–	–
Net change	–	–	–	–
Indebtedness at the end of the financial year (31/03/2015)	–	–	–	–
i) Principal Amount	–	–	–	–
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	–	–	–
Total (i+ii+iii)	–	–	–	–

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager: Nil

B. Remuneration to other directors: Nil

C. Remuneration to Key Managerial Personnel other than MD/MANAGER/WTD: Not Applicable

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

During the year, no penalties were levied against the Company, its Directors or any of its officers under the Companies Act, 2013 nor was there any punishment or compounding of offences against the Company, its Directors or any of its officers.

INDEPENDENT AUDITOR'S REPORT

To The Members of
MAHINDRA HOTELS AND RESIDENCES INDIA LIMITED

Report on the Financial Statements:

We have audited the accompanying financial statements of **MAHINDRA HOTELS AND RESIDENCES INDIA LIMITED**, (the Company") which comprise the Balance sheet as at 31st March 2015, and the Statement of Profit and Loss account and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements:

The Company's Board of Directors is responsible for the matters in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of the of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility:

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion:

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2015, and its loss and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government in terms of sub section (11) of Section 143 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e) On the basis of the written representations received from the directors as on 31st March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
 - f) With respect to the other matters included in the auditor's report and to the best of our information and according to the explanation given to us:
 1. The Company does not have any pending litigation on its financial position in its financial statements.
 2. The company did not have material foreseeable losses on long term contracts and there were no derivative contracts.
 3. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year.

For **ANIL NAIR & ASSOCIATES**
Chartered Accountants
Firm Regn No: 000175S

Place: Chennai
Date: 23rd April, 2015

ANNEXURE TO THE AUDITORS' REPORT

The Annexure referred to in our report to the members of the Company on the standalone financial statements for the year ended on 31st March, 2015. We report that:

1. The Company does not carry any fixed assets in its books. Accordingly, reporting under Paragraph 3(i)(a) and (b) of the Order does not arise.
2. The Company does not carry any Inventory in its books. Accordingly, reporting under Paragraph 3(ii)(a),(b) and (c) of the Order does not arise.
3. (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to Companies, Firms or other parties covered in the register maintained under section 189 of the Companies Act 2013. Accordingly, reporting under Paragraph 3(iii)(a) and (b) of the Order does not arise.
4. In our opinion, the Company has an internal audit system commensurate with its size and nature of business. During the course of our audit, we have not observed any major weakness or fraud in the internal control system.
5. The Company has not accepted any deposits from public, under the provisions of the Reserve Bank of India and the provisions of section 73 to 76 or any other relevant provisions of the Companies Act and hence, reporting under Paragraph 3(v) does not arise.
6. The Central Government has not prescribed the maintenance of Cost Records under sub section (1) of Section 148 of the Act for any of the services rendered by the Company. Hence, reporting under Paragraph 3(vi) is not applicable.
7. (a) According to the information and explanations given to us and on the basis of our examination of the books of accounts, the Company is regular in depositing undisputed statutory dues including Income Tax, Value Added Tax, and other statutory dues as applicable with the appropriate authorities.
 - (b) There are no dues which has not been deposited as on March 31, 2015 on account of disputes and hence, reporting under Paragraph 3(vii) does not arise.
8. The Company has accumulated losses at the end of the financial year. The Company has incurred cash losses in the current financial year and in the immediately preceding financial years.
9. According to the information given to us, the Company has not defaulted in the repayment of dues to any financial institutions or bank or debenture holders.
10. According to the information given to us, the Company has not given any guarantee for loans taken by others from banks or financial Institutions wherein the terms and conditions of such loans are prejudicial to the interest of the Company.
11. The Company has not availed any term loans during the year. Hence, reporting under Paragraph 3(xi) of the Order does not arise.
12. According to the information and explanations given to us, no material fraud on or by the Company has been noted or reported during the course of the audit.

For **ANIL NAIR & ASSOCIATES**
Chartered Accountants
Firm Regn No: 000175S

Place: Chennai
Date: 23rd April, 2015

BALANCE SHEET AS AT 31ST MARCH, 2015

In Rs.

Particulars	Note	As at 31-Mar-15	As at 31-Mar-14
EQUITY AND LIABILITIES			
Shareholders' funds:			
Share capital	1.1	500,000	500,000
Reserves and surplus	1.2	(1,283,777)	(1,202,833)
		<u>(783,777)</u>	<u>(702,833)</u>
Current liabilities:			
Other current liabilities	1.3	785,277	704,333
		<u>785,277</u>	<u>704,333</u>
		<u>1,500</u>	<u>1,500</u>
ASSETS			
Current assets:			
Cash and Bank balances	1.4	1,500	1,500
		<u>1,500</u>	<u>1,500</u>
		<u>1,500</u>	<u>1,500</u>
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	2		

The Notes referred above forms an integral part of Balance Sheet

This is the Balance Sheet
referred to in our report of even date

For **Anil Nair & Associates**
Chartered Accountants
Firm Regn No :000175S

On behalf of the Board

P. Narayanan
Partner
Membership No :201758

Ajay Agarwal
Director

Ravindera Nath Khanna
Director

Place : Chennai
Date : 23rd April 2015

Place : Chennai
Date : 23rd April 2015

Place : Chennai
Date : 23rd April 2015

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2015

Particulars	Note No	In Rs.	
		Year ended 31-Mar-15	Year ended 31-Mar-14
Revenue from operations		-	-
Total Revenue		-	-
EXPENDITURE:			
Other expenses	1.5	80,944	52,849
Total Expenses		80,944	52,849
Profit before tax		(80,944)	(52,849)
Less : Tax expense			
– Current tax		-	-
– Deferred tax		-	-
Profit/loss for the year		(80,944)	(52,849)
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	2		

The Notes referred above forms an integral part of the Statement of Profit & Loss

In terms of our report attached

For **Anil Nair & Associates**
Chartered Accountants
Firm Regn No :000175S

On behalf of the Board

P. Narayanan
Partner
Membership No :201758

Ajay Agarwal
Director

Ravindera Nath Khanna
Director

Place : Chennai
Date : 23rd April 2015

Place : Chennai
Date : 23rd April 2015

Place : Chennai
Date : 23rd April 2015

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2015

	Year ended 31-Mar-15	In Rs. Year ended 31-Mar-14
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before taxation & extraordinary items	(80,944)	(52,849)
Adjustment for:		
Operating Profit before working capital changes	(80,944)	(52,849)
Adjustment for changes in working capital	-	-
Decrease in Sundry creditors and Other Payables	80,944	52,849
	80,944	52,849
Cash generated from Operation	-	-
Less: Taxes Paid	-	-
Net Cash used in Operating Activity	-	-
B. CASH FLOW FROM INVESTING ACTIVITY		
Net Cash used in Investing Activity	-	-
C. CASH FLOW FROM FINANCING ACTIVITY		
Net cash from Financing Activity	-	-
Net decrease in Cash & Cash Equivalent	-	-
Cash & Cash Equivalents:		
Opening Balance (See Note: 1.4)	1,500	1,500
Closing Balance (See Note: 1.4)	1,500	1,500

Note to the cash flow statement

1. *Cash and Cash Equivalents*

Cash and cash equivalents consist of cash on hand and balances with banks.

Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts.

	31-Mar-15 Rs.	31-Mar-14 Rs.
Cash on Hand & Balance with Bank	1,500	1,500
Cash and cash equivalents as restated	1,500	1,500

For **Anil Nair & Associates**

Chartered Accountants

Firm Regn No :000175S

P. Narayanan

Partner

Membership No :201758

Place : Chennai

Date : 23rd April 2015

On behalf of the Board

Ajay Agarwal

Director

Place : Chennai

Date : 23rd April 2015

Ravindera Nath Khanna

Director

Place : Chennai

Date : 23rd April 2015

NOTES ON ACCOUNTS

Note 1.1: Share Capital

Particulars	In Rs.			
	As at 31-Mar-15 Nos	As at 31-Mar-15 Amount	As at 31-Mar-14 Nos	As at 31-Mar-14 Amount
A) Authorised:				
50,000 equity shares of Rs. 10 each	50,000	500,000	50,000	500,000
	<u>50,000</u>	<u>500,000</u>	<u>50,000</u>	<u>500,000</u>
B) Issued and Subscribed:				
Equity:				
50,000 equity shares of Rs. 10 each	50,000	500,000	50,000	500,000
	<u>50,000</u>	<u>500,000</u>	<u>50,000</u>	<u>500,000</u>

Notes:

- The company has only one class of shares referred to as equity shares having a par value of Rs 10/-. Each holder of equity share is entitled to one vote per share.
- In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the company, after distribution of all preferential amounts. However, no such preferential amounts exist currently. The distribution will be in proportion to the number of equity shares held by the shareholders.
- Reconciliation of the Number of Shares and amount outstanding at the beginning and at the end of the reporting period :

Particulars	As at	As at	As at	As at
	31 st March, 2015 Nos	31 st March, 2015 Amount	31 st March, 2014 Nos	31 st March, 2014 Amount
At the beginning of the year	50,000	500,000	50,000	500,000
Add: Issued during the year	-	-	-	-
Closing Balance	<u>50,000</u>	<u>500,000</u>	<u>50,000</u>	<u>500,000</u>

- Shares in the company held by each shareholder holding more than 5% shares specifying the number of shares held.

Name of shareholder	No of shares	% held as at 31 st March 2014
Mahindra Holidays and Resorts India Ltd.,	49,994	99.99%

Note 1.2: Reserves & Surplus

Particulars	In Rs.	
	As at 31-Mar-15	As at 31-Mar-14
Surplus/(Deficit) in Profit & Loss Account:-		
Opening balance	(1,202,833)	(1,149,984)
Add:-		
Profit/(Loss) for the Year	(80,944)	(52,849)
Closing Balance	<u>(1,283,777)</u>	<u>(1,202,833)</u>

Note 1.3: Other Current Liabilities

Particulars	In Rs.	
Due to Holding Company	740,333	670,625
Audit Fees Payable	33,708	33,708
Other Outstanding Payable	11,236	-
	<u>785,277</u>	<u>704,333</u>

Note 1.4: Cash & Bank Balances

Cash & Cash Equivalents

Cash on hand	-	-
	<u>-</u>	<u>-</u>

Other Bank Balances

On current account	1,500	1,500
	<u>1,500</u>	<u>1,500</u>

Note 1.5: Other Expense

	Year ended 31-Mar-15	Year ended 31-Mar-14
Rates and taxes	4,000	600
Legal and Professional Charges	43,236	18,541
Auditors' remuneration	33,708	33,708
	<u>80,944</u>	<u>52,849</u>

NOTE 2:

SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2015

Significant Accounting Policies

1. Accounting Convention

- a. The financial statements have been prepared under Historical Cost Convention and in accordance with the accounting standards referred to in Section 129 (1) of the Companies Act, 2013.
- b. The company generally follows mercantile system of accounting and recognizes income and expenditure on accrual basis except those with significant uncertainties.

2. Fixed Assets

There were no fixed assets in the company during the year ended March 31, 2015.

3. Revenue Recognition

The company had not commenced commercial operations during the year ended March 31, 2015.

4. Inventories

The company did not have inventories during the year ended March 31, 2015.

5. Retirement Benefits

The company did not have any employees on rolls during the year ended March 31, 2015.

As per our report of even date:

For **Anil Nair & Associates**

Chartered Accountants

Firm Regn No: 000175S

P. Narayanan

Partner

Membership No :201758

Place : Chennai

Date : 23rd April 2015

6. Taxes on Income

Since the company did not have any commercial operations during the year, the question of income tax/deferred tax does not arise.

7. Earnings per share

Since the company did not have any commercial operations during the year ended March 31, 2015 the Accounting Standard ('AS') 21 on Earnings Per Share, issued by the Institute of Chartered Accountants of India would not be applicable to the company.

8. Related party Transactions

There are transactions with related parties, required to be disclosed as per AS 18 on Related Party Disclosure issued by Institute of Chartered Accountants of India, during the year ended March 31, 2015.

- (i) Names of related parties and nature of relationship where control exists:

Name of the Related Party	Nature of Relationship
Mahindra Holidays and Resorts India Limited	Holding Company

- (ii) The related party transactions are as under:

Name of transactions	Holding company
	Year ended March 31, 2015
Outstanding	
Payable	740,333

9. Segment Reporting:

The Company did not commence commercial operations during the year ended March 31, 2015. Hence, the disclosure requirement as per AS 17 on Segment Reporting would not be applicable to the company.

On Behalf of the Board

For Mahindra Hotels & Residences India Limited

Ajay Agarwal
Director

Ravindra Nath Khanna
Director

Place : Chennai
Date : 23rd April 2015

Place : Chennai
Date : 23rd April 2015

DIRECTORS' REPORT

The Directors hereby submit their report together with the audited financial statements of the Company for the financial year ended 31st March, 2015.

PRINCIPAL ACTIVITY

The Company's principal activities are holding of investment properties and provision of time-sharing services.

There have been no significant changes in the nature of the principal activities during the financial year under review.

FINANCIAL RESULTS

	RM	INR
Net loss for the year before taxation	(99,650)	(16,75,356)
Less: Taxation	2,900	48,756
Net loss for the year after taxation	(102,550)	(17,24,112)

DIVIDENDS

No dividends were paid or proposed for the financial year under review.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year under review.

ISSUE OF SHARES AND DEBENTURES

The Company did not issue any shares and debentures during the financial year.

OPTIONS

No option has been granted during the financial year under review to take up unissued shares in the Company.

DIRECTORS

The name of the Directors of the Company who held office since the date of the last report and the date of this report are:-

Ravindera Nath Khanna

Koh Yeow York

Koh Tong Ngee

Ajay Agarwal (Appointed on 28.08.2014)

Dinesh Shivanna Shetty (Appointed on 28.08.2014)

During the year under review, Ms. Vimla Dorairaju resigned from the Directorship of the Company, w.e.f. 28th August, 2014. The Board places on record its sincere appreciation for the valuable services rendered and guidance received from her during her tenure as a Director.

DIRECTORS' INTEREST

According to the register of Directors' shareholding, none of Directors in office at the end of the financial year had interest in the ordinary shares of the Company.

DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, with the object or objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

No Director has, since the end of the previous financial year, received or become entitled to receive a benefit (other than a benefit in the aggregate amount of emolument received or due and receivable by Directors as shown in the financial statements, or the fixed salary of a full-time employee of the Company or a related corporation) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

BAD AND DOUBTFUL DEBTS

Before the income statement and the balance sheet were made out, the Directors took reasonable steps to ascertain that action has been taken in relation to the writing off of and the provision for doubtful debts, and have satisfied themselves that all known bad debts have been written off and that adequate provision has been made for doubtful debts.

At the date of this report, the Directors are not aware of any circumstances which would render the amounts written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Company inadequate to any substantial extent.

CURRENT ASSETS

Before the income statement and the balance sheet were made out, the Directors took reasonable steps to ensure that any current assets, other than debts, which were unlikely to realise in the ordinary course of business and their values as shown in the accounting records of the Company have been written down to an amount which they might be expected to realise.

At the date of this report, the Directors are not aware of any circumstances which would render the values attributed to current assets in the financial statements of the Company misleading.

VALUATION METHODS

At the date of this report, the Directors are not aware of any circumstances which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there does not exist:-

- a) any charge on the assets of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

- b) any contingent liability of the Company which has arisen since the end of the financial year.

No contingent or other liability has become enforceable or is likely to become enforceable within the year of twelve months after the end of the financial year which, in the opinion of the Directors, will or may affect the ability of the Company to meet its obligations when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amounts stated in the financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Company for the financial year under review were not, in the opinion of the Directors, substantially affected by any item, transaction or event of a material and unusual nature.

EVENTS SUBSEQUENT TO BALANCE SHEET DATE

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction

or event of a material and unusual nature likely, in the opinion of the Directors, which would substantially affect the results of the operations of the Company for the financial year in which this report is made.

HOLDING COMPANY

The holding company is Mahindra Holidays & Resorts India Limited, a company incorporated in India, which holds the entire issued and paid up capital of the Company.

AUDITORS

The auditors, Messrs. Lloyds.Earle.Panicker, Chartered Accountants, have intimated their willingness to continue in office in accordance with Section 172(2) of the Companies Act, 1965.

Signed on behalf of the Board of Directors in accordance with a Resolution of the Directors.

Ajay Agarwal

Director

Ravindera Nath Khanna

Director

Place : Kuala Lumpur

Dated : 30th April, 2015

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HERITAGE BIRD (M) SDN. BHD.

Report on the Financial Statements

We have audited the financial statements of Heritage Bird (M) Sdn. Bhd., which comprise the balance sheet as at 31 March 2015, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 789 to 795.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Private Entity Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as of 31 March 2015 and of its financial performance and cash flows for the period then ended.

Emphasis of matter

Without qualifying our opinion, we wish to draw attention to Note 14 to the financial statements. The Company has incurred losses which exceed the issued and fully paid up capital of the Company. However the financial statements have been prepared on a going concern basis, which is dependent upon the future profitable operation and additional finance sufficient to sustain operations.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report that in our opinion the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

LLOYDS.EARLE.PANICKER
A.F. 0604
Chartered Accountants

KESAVAN K. PANICKER
761/03/17(J)
Chartered Accountant

Place : Kuala Lumpur
Dated : 30 April, 2015

BALANCE SHEET AS AT 31 MARCH 2015

	Note	F-2015 In MYR	F-2015 In INR	F-2014 In MYR	F-2014 In INR
NON CURRENT ASSETS					
Property, plant and equipment	5	4,249,346	71,441,705	4,348,168	73,103,140
CURRENT ASSETS					
Trade Receivables	6	204,924	3,445,264	681,114	11,451,161
Non-Trade Receivables		47,430	797,412	47,430	797,412
Cash at Bank		69,797	1,173,455	84,051	1,413,099
		<u>322,151</u>	<u>5,416,131</u>	<u>812,595</u>	<u>13,661,672</u>
CURRENT LIABILITIES					
Trade Payables		74,640	1,254,878	173,825	2,922,415
Non-Trade Payables		96,929	1,629,609	121,881	2,049,112
Amount due to Directors	7	14,000	235,374	–	–
Amount due to holding company	8	4,763,835	80,091,500	5,131,914	86,279,791
Taxation		900	15,131	9,400	158,037
		<u>4,950,304</u>	<u>83,226,491</u>	<u>5,437,020</u>	<u>91,409,355</u>
Net Current Liabilities		<u>(4,628,153)</u>	<u>(77,810,359)</u>	<u>(4,624,425)</u>	<u>(77,747,683)</u>
		<u>(378,807)</u>	<u>(6,368,654)</u>	<u>(276,257)</u>	<u>(4,644,543)</u>
FINANCED BY:					
Share Capital	9	300,002	5,043,754	300,002	5,043,754
Accumulated loss		(678,809)	(11,412,408)	(576,259)	(9,688,297)
SHAREHOLDER'S EQUITY		<u>(378,807)</u>	<u>(6,368,655)</u>	<u>(276,257)</u>	<u>(4,644,543)</u>

The notes form an integral part of these Financial statements

INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2015

	Note	F-2015 In MYR	F-2015 In INR	F-2014 In MYR	F-2014 In INR
Revenue	10	897,620	15,091,146	897,550	15,089,970
Cost of Sales		325,799	5,477,463	280,413	4,714,416
Gross Profit		571,821	9,613,683	617,137	10,375,554
Administration Expenses		262,496	4,413,188	205,103	3,448,274
Profit from operations	11	309,325	5,200,496	412,034	6,927,280
Finance Charges	12	408,975	6,875,851	408,975	6,875,851
Net Profit/(loss) before taxation		(99,650)	(1,675,356)	3,059	51,429
Taxation	13	2,900	48,756	9,400	158,037
Net Loss for the year		(102,550)	(1,724,112)	(6,341)	(106,607)

The notes form an integral part of these financial statements.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2015

	F-2015 In MYR	F-2015 In INR	F-2014 In MYR	F-2014 In INR
CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit/(loss) before taxation	(99,650)	(1,675,356)	3,059	51,429
Adjustment:				
Depreciation on property, plant & equipments	98,822	1,661,435	98,822	1,661,435
Operating profit/(loss) before working capital changes	(828)	(13,921)	101,881	1,712,864
Changes in receivables	476,190	8,005,897	(671,496)	(11,289,459)
Changes in payables	(124,137)	(2,087,041)	62,248	1,046,538
Cash generated from/(absorbed by) operations	351,225	5,904,935	(507,367)	(8,530,057)
Tax paid	(11,400)	(191,661)	–	–
Net cash from/(used in) operating activities	339,825	5,713,274	(507,367)	(8,530,057)
CASH FLOW FROM INVESTING ACTIVITIES				
	–	–	–	–
CASH FLOW FROM FINANCING ACTIVITIES				
Amount due to directors	14,000	235,374	–	–
Amount due to holding company	(368,079)	(6,188,291)	368,078	6,188,275
Net cash from/(used in) financing activities	(354,079)	(5,952,918)	368,078	6,188,275
Net Decrease in cash and cash equivalents	(14,254)	(239,644)	(139,289)	(2,341,782)
Cash and cash equivalents brought forward	84,051	1,413,099	223,340	3,754,881
Cash and cash equivalents carried forward	69,797	1,173,455	84,051	1,413,099

The notes form an integral part of these financial statements.

DETAILED INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2015

	F-2015	F-2015	F-2014	F-2014
	In MYR	In INR	In MYR	In INR
REVENUE	897,620	15,091,146	897,550	15,089,970
LESS: COST OF SALES	325,799	5,477,463	280,413	4,714,416
GROSS PROFIT	571,821	9,613,683	617,137	10,375,554
<u>EXPENDITURE</u>				
<u>Administration Expenses</u>				
Audit fee	13,500	226,967	11,000	184,936
Accountancy fee	30,000	504,372	30,000	504,372
Assessment and quit rent	4,875	81,960	703	11,819
Astro	19,137	321,739	15,396	258,844
Bank charges	209	3,514	131	2,202
Depreciation	98,822	1,661,435	98,822	1,661,435
Directors fee	42,000	706,121	–	–
Electricity Charges	25,776	433,356	26,938	452,892
Fine & Penalty	1,787	30,044	–	–
Insurance	2,748	46,200	–	–
Printing & stationery	3,261	54,825	3,266	54,909
Professional Fees	6,320	106,254	6,230	104,741
Secretarial fees and Charges	4,000	67,250	1,613	27,118
Upkeep of premises	7,068	118,830	7,060	118,696
Water Charges	2,993	50,320	3,944	66,308
	262,496	4,413,188	205,103	3,448,274
FINANCE CHARGE				
Interest on loan	408,975	6,875,851	408,975	6,875,851
NET PROFIT/(LOSS) FOR THE YEAR	(99,650)	(1,675,356)	3,059	51,429

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2015

	Share Capital	Accumulated Losses	Total
	In MYR	In MYR	In MYR
Balance as at 31 st March, 2013	300,002	(569,918)	(269,916)
Loss for the year	–	(6,341)	(6,341)
Balance as at 31 st March, 2014	300,002	(576,259)	(276,257)
Loss for the year	–	(102,550)	(102,550)
Balance as at 31 st March, 2015	<u>300,002</u>	<u>(678,809)</u>	<u>(378,807)</u>

	Share Capital	Accumulated Losses	Total
	In INR	In INR	In INR
Balance as at 31 st March, 2013	5,043,754	(9,581,689)	(4,537,936)
Loss for the year	–	(106,607)	(106,607)
Balance as at 31 st March, 2014	5,043,754	(9,688,297)	(4,644,543)
Loss for the year	–	(1,724,112)	(1,724,112)
Balance as at 31 st March, 2015	<u>5,043,754</u>	<u>(11,412,408)</u>	<u>(6,368,655)</u>

The notes form an integral part of these financial statements.

Notes to the Financial Statements 31 March 2015

1. PRINCIPAL ACTIVITIES

The Company's principal activities are holding of investment properties and provision of timesharing services.

2. BASIS OF PREPARATION

The financial statements have been prepared in accordance with applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965.

3. FINANCIAL RISK MANAGEMENT POLICIES

The Company's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Company's business whilst managing its risks. The Company operates within clearly defined guidelines that are approved by the Board and the Company's policy is not to engage in speculative transactions.

The main areas of financial risks faced by the Company and the policy in respect of the major areas of treasury activity are set out as follows:-

a) Liquidity and cash flow risks

The Company ensures that there are adequate funds to meet all their obligations in a timely and cost-effective manner.

b) Foreign currency risk

The Company is exposed to foreign currency risk as a result of its normal trading activities, where the currency denomination differs from the local currency, Ringgit Malaysia (RM). The Company manages its exposure to foreign currency risk by monitoring fluctuations in foreign exchange and by timing its payment in foreign currencies accordingly.

Apart from the above, the Company does not face any material financial risks in other areas such as credit risk, interest rate risk, market risk, etc.

4. ACCOUNTING POLICIES

a) Basis of accounting

The financial statements of the Company have been prepared under the historical cost convention, unless otherwise indicated.

b) Cash and cash equivalents

Cash comprises cash at bank and in hand including bank overdraft and deposits. Cash equivalents comprises investments maturing within three months from the date of acquisition and which are readily convertible to known amount of cash which are subject to an insignificant risk of change in value

c) Income tax

Income tax on the profit or loss for the year comprises current and deferred taxes. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year. It is measured using the tax rates that have been enacted at the balance sheet date.

Deferred tax is recognized using the liability method for all temporary differences between the carrying amounts of assets and liabilities and their tax bases at the balance sheet date. Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilized. Deferred tax assets and liabilities are not recognized on temporary differences arising from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the assets are realised or the liabilities are settled. The carrying amount of a deferred tax asset is reviewed at each balance sheet date and is reduced to the extent that it becomes probable that sufficient future taxable profit will be available.

Deferred tax is recognized in the income statement, except when it arises from a transaction which is recognized directly in equity. In this case the deferred tax is charged or credited directly in equity.

When the deferred tax arises from a business combination that is an acquisition, it is included in the resulting goodwill or negative goodwill.

d) Financial instruments

Financial instruments carried on the balance sheet include cash and bank balances, trade and other receivables and payables and borrowings. The accounting policies on recognition and measurement of these items are disclosed in the individual accounting policies with each item.

Financial instruments are classified as liabilities or equity in accordance with the substance of the respective contractual arrangements. Interest, dividends, gains and losses relating to a financial instrument classified as a liability are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Company has a legally enforceable right to offset and intends to settle either on a net basis or to realize the asset and settle the liability simultaneously.

e) Provisions

Provisions are recognized when the Company has a present legal and constructive obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate can be made of the amount of the obligation.

f) Foreign currency transactions and balances

Transactions in foreign currencies are recorded in Ringgit Malaysia at rates of exchange ruling at the time of the transaction. Foreign currency monetary assets and liabilities are translated at the exchange rate ruling at the balance sheet date.

g) Trade receivables

Trade receivables are carried at anticipated realizable value. Bad debts are written off in the period in which they are identified. An estimate is made for doubtful debts based on a review of all outstanding amounts at the period end.

h) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and less any impairment losses.

Depreciation is provided on the straight line method to write off each asset over its estimated useful life. The principal rates used are as follows:

Furniture and fittings	10%
Freehold building	2%

i) Impairment of assets

The carrying values of assets are reviewed for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount is the higher of an asset's net selling price and its value in use, which is measured by reference to discounted future cash flows. Recoverable amounts are estimated for individual assets, or if it is not possible, for the cash-generating unit.

An impairment loss is charged to the income statement immediately, unless the asset is carried at revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of previously recognized revaluation surplus for the same asset.

Subsequent increase in the recoverable amount of an asset is treated as reversal of the previous impairment loss and is recognized to the extent of the carrying amount of the asset that would have determined (net of amortization and depreciation) had no impairment loss been recognized. The reversal is recognized in the income statement immediately, unless the asset is carried at revalued amount. A reversal of an impairment loss on a revalued asset is credited directly to revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognized as an expense in the income statement, a reversal of that impairment loss is recognized as income in the income statement.

j) Revenue recognition

Revenue is recognized on invoiced value of sales, less credit notes issued.

5. PROPERTY, PLANT AND EQUIPMENT

	Furniture and fittings	Freehold Building	F-2015		F-2014	
			Total (In MYR)	Total (In INR)	(In MYR)	(In INR)
Net Book Value:						
Opening balance	–	4,348,168	4,348,168	73,103,140	4,446,990	74,764,575
Depreciation charge	–	(98,822)	(98,822)	(1,661,435)	(98,822)	(1,661,435)
Closing balance	–	4,249,346	4,249,346	71,441,705	4,348,168	73,103,140
As at 31 March 2014						
Cost	50,254	4,941,100	4,991,354	83,916,640	–	–
Accumulated depreciation	(50,254)	(592,932)	(643,186)	(10,813,500)	–	–
Net book value	–	4,348,168	4,348,168	73,103,140	–	–
As at 31 March 2015						
Cost	50,254	4,941,100	4,991,354	83,916,640	4,991,354	83,916,640
Accumulated depreciation	(50,254)	(691,754)	(742,008)	(12,474,935)	(643,186)	(10,813,500)
Net book value	–	4,249,346	4,249,346	71,441,705	4,348,168	73,103,140

6. TRADE RECEIVABLES

Included under Trade Receivables is an amount of MYR 198,309 (INR 3,334,050), (2014: MYR 673,215 (INR 11,318,360)) due by the holding company.

7. AMOUNT DUE TO DIRECTORS

The amount due to Directors interest free, unsecured and without any fixed terms of repayment.

8. AMOUNT DUE TO HOLDING COMPANY

The holding company is Mahindra Holidays & Resorts India Ltd, a company incorporated in India, which holds the entire issued and paid up capital of the company.

The amount due to holding company, consisting of non-trade balances, is unsecured and without any fixed terms of repayment.

9. SHARE CAPITAL

	F-2015			F-2014		
	No of Shares	In MYR	In INR	No of Shares	In MYR	In INR
Authorised ordinary shares of RM1 each						
Balance b/f	500,000	500,000	8,406,200	500,000	500,000	8,406,200
Created during the year	–	–	–	–	–	–
Balance c/f	500,000	500,000	8,406,200	500,000	500,000	8,406,200
Issued and fully paid ordinary shares of MYR 1 each						
Balance b/f	300,002	300,002	5,043,754	300,002	300,002	5,043,754
Issued during the year	–	–	–	–	–	–
Balance c/f	300,002	300,002	5,043,754	300,002	300,002	5,043,754

10. REVENUE

Revenue represents income from time-sharing sales and rental income receivable.

11. PROFIT FROM OPERATIONS

The following items have been charged in arriving at profit from operations:-

	In MYR F-2015	In INR F-2015	In MYR F-2014	In INR F-2014
Audit fee	13,500	226,967	11,000	184,936
Assessment and quit rent	4,875	81,960	703	11,819
Depreciation of property, plant and equipment	98,822	1,661,435	98,822	1,661,435
Directors fee	42,000	706,121		

12. FINANCIAL CHARGE

	In MYR F-2015	In INR F-2015	In MYR F-2014	In INR F-2014
Interest on loan paid to holding company	408,975	6,875,851	408,975	6,875,851

13. TAXATION

	In MYR F-2015	In INR F-2015	In MYR F-2014	In INR F-2014
Current year's provision	900	15,131	9,400	158,037
Under provision for previous year	2,000	33,625	–	–
	2,900	48,756	9,400	158,037

A reconciliation of income tax expense applicable to profit/(loss) before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Company is as follows:

	In MYR	In INR	In MYR	In INR
Profit before tax	(99,650)	(1,675,356)	3,059	51,429
Tax at statutory income tax rate of 20%	(19,930)	(335,071)	612	10,286
Tax effect of expenses that are not deductible for tax purposes	2,071	34,818	1,628	27,371
Deferred tax not recognised in the financial statements	18,759	315,384	16,699	280,750
Unutilised tax losses	–	–	(9,539)	(160,373)
Underprovision from previous year	2,000	33,625	–	–
	2,900	48,756	9,400	158,037

14. GOING CONCERN

The Company has net current liabilities and deficiency in shareholders' funds amounting to MYR 4,628,153 (Rs. 77,810,359) (2014: MYR 4,624,425 (Rs. 77,747,683) and MYR 378,807 (Rs. 6,368,655) (2014: MYR 276,257 (Rs. 4,644,543) respectively.

However, the financial statements have been prepared on a going concern basis, as the directors are of the opinion that the efficiency in shareholders' fund may be overcome by appreciation in the market value of the Company's freehold land and building. The management will be actively pursuing any investment and business opportunities in the foreseeable future that will reduce and gradually eliminate the said deficiencies.

The financial statements of the Company do not include any adjustments relating to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue as going concern.

15. RELATED PARTY TRANSACTIONS

	(In MYR) F-2015	(In INR) F-2015	(In MYR) F-2014	(In INR) F-2014
Revenue	(897,620)	(15,091,146)	(838,215)	(14,092,406)
Interest on Loan	408,975	6,875,851	408,975	6,875,851

The directors are of the opinion that the above transactions have been entered into in normal course of business and have been established on a negotiated basis.

16. EMPLOYEES

The number of employees of the Company as at 31 March 2015 is Nil. (2014: Nil)

17. COMPARATIVES

Certain Comparative figures have been reclassified to conform the current year's presentation.

18. DATE OF AUTHORISATION FOR ISSUE OF THE FINANCIAL STATEMENTS

The Financial Statements were authorised for issue by the board of directors on 30 April 2015.

19. EXCHANGE RATES

Foreign Currency (FC) amounts are translated for convenience into Indian Rupees at the exchange rate of Rs.16.8124 = MYR 1, which is the Bloomberg rate as on 31st March 2015.

DIRECTORS' REPORT TO THE SHAREHOLDERS

To,

The Shareholders,

Your Directors have pleasure in presenting their Eighth Annual Report on the business and operations of the Company and the accounts for the Financial Year ended 31st March, 2015.

Performance of the Company

During the year under review, your Company's resort property situated at Jaisalmer, Rajasthan was fully operational. Your Company carried out upgradations to the resort property to augment the guest's overall experience and to increase its revenue.

FINANCIAL RESULTS:

	(Rupees in Lakhs)	
	2015	2014
Income:		
Revenue from operations	321.10	185.93
Other Income	26.13	6.02
	347.23	191.95
Total Expenditure	826.29	298.09
Profit / (Loss) before Tax	(479.06)	(106.14)
Provision for Income Tax	0	0
Net Profit / (Loss) after Tax	(479.06)	(106.14)
Balance brought forward	(576.05)	(469.91)
Adjustment of Depreciation as per useful life	(1.09)	0
Balance carried to Balance Sheet	(1056.20)	(576.05)

Dividend and Reserves

In view of the losses, your Directors do not recommend any dividend for the year under review and also do not propose to transfer any amount to reserves.

Holding Company

During the year under review, your Company continues to be a wholly owned subsidiary of Mahindra Holidays & Resorts India Limited and in turn subsidiary of the ultimate holding company Mahindra & Mahindra Limited.

Scheme of Amalgamation and Arrangement

During the year under review, the Board approved the Scheme of Amalgamation and Arrangement for merger of the Company with Mahindra Holidays & Resorts India Limited (MHRIL), holding company, and their respective Shareholders and Creditors. The Scheme of Amalgamation and Arrangement ("the Scheme") also involves the merger of Competent Hotels Private Limited and Holiday on Hills Resorts Private Limited, fellow subsidiaries, with MHRIL and their respective Shareholders and Creditors. Accordingly, the Scheme will be effective from the last of the dates on which the certified or authenticated copies of the Orders of the Hon'ble High Courts of Rajasthan, Delhi, Himachal Pradesh and Madras are filed with the Registrar of Companies at Jaipur, Delhi, Chandigarh & Shimla and Chennai respectively.

Your Company is in the process of filing application with the Rajasthan High Court, Jaipur Bench in respect of the above. The Appointed Date of the Scheme is 1st April, 2015.

Auditors' Report

There are no reservations, qualifications or adverse remarks or disclaimers made by the Statutory Auditor in the Auditor's Report.

Extract of the Annual Return

The Extract of the Annual Return in Form No. MGT – 9, as required under sub-section (3) of Section 92 of the Companies Act, 2013 ("the Act") is given in the Annexure I to this Report.

Directors

Retirement by Rotation of Director

Pursuant to Section 152(6) of the Act and Articles of Association of the Company Mr. Ravindera Nath Khanna retires by rotation, who had been longest in the office and being eligible, offers himself for re-appointment.

Appointment of Director

During the year under review, Mr. Ajay Agrawal was appointed as an Additional Director of the Company with effect from 3rd June, 2014 and his appointment as Director was subsequently approved by the shareholders of the Company at the last Annual General Meeting held on 26th September, 2014.

Key Managerial Personnel

The provisions of Section 203 of the Act are not applicable to the Company.

Number of meetings of the Board of Directors

During the year under review, the Board met five (5) times from 1st April, 2014 to 31st March, 2015. The Board of Directors had met once a quarter with a gap not exceeding 120 (one hundred and twenty) days between two Board Meetings.

Particulars of Loans, Guarantees or Investments under Section 186 of the Companies Act, 2013

During the year under review, your Company did not grant any loans or give guarantees or made investments as per the provisions of under Section 186 of the Act.

Particulars of contracts or arrangements with related parties

During the year under review, your Company did not enter into any contract or arrangement in the nature of a Related Party Transactions (RPTs) under sub-section (1) of Section 188 of the Act which was not in ordinary course of business and not at arms length.

During the year under review, your Company availed Inter Corporate Deposit (ICD) from Mahindra Holidays & Resorts India Limited (MHRIL), holding company, amounting to Rs. 1077 Lakhs. As on 31st March, 2015, the aggregate ICD availed by your company from MHRIL was at Rs. 2764 Lakhs.

During the year under review, your Company entered into transactions including transactions which were material in nature with Mahindra Holidays & Resorts India Limited (MHRIL), holding company. Your Directors confirm that these transactions with MHRIL are in ordinary course of business and at arms length. The details of these material transactions are given in Form AOC 2 attached as Annexure II to this report.

There were no materially significant related party transactions with the Promoters, Directors and Key Managerial Personnel, which may have a potential conflict with the interest of the Company at large.

Your Directors draw attention of the members to Note No. 24 to the financial statements which sets out related party disclosure.

Statutory Auditors

Messrs S.C. Bapna & Associates, Chartered Accountants, Jaipur (ICAI Registration Number 115649W), were appointed as Statutory Auditors of the Company for a term of five years, from the conclusion of the 7th Annual General Meeting held on 26th September, 2014 till the conclusion of sixth Annual General Meeting (AGM) to be held in the year 2019, subject to a yearly ratification of such appointment by shareholders at the AGM.

As required under the provisions of Section 139 and 141 of the Act, your Company has obtained a written certificate from the above Auditors to the effect that their ratification of appointment, if made at the forthcoming AGM, would be in conformity within the limits specified in the said Section. Accordingly, ratification of appointment of Statutory Auditors is being sought from the shareholders of the Company at the ensuing AGM.

Material Changes and Commitments, if any, affecting the financial position of the Company

There are no material changes and commitments, affecting the financial position of the Company which has occurred between the end of the financial year of the Company i.e 31st March, 2015 and the date of the Directors' Report.

Internal Financial Controls

Your Company has an adequate internal financial controls with reference to financial statements.

Deposits and Loans/Advances

Your Company has not accepted any deposits from the public or its employees during the year under review.

Your Company has not made any loans/advances of the nature, which are otherwise required to be disclosed in the annual accounts of the Company pursuant to Clause 32 of

the Listing Agreements of the parent companies, Mahindra Holidays & Resorts India Limited and Mahindra & Mahindra Limited with the Stock Exchanges.

Significant and Material Orders passed by the Regulators or Courts

There are no significant and material orders passed by the Regulators/Courts/Tribunal which would impact the going concern status of the Company and its operations in future.

Conservation of energy, technology absorption and foreign exchange earnings and outgo

Your Company continuously strives to conserve energy, adopt environment friendly practices and employ technology for more efficient operations.

The particulars relating to the energy conservation, technology absorption and foreign exchange earnings and outgo, as required under Section 134(3)(m) of the Act read with Rule 8(3) of the Companies (Accounts) Rules, 2014, are given in the Annexure III to this Report.

Statement concerning development and implementation of Risk Management Policy of the Company

The Company does not have any Risk Management Policy as the elements of risk threatening the Company's existence is very minimal.

Directors' Responsibility Statement

Pursuant to clause (c) of sub-section (3) of Section 134 of the Act, your Directors state that:

- (a) in the preparation of the annual accounts for the year ended 31st March, 2015, the applicable accounting standards have been followed and there is no material departure;
- (b) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of 31st March, 2015 and of the loss of the Company for the year ended on that date;
- (c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) the annual accounts have been prepared on a going concern basis; and
- (e) the directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Acknowledgements

The Board expresses its gratitude and appreciates the assistance and co-operation received from the holding company, Creditors, Banks, Government Authorities, Customers and Employees during the year under review.

For and on behalf of the Board of Directors

Dinesh Shetty
Director

Ajay Agrawal
Director

Place : Chennai
Date : 9th April, 2015

ANNEXURE I TO THE DIRECTORS REPORT FOR THE YEAR ENDED MARCH 31, 2015

Form No. MGT-9

**EXTRACT OF ANNUAL RETURN
as on the financial year ended on 31.03.2015**

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

i	CIN	U55101RJ2008PTC025734
ii	Registration Date	23rd January, 2008
iii	Name of the Company	Divine Heritage Hotels Private Limited
iv	Category/Sub-Category of the Company	Company Limited by Shares/Indian Non-Government Company
v	Address of the Registered office of the Company	No. 24, 25 & 26, Mahindra Towers, Durga Vihar Colony, Tonk Road, Jaipur, Rajasthan – 302018; Ph No. - 0141-5161200; email - arun.khandelwal@mahindraholidays.com
vi	Whether listed company	NO
vii	Name of Registrar and Transfer Agent Address of Registrar and Transfer Agent Contact details of Registrar and Transfer Agent	Not Applicable

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products/services	NIC Code of the Product/service	% to total turnover of the company
1	Income from sale of Food and Beverages	55101	46.69%
2	Income from Room Rental	55101	43.61%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/Subsidiary/ Associate	% of Shares Held	Applicable Section
1	Mahindra Holidays & Resorts India Ltd Mahindra Towers, 2 nd Floor, 17/18 Patullos Road, Chennai – 600 002	L55101TN1996PLC036595	Holding Company	100%	2(46)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**(i) Category-wise Share Holding**

Category of Shareholders	No. of Shares held at the beginning of the year 01/04/2014				No. of Shares held at the end of the year 31/03/2015				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	–	–	–	–	–	–	–	–	–
b) Central Govt.	–	–	–	–	–	–	–	–	–
c) State Govt(s)	–	–	–	–	–	–	–	–	–
d) Bodies Corp.	–	7,00,000	7,00,000	100.00	–	7,00,000	7,00,000	100.00	NIL
e) Banks/FI	–	–	–	–	–	–	–	–	–
f) Any Other...	–	–	–	–	–	–	–	–	–
Sub-total A(1):-	–	7,00,000	7,00,000	100.00	–	7,00,000	7,00,000	100.00	NIL

Category of Shareholders	No. of Shares held at the beginning of the year 01/04/2014				No. of Shares held at the end of the year 31/03/2015				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(2) Foreign									
a) NRIs – Individuals	–	–	–	–	–	–	–	–	–
b) Other – Individuals	–	–	–	–	–	–	–	–	–
c) Bodies Corp.	–	–	–	–	–	–	–	–	–
d) Banks/FI	–	–	–	–	–	–	–	–	–
e) Any Other...	–	–	–	–	–	–	–	–	–
Sub-total A(2):-	–	–	–	–	–	–	–	–	–
Total shareholding of Promoter (A) = (A)(1) +(A)(2)	–	7,00,000	7,00,000	100.00	–	7,00,000	7,00,000	100.00	NIL
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	–	–	–	–	–	–	–	–	–
b) Banks/FI	–	–	–	–	–	–	–	–	–
c) Central Govt.	–	–	–	–	–	–	–	–	–
d) State Govt(s)	–	–	–	–	–	–	–	–	–
e) Venture Capital Funds	–	–	–	–	–	–	–	–	–
f) Insurance Companies	–	–	–	–	–	–	–	–	–
g) FIs	–	–	–	–	–	–	–	–	–
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
i) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(1):-	–	–	–	–	–	–	–	–	–
2. Non-Institutions									
a) Bodies Corp.	–	–	–	–	–	–	–	–	–
i) Indian	–	–	–	–	–	–	–	–	–
ii) Overseas	–	–	–	–	–	–	–	–	–
b) Individual	–	–	–	–	–	–	–	–	–
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	–	–	–	–	–	–	–	–	–
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	–	–	–	–	–	–	–	–	–
c) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(2):-	–	–	–	–	–	–	–	–	–
Total Public Shareholding (B)= (B)(1) + (B)(2)	–	–	–	–	–	–	–	–	–
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	–	7,00,000	7,00,000	100.00	–	7,00,000	7,00,000	100.00	NIL

(ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year 01/04/2014			Shareholding at the end of the year 31/03/2015			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	
1.	Mahindra Holidays & Resorts India Limited	7,00,000	100.00	Nil	7,00,000	100.00	Nil	Nil
	Total							

(iii) Change in Promoters' Shareholding (please specify, if there is no change)- No Change during the year

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):
Not Applicable

(v) Shareholding of Directors and Key Managerial Personnel: Not Applicable

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(Rs. in lakh)

	Secured Loans excluding deposits	Unsecured Loans (ICD)	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year (01/04/2014)				
i) Principal Amount	–	1,687.00	–	1,687.00
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	117.49	–	117.49
Total (i+ii+iii)	–	1,804.49	–	1,804.49
Change in Indebtedness during the financial year	–	1,225.51	–	1,225.51
• Addition		–	–	–
• Reduction		–	–	–
Net change	–	1,225.51	–	1,225.51
Indebtedness at the end of the financial year (31/03/2015)				
i) Principal Amount	–	2,764.33	–	2,764.33
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	265.68	–	265.68
Total (i+ii+iii)	–	3,030.00	–	3,030.00

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-Time Directors and/or Manager: Nil

B. Remuneration to other directors: Nil

C. Remuneration to Key Managerial Personnel other than MD/MANAGER/WTD: Nil

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

During the year, no penalties were levied against the Company, its Directors or any of its officers under the Companies Act, 2013 nor was there any punishment or compounding of offences against the Company, its Directors or any of its officers.

ANNEXURE II TO THE DIRECTORS REPORT FOR THE YEAR ENDED MARCH 31, 2015**Form No. AOC – 2**

(Pursuant to clause (h) of sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

1. **Details of contracts or arrangements or transactions not at arm's length basis:** Nil

2. **Details of material contracts or arrangement or transactions at arm's length basis:**

(a) Name(s) of the related party	Mahindra Holidays & Resorts India Limited	
Nature of relationship	Holding Company	
(b) Nature of contracts/arrangements/transactions	Room Inventory Agreement	Deputation Arrangement
(c) Duration of the contracts/arrangements/transactions	1 year	On going basis
(d) Salient terms of the contracts or arrangements or transactions including the value, if any:	Room Inventory to be made available on requisition basis. Period of agreement is one year. Aggregate value paid Rs. 132 lakh for the FY 2014-15.	Deputation of employees of holding company. Aggregates value paid Rs. 62 lakh for the FY 2014-15.
(e) Date(s) of approval by the Board, if any:	NA	NA
(f) Amount paid as advances, if any;	Nil	Nil

The above mentioned transaction was entered into by the Company in its ordinary course of business.

For and on behalf of the Board of Directors

Dinesh Shetty
Director

Ajay Agrawal
Director

Place : Chennai

Date : 9th April, 2015

ANNEXURE III TO THE DIRECTORS REPORT FOR THE YEAR ENDED MARCH 31, 2015**A) Conservation of energy:**

(i) The steps taken or impact on conservation of energy:

The operations of your Company are not energy intensive. However adequate measures have been initiated to reduce energy consumption.

- Energy meters were installed for monitoring of energy consumption.
- LED lights were installed.

(ii) the steps taken by the Company for utilizing alternate sources of energy: Nil

(iii) the capital investment on energy conservation equipment: Rs. 10 lakh

(B) Technology absorption:

(i) The efforts made towards technology absorption: The Company has not carried out any Technology absorption

(ii) The benefits derived like product improvement, cost reduction, product development or import substitution: Not Applicable

(iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year): Not Applicable

(a) The details of technology imported: Nil

(b) The year of import: Nil

(c) Whether the technology been fully absorbed: Not Applicable

(d) If not fully absorbed, areas where absorption has not taken place, and the reasons thereof: Not Applicable

(iv) The expenditure incurred on Research and Development.: Not Applicable

(C) Foreign exchange earnings and Outgo:

There were no foreign exchange earnings and outgo during the financial year ended 31st March, 2015 (Refer note no. 26 of the notes on accounts).

For and on behalf of the Board of Directors

Dinesh Shetty
Director

Ajay Agrawal
Director

Place : Chennai

Date : 9th April, 2015

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS

DIVINE HERITAGE HOTELS PRIVATE LIMITED

Report on the Financial Statements

1. We have audited the accompanying Financial Statements of DIVINE HERITAGE HOTELS PRIVATE LIMITED Which comprise the Balance Sheet as at 31st March, 2015, and the statement of Profit & Loss for the year then ended, and the summary of significant accounting policies and other explanatory information, which we have signed under reference to this report.

Management's responsibility for the financial statements

2. The company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position and financial performance of the company in accordance with the accounting standards referred to in sub section (3C) of section 123 of 'the Companies Act , 2013' of India (the "Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the standards of Auditing issued by the Institute Of Chartered Accountants Of India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.
4. An audit involves performing procedures to obtain audit evidence, about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. In our opinion, and to the best of our information and according to the explanations given to us, the accompanying financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

In the case of the Balance Sheet, of the State of Affairs of the Company as at 31st March, 2015 and;

In the case of the Statement of Profit & Loss, of the Losses for the year ended on 31st March, 2015.

In the case of the Cash Flow Statement, of the cash flows for the year ended on 31st March, 2015.

7. The company has adequate internal financial controls system in place and the operating effectiveness of such controls.

Emphasis of Matter

8. Without qualifying, attention is drawn as under:
 - a) With regard to Note No. 30 to the financial statements, it is stated that the company has incurred an accumulated losses of Rs. 1056.19 Lacs as at 31st March, 2015 and, as of that date, the Company's current liabilities exceeded its total assets by Rs. 781.88 Lacs. The conditions may indicate that existence of the uncertainty that may cast a doubt about the company's ability to continue as a going concern. However, the financial statements have been prepared on the assumption that the company is a going concern having regard to the financial support extended by the holding company (which includes loans aggregating Rs. 2764.33 Lacs) as well as their commitment of future financial support to enable the company to meet its financial obligations and continue as a going concern.

Report on other legal and regulatory requirements

9. As required by the Companies (Auditors Report) order, 2004, as amended by the companies (Auditors Report) (Amendment) order, 2015, issued by the central government of India in terms of sub section (11) of section 143 of the Act (hereinafter referred to as the "order") and on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanation given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.

10. As required by section 143(3) of the Act, we report that:

- (a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit;
- (b) In our opinion , proper books of accounts as required by law have been kept by the company so far as appears from our examination of those books;
- (c) The Balance Sheet, Statement of Profit and Loss and Cash Flow dealt with by this report are in agreement with the books of Accounts;
- (d) In our opinion, the Balance Sheet, Statement of Profit & Loss and Cash Flow dealt with by this report comply with the accounting standards referred to in sub section (3C) of section 133 of the Act.

- (e) On the basis of written representation received from the directors as on March, 31, 2015 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015, from being appointed as a director in terms of sub section (2) of section 164 of companies Act, 2013.

For S. C. BAPNA & ASSOCIATES
Chartered Accountant
(Registration No. 115649W)

(Vikesh Jain)

Partner

M. No. 406182

Place : Jaipur

Dated : 09.04.2015

ANNEXURE TO THE AUDITORS' REPORT

The Annexure referred to in our paragraph "Report on Other Legal and Regulatory requirements" report to the members of Divine Heritage Hotels Pvt. Ltd. for the Year ended 31st March, 2015 , we report that :

- (i) (a) According to the information and explanations given to us, the company is in process of compiling its fixed assets register.
- (b) We have been explained that physical verification was conducted by the management during the year of all its fixed assets and the value thereof as per the books of account of the Company. In our opinion, same is reasonable having regard to the size of the Company and the nature of its assets. We have been informed that certain fixed assets were physically verified by the management during the year and no material discrepancy has been noticed on such verification as compared to the books of accounts.
- (ii) (a) It is explained that the management has physically conducted the physical verification of inventory at reasonable intervals.
- (b) The procedure of physical verification of inventory followed by management is reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory and no material discrepancy was noticed on physical verification.
- (iii) The Company has not granted loans to other parties covered in the register maintained u/s 189 of the Act.
- (iv) There is an adequate internal control procedure commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods. There are no continuing failures to correct major weaknesses in internal control.
- (v) During the year the company has not accepted any deposit from the public excepting some deposits which were accepted from its holding company being exempted deposits in compliance of directives issued by the Reserve Bank of India and the provisions of the sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under with regard to deposits. According to information and explanation given to us, no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal in this regard.
- (vi) According to information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under section 148(1) of the Companies Act, 2013 for any products of the Company.

- (vii) (a) The company is regular in depositing undisputed statutory dues including Provident Fund, Employees state Insurance, Income Tax, Sales Tax, Service Tax, Wealth Tax, Duty of Custom, Duty of Excise, Value Added Tax, Cess and any other Statutory dues with the appropriate authorities. There is no arrears of outstanding statutory dues as at the last date of financial year for a period of more than 6 months from the date they become payable.
- (b) According to the information and explanations given to us, and the records of the Company examined by us, the particulars of the dues of income – tax as at March 31, 2015 which have not been deposited on account of a dispute is as follows:

S.No	Name of The Statue	Nature of the Dues	(Rs. In lac)	Period to which the amount relates	Forum where dispute is pending
1.	Income Tax Act	Income Tax and Interest	25.79	2008-09	CIT Appeal – II Jaipur

- (c) According to information and explanations given to us, company is not required to transfer any amount to Investor's Education and Protection Fund pursuant to section 125 of the companies Act , 2013
- (viii) According to the information and explanations given to us, the accumulated losses exceed 50% of its net worth at the end of financial year. Further, the company has incurred cash losses during the financial year and as well as in the immediately preceding financial year.
- (ix) The company has not borrowed any funds from banks/ Financial Institutions and/ or by way of Debentures.
- (x) According to the to information and explanations given to us, the company has not given any guarantee for loans taken by others from Bank or financial institutions.
- (xi) According to the information and explanations given to us, the company has not outstanding term loans during the year.
- (xii) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our Audit.

For S. C. BAPNA & ASSOCIATES
Chartered Accountant
(Registration No.115649W)

(Vikesh Jain)

Partner

Place : Jaipur

Dated : 09.04.2015

M. No. 406182

BALANCE SHEET AS AT 31ST MARCH, 2015

Particulars	Note	In Rupees	
		As at 31st March 2015	As at 31st March 2014
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2	7,000,000	7,000,000
Reserves and Surplus	3	(85,254,756)	(37,240,527)
		<u>(78,254,756)</u>	<u>(30,240,527)</u>
Non-Current Liabilities			
Deferred tax liabilities (net)	4	–	–
Long Term Provisions	5	66,590	62,282
		<u>66,590</u>	<u>62,282</u>
Current Liabilities			
Short- Term Borrowings	6	276,433,000	280,173,766
Trade Payables	7	5,424,051	2,658,464
Other Current Liabilities	8	65,925,706	36,949,272
Short Term Provisions	9	583,210	3,841
		<u>348,365,967</u>	<u>319,785,343</u>
TOTAL		<u>270,177,801</u>	<u>289,607,098</u>
ASSETS			
Non-Current Assets			
Fixed Assets			
Tangible Assets	10	253,804,622	266,552,679
Work in progress	10	9,570,009	9,057,439
Long-Term Loans and Advances	11	321,880	346,880
		<u>263,696,511</u>	<u>275,956,998</u>
Current Assets			
Inventories	12	1,032,982	550,448
Trade Receivables	13	2,372,441	2,662,799
Cash and Cash Equivalents	14	542,485	8,879,280
Other Current Assets	15	2,533,382	1,557,573
		<u>6,481,290</u>	<u>13,650,100</u>
TOTAL		<u>270,177,801</u>	<u>289,607,098</u>
		–	–
Other Notes to the financial statements.	24–32		
Significant Accounting Policies	1		

As per our Report of even date attached

For & on behalf of Board of Directors

For S. C. Bapna & Associates
Chartered Accountants
(FRN : 115649W)

(Vikesh Jain)
Partner
M. No. 406182

Place : Jaipur
Date : 09.04.2015

Ajay Agarwal
Director

Ravindera Nath Khanna
Director

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH, 2015

Particulars	Note	In Rupees	
		For the year ended 31st March 2015	For the year ended 31st March 2014
Revenue from operations	16	32,110,099	18,592,940
Other income	17	2,613,281	601,675
Total Revenue		34,723,380	19,194,615
Expenses:			
Cost of materials consumed	18	7,800,029	4,980,571
Operating and Direct Expenses	19	13,427,164	6,343,356
Employees Benefit Expenses	20	10,078,272	10,282,271
Finance Costs	21	16,653,289	9,173,709
Depreciation and Amortization Expense	10	13,172,562	(15,413,819)
Other Expenses	22	21,497,567	14,443,055
Total Expenses		82,628,883	29,809,143
Profit/(Loss) before tax		(47,905,503)	(10,614,528)
Tax Expenses:			
(1) Current tax		–	–
(2) Deferred tax		–	–
Profit(Loss) for the year		(47,905,503)	(10,614,528)
Earnings Per equity share (Equity Share of Rs. 10 each)	23		
(1) Basic and Diluted		(68.44)	(15.16)
Other Notes to the financial statements.	24–32		
Significant Accounting Policies	1		

As per our Report of even date attached

For & on behalf of Board of Directors

For S. C. Bapna & Associates
Chartered Accountants
(FRN : 115649W)

(Vikesh Jain)
Partner
M. No. 406182

Place : Jaipur
Date : 09.04.2015

Ajay Agarwal
Director

Ravindera Nath Khanna
Director

CASH FLOW STATEMENT FOR THE PERIOD ENDED 31ST MARCH, 2015

Particulars	In Rupees	
	As At 31st March, 2015	As At 31st March, 2014
A. Cash Flow from Operating Activities		
Net Profit/(Loss) before tax as per Profit & Loss Account	(47,905,503)	(10,614,528)
Adjusted for:		
Loss on Sale of Fixed Assets	124,386	—
Depreciation	13,172,562	(15,413,819)
Finance Cost	16,653,289	9,173,709
Interest Income	—	—
Operating Profit before working capital changes	(17,955,266)	(16,854,638)
Adjusted for:		
(Increase)/Decrease in Inventories	(482,534)	(243,649)
(Increase)/Decrease in Trade Receivables	290,358	(153,114)
(Increase)/Decrease in Loans & Advances	25,000	(312,000)
(Increase)/Decrease in Other current assets	(975,809)	(834,923)
(Increase)/Decrease in Other non-current assets	—	—
Increase/(Decrease) in Trade payables	2,765,587	(7,997,896)
Increase/(Decrease) in Other current liabilities	14,158,035	19,363,215
Increase/(Decrease) in Short Term Provisions	579,369	3,841
Cash Flow from Operating Activities before Tax and Extra Ordinary Items	(1,595,260)	(7,029,164)
Less: Income Tax Paid (Previous Year)	—	—
Net cash flow from Operating Activities	A (1,595,260)	(7,029,164)
B. Cash Flow from Investing Activities		
Purchase of Fixed Assets	(1,415,800)	(136,915,176)
Sales of Fixed Assets	245,614	—
	—	—
Net cash flow from Investing Activities	B (1,170,186)	(136,915,176)
C. Cash Flow from Financing Activities		
Proceeds/(Repayment) of Long Term Borrowings	—	—
Proceeds/(Repayment) of Short Term Borrowings	(3,740,766)	151,113,417
Proceeds/(Repayment) of Long Term Provisions	4,308	62,282
Finance Cost	(1,834,891)	(987,449)
Net cash flow from Financing Activities	C (5,571,349)	150,188,250
Net increase/(decrease) in cash and cash equivalents	A+B+C (8,336,795)	6,243,910
Opening Balance of cash and cash equivalents	8,879,280	2,635,370
Closing Balance of cash and cash equivalents	542,485	8,879,280

As per our Report of even date attached

For & on behalf of Board of Directors

For S. C. Bapna & Associates
Chartered Accountants
(FRN : 115649W)

(Vikesh Jain)
Partner
M. No. 406182

Ajay Agarwal
Director

Ravindera Nath Khanna
Director

Place : Jaipur
Date : 09.04.2015

NOTES ON ACCOUNTS FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2015

NOTE – 1

ACCOUNTING POLICIES:

A. Basis of Accounting and Preparation of Financial Statement

The financial statements of the company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 2013. All assets and liabilities have been classified as current and noncurrent as per the Company's normal operating cycle and other criteria set out in the Schedule III of the Companies Act, 2013. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

B. Revenue Recognition

Revenue is primarily derived from hotel operations including rental of rooms and sale of food and beverages and other allied services. Revenue is recognized when the rooms are occupied and the services have been rendered. Taxes collected and deposited with taxing authorities are not recorded in revenue.

C. Preliminary Expenses:

Preliminary expenses are to be written off in five years commencing from this Financial year.

D. Fixed Assets & Depreciation

Fixed assets are capitalized at acquisition cost, including directly attributable cost of bringing the assets to its working condition for the intended use.

In the current year, depreciation in the Company is provided, on pro-rata basis and useful life of assets, in the manner prescribed in Schedule II to the Companies Act, 2013.

E. Pre-operative Expenses

Pre operative expenses up to the date of commencement of commercial operations are capitalized.

F. Taxes on income:

- i. Company's income taxes include taxes on the taxable income, adjustments attributable to earlier periods and changes in deferred taxes. Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income tax Act, 1961.
- ii. Deferred tax is recognized on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognized only if there is virtual certainty that there will be sufficient future taxable income available to realise such assets. Deferred tax assets are recognized for timing differences of other items only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each Balance Sheet date for their realisability.

G. Borrowing Costs

Borrowing costs that are directly attributable to the acquisition or construction of qualifying assets are capitalized for the period until the asset is ready for its intended use. Other borrowing costs are recognized as expense in the year in which they are incurred.

H. Inventories

Inventories have been valued at cost.

I. Foreign Currency Transactions

Transactions in foreign exchange are accounted for at the exchange rate ruling at the transaction date. Gains and losses arising out of subsequent

fluctuations are accounted for on actual payment / realization. Gains / losses if any, at the year end in respect of current assets and current liabilities are accounted for.

J. Employee benefits

i. Short term

Short term employee benefits include salaries and performance incentives. The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised as an expense in the Statement of Profit and Loss during the year when the employees render the service to the Company.

ii. Long term

The Company has defined contribution and defined benefit plans. The plans are financed by the Company and in the case of some defined contribution plans by the Company along with its employees.

- Defined-contribution plans

Provident Fund

The eligible employees of the company are entitled to receive post employment benefit in respect of provident fund, in which both employees and the Company make monthly contribution at a specified percentage of the employees' eligible salary. The contributions are made of the Regional Provident Fund Commissioner. Provident Fund is classified as Defined Contribution Plans as the Company has no further obligation beyond making the contribution.

The Company's contribution to the Defined Contribution Plans are charged to the statement of profit and loss as incurred.

iii. Other Employee Long-Term Benefits Plan- Compensated Absences

The Company provides for encashment of leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits for future encashment/availment. The liability is provided based on the number of days of unutilised leave at each balance sheet date on the basis of an independent actuarial valuation. Actuarial gains and losses are recognised in the statement of profit and loss.

iv. Defined Benefits Plan - Gratuity Scheme

The Company offers its employees benefits under a defined-benefit plan in the form of a gratuity scheme (a lump sum amount). Benefits under the defined benefit plan are typically based either on years of service and the employee's compensation (immediately before retirement). The gratuity scheme covers substantially all regular employees. Commitments are actuarially determined at year-end. Actuarial valuation is based on "Projected Unit Credit" method. Gains and losses of changed actuarial assumptions are charged to the Statement of Profit and Loss.

K. Earning Per Share

Basic earning per share is computed by dividing the profit/(loss) after tax by the weighted average number of equity shares issued during the year.

L. Cash Flow Statement

The cash flow statement is prepared in accordance with "Indirect Method" as explained in accounting standard (AS)3 on "Cash Flow Statement.

Cash and bank balances and current investments that have insignificant risk of change in value which have duration up to the 3 months are included in the company's cash and cash equivalents in the cash flow statement.

M. Accounting for Provision, Contingent Liabilities and Contingent Assets

A provision is recognized when the company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefit is remote. A contingent asset is neither recognized nor disclosed.

N. Impairment of Assets

The carrying value of the assets (tangible or intangible) is reviewed at each balance sheet date for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognized, if the carrying amount of these assets exceeds their recoverable amount. When there is an indication that an impairment loss

recognized for an asset in earlier accounting period no longer exists or may have decreased such reversal of impairment loss is recognized in the statement of profit and loss account.

O. Investments

Investments that are readily releasable and indented to be held for not more than one year from the date on which such investments were made are classified as current investments. All other investments are classified as long term investments. Long term investments are carried at cost less provision for diminution other than temporary, in the value of such investments, such diminution being determined and made for each investment individually. Current investments are carried individually, at the lower of cost or fair value. Cost of investments includes acquisition charges such as brokerage, fees and duties.

For S. C. BAPNA & ASSOCIATES Chartered Accountants ON BEHALF OF THE BOARD OF DIRECTORS

(Vikesh Jain) Partner M.No. 406182 Ajay Agarwal (Director) Ravindera Nath Khanna (Director)

Place : Jaipur Date : 09.04.2015

NOTES ON FINANCIAL STATEMENTS AS ON 31ST MARCH, 2015

Particulars	In Rupees	
	As at 31st March 2015	As at 31st March 2014
Note 2		
Share Capital		
Authorised		
7,50,000 Equity Share of Rs. 10/- Each	7,500,000	7,500,000
Issued, Subscribed & Paid up		
7,00,000 Equity Shares of Rs. 10/- each fully paid-up (previous year 7,00,000 Equity Share)	7,000,000	7,000,000
TOTAL	7,000,000	7,000,000

2.1 The number of equity shares outstanding at the beginning and at the end of each reporting years is same (i.e. 700000 equity shares) and hence reconciliation between the two numbers has not been provided.

2.2 The Company has only one class of shares referred to as equity shares having a par value of Rs. 10/-. In the event of liquidation of the Company, the equity share holders are eligible to receive the remaining assets of the company, after settlement of all preferential payments, in proportion to the number of equity shares held.

2.3 The details of Shareholders holding more than 5% shares:

Name of Shareholder	As at 31.03.2015		As at 31.03.2014	
	No. of Shares	% held	No. of Shares	% held
Mahindra Holidays & Resorts India Limited, the parent company (including beneficial ownership of 100 shares held by the parent company jointly with its managing director)	700,000	100.00	700,000	100.00

Particulars	In Rupees	
	As at 31st March 2015	As at 31st March 2014
Note 3		
Reserves & Surplus		
Surplus		
Balance as per last Balance Sheet	(57,605,027)	(46,990,499)
Add: Profit/(Loss) for the year	(47,905,503)	(10,614,528)
Adjustment of Deperication as per useful life	(108,726)	-
	(105,619,256)	(57,605,027)
Reserve		
Securities premium Account	20,364,500	20,364,500
Balance Carried Forward to Balance Sheet	(85,254,756)	(37,240,527)

3.1 Pursuant to the enactment of the Companies Act 2013(the 'Act'), the company has provided depreciation in accordance with Schedule II to the Act. Further, an amount of Rs.108,726 has been debited to opening reserve being life of those assets is either Nil or Negative.

Particulars	In Rupees	
	As at 31st March 2015	As at 31st March 2014
Note 4		
Deferred tax		
Deferred tax liability		
Depreciation	11,787,036	10,613,128
Deferred tax asset		
Unabsorbed depreciation	11,787,036	10,613,128
Net deferred tax liability/(asset)	-	-

4.1 The recognition of deferred tax asset on unabsorbed depreciation has been restricted to the extent of deferred tax liability on account of timing difference in respect of depreciation, the reversal of which is virtually certain. As at the year end, the Company also had other deferred tax assets, on timing differences and carried forward business losses which have not been recognised.

Particulars	In Rupees	
	As at 31st March 2015	As at 31st March 2014
Note 5		
Long Term Provisions		
Provision for Compensated absences	19,047	62,282
Provision for Gratuity	47,543	-
	66,590	62,282

Particulars	In Rupees	
	As at 31st March 2015	As at 31st March 2014
Note 6		
Short Term Borrowings		
Unsecured Loans & Advances from related parties		
From Parent Company		
Inter Corporate Deposit	276,433,000	168,700,000
Others Advances	-	111,473,766
	276,433,000	280,173,766

6.1 Inter Corporate Deposit received from parent company i.e Mahindra Holidays & resorts India Limited is repayable on demand. The Interest on the said loan is @9.50% p.a.

Particulars	In Rupees	
	As at 31st March 2015	As at 31st March 2014
Note 7		
Trade Payables		
- Others	5,424,051	2,658,464
	5,424,051	2,658,464

7.1 The Company has not received any memorandum (as required to be filed by the suppliers with the notified authority under the Micro, Small and Medium Enterprises Development Act, 2006) claiming their status as micro, small or medium enterprises. Consequently the amount paid / payable to these parties during the year is nil.

7.2 Balance of Trade Payables are subject to confirmation. In the opinion of directors they represent exact amount and are considered good and fully payable in due course.

Luxury tax payable	5,357	162,361
Work Contract Tax payable	-	963,151
Payables for Expenses	17,284,047	795,402
Retention Payable	188,667	2,128,399
PF Payable	90,699	54,581
Security Deposit from MHRIL	20,000,000	20,000,000
	65,925,706	36,949,272

Particulars	In Rupees	
	As at 31st March 2015	As at 31st March 2014
Note 8		
Other Current Liabilities		
TDS Payable	1,121,159	570,997
Interest Accrued on ICD	26,567,550	11,749,151
Service tax Payable	294,213	23,526
VAT Payable	44,921	69,673
Service Charge Payable	329,093	432,031

Particulars	In Rupees	
	As at 31st March 2015	As at 31st March 2014
Note 9		
Short Term Provisions		
Provision for Compensated absences	1,009	3,841
Provisions for Outstanding Liability	582,201	-
	583,210	3,841

Note 10

FIXED ASSETS
In Rupees

Item	GROSS BLOCK				DEPRECIATION						NET BLOCK		
	Gross Block	Adjustment	Addition	Sales	Total	Opening Balance	Depreciation Adjustment as per useful life	Depr. for the year	Adjustment	Transfer To Reserve	Total Dep.	Net Block 31.03.2015	Net Block 31.03.2014
TANGIBLE ASSETS													
Freehold Land	77,268,220	-	500,000	-	77,768,220	-	-	-	-	-	-	77,768,220	77,268,220
Building	119,358,406	-	-	-	119,358,406	4,440,474	-	1,990,983	-	-	6,431,457	112,926,949	114,917,932
Furniture & Fixtures	39,419,434	3,698,268	-	-	43,117,702	4,799,511	188,582	6,570,822	-	-	11,558,915	31,558,787	34,619,923
Plant and machinery	19,123,165	(10,101,583)	115,450	-	9,137,032	1,726,118	(1,129,758)	621,943	-	-	1,218,303	7,918,729	17,397,047
Electrical & Electronic Equip.	14,400,884	13,981,622	287,780	465,000	28,205,286	688,423	2,466,325	3,349,366	95,000	8,878	6,417,992	21,787,294	13,712,461
Computers & Printers	1,333,642	(685,317)	-	-	648,325	291,319	(154,003)	250,591	-	96,772	484,678	163,647	1,042,323
Sports Equipment	339,768	(339,768)	-	-	-	17,339	(17,339)	-	-	-	-	-	322,429
Vehicles	1,657,527	-	-	-	1,657,527	212,685	-	217,202	-	-	429,887	1,227,640	1,444,842
Misc. fixed assets	7,359,191	(7,359,191)	-	-	-	1,531,689	(1,531,689)	-	-	-	-	-	5,827,502
Office Equipment	-	805,969	-	-	805,969	-	177,883	171,654	-	3,076	352,613	453,356	-
	280,260,237	-	903,230	465,000	280,698,467	13,707,558	-	13,172,562	95,000	108,726	26,893,845	253,804,622	266,552,679
Previous year's figures	149,064,157	-	131,196,080	-	280,260,237	29,121,377	(20,795,575)	5,381,756	-	-	13,707,558	266,552,679	119,942,780

10.1 Pursuant to the enactment of the Companies Act 2013(the 'Act'), the company has provided depreciation in accordance with Schedule II to the Act. As a result of change of method of depreciation, the depreciation during the year has been higher by Rs. 53.45 Lakhs. Further, an amount of Rs.1.09 Lakhs has been debited to opening reserve being life of those assets is either Nil or Negative.

20.1 None of the employee of the Company either employed for whole or part of the year was in receipt or entitled to receive emoluments in amounting exceeding the statutory limit.

Particulars	In Rupees	
	Year ended 31st March 2015	Year ended 31st March 2014
Note 21		
Finance costs		
Interest on Unsecured Loan (ICD)	16,464,889	9,095,846
Bank Commission & Charges	188,401	77,863
	<u>16,653,289</u>	<u>9,173,709</u>

Particulars	In Rupees	
	Year ended 31st March 2015	Year ended 31st March 2014
Note 22		
Administration & Other Expenses		
Pre-opening Expenses	-	5,115,471
Laundry Exp.	709,423	321,541
Printing & Stationery	504,455	232,718
Postage & Courier	24,099	37,571
Travelling & Conveyance	713,481	604,307
Interest on Taxes	153,242	62,935
Telephone & Internet	356,575	307,227
Entertainment Expenses	601,765	640,014
Holiday Activity Expenses	786,471	299,198
Event Expenses	503,693	298,500
Vehicle Exp	274,769	195,903
Pest Control	971,028	169,803
Contract Services Expenses	9,732,994	2,313,123
Insurance Expenses	40,178	113,195
Auditors Fees	252,810	252,810
Legal, Consultancy & Filing Fees	802,927	241,355
Licences Fees	145,109	132,736
Annual Subscription Fees	155,937	51,979
Repair & Maintenance		
- Repair and Maintenance-Building	1,340,645	1,472,214
- Repairs and Maintenance-others	54,927	5,387
- Repair and Maintenance-Plant & Machinery	765,287	689,933
- Repairs and Maintenance-Furniture	79,870	328,930
Loss on Sale of Fixed Assets	124,386	-
Other Miscellaneous Expenses	2,403,496	556,204
	<u>21,497,567</u>	<u>14,443,055</u>

Particulars	Unit	31st March, 2015	31st March, 2014
Note 23: Earning per Share			
1. Profit/(Loss) after tax amount used as the numerator	Rs.	(47,905,503)	(10,614,528)
2. Weighted average number of equity shares used as the denominator	No.	700,000	700,000
3. Nominal value of shares	Rs.	10	10
Loss per share (Basic & Diluted)	Rs.	(68)	(15.16)

Other Notes:

Particulars	31st March, 2015	31st March, 2014
Note 24: Payment made to Auditors		
Payment to Auditors		
- As Auditor	140,450	140,450
- for Taxation matters	56,180	56,180
- for Other services	56,180	56,180
Total	<u>252,810</u>	<u>252,810</u>

Note 25: Employee Benefits:

A. Define Contribution Plans -
Contribution to defined Contribution plans, recognized in the statement of profit and loss for the year, under employee benefits expenses in Note no. 20

Particulars	31st March, 2015	31st March, 2014
Employers Contribution to Provident Fund	364,637	49,809
	<u>364,637</u>	<u>49,809</u>

B. Other long-term benefit plans - Compensated absences -

Compensated absences charged in the statement of profit and loss for the year, under employee benefits expense in Note no. 20, is Rs. (46067/-) (Previous Year ; Rs 66123/-)

C. Defined Benefits Plan - Gratuity Scheme

The Company offers its employees benefits under a defined-benefit plan in the form of a gratuity scheme (a lump sum amount). Benefits under the defined benefit plan are typically based either on years of service and the employee's compensation (immediately before retirement). The gratuity scheme covers substantially all regular employees. Commitments are actuarially determined at year-end. Actuarial valuation is based on "Projected Unit Credit" method. Gains and losses of changed actuarial assumptions are charged to the Statement of Profit and Loss.

The net value of the defined-benefit commitment is detailed below:

Particulars	As At March 2015	As At March 2014
Present Value of Commitment	47,543	-
Fair Value of Plan Assets	-	-
Net Liability Recognised in the Balance Sheet	47,543	-

Note 26: Foreign Exchange Transactions -

Foreign Exchange Earning	NIL
Foreign Exchange Outgo	NIL

Note 27: Contingent Liability

The Income Tax Department has raised a demand for Rs. 25.79 lacs (Including Interest) for the Assessment Year 2009-10. The company however has preferred an appeal against the said demand and the case is pending before Commissioner of Income Tax Appeal.

Note 28

Related Party Disclosure

A. Related Parties with whom transactions have taken place during the year .

Name of the party	Relationship
Mahindra Holidays & Resorts India limited	Holding Company on and from 09.08.2012

CURRENT YEAR

Nature of Transaction	Parent company	Key Management Personnel	Relatives of Key Management Personnel
I. Transactions during the period			
Inter Corporate Deposit taken	107,733,000	-	-
Room Rent Received	13,179,480	-	-
Interest Expense	16,464,889	-	-
Contract Service for Man Power Personnel	6,162,869	-	-
II. Amount outstanding as at balance sheet date			
Inter Corporate Deposit taken	276,433,000	-	-
Interest Payable on ICD	26,567,550	-	-
Security Deposit Payable	20,000,000	-	-
Payable for Exp.	17,233,647	-	-

PREVIOUS YEAR

Nature of Transaction	Parent company	Key Management Personnel	Relatives of Key Management Personnel
I. Transactions during the period			
Inter Corporate Deposit taken	103,700,000	-	-
Other Advances	47,413,417	-	-
Security Deposit Received	20,000,000	-	-
Room Rent Received	9,136,600	-	-
Interest Expense	9,095,846	-	-
Deputed Personnel Expense	-	-	224,533
II. Amount outstanding as at balance sheet date			
Inter Corporate Deposit taken	168,700,000	-	-
Interest Payable on ICD	11,749,151	-	-
Other Advances	111,473,766	-	-
Security deposit	20,000,000	-	-
Trade Receivable	-	-	224,533

Note 29

The Company's primary (business) segment is singular viz "Hoteliering". There is no geographical segment to be reported since its property is located in and the operations are undertaken in India. Therefore segment information required as per Accounting Standard (AS 17) on "Segment Reporting" is not furnished.

Note 30

The accumulated losses of the Company amounting to Rs. 1056.19 Lacs as at 31.03.2015- exceed its paid up capital of Rs. 70,00,000/-. The Company incurred a net loss of Rs. 479.06 Lacs during the year ending on 31.03.2015 and, as of that date; its current liabilities exceed its total assets by Rs. 781.88 Lacs. However, the financial statements have been prepared on the assumption that the Company is a going concern having regard to the financial support extended by the holding company, Mahindra Holidays & Resorts India Ltd during the year (which includes loans aggregating Rs. 2764.33 Lacs outstanding as at 31.03.2015) as well as their commitment of future financial support to enable the Company to meet its financial obligations and continue as a going concern.

Note 31

Estimated amounts of contracts remaining to be executed on capital account is Rs. Nil (Previous year Nil)

Note 32

Figures of the previous year have regrouped/restated to make them comparable, wherever necessary

In terms of our report attached

For S. C. BAPNA & ASSOCIATES Chartered Accountants

ON BEHALF OF THE BOARD OF DIRECTORS

(Vikesh Jain)
Partner
M.No. 406182

Ajay Agarwal
(Director)

Ravindera Nath Khanna
(Director)

Place : Jaipur
Date : 09.04.2015

DIRECTORS' REPORT

To,

The Shareholders,

Your Directors have pleasure in presenting their Fourth Annual Report of the Company along with the accounts for the Financial Year ended 31st March, 2015.

PERFORMANCE OF THE COMPANY

Your Company is developing a resort property at Naldhera, Shimla, and the construction of the same is progressing satisfactorily. Your Company is yet to commence its operations.

The Financial Highlights of your Company is given below:

FINANCIAL RESULTS:	(Rupees in Lakhs)	
	2015	2014
<u>Income:</u>		
Revenue from operations	-	-
Other Income	-	-
Total Income	-	-
Total Expenditure	2.68	2.44
<u>Profit / (Loss) before Tax</u>	(2.68)	(2.44)
Provision for Income Tax	-	-
Net Profit / (Loss) after Tax	(2.68)	(2.44)
Balance brought forward	(3.04)	(0.60)
<u>Balance carried to Balance Sheet</u>	(5.72)	(3.04)

DIVIDEND AND RESERVES

In view of the losses, your Directors do not recommend any dividend for the year under review and also do not propose to transfer any amount to reserves.

HOLDING COMPANY

During the year under review, your Company continues to be a wholly owned subsidiary of Mahindra Holidays & Resorts India Limited and in turn subsidiary of the ultimate holding company Mahindra & Mahindra Limited.

AUDITORS' REPORT

There is no reservations, qualifications or adverse remarks contained in the Auditor's Report attached to Balance Sheet as at 31st March, 2015. Information referred in Auditor's Report are self-explanatory and do not call for any further comments.

EXTRACT OF THE ANNUAL RETURN

The Extract of the Annual Return in Form No. MGT – 9, as required under sub-section (3) of Section 92 of the Companies Act, 2013 ("the Act") is given in the Annexure I to this Report.

BOARD OF DIRECTORS

Your Company, has Five (5) Directors consisting of two (2) Independent Directors (IDs) and three (3) Non Executive Directors as on 31st March, 2015.

DIRECTORS RETIREMENT BY ROTATION

Pursuant to Section 152(6) of the Act, Mr. Ravindera Nath Khanna, who had been longest in the office, retires by rotation and being eligible, offers himself for re-appointment.

APPOINTMENT OF DIRECTORS

During the year under review, the Board at their meeting held on 3rd June, 2014 appointed Mr. Ajay Agrawal as additional director and subsequently at the last Annual General Meeting, the shareholders approved the appointment of Mr. Agrawal as Director, liable to retire by rotation.

During the year under review, your Company had received notices under Section 160 of the Act in writing from a member proposing the candidates Mr. Kanwaljit Singh Thanewal and Mr. Manish Vora as Directors of the Company. Accordingly, the Nomination and Remuneration Committee at their Meeting

held on 25th March, 2015 recommended the appointment of the above candidates as Directors of the Company for the approval of the Board/Shareholders. Further, at the Extraordinary General Meeting (EGM) of the shareholders held on 25th March, 2015, Mr. Thanewal and Mr. Vora were appointed as Independent Directors for a period of three (3) years effective from the date of the said EGM.

Subsequent to the appointment of Independent Directors, your Company is in compliance with the provisions of the Act.

Since the Independent Directors were appointed on 25th March, 2015, it was mutually decided by the Independent Directors to hold the Independent Directors Meeting required under section 149(8) read with Schedule IV on a later date.

The Company has received declarations from the Independent Directors that they meet the criteria of independence as laid down under Section 149(6) of the Act.

KEY MANAGERIAL PERSONNEL

During the year, Ms. Anju Sharma, Company Secretary of the Company, resigned from the services w.e.f. 1st February, 2015. Ms. Niveta Sharma, was appointed as Company Secretary w.e.f. 2nd February, 2015.

Ms. Preetha Thanikachalam, was appointed as the Chief Financial Officer of the Company w.e.f. 1st March, 2015.

Mr. Dineshwar Dutt Sharma, Manager, was KMP as per the provision of the Act and was already in office before the commencement of the Act.

In view of the above the Company is in compliance with regard to the provisions of the Act.

NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS

During the year under review, the Board met six (6) times from 1st April, 2014 to 31st March, 2015. The Board of Directors had met once a quarter with a gap not exceeding 120 (one hundred and twenty) days between two Board Meetings.

AUDIT COMMITTEE

The Audit Committee composition meets with the requirements of Section 177 of the Act. As on March 31, 2015, the Committee comprised of 3 Directors: Mr. Ajay Agrawal (w.e.f. 3rd June, 2014), Mr. Kanwaljit Singh Thanewal (w.e.f. 25th March, 2015) and Mr. Manish Vora (w.e.f. 25th March, 2015). Mr. Dinesh Shetty and Mr. Ravindera Nath Khanna were member of the Committee till 25th March, 2015. Mr. Thanewal and Mr. Vora are Independent Directors. All members of the Committee possess financial/accounting expertise/exposure.

The terms of reference of the Committee are in accordance with the requirements of Section 177 of the Act.

NOMINATION AND REMUNERATION COMMITTEE (NRC)

During the year, the Board of Directors at their meeting held on 27th September, 2014 constituted NRC. NRC composition meets with the requirements of Section 178 of the Act. As on 31st March, 2015, the Committee comprised of 4 Directors:

Mr. Dinesh Shetty, Mr. Ajay Agrawal, Mr. Kanwaljit Singh Thanewal (w.e.f. 25th March, 2015) and Mr. Manish Vora (w.e.f. 25th March, 2015). Mr. Ravindera Nath Khanna was member of the Committee till 25th March, 2015. Mr. Thanewal and Mr. Vora are Independent Directors.

REMUNERATION POLICY

In compliance with Section 178 (3) the Nomination and Remuneration Committee has formulated a policy relating to the remuneration for the directors, key managerial personnel and other employees.

The Policy provides that all employees, irrespective of contract, are to be remunerated fairly and the remuneration is to be externally competitive and internally equitable, which remuneration will be paid in accordance with the laid down Statutes. Further, remuneration for on-roll employees will include a fixed or guaranteed component payable monthly; and a variable component for eligible employees, which is based on performance and paid annually, and it shall be consistent with the competitive position of the salary for similar positions in the industry after considering the Qualifications, Experience, Roles and Responsibilities.

Remuneration to the Directors and KMPs are subject to the approval of the Nomination & Remuneration Committee/Board.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT, 2013

During the year 2014-15, your Company did not grant any loans or give any guarantees or made investments as per the provisions of Section 186 of the Act.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:

During the year under review, your Company did not enter into any contract or arrangement in the nature of a Related Party Transaction (RPT) under sub-section (1) of section 188 of the Act which was not at arms length and not in Ordinary course of business.

During the year your Company availed Inter Corporate Loans from Mahindra Holidays & Resorts India Limited (MHRIL), holding company, amounting to Rs. 1,042 Lakhs. As on 31st March, 2015, the aggregate ICD availed by your company from MHRIL was Rs. 2,118 Lakhs.

Details of other Related Party transactions which are on arms length and in the regular course of business are given in the notes to the accounts.

STATUTORY AUDITORS

Messrs Vinod Kumar Arora & Associates, Chartered Accountants, Haryana (ICAI Registration Number 012099N), retire as Auditors of the Company at the ensuing Annual General Meeting (AGM) and have given their consent for reappointment. The shareholders are requested to appoint Auditors for a period of two (2) years, being transition period, from the conclusion of the forthcoming AGM till the conclusion

of the AGM in 2017, subject to yearly ratification by the shareholders.

As required under the provisions of Section 139 of the Act, your Company has obtained a written certificate from the above Auditors to the effect that their reappointment, if made, will conform within the limits specified in the said Section. Further, your Company has also received a certificate from the Auditors to the effect that the Auditors proposed to be re-appointed satisfies with the criteria provided under Section 141 of the Act.

MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY:

During the year, there were no material changes and commitments, affecting the financial position of your Company which has occurred between the end of the financial year of the company i.e. 31st March, 2015, and the date of the Directors report.

INTERNAL FINANCIAL CONTROLS

Your Company has adequate internal financial controls with reference to financial statements.

DEPOSITS AND LOANS/ADVANCES

Your Company had not accepted any deposits from the public or its employees during the year under review.

Your Company has not made any loans/advances of the nature, which are otherwise required to be disclosed in the annual accounts of the Company pursuant to Clause 32 of the Listing Agreements of the parent companies Mahindra Holidays & Resorts India Limited and Mahindra & Mahindra Limited with the Stock Exchanges.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

There are no significant and material orders passed by the Regulators/Courts/Tribunal which would impact the going concern status of the Company and its operations in future.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The Company did not carry out any operations during the year and hence disclosure required under Section 134(3)(m) read

with Rule 8(3) of the Companies (Accounts) Rules, 2014 is not applicable to the Company.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to clause (c) of sub-section (3) of Section 134 of the Act, your Directors, confirm that:

- (a) in the preparation of the annual accounts for the year ended 31st March, 2015, the applicable accounting standards have been followed and there is no material departure;
- (b) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of 31st March, 2015 and of the loss of the Company for the year ended on that date;
- (c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) the annual accounts have been prepared on a going concern basis; and
- (e) the directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

ACKNOWLEDGEMENTS

The Board expresses its gratitude and appreciates the assistance and co-operation received from the Holding company, Creditors, Banks, Government Authorities, Customers and Employees during the year under review

For and on behalf of the Board of Directors

Ravindera Nath Khanna
Director

Ajay Agrawal
Director

Place : Chennai
Date : 10th April, 2015

ANNEXURE I TO THE DIRECTORS REPORT FOR THE YEAR ENDED MARCH 31, 2015

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31.03.2015

[Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

i	CIN	U45209CH2012PTC033473
ii	Registration Date	9 th January, 2012
iii	Name of the Company	Gables Promoters Private Limited
iv	Category / Sub-Category of the Company	
v	Address of the Registered office of the Company	No - 504, Block A, 5th Floor, ELANTE Office Suites, Plot No - 178-178/A, Industrial Area, Phase 1, Chandigarh; Ph. No. +912233684722; Fax No. +912233684721; Email - arun.khandelwal@mahindraholidays.com
vi	Whether listed company	No
vii	Name, Address and Contact Details of Registrar and Transfer Agent	Not Applicable

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sr. No.	Name and Description of Main Products/Services	NIC Code of the Product/Service	% to total turnover of the Company
1	Not Applicable	-	NA

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/Susidary/Associate	% of shares held	Applicable Section
1.	Mahindra Holidays & Resorts India Ltd Mahindra Towers, 2 nd Floor, 17/18 Patullos Road, Chennai - 600 002	L55101TN1996PLC036595	Holding Company	100%	2(46)

IV. SHARE HOLDING PATTERN (Equity Share Capital Break-up as percentage of Total Equity)**(i) Category-wise Share Holding**

Category of Shareholders	No. of Shares held at the beginning of the year 01-04-2014				No. of Shares held at the end of the year 31-03-2015				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
g) Individual	-	-	-	-	-	-	-	-	-
h) Central Govt.	-	-	-	-	-	-	-	-	-
i) State Govt(s)	-	-	-	-	-	-	-	-	-
j) Bodies Corp.	-	13,200,000	13,200,000	100.00	-	13,200,000	13,200,000	100.00	NIL
k) Banks/Fl	-	-	-	-	-	-	-	-	-
l) Any Other	-	-	-	-	-	-	-	-	-
Sub-total (A)(1):	-	13,200,000	13,200,000	100.00	-	13,200,000	13,200,000	100.00	NIL

Category of Shareholders	No. of Shares held at the beginning of the year 01-04-2014				No. of Shares held at the end of the year 31-03-2015				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(2) Foreign									
a) NRI-Individuals	-	-	-	-	-	-	-	-	-
b) Other Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks/FI	-	-	-	-	-	-	-	-	-
e) Any Other	-	-	-	-	-	-	-	-	-
Sub-total (A)(2):	-	-	-	-	-	-	-	-	-
Total Shareholding of Promoter (A) = (A)(1) + (A)(2)	-	13,200,000	13,200,000	100.00	-	13,200,000	13,200,000	100.00	-
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks/FI	-	-	-	-	-	-	-	-	-
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):	-	-	-	-	-	-	-	-	-
2. Non-Institutions									
a) Bodies Corp.	-	-	-	-	-	-	-	-	-
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	-	-	-	-	-	-	-	-	-
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	-	-	-	-	-	-	-	-	-
c) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(2):	-	-	-	-	-	-	-	-	-
Total Public Shareholding (B) = (B)(1) + (B)(2)	-	-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs & ADRs									
Grand Total (A + B + C)	-	13,200,000	13,200,000	100.00	-	13,200,000	13,200,000	100.00	NIL

(ii) Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year 01-04-2014			Shareholding at the end of the year 31-03-2015			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	
1	Mahindra Holidays & Resorts India Limited	13,200,000	100%	Nil	13,200,000	100%	Nil	Nil
	Total	13,200,000	100%	Nil	13,200,000	100%	Nil	Nil

(iii) Change in Promoters' Shareholding (please specify, if there is no change): No change during the year.

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):
Not Applicable

(v) Shareholding of Directors and Key Managerial Personnel: None of the Directors and KMPs hold any Shares in the Company

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment.

				(Rs. in lakh)
	Secured Loans excluding deposits	Unsecured Loans (ICD)	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	–	1,076.06	–	1,076.06
ii) Interest due but not paid	–		–	
iii) Interest accrued but not due	–	6.55	–	6.55
Total (i+ii+iii)	–	1,082.61	–	1,082.61
Change in Indebtedness during the financial year	–		–	
+ Addition		1,162.84		1,162.84
– Reduction				
Net change	–	1,162.84	–	1,162.84
Indebtedness at the end of the financial year	–	–	–	–
i) Principal Amount	–	2,117.86	–	2,117.86
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	127.60	–	127.60
Total (i+ii+iii)	–	2,245.46	–	2,245.46

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Sr. No.	Particulars of Remuneration	Name of MD/WTD/Manager	Total Amount
		Dineshwar Dutt Sharma	
1.	Gross salary		
	a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	–	Nil
	b) Value of perquisites u/s 17(2) Income-tax Act, 1961	–	–
	c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961	–	–
2.	Stock Option	–	–
3.	Sweat Equity	–	–
4.	Commission	–	–
	– as % of profit	–	–
	– others, specify	–	–
5.	Others, please specify	–	Nil
	Total (A)	–	NA
	Ceiling as per the Act		

B. Remuneration of other directors:

Sr. No.	Particulars of Remuneration	Name of Directors					Total Amount
		Dinesh Shetty	Ravindra Nath Khanna	Ajay Agrawal#	Manish Vora*	Kanwaljit Singh Thanewal*	
3.	Independent Directors						
	Fee for attending board/committee meetings	–	–	–	–	–	–
	Commission	–	–	–	–	–	–
	Others, please specify	–	–	–	–	–	–
	Total (1)	–	–	–	–	–	–
4.	Other Non-Executive Directors						
	Fee for attending board/committee meetings	–	–	–	–	–	–
	Commission	–	–	–	–	–	–
	Others, please specify	–	–	–	–	–	–
	Total (2)	–	–	–	–	–	–
	Total (B)=(1+2)	–	–	–	–	–	–
	Total Managerial Remuneration	–	–	–	–	–	–
	Overall Ceiling as per the Act						

appointed w.e.f. 3rd June, 2014* appointed w.e.f. 25th March, 2015.

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

Sr. No.	Particulars of Remuneration	Key Managerial Personnel		
		Company Secretary*	CFO#	Total
1.	Gross salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	1,56,000	15,216	1,71,216
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	–	–	–
	(c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961	–	–	–
2.	Stock Option	–	–	–
3.	Sweat Equity	–	–	–
4.	Commission			
	– as % of Profit	–	–	–
	– others, specify	–	–	–
5.	Others, please specify	–	–	–
	Total	1,56,000	15,216	1,71,216

* Ms. Anju Sharma resigned as the company secretary of the Company w.e.f 1st February, 2015 and Ms. Niveta Sharma joined as the company secretary of the Company w.e.f. 2nd February, 2015.

Ms. Preetha Thanikachalam joined as the Chief Financial Officer w.e.f 1st March, 2015.

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

During the year, no penalties were levied against the Company, its Directors or any of its officers under the Companies Act, 2013 nor was there any punishment or compounding of offences against the Company, its Directors or any of its officers.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF Gables Promoters Private Limited

We have audited the accompanying Financial Statements of **Gables Promoters Private Limited which comprise of Balance Sheet** as at March 31, 2015 and the Statement of Profit and Loss, Cash flow Statement for the year ended on that date, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies(Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the preparation of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due

to fraud or error. In making those risk assessments; the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial control system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2015, and its loss and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements:- As required by Section 143(3) of the Act, we report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) Except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books
- (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account
- (d) Except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors as on March 31, 2015 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2015 from being appointed as director in terms Section 164(2) of the Act.

(f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- (i) The Company does not have any pending litigations which would impact its financial position.
- (ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For Vinod Kumar Arora & Associates,
Chartered Accountants
Firm Registration No. 012099N

(Vinod Kumar Arora)
Prop.
M.No. 091264

Place: Panchkula

Date: 10/04/2015

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3 and 4 of our report of even date)

In terms of the information and explanation given to us and the books and records examined by us and on the basis of such checks as we considered appropriate, we further reports as under:

- (i) (a) Not Applicable, As company has no fixed assets during the Year Except Land and Work on progress thereon.
- (b) Not Applicable, as there is not other fixed assets purchased by the company except land.
- (c) During the year the company has not sold/disposed off substantial part of fixed assets.
- (ii) (a) Not Applicable, as there is no inventory as company has not started its operations.
- (b) Not Applicable
- (c) Not Applicable
- (iii) (a) The Company has not granted any loans secured or unsecured to companies, firms and/or other parties listed/covered in the register maintained under section 189 of the Companies Act'.
- (b to c) Not Applicable
- (iv) In our opinion and according to the information and explanation given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, for the purchase fixed assets. However the company sofar has not started its operations.
- (v) In our opinion and according to the information and explanation given to us, The Company has not accepted any deposits during the year and has not contravened the provisions of section 73 to 76 and any other provision of the companies act and rules framed there under. However the company has taken inter corporate deposit from its holding company Mahindra Holidays and Resorts India Limited for the purpose of construction of Hotels. The total and maximum amount involved/outstanding as at the year ended 31/03/2015 was Rs. 211,786,000/- (Previous Year – Rs. 107,606,008/-) beside interest amounting to Rs. 12,759,690/-. In our Opinion,the rate of interest and other terms and condition on which these loans were taken are not prima facie prejudicial to the interest.
- (vi) The maintenance of cost records have not been applicable so far as prescribed by the Central Government under section 148(1) of the Companies Act, 1956.
- (vii) (a) The company is regular in depositing the statutory dues in respect of TDS & WCT. There is no arrears of outstanding statutory dues as at the last day of the financial year for a period of more than Six Month from the date they became payable.
- (b) According to the information and explanations given to us, no dues in case of sales tax/income tax/custom tax/wealth tax/excise duty/cess/have been outstanding on account of dispute with the concerned department.
- (c) Not applicable, as outstanding dues are not standing on account of dispute with the concerned department, hence no amount is transferred to investor education and protection fund as per the provisions of the Company Act, 1956 (1 of 1956) and rules made thereunder.
- (viii) The company has accumulated losses at the end of the financial year 2014-2015 is Rs. 571,822/- and it has incurred Rs. 267,970/- as cash losses in the current financial year. (Previous Financial yrs. it was Rs. 244,263/-).
- (ix) Not applicable, as the company has neither taken any loans from financial institutions/banks nor issue debenture to any.
- (x) In our opinion, and according to the information and explanations given to us and the records examined by us, the company has not given any guarantees for loan taken by others from banks or financial institutions.
- (xi) The company has not taken any loan from Financial institutions or Banks. However the company has taken **inter corporate deposit** from its holding company **Mahindra Holidays and Resorts India Limited** for the purpose of construction of Hotels. The Company has applied the same for the purpose of construction. The total and maximum amount involved/outstanding as at the year ended 31/03/2015 was Rs. 211,786,000/- (Previous Year - Rs. 107,606,008/-). In our Opinion,the rate of interest and other terms and condition on which these loans were taken are not prima facie prejudicial to the interest. Interest amounting to Rs. 12,759,690/- was payable (Mahindra Holidays and Resorts India Limited) as on 31/03/2015.
- (xii) Based upon the audit procedures performed and the information and explanation given by the management, we report that no fraud on or by the company has been noticed or reported during the year.

For VINOD KUMAR ARORA & ASSOCIATES

*Chartered Accountants
Firm Regn. No. 012099N*

(VINOD KUMAR ARORA)

Proprietor

Membership Number : 91264

Place : Panchkula
Dated : 10/04/2015

BALANCE SHEET AS AT MARCH 31, 2015

Particulars	Note No.	(In Rs.)	
		As at March 31, 2015	As at March 31, 2014
EQUITY AND LIABILITIES			
Shareholders' funds			
(a) Share capital	2	132,000,000	132,000,000
(b) Reserves and surplus	3	(571,822)	(303,852)
		<u>131,428,178</u>	<u>131,696,148</u>
Non Current liabilities			
(a) Payable on Purchase of Fixed Assets	4	7,297,905	3,683,646
Current liabilities			
(a) Short-term borrowings	5	211,786,000	107,606,008
(b) Other current liabilities	6	17,008,432	2,222,910
		<u>228,794,432</u>	<u>109,828,918</u>
TOTAL		<u><u>367,520,515</u></u>	<u><u>245,208,712</u></u>
ASSETS			
Non-current assets			
(a) Fixed assets			
(i) Tangible assets	7	128,400,010	128,400,010
(ii) Capital work-in-progress	8	224,293,324	93,119,593
		<u>352,693,334</u>	<u>221,519,603</u>
(b) Other non-current assets	9	9,433,604	797,303
		<u>362,126,938</u>	<u>222,316,906</u>
Current assets			
(a) Cash and cash equivalents	10	5,269,977	22,683,206
(b) Short term loans and advances	11	123,600	208,600
		<u>5,393,577</u>	<u>22,891,806</u>
TOTAL		<u><u>367,520,515</u></u>	<u><u>245,208,712</u></u>
Significant Accounting Policies	1		
Notes forming part of the financial statements	2-11	-	-

In terms of our report attached.**For Vinod Kumar Arora & Associates**

Firm Registration No. 012099N

Chartered Accountants

Vinod Kumar Arora

Proprietor

Membership Number : 091264

Place : Panchkula

Date : 10/04/2015

For and on behalf of the Board of Directors

Ravindera Nath Khanna
Director**Ajay Agarwal**
Director**T. Preetha**
CFO**Niveta Sharma**
Company Secretary

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2015

Particulars	Note No.	(In Rs.)	
		Year ended March 31, 2015	Year ended March 31, 2014
1 Revenue from operations.....		-	-
Total revenue		-	-
2 Expenses			
(a) Employee Benefit Exps.....	12	173,097	169,000
(b) Other expenses.....	13	94,873	75,263
Total expenses		267,970	244,263
3 Profit/(Loss) before tax (1 ± 2)		(267,970)	(244,263)
4 Tax expense:			
Current tax expense for current year		-	-
		-	-
5 Profit/(Loss) for the year		(267,970)	(244,263)
Notes forming part of the financial statements.....	12, 13		

In terms of our report attached.**For Vinod Kumar Arora & Associates**

Firm Registration No. 012099N

Chartered Accountants

Vinod Kumar Arora

Proprietor

Membership Number : 091264

Place : Panchkula

Date : 10/04/2015

For and on behalf of the Board of Directors

Ravindera Nath Khanna

Director

Ajay Agarwal

Director

T. Preetha

CFO

Niveta Sharma

Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2015

PARTICULARS	(In Rs.)	
	Year ended March 31, 2015	Year ended March 31, 2014
CASH FLOW FROM OPERATING ACTIVITIES:		
Profit before tax	(267,970)	(244,263)
Operating profit before working capital changes.....	(267,970)	(244,263)
Changes in :		
Trade and other receivables	-	-
Preliminary Exps.....	-	-
Trade and other payables	-	-
	-	-
NET CASH FROM OPERATING ACTIVITIES	<u>(267,970)</u>	<u>(244,263)</u>
CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of fixed assets including capital work in progress and expenditure pending allocation	(133,429,452)	(85,339,279)
NET CASH (USED IN)/FROM INVESTING ACTIVITIES	<u>(133,429,452)</u>	<u>(85,339,279)</u>
CASH FLOW FROM FINANCING ACTIVITIES:		
Increase/(Decrease) in unsecured Loan- from Related parties.....	116,284,193	108,261,497
NET CASH (USED IN)/FROM FINANCING ACTIVITIES	<u>116,284,193</u>	<u>108,261,497</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(17,413,229)</u>	<u>22,677,955</u>
CASH AND CASH EQUIVALENTS:		
Opening balance.....	22,683,206	5,251
Closing balance	5,269,977	22,683,206
	<u>(17,413,229)</u>	<u>22,677,955</u>
	-	-
Reconciliation between Cash and Cash equivalents with the Balance Sheet (31-03-2015)		
Cash and cash equivalents as per Balance Sheet	22,683,206	5,251
Less: Bank balances not considered as Cash and cash equivalents	-	-
Net Cash and cash equivalents.....	22,683,206	5,251
Add: Current investments considered as part of Cash and cash equivalents (Investment in units of Mutual Funds)	-	-
Cash and cash equivalents at the end of the period	<u>22,683,206</u>	<u>5,251</u>

See accompanying notes forming part of the financial statements

In terms of our report attached.

For Vinod Kumar Arora & Associates

Firm Registration No. 012099N

Chartered Accountants

Vinod Kumar Arora

Proprietor

Membership Number : 091264

Place : Panchkula

Date : 10/04/2015

For and on behalf of the Board of Directors

Ravindera Nath Khanna

Director

Ajay Agarwal

Director

T. Preetha

CFO

Niveta Sharma

Company Secretary

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

1. Significant Accounting Policies

a) Basis for preparation of financial statements:

The financial statements of the Company are prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) under the historical cost convention on the accrual basis. GAAP comprises mandatory accounting standards as prescribed under Section 133 of the Companies Act, 2013 ('Act') read with Rule 7 of the Companies (Accounts) Rules, 2014, the provisions of the Act (to the extent notified). Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

b) Fixed Assets

Fixed assets are carried at cost less accumulated depreciation/amortisation and accumulated impairment losses, if any. Cost comprises of purchase price and other directly attributable costs of bringing the asset to its working condition for its intended use and includes interest on moneys borrowed for construction/acquisition of fixed assets up to the period the assets are ready for use. Projects under which assets are not ready for their intended use and other capital work-in-progress are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

c) Revenue Recognition:

The company had not commenced commercial operations during the year ended March 31, 2015.

d) Inventories:

The company did not have inventories during the year ended March 31, 2015.

e) Retirement Benefits:

The company has one employee on rolls during the year ended March 31, 2015.

f) Taxes on Income:

Since the company did not have any commercial operations during the year, the question of income tax/deferred tax does not arise.

g) Earnings per share:

Since the company did not have any commercial operations during the year ended March 31, 2015 the Accounting Standard ('AS') 20 on Earnings Per Share, issued by the Institute of Chartered Accountants of India would not be applicable to the company.

h) Preliminary Expenses:

Preliminary Expenses include all expenses incurred in connection with registration of the company. These will be amortized over a period of five years after commencement of the activities of the company.

	(In Rs.)	
	March 31, 2015	March 31, 2014
2 Share Capital		
Equity Share Capital		
Authorised Capital divided into 13,500,000 Shares of Rs. 10/- each.....	135,000,000	135,000,000
	<u>135,000,000</u>	<u>135,000,000</u>
Issued, Subscribed & Paid up 13,200,000 shares of Rs. 10/- each fully Paid up.....	132,000,000	132,000,000
	<u>132,000,000</u>	<u>132,000,000</u>

(a) Share Capital Reconciliation

	March 31, 2015		March 31, 2014	
	Nos. of Share	(in Rs.)	Nos. of Share	(in Rs.)
Equity share of Rs. 10/- each fully paid				
At the Opening of the Year	13,200,000	132,000,000	13,200,000	132,000,000
Add Fresh Issue	-	-	-	-
Closing Balance.....	<u>13,200,000</u>	<u>132,000,000</u>	<u>13,200,000</u>	<u>132,000,000</u>

Neither Bonus Share allotted nor there is any buy back during the year ended March 31, 2015

(b) Details of Shares held by each share holder holding more than 5% Share

	As at March 31, 2015		As at March 31, 2014	
	Nos. of Share	% age of holding	Nos of Share	% age of holding
Mahindra Holidays & Resorts India Limited.....	13,199,900	100.00%	13,199,900	100.00%
Mahindra Holidays & Resorts India Limited Jointly with Mr. Dinesh Shetty	100	0.00%	100	0.00%
	<u>13,200,000</u>	<u>100.00%</u>	<u>13,200,000</u>	<u>100.00%</u>

(In Rs.)

3 Reserves and Surplus

Surplus in Statement of Profit & Loss

Opening Balance.....	(303,852)	(59,589)
Add:- Profit/(Loss) for the Year.....	(267,970)	(244,263)
Closing Balance.....	<u>(571,822)</u>	<u>(303,852)</u>

(In Rs.)

4 Non Current Liabilities

Retention.....	7,297,905	3,683,646
	<u>7,297,905</u>	<u>3,683,646</u>

5 Short Term Borrowing

Loans repayable on demand

- From Related Persons - Unsecured (Inter Corporate deposit from Mahindra Holidays & Resorts India Ltd., payable on demand @ 9.5% Per annum)	211,786,000	107,606,008
	<u>211,786,000</u>	<u>107,606,008</u>

6 Other Current Liabilities

Statutory Liabilities.....	1,315,070	1,476,854
Payables relating to Project in progress	2,873,672	-
Expenses payable	60,000	90,567
Interest Accrued.....	12,759,690	655,489
	<u>17,008,432</u>	<u>2,222,910</u>

7 Fixed Assets

(In Rs.)

DESCRIPTION OF ASSETS	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	As at April 1, 2014	Additions	As at March 31, 2015	As at April 1, 2014	For the Year	As at March 31, 2015	March 31, 2015	March 31, 2014
LAND	128,400,010	-	128,400,010	-	-	-	128,400,010	128,400,010
TOTAL.....	128,400,010	-	128,400,010	-	-	-	128,400,010	128,400,010
PREVIOUS YEAR.....	128,400,010	-	128,400,010	-	-	-	128,400,010	128,400,010

	(In Rs.)	
	March 31, 2015	March 31, 2014
8 Capital Work In Process		
Opening	93,119,593	2,639,247
Add :-Cost of Construction, Labour	117,724,617	89,752,025
Interest Capitalised	13,449,114	728,321
	224,293,324	93,119,593
9 Other Non Current Assets		
Mobilization Advance	8,636,301	-
Preliminary Exps Not written off	797,303	797,303
	9,433,604	797,303
10 Cash and cash equivalents		
(a) Cash on hand	-	-
(b) Balance with banks		
(i) In Current Account with HDFC	5,136,082	-
(ii) In Current Account with IOB	133,895	22,683,206
	5,269,977	22,683,206
11 Short Term Loans & Advances		
(a) Loan & advance to employees		
Unsecured and considered Good	-	85,000
(b) Loans and advances to Others	-	-
Unsecured Considered Good - more than Six Month	-	-
- C P Kukereja & Associates	123,600	123,600
	123,600	208,600
12 Employee Benefit Exps		
Salaries, Wages and Bonus	173,097	169,000
	173,097	169,000
13 Other Expenses		
Bank Charges	-	436
Professional Charges	32,597	39,827
Rates Fees & Taxes.....	2,276	-
Audit Fees.....	60,000	35,000
	94,873	75,263

14. Capital Commitment:
Estimated amount of contracts remaining to be executed on capital account and not provided for net of advances Rs. 197,613,563/-.

15. Segment Reporting:

The Company did not commence commercial operations during the year ended March 31, 2015. Hence, the disclosure requirement as per AS 17 on Segment Reporting would not be applicable to the company.

16. Foreign Transactions:

There is no earning, expenditure or remittance is made in foreign exchange during the year ended March 31, 2015.

17. Auditors Remuneration:

Audit Fees: Rs. 60,000/-

18. Based on the information available with the company, the balance due to Micro and Small Enterprises as defined under the MSMED Act, 2006 is Rs. NIL as on March 31, 2015.

19. Related party Transactions:

There are transactions with related parties, required to be disclosed as per AS 18 on Related Party Disclosure issued by Institute of Chartered Accountants of India, during the year ended March 31, 2015.

A. Names of related parties and nature of relationship where control exists:

Name of the Related Party	Nature of Relationship
Mahindra Holidays & Resorts India Limited	Holding Company
Key Management Personnel:	
Ms. Niveta Sharma	Companies Secretary from February 2, 2015
Ms. T Preetha	Chief Financial Officer from February 2, 2015

B. Disclosures in respect of transactions with related parties:

Name of the Related Party	Nature of the Transaction	Year ended March 31, 2015 (In Rs.)	Year ended March 31, 2014 (In Rs.)
Mahindra Holidays & Resorts India Limited	Inter corporate deposit received	10,41,79,992	10,76,06,008
	Interest accrued	1,41,77,433	7,28,321
Mahindra Holidays & Resorts India Limited	Manpower Deputation	15,216	-
Key Management Personnel:			
Ms. Niveta Sharma	Managerial Remuneration	26,000	-
Ms. T Preetha		15,216	-

C. Disclosures in respect of Payables with related parties

Name of the Related Party	Payables	Year ended March 31, 2015 (In Rs.)	Year ended March 31, 2014 (in Rs.)
Mahindra Holidays & Resorts India Limited	Inter corporate deposit	21,17,86,000	10,76,06,008
Mahindra Holidays & Resorts India Limited	Interest Accrued	1,27,59,690	6,55,489

As per our report of even date For and on behalf of the Board of Directors

For Vinod Kumar Arora & Associates

Chartered Accountants
Firm Regn. No :012099N

Ravindera Nath Khanna **Ajay Agarwal**
Director Director

Vinod Kumar Arora
Prop
Membership No :091264

T. Preetha **Niveta Sharma**
CFO CS

Place : Panchkula
Date : 10/04/2015

DIRECTORS' REPORT TO THE SHAREHOLDERS

To,

The Shareholders,

Your Directors have pleasure in presenting their Nineteenth Annual Report on the business and operations of the Company and the accounts for the Financial Year ended 31st March, 2015.

Performance of the Company

During the year under review, your Company's resort property at Kandaghat, Shimla, Himachal Pradesh was fully operational. The financial highlights are given below:

FINANCIAL RESULTS:

	(₹ in Lakhs)	
	2015	2014
Income:		
Revenue from operations	738.13	590.19
Other Income	–	0.29
Total Income	738.13	590.48
Total Expenditure	928.89	469.54
Profit / (Loss) before Tax	(190.76)	120.94
Provision for Income Tax	–	–
Net Profit / (Loss) after Tax	(190.76)	120.94
Adjustment on account of transitional provision specified in Schedule II of the Companies Act, 2013	(7.95)	–
Balance brought forward	(505.88)	(626.82)
Balance carried to Balance Sheet	(704.59)	(505.88)

Dividend and Reserves

In view of the losses, your Directors do not recommend any dividend for the year under review and also do not propose to transfer any amount to reserves.

Holding Company

During the year under review, your Company continues to be a wholly owned subsidiary of Mahindra Holidays & Resorts India Limited and in turn subsidiary of the ultimate holding company Mahindra & Mahindra Limited.

Scheme of Amalgamation and Arrangement

During the year under review, the Board approved the Scheme of Amalgamation and Arrangement for merger of the Company with Mahindra Holidays & Resorts India Limited (MHRIL), holding company, and their respective Shareholders and Creditors. The Scheme of Amalgamation and Arrangement ("the Scheme") also involves the merger of Competent Hotels Private Limited and Divine Heritage Hotels Private Limited, both fellow subsidiaries, with MHRIL and their respective Shareholders and Creditors. Accordingly, the Scheme will be effective from the last of the dates on which the certified or authenticated copies of the Orders of the Hon'ble High Courts

of Himachal Pradesh, Delhi, Rajasthan, and Madras are filed with the Registrar of Companies at Chandigarh & Shimla, Delhi, Jaipur, and Chennai respectively.

Your Company is in the process of filing application with the Hon'ble High Court of Himachal Pradesh, Shimla, in respect of the above. The Appointed Date of the Scheme is 1st April, 2015.

Auditors' Report

There are no reservations, qualifications or adverse remarks or disclaimers made by the Statutory Auditors in the Auditor's Report.

Extract of the Annual Return

The Extract of the Annual Return in Form No. MGT – 9, as required under sub-section (3) of Section 92 of the Companies Act, 2013 ("the Act") is given in the Annexure I to this Report.

Directors

Retirement by Rotation of Director

Pursuant to Section 152(6) of the Act, Mr. Ravindera Nath Khanna retires by rotation, who had been longest in office and being eligible, offers himself for re-appointment.

Appointment of Director

During the year under review, Mr. Ajay Agrawal was appointed as an Additional Director of the Company with effect from 3rd June, 2014 and his appointment as Director was subsequently approved by the shareholders of the Company at the last Annual General Meeting held on 26th September, 2014.

Key Managerial Personnel

The provisions of Section 203 of the Act is not applicable to the Company.

Number of meetings of the Board of Directors

During the year under review, the Board met five (5) times from 1st April, 2014 to 31st March, 2015. The Board of Directors has met once a quarter with a gap not exceeding 120 (one hundred and twenty) days between two Board Meetings.

Particulars of Loans, Guarantees or Investments under Section 186 of the Companies Act, 2013:

During the year under review, your Company did not grant any loans or give any guarantees or made any investments under Section 186 of the Act.

Particulars of contracts or arrangements with related parties:

During the year under review, your Company did not enter into any contract or arrangement in the nature of a Related Party Transactions (RPT) under sub-section (1) of Section 188 of the Act which was not in ordinary course of business and not at arms length.

During the year, your Company availed Inter Corporate Deposit (ICD) from Mahindra Holidays & Resorts India Limited (MHRIL), holding company, amounting to Rs. 33 Lakh. As on 31st March, 2015, the aggregate outstanding Loans availed by your company from MHRIL was Rs. 2,955 Lakh.

During the year under review, your Company entered into transactions including a transaction which was material in nature with Mahindra Holidays & Resorts India Limited (MHRIL), holding company. Your Directors confirm that these transactions with MHRIL are in ordinary course of business and at arms length. The details of the material transaction are given in Form AOC 2 attached as Annexure II to this report.

There were no materially significant related party transactions with the Promoters, Directors and Key Managerial Personnel, which may have a potential conflict with the interest of the Company at large.

Your Directors draw attention of the members to Note No. 24 to the financial statements which sets out related party disclosure.

Statutory Auditors

Messrs K.N. Chandla & Co., Chartered Accountants, Shimla (ICAI Registration Number 001326N), were appointed as Statutory Auditors of the Company for a term of five years, from the conclusion of the Annual General Meeting (AGM) held on 25th September, 2014 till the conclusion of sixth AGM

to be held in the year 2019, subject to a yearly ratification of such appointment by shareholders at the AGM.

As required under the provisions of Section 139 and 141 of the Act, your Company has obtained a written certificate from the above Auditors to the effect that their ratification of appointment, if made at the forthcoming AGM, would be in conformity within the limits specified in the said Section. Accordingly, ratification of appointment of Statutory Auditors is being sought from the shareholders of the Company at the ensuing AGM.

Material Changes and Commitments affecting the financial position of the Company

There are no material changes and commitments, affecting financial position of the Company which has occurred between the end of the financial year of the Company i.e. 31st March, 2015 and the date of the Directors' Report.

Internal Financial Controls

Your Company has in place adequate internal financial controls with reference to financial statements.

Deposits and Loans/Advances

Your Company has not accepted any deposits from the public or its employees during the year under review.

Your Company has not made any loans/advances of the nature, which are otherwise required to be disclosed in the annual accounts of the Company pursuant to Clause 32 of the Listing Agreements of the parent companies, Mahindra Holidays & Resorts India Limited and Mahindra & Mahindra Limited with the Stock Exchanges.

Significant and Material Orders passed by the Regulators or Courts

There are no significant and material orders passed by the Regulators/Courts/Tribunal which would impact the going concern status of the Company and its operations in future.

Conservation of energy, technology absorption and foreign exchange earnings and outgo

Your Company continuously strives to conserve energy, adopt environment friendly practices and employ technology for more efficient operations.

The particulars relating to the energy conservation, technology absorption and foreign exchange earnings and outgo, as required under Section 134(3)(m) of the Act, read with Rule 8(3) of the Companies (Accounts) Rules, 2014, are given in the Annexure III to this Report.

Directors' Responsibility Statement

Pursuant to clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013, your Directors state that:

- (a) in the preparation of the annual accounts for the year ended 31st March, 2015, the applicable accounting standards have been followed and there is no material departure;
- (b) they have selected such accounting policies and applied them consistently and made judgments and estimates

that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of 31st March, 2015 and of the loss of the Company for the year ended on that date;

- (c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) the annual accounts have been prepared on a going concern basis; and
- (e) the directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Acknowledgements

The Board expresses its gratitude and appreciates the assistance and co-operation received from the Holding company, Creditors, Banks, Government Authorities, Customers and Employees during the year under review.

For and on behalf of the Board of Directors

Dinesh Shetty
Director

Ajay Agrawal
Director

Place: Chennai
Date: 24/04/2015

ANNEXURE I TO THE DIRECTORS REPORT FOR THE YEAR ENDED MARCH 31, 2015

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31.03.2015

[Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

i	CIN	U55101HP1996PTC017806
ii	Registration Date	6 th March, 1996
iii	Name of the Company	Holiday on Hills Resorts Private Limited
iv	Category/Sub-Category of the Company	
v	Address of the Registered office of the Company	Vill Sicharateh Kandaghat, Distt Solan, Himachal Pradesh – 173215; Ph. No. - 01792-257062 Fax No. - 01792 – 256706 E-mail - arun.khandelwal@mahindraholidays.com
vi	Whether listed company	No
vii	Name, Address, Contact details of Registrar and Transfer Agent	Not Applicable

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sr. No.	Name and Description of Main Products/Services	NIC Code of the Product/Service	% to total turnover of the Company
1	Income from Room Rental	55101	42
2	Income from sale of Food and Beverages	55101	49

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/Susidary/Associate	% of shares held	Applicable Section
1.	Mahindra Holidays & Resorts India Ltd Mahindra Towers, 2 nd Floor, 17/18 Patullos Road, Chennai – 600 002	L55101TN1996PLC036595	Holding Company	100%	2(46)

IV. SHARE HOLDING PATTERN (Equity Share Capital Break-up as percentage of Total Equity)**(i) Category-wise Share Holding**

Category of Shareholders	No. of Shares held at the beginning of the year (01/04/2014)				No. of Shares held at the end of the year (31/03/2015)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
g) Individual	–	–	–	–	–	–	–	–	–
h) Central Govt.	–	–	–	–	–	–	–	–	–
i) State Govt(s)	–	–	–	–	–	–	–	–	–
j) Bodies Corp.	–	10,00,000	10,00,000	100.00	–	10,00,000	10,00,000	100.00	–
k) Banks/Fl	–	–	–	–	–	–	–	–	–
l) Any Other	–	–	–	–	–	–	–	–	–
Sub-total (A)(1):	–	10,00,000	10,00,000	100.00	–	10,00,000	10,00,000	100.00	–

Category of Shareholders	No. of Shares held at the beginning of the year (01/04/2014)				No. of Shares held at the end of the year (31/03/2015)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(2) Foreign									
a) NRI-Individuals	-	-	-	-	-	-	-	-	-
b) Other Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks/FI	-	-	-	-	-	-	-	-	-
e) Any Other	-	-	-	-	-	-	-	-	-
Sub-total (A)(2):	-	-	-	-	-	-	-	-	-
Total Shareholding of Promoter (A) = (A)(1) + (A)(2)	-	10,00,000	10,00,000	100.00	-	10,00,000	10,00,000	100.00	-
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks/FI	-	-	-	-	-	-	-	-	-
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):	-	-	-	-	-	-	-	-	-
2. Non-Institutions									
a) Bodies Corp.	-	-	-	-	-	-	-	-	-
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	-	-	-	-	-	-	-	-	-
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	-	-	-	-	-	-	-	-	-
c) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(2):	-	-	-	-	-	-	-	-	-
Total Public Shareholding (B) = (B)(1) + (B)(2)	-	-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs & ADRs									
	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	-	10,00,000	10,00,000	100.00	-	10,00,000	10,00,000	100.00	-

(ii) Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year 01/04/2014			Shareholding at the end of the year 31/03/2015			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	
1	Mahindra Holidays & Resorts India Limited	10,00,000	100%	Nil	10,00,000	100%	Nil	Nil
	Total	10,00,000	100%	Nil	10,00,000	100%	Nil	Nil

(iii) Change in Promoters' Shareholding (please specify, if there is no change): No change during the year.

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):
Not Applicable

(v) Shareholding of Directors and Key Managerial Personnel: Not Applicable

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment.

(Rs. in Lakhs)

	Secured Loans excluding deposits	Unsecured Loans (ICD)	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year (1/4/2014)				
i) Principal Amount	5.33	2,922.71		2,928.04
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	345.92	–	345.92
Total (i+ii+iii)	5.33	3,268.63	–	3,273.97
Change in Indebtedness during the financial year	–	–	–	–
+ Addition	.57	282.72		283.31
– Reduction	5.9	0		5.9
Net change	5.33	282.74	–	277.41
Indebtedness at the end of the financial year (31/3/2015)	–	–	–	–
i) Principal Amount	0	2,955.51	–	2,955.51
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	595.87	–	595.87
Total (i+ii+iii)	5.33	3,551.38	–	3,551.38

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager: Nil

B. Remuneration of other directors: Nil

C. Remuneration to Key Managerial Personnel other than MD/MANAGER/WTD: Nil

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

During the year, no penalties were levied against the Company, its Directors or any of its officers under the Companies Act, 2013 nor was there any punishment or compounding of offences against the Company, its Directors or any of its officers.

ANNEXURE II TO THE DIRECTORS REPORT FOR THE YEAR ENDED MARCH 31, 2015**Form No. AOC – 2**

(Pursuant to clause (h) of sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

1. **Details of contracts or arrangements or transactions not at arm's length basis:** Nil
2. **Details of material contracts or arrangement or transactions at arm's length basis:**

(a) Name(s) of the related party	Nature of relationship	Mahindra Holidays & Resorts India Limited Holding Company
(b) Nature of contracts/arrangements/transactions		Room Inventory Agreement
(c) Duration of the contracts/arrangements/transactions		1 year
(d) Salient terms of the contracts or arrangements or transactions including the value, if any:		Room Inventory to be made available on requisition basis. Period of agreement is one year. Aggregate value paid Rs. 252 lakhs for the FY 2014-15.
(e) Date(s) of approval by the Board, if any:		NA
(f) Amount paid as advances, if any;		Nil

The above mentioned transaction was entered into by the Company in its ordinary course of business.

For and on behalf of the Board of Directors

Dinesh Shetty
Director

Ajay Agrawal
Director

Place: Chennai
Date: 24/04/2015

ANNEXURE III TO THE DIRECTORS REPORT FOR THE YEAR ENDED MARCH 31, 2015**A) Conservation of energy:**

- (i) The steps taken or impact on conservation of energy:
The operations of your Company are not energy intensive. However, adequate measures have been initiated to reduce energy consumption. Timers were connected to Kitchen exhaust and Air wash units
- (ii) The steps taken by the company for utilizing alternate sources of energy: Nil
- (iii) The capital investment on energy conservation equipment:
Sewage treatment Plant capacity is expanded for recycling and saving of water – Rs. 40 lakh

(B) Technology absorption:

- (i) The efforts made towards technology absorption: The Company has not carried out any Technology absorption
- (ii) The benefits derived like product improvement, cost reduction, product development or import substitution- Not Applicable
- (iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)- Not Applicable
 - (a) The details of technology imported;
 - (b) The year of import;
 - (c) Whether the technology been fully absorbed;
 - (d) If not fully absorbed, areas where absorption has not taken place, and the reasons thereof; and
- (iv) the expenditure incurred on Research and Development- Not Applicable

(C) Foreign exchange earnings and Outgo:

There were no foreign exchange earnings and outgo during the financial year ended 31st March, 2015. Refer note no. 24 and 25 of the notes forming part of financial statements.

For and on behalf of the Board of Directors

Dinesh Shetty
Director

Ajay Agrawal
Director

Place: Chennai
Date: 24/04/2015

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF HOLIDAY ON HILLS RESORTS PRIVATE LIMITED

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of **HOLIDAY ON HILLS RESORTS PRIVATE LIMITED**, which comprise the Balance Sheet as at March 31, 2015 the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY

The Company's Board of Directors is responsible for the matters in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give

true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

OPINION

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2015.
- b) In the case of the Profit and Loss Account, of the Loss of the company for the year ended on that date.
- c) In the case of the cash flows for the year ended on that date.

Emphasis of Matters

We draw attention to the following matters in the Notes to the financial statements:

- a) Note No 30 in the financial statements which indicates that the Company has accumulated losses and its net worth has been fully/substantially eroded, the Company has incurred a net loss/net cash loss during the current year and, the Company's current liabilities exceeded its current assets as at the balance sheet date. However, the financial statements of the Company have been prepared on a going concern basis for the reasons stated in the said Note. Our opinion is not modified in respect of these matters.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENT

As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government in terms of Section 143 (11) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.

As required by section 143(3) of the Act, we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.

- c) The Balance Sheet, Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account and with the returns received from the branches not visited by us.
- d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) On the basis of written representations received from the directors as on 31 March, 2015, taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2015, from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i) The Company does not have any pending litigations which would impact its financial position.
 - ii) The Company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses.
 - iii) There were no amounts required to be transferred, to the Investor Education and Protection Fund by the Company.

K. N. Chandla & Co.
Chartered Accountants
(Firm Registration No. 001326N)

(CA. Dinesh Kumar Sood)
Partner

SHIMLA : 24th April, 2015

Membership No. 088343

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

(Referred to under 'Report on Other Legal and Regulatory Requirements' section of our report to the members of Holiday On Hills Resorts Private Limited on the accounts for the year ended 31st March, 2015)

- | | |
|---|--|
| <p>(i) Having regard to the nature of the Company's business/ activities/result, clause (v) and (xi) of the Order are not applicable to the Company in the current year.</p> | <p>have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.</p> |
| <p>(ii) In respect of its fixed assets:</p> <p>(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.</p> <p>(b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.</p> | <p>(vii) According to the information and explanations given to us in respect of statutory dues:</p> <p>(a) The Company has been generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues applicable to it with the appropriate authorities and there were no outstanding statutory dues as at the last day of the financial year for a period of more than six months from the date they became payable.</p> <p>(b) There are no dues of Income Tax which have not been deposited as on March 31, 2015 on account of disputes.</p> <p>(c) There are no amounts required to be transferred to the Investor Education and Protection Fund by the Company during the year.</p> |
| <p>(iii) In respect of its inventory:</p> <p>(a) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals.</p> <p>(b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.</p> <p>(c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.</p> | <p>(viii) There are accumulated losses as at the end of the financial year amounting in all to Rs. 7,04,59,547. and the Company has also incurred cash losses during the financial year covered by our audit amounting to Rs. 90,91,736.</p> <p>(ix) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues in respect of term loans.</p> <p>(x) In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.</p> <p>(xi) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.</p> |
| <p>(iv) In our opinion and according to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the Register maintained under Section 189 of the Companies Act.</p> | |
| <p>(v) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and fixed assets and sale of services. During the course of our audit, we have not observed any continuing failure to correct major weakness in such internal control system.</p> | |
| <p>(vi) We have broadly reviewed the cost records maintained by the Company specified by the Central Government under sub-section (1) of Section 48 of the Companies Act, 2013 and are of the opinion that <i>prima facie</i> the prescribed cost records have been maintained. We</p> | |

K. N. Chandla & Co.
Chartered Accountants
(Firm Registration No. 001326N)

(CA. Dinesh Kumar Sood)
Partner

SHIMLA : 24/04/2015

Membership No. 088343

BALANCE SHEET AS AT MARCH 31, 2015

Particulars	Note	In Rs.	
		As At March 31, 2015	As At March 31, 2014
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS:			
Share Capital	2	10,000,000	10,000,000
Reserves and Surplus	3	(67,459,547)	(47,588,144)
		<u>(57,459,547)</u>	<u>(37,588,144)</u>
Non-current liabilities			
Long term Borrowings.....	4	–	203,266
Long term provisions.....	5	370,196	295,276
		<u>370,196</u>	<u>498,542</u>
Current liabilities			
Short term Borrowings	6	295,551,000	292,601,148
Trade payables	7	–	3,536,153
Other current liabilities.....	8	102,710,893	77,999,372
Short term provisions	9	9,616	8,002
		<u>398,271,509</u>	<u>374,144,675</u>
		<u>341,182,158</u>	<u>337,055,073</u>
ASSETS			
Non-current assets			
Fixed Assets			
Tangible assets.....	10	304,557,668	312,373,789
Capital work in progress.....		8,309,699	1,292,542
		<u>312,867,367</u>	<u>313,666,331</u>
Long term loans and advances	11	5,947,475	4,213,603
Current assets			
Inventories.....	12	2,211,975	1,847,809
Trade receivables.....	13	431,503	445,718
Cash and cash equivalents.....	14	15,577,755	13,719,075
Short term loans and advances.....	15	4,146,083	3,162,537
		<u>22,367,316</u>	<u>19,175,139</u>
		<u>341,182,158</u>	<u>337,055,073</u>
See accompanying notes forming part of the financial statements		–	–

In terms of our report attached

For and on behalf of the Board of Directors

For **K.N. Chandla & Co.**
Chartered Accountants(CA Dinesh Kumar Sood)
Membership No.: 088343Place: Shimla
Date: 24/04/2015Dinesh Shetty
DirectorPlace: Chennai
Date: 24/04/2015Ajay Agarwal
DirectorPlace: Chennai
Date: 24/04/2015

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2015

Particulars	Note	In Rs.	
		Year ended March 31, 2015	Year ended March 31, 2014
REVENUE:			
Revenue from operations	16	73,812,608	59,019,118
Other Income	17	–	29,320
Total Revenue		73,812,608	59,048,438
EXPENDITURE:			
Employee benefits expense	18	16,226,616	11,052,270
Finance Costs	19	27,828,839	27,277,053
Depreciation and amortisation expense	10	9,908,290	(23,814,198)
Other expenses	20	38,924,891	32,439,621
Total Expenditure		92,888,636	46,954,746
Profit before tax		(19,076,028)	12,093,692
Less: Tax expense			
– Current tax		–	–
– Deferred tax		–	–
Profit for the year		(19,076,028)	12,093,692
Earnings per share:			
Basic		(19.08)	12.09
Diluted		(19.08)	12.09

See accompanying notes forming part of the financial statements

In terms of our report attached

For and on behalf of the Board of Directors

For **K.N. Chandla & Co.**
Chartered Accountants(CA Dinesh Kumar Sood)
Membership No.: 088343Place: Shimla
Date: 24/04/2015Dinesh Shetty
DirectorPlace: Chennai
Date: 24/04/2015Ajay Agarwal
DirectorPlace: Chennai
Date: 24/04/2015

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2015

	Year ended March 31, 2015	In Rs. Year ended March 31, 2014
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Profit/(Loss) before tax.....	(19,076,028)	12,093,692
Adjustments for non-cash and other items		
Depreciation.....	9,908,290	(23,814,198)
Finance costs	27,828,839	27,277,053
Provision for employee benefits	76,002	(242,180)
	<u>37,813,131</u>	<u>3,220,675</u>
Operating profit before working capital changes	18,737,103	15,314,367
Changes in:		
Trade and other receivables	(1,200,491)	(1,839,124)
Inventories	(364,166)	(536,384)
Trade and other payables.....	(6,652,940)	36,347,926
	<u>(8,217,597)</u>	<u>33,972,418</u>
Income taxes paid.....	(1,502,712)	(2,022,854)
Net cash from operating activities [A]	<u>9,016,794</u>	<u>47,263,931</u>
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of fixed assets including capital work in progress and expenditure pending allocation	(9,904,700)	(41,061,986)
Net cash used in investing activities [B]	<u>(9,904,700)</u>	<u>(41,061,986)</u>
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Borrowings taken/(Repaid)	2,746,586	5,899,234
Finance costs paid	-	-
Net cash from financing activities [C]	<u>2,746,586</u>	<u>5,899,234</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	<u>1,858,680</u>	<u>12,101,179</u>
CASH AND CASH EQUIVALENTS:		
Opening balance.....	13,719,075	1,617,896
Closing balance	<u>15,577,755</u>	<u>13,719,075</u>
	<u>1,858,680</u>	<u>12,101,179</u>
Reconciliation between Cash and Cash equivalents with the Balance Sheet		
Cash and cash equivalents as per Balance Sheet.....	15,577,755	13,719,075
Less: Bank balances not considered as Cash and cash equivalents.....	-	-
Net Cash and cash equivalents.....	<u>15,577,755</u>	<u>13,719,075</u>
Add: Current investments considered as part of Cash and cash equivalents (Investment in units of Mutual Funds).....	-	-
Cash and cash equivalents at the end of the period	<u>15,577,755</u>	<u>13,719,075</u>
See accompanying notes forming part of the financial statements		

In terms of our report attached

For and on behalf of the Board of Directors

For **K.N. Chandla & Co.**
Chartered Accountants

(CA Dinesh Kumar Sood)
Membership No.: 088343

Place: Shimla
Date: 24/04/2015

Dinesh Shetty
Director

Place: Chennai
Date: 24/04/2015

Ajay Agarwal
Director

Place: Chennai
Date: 24/04/2015

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015

Note 1: Significant accounting policies

(a) Basis of accounting and preparation of financial statements :

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act")/Companies Act, 1956 ("the 1956 Act"), as applicable. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

(b) Use of estimates:

The preparation of financial statements in conformity with Indian GAAP requires the management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of financial statements and the reported income and expenses during the reporting period. The management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known/materialise.

(c) Fixed assets:

Tangible Fixed assets are carried at cost less accumulated depreciation/amortisation and accumulated impairment losses, if any. Cost comprises of purchase price and other directly attributable costs of bringing the asset to its working condition for its intended use and includes interest on moneys borrowed for construction/acquisition of fixed assets up to the period the assets are ready for use. Projects under which assets are not ready for their intended use and other capital work-in-progress are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

Losses arising from the retirement of and gains or losses arising from the disposal of fixed assets which are carried at cost are recognised in the Statement of profit and loss.

Depreciation is provided on a pro-rata basis on straight line method and useful life of the assets, in the manner prescribed in the schedule II of the Companies Act 2013.

(d) Holiday On Hills Resorts Private Limited (The "Company") is engaged in the business of rendering hospitality services at a full service hotel. The company is an unlisted public limited company, that is a wholly owned subsidiary of Mahindra Holidays & Resorts India Limited, (the parent). The company owns one full service hotel at which it provides hospitality services to the upscale market.

(e) Impairment of assets:

The carrying value of the assets (tangible or intangible) is reviewed at each Balance Sheet date for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss.

(f) Leases:

Rentals paid under operating lease are recognised as expenses in the Statement of Profit and Loss on straight line basis over the period of lease. Rentals received on assets given on operating leases are recognised as income in the Statement of Profit and Loss on a straight-line basis over the period of the lease as per the terms of agreement.

(g) Investments:

Investment that are readily realisable and intended to be held for not more than one year from the date on which such investments were made were classified as current investments. All other investments are classified as long-term investments. Long-term investments are carried at cost less provision for diminution other than temporary, in the value of

such investments, such diminution being determined and made for each investment individually. Current investments are carried individually, at the lower of cost and fair value. Cost of investments includes acquisition charges such as brokerage, fees and duties.

(h) Inventories:

Stock of food and beverages and operating supplies are carried at lower of cost and net realisable value. Cost is determined on First-in-First-out basis. Cost includes the purchase price, non refundable taxes and delivery handling cost. Net realisable value is estimated at the expected selling price less estimated costs of procurement and sales.

(i) Revenue recognition:

Revenue is primarily derived from hotel operations including rental of rooms and sale of food and beverages and other allied services. Revenue is recognised when the rooms are occupied and the services have been rendered. Taxes collected and submitted to taxing authorities are not recorded in revenue.

Interest income is recognised on a time proportion basis by reference to the principal outstanding and at the rate applicable. Dividends are credited to the Statement of Profit and Loss when the right to receive such dividend is established.

(j) Foreign currency transactions:

Transactions in foreign currencies entered into by the Company are accounted at the exchange rates prevailing on the date of the transaction. Foreign currency monetary assets and liabilities outstanding at the Balance Sheet date are restated at year end rates. Exchange differences arising on settlement of transactions and translation of monetary items are recognised as income or expense in the year in which they arise and charged to the Statement of Profit and Loss.

Any premium or discount arising at the inception of the forward exchange contract is recognised as income or expense over the life of the contract. Any profit or loss arising on cancellation of such a forward exchange contract is recognised as income or expense during the year in which such cancellation occurs.

(k) Borrowing costs:

Borrowing costs include interest, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan. Borrowing costs, allocated to and utilised for qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset upto the date of capitalisation of such asset is added to the cost of the assets. Capitalisation of borrowing costs is suspended and charged to the Statement of Profit and Loss during extended periods when active development activity on the qualifying assets is interrupted.

(l) Employee benefits:

i. Short term

Short term employee benefits include salaries and performance incentives. The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised as an expense in the Statement of profit and loss during the year when the employees render the service to the company.

ii. Long term

The Company has defined contribution and defined benefit plans. The plans are financed by the Company and in the case of some defined contribution plans by the Company along with its employees.

• Defined-contribution plans

The Company's contribution to provident fund and family pension fund made to the regulatory authorities and the Company has future obligation are considered as defined contribution plans and are charged as an expense in the Statement of profit and loss as they fall due based on the amount of contribution required to be made.

• Defined-benefit plans

Expenses for defined-benefit gratuity plans are calculated as at the balance sheet date by independent actuaries using the projected unit credit method in a manner that distributes expenses over the employee's working life. These commitments are valued at the present value of the expected future payments, with consideration for calculated future salary increases, using a discount rate corresponding to the interest rate estimated by the actuary having regard to the interest rate on government bonds with a remaining term that is almost equivalent to the average balance working period of employees. Actuarial gains/ losses are recognised in the Statement of profit and loss in the year in which they arise.

iii. Other employee benefits

Compensated absences which accrue to employees and which can be carried to future periods but are expected to be encashed or availed in twelve months immediately following the year end are reported as expenses during the year in which the employees perform the services that the benefit covers and the liabilities are reported at the undiscounted amount of the benefits after deducting amounts already paid. Where there are restrictions on availment of encashment of such accrued benefit or where the availment or encashment is otherwise not expected to wholly occur in the next twelve months, the liability on account of the benefit is actuarially determined using the projected unit credit method.

(m) Taxes on income:

i. Company's income taxes include taxes on the taxable income, adjustments attributable to earlier periods and changes in deferred taxes.

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income tax Act, 1961.

ii. Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognised only if there is virtual certainty that there will be sufficient future taxable income available to realise such assets. Deferred tax assets are recognised for timing differences of other items only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each Balance Sheet date for their realise ability.

(n) Earnings per share:

Basic earnings per share is computed by dividing the profit/ (loss) after tax by the weighted average number of equity shares in issue during the year.

(o) Cash flow statements:

The cash flow statement is prepared in accordance with "Indirect Method" as explained in the Accounting Standard (AS) 3 on "Cash Flow Statements".

Cash and cash equivalents:

Cash and bank balances and current investments that have insignificant risk of change in value, which have durations up to three months, are included in the Company's cash and cash equivalents in the Cash Flow Statement.

(p) Accounting for Provisions, Contingent Liabilities and Contingent Assets:

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date. A contingent liability is disclosed unless the possibility of an outflow of resources embodying

economic benefits is remote. A contingent asset is neither recognised nor disclosed.

Note 2: Share Capital

	As at March 31, 2015	In Rs. As at March 31, 2014
Authorised:		
1,000,000 equity shares of Rs. 10 each	10,000,000	10,000,000
	10,000,000	10,000,000

Issued and Subscribed:

Equity:

1,000,000 (previous period 1,000,000) equity shares of Rs. 10 each fully paid (the above equity shares are held by the holding company, Mahindra Holidays & Resorts India Ltd.)	10,000,000	10,000,000
	10,000,000	10,000,000

Note:

2a) Terms/rights attached to equity shares:

- i) The company has only one class of shares referred to as equity shares having a par value of Rs 10/-. Each holder of equity share is entitled to one vote per share.
- ii) Repayment of capital will be in proportion to the number of equity shares held.

2b) Shares in the company held by each shareholder holding more than 5% shares specifying the number of shares held.

Name of share holder	No of shares	% held as at March 31, 2015	No of shares	% held as at March 31, 2014
Mahindra Holidays & Resorts India Limited (#), The Holding Company	1,000,000	100.00%	1,000,000	100.00%

2c) The reconciliation of the number of shares outstanding as at March 31, 2015 and March 31, 2014 is set out below:-

Particulars	As at 31-Mar-15		As at 31-Mar-14	
	(Shares)	(In Rs.)	(Shares)	(In Rs.)
No of Shares at the beginning (#)	1,000,000	10,000,000	1,000,000	10,000,000
Number of shares at March, 31, 2015 (#)	1,000,000	10,000,000	1,000,000	10,000,000

#(including beneficial ownership of 10 shares held by the Holding company jointly with Mr. Dinesh Shetty)

2d) For the five years immediately preceding 31st March, 2015

- No shares allotted as fully paid up pursuant to contract without payment being received in cash.
- No shares allotted as fully paid by way of Bonus shares and
- No shares were bought back.

Note 3: Reserves & Surplus

	As at March 31, 2015	In Rs. As at March 31, 2014
Capital Reserve	3,000,000	3,000,000
Surplus in Statement of Profit & Loss		
As per last balance sheet	(50,588,144)	(62,681,836)
Less: Adjustment on account of transitional provision specified in Schedule II of the Companies Act 2013 (Ref note 30)	(795,375)	-

HOLIDAY ON HILLS RESORTS PRIVATE LIMITED

	As at March 31, 2015	In Rs. As at March 31, 2014
Profit for the Current Year	(19,076,028)	12,093,692
	(70,459,547)	(50,588,144)
	(67,459,547)	(47,588,144)

Note 4: Long Term Borrowings

	As at March 31, 2015	In Rs. As at March 31, 2014
Term Loan (Secured)		
- From Bank (Repayable by Monthly Instalments)		
- ICICI Bank (Hypothication of Vehicle)	-	182,951
- UCO Bank, Kandaghat (Hypothication of Vehicle)	-	20,315
	-	203,266

Note 5: Long Term Provisions

	As at March 31, 2015	In Rs. As at March 31, 2014
Compensated absences	207,243	152,282
Gratuity	162,953	142,994
	370,196	295,276

Note 6: Short Term Borrowings

	As at March 31, 2015	In Rs. As at March 31, 2014
UnSecured:		
Loans & Advances From Related Parties (*)	295,551,000	292,271,000
Secured		
- From Bank (Instalment Due) (#)	-	330,148
	295,551,000	292,601,148

Note 10: Fixed Assets

Description of Assets	Gross block (at cost)				Depreciation/Amortisation				Net block		
	As at April 1, 2014	Additions	Deductions/ Adjustments	As at March 31, 2015	As at April 1, 2014	For the period	trf to reserves	Deductions/ Adjustments	As at March 31, 2015	As at March 31, 2015	As at March 31, 2014
A: Tangible Assets											
Land	4,146,549	-	-	4,146,549	-	-	-	-	-	4,146,549	4,146,549
Buildings	291,001,671	-	-	291,001,671	19,878,661	4,858,259	-	-	24,736,920	266,264,751	271,123,010
Plant and Equipments	35,619,795	826,405	(585,199)	35,861,001	7,461,672	3,340,630	192,645	(344,782)	10,650,165	25,210,836	28,158,123
Furniture and Fittings	16,717,097	828,693	585,199	18,130,989	8,650,069	892,546	455,922	344,782	10,343,319	7,787,670	8,067,028
Vehicles	1,965,874	765,320	-	2,731,194	1,951,376	228,168	110,118	-	2,289,662	441,532	14,498
Computer	1,921,273	467,126	-	2,388,399	1,056,692	588,687	36,690	-	1,682,069	706,330	864,581
Sub Total A	351,372,259	2,887,544	-	354,259,803	38,998,470	9,908,290	795,375	-	49,702,135	304,557,668	312,373,789
Previous Period	259,451,686	91,920,573	-	351,372,259	62,812,668	6,453,080	-	30,267,278	38,998,470	312,373,789	196,639,018

(*) The Loan from related party is from Mahindra Holiday & Resorts India Limited is repayable on demand and carries an interest rate of 9.5% per annum which is due on maturity

(#) The vehicle loans are secured by hypothecation of the assets funded.

Note 7: Trade Payables

	As at March 31, 2015	In Rs. As at March 31, 2014
Trade Payables:		
Total outstanding dues to micro and small enterprises	-	-
Others	-	3,536,153
	-	3,536,153

Note 8: Other Current Liabilities

	As at March 31, 2015	In Rs. As at March 31, 2014
Dues to Statutory Authorities (PF,ESI & other taxes)	1,946,994	1,953,704
Accrued Expenses	1,464,123	1,755,161
Accrued Interest	59,587,139	34,592,589
Gratuity	4,088	4,620
Advance from Customer	938,549	923,298
Security Deposit - MHRIL	38,770,000	38,770,000
	102,710,893	77,999,372

Note 9: Short Term Provisions

	As at March 31, 2015	In Rs. As at March 31, 2014
Compensated absences	9,616	8,002
	9,616	8,002

Note 11: Long Term Loans & Advances (Unsecured, considered good)

	In Rs.			In Rs.	
	As at March 31, 2015	As at March 31, 2014		Year ended March 15	Year ended March 14
Security deposits	866,670	635,510	- Food and beverages	35,934,984	30,137,369
Payments towards Income Tax (net of provisions)	5,080,805	3,578,093	- Wine and liquor	2,127,465	2,493,475
	<u>5,947,475</u>	<u>4,213,603</u>	- Others	4,984,930	1,972,383
				<u>73,812,608</u>	<u>59,019,118</u>

Note 12: Inventories (At lower of cost & net realisable value)

	In Rs.	
	As at March 31, 2015	As at March 31, 2014
Food, beverages and smokes	807,577	725,526
Operating supplies	1,404,398	1,122,283
	<u>2,211,975</u>	<u>1,847,809</u>

Note 13: Trade Receivable (Unsecured)

	In Rs.	
	As at March 31, 2015	As at March 31, 2014
Trade Receivables outstanding for less than six months from the date they are due for payment		
Considered good	431,503	445,718
	<u>431,503</u>	<u>445,718</u>

Note 14: Cash & Cash equivalents

	In Rs.	
	As at March 31, 2015	As at March 31, 2014
a. Cash on hand	121,864	97,007
	<u>121,864</u>	<u>97,007</u>
b. Balances with Banks		
Current accounts	3,444,055	13,622,068
Deposit Accounts	12,011,836	-
	<u>15,455,891</u>	<u>13,622,068</u>
	<u>15,577,755</u>	<u>13,719,075</u>

Note 15: Short Term Loans & Advances (Unsecured, considered good)

	In Rs.	
	As at March 31, 2015	As at March 31, 2014
Advances to Suppliers	3,602,160	2,551,126
Prepaid Expenses	543,923	611,411
	<u>4,146,083</u>	<u>3,162,537</u>

Note 16: Revenue from Operations

	In Rs.	
	Year ended March 15	Year ended March 14
Sales of Services		
Income from Resorts:		
- Room rentals	30,765,229	24,415,891

Note 17: Other Income

	In Rs.	
	Year ended March 15	Year ended March 14
Miscellaneous income	-	29,320
	<u>-</u>	<u>29,320</u>

Note 18: Employee benefits expense

	In Rs.	
	Year ended March 15	Year ended March 14
Salaries, wages and bonus	14,183,540	8,944,383
Contribution to Provident & other funds	670,979	341,701
Staff welfare	1,372,097	1,766,186
	<u>16,226,616</u>	<u>11,052,270</u>

Note 19: Finance costs

	In Rs.	
	Year ended March 15	Year ended March 14
Interest on short term borrowings	27,828,839	27,277,053
	<u>27,828,839</u>	<u>27,277,053</u>

Note 20: Other expenses

	In Rs.	
	Year ended March 15	Year ended March 14
Food Beverages and smokes Consumed		
Opening Stock	725,526	691,415
Add: Purchases	10,661,146	8,500,104
	<u>11,386,672</u>	<u>9,191,519</u>
Less: Closing Stock	807,577	725,526
	<u>10,579,095</u>	<u>8,465,993</u>
Operating Supplies	6,472,772	4,809,715
Power and fuel	7,176,015	6,368,362
Service charges	7,188,673	7,744,997
Rates and taxes	582,221	302,481
Insurance	294,079	380,846
Repairs and maintenance:-		
- Buildings	666,503	481,045
- Resort Renovations	1,189,208	-
- Office Equipment	1,197,959	406,887
- Others	1,007,602	1,028,776
Communication	348,554	309,107
Consultancy charges	186,061	86,627
Travelling	530,606	553,154
Auditors		
Audit fees	140,450	112,360
Other Services	112,360	56,180
Bank Charges	299,571	237,397
Printing & stationery	329,929	290,635
Legal Expenses	150,000	300,000

	Year ended March 15	In Rs. Year ended March 14
Sales Promtotion	-	190,774
Miscellaneous	473,234	314,285
	<u>38,924,891</u>	<u>32,439,621</u>

Note: 21

There are no Contingent Liabilities existing on the Balance sheet date.

Note 22: Employees Benefits

Defined Contribution Plans

The company offers its employees benefits under defined contribution plans in the form of provident fund and family pension fund. Provident Fund and Family Pension Fund covers substantially all regular employees. Contribution are paid during the year into separate funds under certain statutory type arrangements. Both the employees and company pay predetermined contribution in provident fund and pension fund. The contributions are normally based upon certain proportion of employee's salary.

A sum of Rs. 6,70,979/- has been charged to statement of profit & loss for the period towards contribution to provident fund & pension fund.

Defined Benefit Plans

The company offers its employees benefits under defined benefit plans in the form of gratuity scheme (a lump sum amount). Benefits under defined benefit plans are typically based either on years of service and the employee's compensation (immediately before retirement). The gratuity scheme covers substantially all regular employees. Commitments are actuarially determined at the year end. Actuarial valuation is based on "Projected Unit credit" method. Gains & Losses of changed actuarial assumptions are charged to the statement of Profit & Loss.

Particulars	As at March 31, 2015 (Rs.)	As at March 31, 2014 (Rs.)
Present value of commitment	167,041	147,614
Fair value of plan assets	-	-
Net liability recognised in the balance sheet	167,041	147,614

Particulars	Year ended March 15 (Rs.)	Year ended March 14 (Rs.)
Opening balance	147,614	389,480
Interest cost	10,708	31,158
Current service cost	111,392	17,687
Benefits paid	57,278	-
Actuarial (gain)/loss	(45,395)	(290,711)
Closing balance	167,041	147,614
Net liability is bifurcated as follows:		
Current	4,088	4,620
Non current	162,953	142,994

The defined benefit commitments have not been funded as at the year end.

Particulars	Year ended March 15 (Rs.)	Year ended March 14 (Rs.)
Current service cost	111,392	17,687
Interest expenses	10,708	31,158
Expected return on investments	-	-
Net actuarial (gain)/loss	(45,395)	(290,711)
Benefits paid that were not funded by the plan	-	-
Expenses accounted in the Profit and Loss account	76,705	(241,866)

The actuarial calculations used to estimate defined benefit commitments and expenses are based on the following assumptions, which if changed, would affect the defined benefit commitment's size, funding requirements and pension expense.

Particulars	Year ended March 15 (Rs.)	Year ended March 14 (Rs.)
Rate for discounting liabilities	9.00%	9.00%
Expected salary increase rate	5.00%	5.00%
Expected return on scheme assets	-	-
Withdrawal rates	3%	3%
Mortality table used	IALM	IALM
	(2006-08) Unit	(2006-08) Unit

The estimates of future salary increases, considered in the actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market. The above information is actuarially determined.

Particulars	Year ended March 15 (Rs.)	Year ended March 14 (Rs.)
Present value of commitment	167,041	147,614
Fair value of the Plans	-	-
Surplus/(Deficit)	(167,041)	(147,614)
Experience adjustment on plan liabilities	(45,395)	(272,722)
Experience adjustment on plan assets	-	-

Note 23: Related Party Disclosure

A related Parties with whom transactions have been taken place during the period

a) Name of the Party	Relationship
Mahindra Holiday & Resorts India Limited	Holding Company on and from 25 th October, 2012

b) Disclosure in respect of transaction with related party

Name of the Party	Nature of Transaction	Year ended March 15 (Rs.)	Year ended March 14 (Rs.)
Mahindra Holiday & Resorts India Limited	Loan received	3,280,000	6,200,000
	Interest Accrued but not due	24,994,550	24,467,785
	Interest Expense	27,771,722	27,186,427
	Income from Room rentals	25,255,000	19,557,500

c) Disclosure in respect of related party balance as on 31st March, 2015.

Name of the Party	Particulars	As on March 31, 2015 Rs.	As on March 31, 2014 Rs.
Mahindra Holiday & Resorts India Limited	Loan received	295,551,000	292,271,000
	Interest Accrued but not due	59,587,139	34,592,589
	Security Deposit	38,770,000	38,770,000

d) Disclosure in respect of related party balance as on March 31, 2015.

Name of the Party	Particulars	As on March 31, 2015 Rs.	As on March 31, 2014 Rs.
Mahindra Holiday & Resorts India Limited	Other Advance	-	647,604

Note 24: Expenditure in Foreign Currency

Particulars	Year ended March 15 (Rs.)	Year ended March 14 (Rs.)
Reservation, Membership fee and Commission	Nil	Nil
Interest on Foreign Currency Term Loan	Nil	Nil

Note 25: Earning in Foreign Currency

Particulars	Year ended March 15 (Rs.)	Year ended March 14 (Rs.)
Room Revenue/Food and Beverages Income	Nil	Nil

Note 26: Earning Per Share

Earnings per share:	Year ended March 15 (Rs.)	Year ended March 14 (Rs.)
Net profit after tax (Amount in Rs)	(19,076,028)	12,093,692
Weighted average number of Equity Shares used in computing basic earnings per share (Nos)	1,000,000	1,000,000
Earnings Per Share – Basic (in Rs.)	(19.08)	12.09
Earnings per share – Diluted (in Rs.)	(19.08)	12.09
Nominal value of shares (in Rs.)	10.00	10.00

Note 27: Forward Contracts and Foreign Currency Exposures:

The Year End Foreign Currency Exposures is Nil

Note 28:

The Company's primary (business) segment is singular viz "Hoteliering". There is no geographical segment to be reported since its property is located in and the operations are under taken in India. Therefore segment information required as per Accounting Standard (AS 17) on "Segment Reporting" is not furnished.

Note 29: Micro & Small enterprises

There are no dues payable to micro & small enterprises as at the year end requiring disclosure under Schedule VI of Companies Act, 1956 and the Micro Small and Medium Enterprises development Act, 2006. This information is complied in respect of parties to the extent to which they could be identified as Micro or Small Enterprises on the basis of information received from suppliers regarding their status under Micro, Small and Medium Enterprises Development Act, 2006.

Note 30:

he accumulated Losses of the company amounting to Rs. 70,495,547.00 as at the period ended on 31st March, 2015 exceeds its paid up capital of Rs. 10,000,000. the Company incurred a net loss of Rs. 19,076,028. However the financial statements are prepared on the assumption that the company is a going concern having regard to the financial support extended by the holding company Mahindra Holiday & Resorts limited during the year (which includes the loans aggregating Rs. 295,551,000/- outstanding as at the year ended on 31st March, 2015 including interest accrued but not due Rs. 59,587,139.00, which sum has been included as a part of current liabilities) as well as their commitment of future financial support to enable the company to meet its financial obligations and continue as going concern.

Note 31:

Pursuant to the enactment of the Companies Act 2013 (the 'Act'), the company has provided depreciation in accordance with Schedule II to the Act. As a result (after considering the transitional provision as specified in Schedule II), the depreciation charge for the current year is higher by Rs 971,603/-. Further an amount of Rs. 795,375/- has been debited to retained earnings.

Note 32: Payment Made to Auditors

Particulars	Year ended March 15 (Rs.)	Year ended March 14 (Rs.)
Payment to Auditors:		
As Auditor	140,450	112,360
For taxation matters	-	-
For other services	112,360	56,180
Total	252,810	168,540

Note 33:

Previous Year's Figures have been re-classified wherever necessary, to correspond and confirm with the current year classification and disclosures.

In terms of our report attached For and on behalf of the Board of Directors

For **K. N. Chandla & Co.**
Chartered Accountants

(**CA Dinesh Kumar Sood**)
Membership No.: 088343

Dinesh Sheety
Director

Ajay Agarwal
Director

Place: Shimla
Date: 24/04/2015

Place: Chennai
Date: 24/04/2015

Place: Chennai
Date: 24/04/2015

DIRECTORS' REPORT

The following shall constitute a report of the Board of Directors relating to the activities of the Company during the financial year ended 31st March, 2015.

Your Company continues to be a subsidiary of Mahindra Holidays & Resorts India Limited, a company incorporated in India.

Your Company was incorporated to carry on the business of buying, obtaining, receiving, renting, leasing, buying on hire-purchase, owning, possessing, improving, using, constructing, modifying, developing or otherwise managing any property whatsoever as well as fruits thereof.

Your Company continues to hold 51% of ordinary shares of Infinity Hospitality Group Company Limited.

Mr. Dinesh Shetty, Mr. Ravindera Khanna, Mr. Noppun Muangkote and Mr. Helmut Horst Mekelburgare Directors of the Company.

For **MH Boutique Hospitality Limited**

Dinesh Shetty
Director

Ravindera Khanna
Director

Dated: 4th April, 2015

Place: Bangkok

Report of Independent Auditor

To the Shareholders of MH Boutique Hospitality Limited

I have audited the accompanying financial statements of **MH Boutique Hospitality Limited**, which comprise the statements of financial position as at 31st March, 2015, and the related statement of Income and changes in shareholders' equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Thai Financial Reporting Standards for Non-Publicly Accountable Entities, Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's

judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management as well as evaluating the overall Presentation of the financial statements.

I believe that the audit evidence I had obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of MH Boutique Hospitality Limited as at 31 March 2015, and its financial performance for the year then ended in accordance with the Thai Financial Reporting Standards for Non-Publicly Accountable Entities.

(Danai Tangwimolwuttiwong)
Certified Public Accountant (Thailand) No. 9329

Cover Biz Co., Ltd.

Bangkok
April 4, 2015

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2015

		<i>Currency : Baht</i>	<i>Currency : INR</i>	<i>Currency : Baht</i>	<i>Currency : INR</i>
	Notes	31 Mar 2015	31 Mar 2015	31 Mar 2014	31 Mar 2014
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents		62,292	119,203	62,233	119,090
TOTAL CURRENT ASSETS		62,292	119,203	62,233	119,090
NON-CURRENT ASSETS					
Investment in subsidiaries	4	38,000,000	72,717,180	38,000,000	72,717,180
TOTAL NON-CURRENT ASSETS		38,000,000	72,717,180	38,000,000	72,717,180
TOTAL ASSETS		38,062,292	72,836,383	38,062,233	72,836,270
LIABILITIES AND SHAREHOLDERS' EQUITY					
CURRENT LIABILITIES					
Trade and other payable	5	6,458,817	12,359,657	3,759,081	7,193,415
Other current liabilities		405	775	0	0
TOTAL CURRENT LIABILITIES		6,459,222	12,360,432	3,759,081	7,193,415
NON-CURRENT LIABILITIES					
Long-term loan	6	28,000,000	53,581,080	28,000,000	53,581,080
TOTAL NON-CURRENT LIABILITIES		28,000,000	53,581,080	28,000,000	53,581,080
TOTAL LIABILITIES		34,459,222	65,941,512	31,759,081	60,774,495
SHAREHOLDERS' EQUITY					
Authorized share capital					
51,000 preference shares of Baht 100 each		5,100,000	9,759,411	5,100,000	9,759,411
49,000 ordinary shares of Baht 100 each		4,900,000	9,376,689	4,900,000	9,376,689
Issued and paid-up share capital		5,100,000	9,759,411	5,100,000	9,759,411
51,000 preference shares of Baht 100 each		5,100,000	9,759,411	5,100,000	9,759,411
49,000 ordinary shares of Baht 100 each		4,900,000	9,376,689	4,900,000	9,376,689
Retained earnings (Deficits)		(6,396,930)	(12,241,229)	(3,696,848)	(7,074,325)
TOTAL SHAREHOLDERS' EQUITY		3,603,070	6,894,871	6,303,152	12,061,775
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		38,062,292	72,836,383	38,062,233	72,836,270

The accompanying notes are an integral part of the financial statements.

Director

STATEMENTS OF INCOME FOR THE YEAR ENDED 31 MARCH 2015

		<i>Currency : Baht</i>	<i>Currency : INR</i>	<i>Currency : Baht</i>	<i>Currency : INR</i>
	Notes	31 Mar 2015	31 Mar 2015	31 Mar 2014	31 Mar 2014
REVENUES	3				
Other income		261.87	501.12	46,821.57	89,598.22
TOTAL REVENUES		261.87	501.12	46,821.57	89,598.22
EXPENSES					
Administrative expenses	3	40,343.62	77,201.95	29,028.22	55,548.69
TOTAL EXPENSES		40,343.62	77,201.95	29,028.22	55,548.69
EARNINGS BEFORE FINANCIAL COST		(40,081.75)	(76,700.84)	17,793.35	34,049.53
Financial costs		2,660,000.00	5,090,202.60	2,660,000.00	5,090,202.60
NET PROFIT (LOSS)		(2,700,081.75)	(5,166,903.44)	(2,642,206.65)	(5,056,153.07)

The accompanying notes are an integral part of the financial statements.

Director

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED 31 MARCH 2015

	Issued and paid-up share capital		Retained earnings	Total
	Preference	Ordinary	(Deficits)	
BEGINNING BALANCE AS OF 31 MARCH 2013	5,100,000.00	4,900,000.00	(1,054,641.36)	8,945,358.64
Changes in shareholders' equity for the period				
Net profit (loss) for the period			(2,642,206.65)	(2,642,206.65)
ENDING BALANCE AS OF 31 MARCH 2014	5,100,000.00	4,900,000.00	(3,696,848.01)	6,303,151.99
Changes in shareholders' equity for the period				
Net profit (loss) for the period			(2,700,081.75)	(2,700,081.75)
ENDING BALANCE AS OF 31 MARCH 2015	5,100,000.00	4,900,000.00	(6,396,929.76)	3,603,070.24

Currency : Baht

The accompanying notes are an integral part of the financial statements.

	Issued and paid-up share capital		Retained earnings	Total
	Preference	Ordinary	(Deficits)	
BEGINNING BALANCE AS OF 31 MARCH 2013	9,759,411.00	9,376,689.00	(2,018,172.25)	17,117,927.75
Changes in shareholders' equity for the period	-	-	-	-
Net profit (loss) for the period	-	-	(5,056,153.07)	(5,056,153.07)
ENDING BALANCE AS OF 31 MARCH 2014	9,759,411.00	9,376,689.00	(7,074,325.32)	12,061,774.68
Changes in shareholders' equity for the period	-	-	-	-
Net profit (loss) for the period	-	-	(5,166,903.44)	(5,166,903.44)
ENDING BALANCE AS OF 31 MARCH 2015	9,759,411.00	9,376,689.00	(12,241,228.76)	6,894,871.24

Currency : INR

The accompanying notes are an integral part of the financial statements.

Director

NOTES TO FINANCIAL STATEMENTS AS AT 31 MARCH 2015

1. GENERAL INFORMATION

Company status

MH Boutique Hospitality Limited, "The Company", is a limited company under Thai Civil and Commercial Code and domiciled in Thailand. It was incorporated on 10 October 2012 with registration no. 0105555151500

Place of company

33/118-119 23th Floor Wall street Tower, Surawongse, Suriyawongse, Bangrak, Bangkok.

Business and operation

The objective of the Company is to become a partner with limited liability in a partnership or a shareholder in a private limited company and a public limited company.

2. BASIC OF FINANCIAL STATEMENT PREPARATION

The company financial statements have been prepared in accordance with Generally Accepted Accounting Principles and Thai Financial Reporting Standards for Non-Publicly Accountable Entities enunciated on Notification of Federation of Accounting Professions (FAP) no. 20 (B.E.2554) under the Accounting Profession Act B.E.2547 which is effective on the financial statements for fiscal year beginning on or after 1 January 2011.

The presentation of the financial statements has been made in compliance with the Notification of the Department of Business Development; Define Financial statement abstract B.E.2554 dated 28 September 2011, issued under the Accounting Act B.E.2543 which is effective on the financial statements for fiscal year beginning on or after 1 January 2011.

The company financial statements have been prepared under the historical cost convention, except those explain in accounting policies.

5. TRADE AND OTHER PAYABLES

Consist of:

Accrued Interest expenses - Related parties (Note 6)

Accrued Interest expenses for withholding tax

Accrued expenses

Advance payment

Total

3. SUMMARIZED SIGNIFICANT ACCOUNTING POLICIES

3.1 Cash and cash equivalents

Cash and cash equivalents is consist of cash on hand and deposit at banks including time deposit and temporary investment which is not over than 3 months to maturity date excepted cash deposit with obligation.

3.2 Investment

Investment in subsidiary, associated and other companies are stated at cost. An allowance for impairment loss will be made when the net realisable value of the investment is lower than its cost.

3.3 Revenue and expenses recognition

The company record other revenue and expenses based on accrual basis.

4. INVESTMENT IN SUBSIDIARIES

On November 5, 2012, the company invested in 51% of Infinity Hospitality Company Limited as a subsidiary company, which had authorised capital of Baht 150 million divided into 150,000 ordinary shares at a par value of Baht 100

Details of the Company's subsidiaries, as at 31 March 2015 are as follows:

Name of the entity	Type of business	Country of incorporation	Ownership interest (%)
Investment in subsidiaries			
Infinity Hospitality Group Co., Ltd.	Hotel	Thailand	51

	<i>Currency : Baht</i>	<i>Currency : INR</i>	<i>Currency : Baht</i>	<i>Currency : INR</i>
	31 Mar 2015	31 Mar 2015	31 Mar 2014	31 Mar 2014
Accrued Interest expenses - Related parties (Note 6)	5,408,143	10,349,076	3,147,143	6,022,404
Accrued Interest expenses for withholding tax	954,378	1,826,308	555,378	1,062,777
Accrued expenses	24,815	47,486	28,000	53,581
Advance payment	71,481	136,787	28,560	54,653
Total	6,458,817	12,359,657	3,759,081	7,193,415

Director

NOTES TO FINANCIAL STATEMENTS AS AT 31 MARCH 2015

6. RELATED PARTIES TRANSACTIONS

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering each possible related-party relationship, attention is directed to the substance of the relationship, and not merely the legal form

Relationship with related parties were as follows:

Name of entities	Incorporation	Relationship
Mahindra Holidays & Resorts India Limited	India	49% shareholder

The Pricing policies for particular types of transactions are explained further below:

Transactions	Pricing policies
Interest charged	Contractually agreed rate

Relationships with related parties that control or jointly control the Company or are being controlled or jointly controlled by the Company or have transactions with the Group were as follows:

	Currency : Baht 31 Mar 2015	Currency : INR 31 Mar 2015	Currency : Baht 31 Mar 2014	Currency : INR 31 Mar 2014
Expenses				
Mahindra Holidays & Resorts India Limited	2,660,000	5,090,203	2,660,000	5,090,203
Payable				
Mahindra Holidays & Resorts India Limited	5,408,143	10,349,076	3,147,143	6,022,404
Loan from related parties				
Mahindra Holidays & Resorts India Limited	28,000,000	53,581,080	28,000,000	53,581,080
Interest Rate	9.50%	9.50%	9.50%	9.50%

7. APPROVAL OF FINANCIAL STATEMENT

These financial statements were authorised for issue by company's authorised director on April 4, 2015

8. FC amounts are translated for convenience into Indian Rupees at the exchange rate of Rs 1.91361 = THB 1 which is the Bloomberg rate as on 31st March 2015

Director

DIRECTORS' REPORT

The following shall constitute a report of the Board of Directors relating to the activities of the Company during the financial year ended 31st December, 2014.

Your Company continues to be a subsidiary of MH Boutique Hospitality Limited and in turn subsidiary of Mahindra Holidays & Resorts India Limited, a company incorporated in India.

During the year under review, the Company has earned a revenue of THB 31,823,514 (INR 61,101,147) as against THB 34,995,024 (INR 67,190,447) for previous year.

Mr. Dinesh Shetty, Mr. Ravindera Khanna, Mr. Helmut Horst Mekelburg and Mr. Shiller Bhaskaran (Appointed w.e.f. 7th July, 2014) are the Directors of the Company.

For Infinity Hospitality Group Company Limited

Dinesh Shetty
Director

Ravindera Khanna
Director

Dated: 5th April, 2015
Place: Bangkok

REPORT OF INDEPENDENT AUDITOR

To the Shareholders of **Infinity Hospitality Group Company Limited**

I have audited the accompanying financial statements of **Infinity Hospitality Group Company Limited**, which comprise the statements of financial position as at 31 December 2014, and the related statement of income and changes in shareholders' equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Thai Financial Reporting Standards for Non-Publicly Accountable Entities, Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audit accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor

considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management as well as evaluating the overall Presentation of the financial statements.

I believe that the audit evidence I has obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Infinity Hospitality Group Company Limited as at 31 December 2014, and its financial performance for the year then ended in accordance with Thai Financial Reporting Standards for Non-Publicly Accountable Entities.

(Danai Tangwimolwuttiwong)

Certified Public Accountant (Thailand) No. 9329

Bangkok

March 9, 2015

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014**

	Notes	ASSETS			
		2014		2013	
		Currency: Baht	Currency: INR	Currency: Baht	Currency: INR
CURRENT ASSETS					
Cash and cash equivalents		2,658,031.04	5,103,420.00	2,554,461.41	4,904,566.00
Temporary investment		407,000.35	781,441.00	399,098.21	766,269.00
Trade and other receivables	4	13,510,207.81	25,939,599.00	5,879,951.48	11,289,507.00
Inventory	5	335,908.78	644,945.00	173,225.02	332,592.00
Other current assets		373,915.70	717,918.00	486,863.23	934,777.00
TOTAL CURRENT ASSETS		17,285,063.68	33,187,323.00	9,493,599.35	18,227,711.00
NON-CURRENT ASSETS					
Property, plant and equipment	6	187,623,688.51	360,237,482.00	192,743,001.90	370,066,564.00
Intangible assets	7	66,463.21	127,609.00	95,367.21	183,105.00
Other non-current assets		395,000.01	758,400.00	395,000.01	758,400.00
TOTAL NON-CURRENT ASSETS		188,085,151.73	361,123,491.00	193,233,369.12	371,008,069.00
TOTAL ASSETS		205,370,215.41	394,310,814.00	202,726,968.47	389,235,780.00

The accompanying notes are an integral part of the financial statements.

Director

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014 (Contd)**
LIABILITIES AND SHAREHOLDERS' EQUITY

	Notes	2014		2013	
		Currency: Baht	Currency: INR	Currency: Baht	Currency: INR
CURRENT LIABILITIES					
Trade and other payable.....	8	24,208,951.36	46,481,187.00	11,401,267.49	21,890,434.00
Other current liabilities		1,076,700.67	2,067,265.00	545,958.53	1,048,240.00
TOTAL CURRENT LIABILITIES.....		25,285,652.03	48,548,452.00	11,947,226.02	22,938,674.00
NON-CURRENT LIABILITIES					
Long-term loan	9	137,000,000.00	263,040,000.00	137,000,000.00	263,040,000.00
TOTAL NON-CURRENT LIABILITIES		137,000,000.00	263,040,000.00	137,000,000.00	263,040,000.00
TOTAL LIABILITIES.....		162,285,652.03	311,588,452.00	148,947,226.02	285,978,674.00
SHAREHOLDERS' EQUITY					
Authorized share capital					
1,500,000 ordinary shares of					
Baht 100 each.....					
		150,000,000.00	288,000,000.00	150,000,000.00	288,000,000.00
Issued and paid-up share capital					
1,500,000 ordinary shares of					
Baht 100 each.....					
		150,000,000.00	288,000,000.00	150,000,000.00	288,000,000.00
Retained earnings (Deficits).....					
		(106,915,436.62)	(205,277,638.00)	(96,220,257.55)	(184,742,894.00)
TOTAL SHAREHOLDERS' EQUITY		43,084,563.38	82,722,362.00	53,779,742.45	103,257,106.00
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		205,370,215.41	394,310,814.00	202,726,968.47	389,235,780.00

The accompanying notes are an integral part of the financial statements.

Director

**STATEMENT OF INCOME
FOR THE YEAR ENDED 31 DECEMBER 2014**

	Notes	2014		2013	
		Currency: Baht	Currency: INR	Currency: Baht	Currency: INR
REVENUES	3				
Revenue from rent and services.....		31,784,145.86	61,025,560.00	34,978,521.16	67,158,761.00
Other income.....		39,368.34	75,587.00	16,502.99	31,686.00
TOTAL REVENUES.....		31,823,514.20	61,101,147.00	34,995,024.15	67,190,447.00
EXPENSES	3				
Cost of rent and services.....		12,929,893.83	24,825,396.00	14,388,231.30	27,625,404.00
Selling expenses		11,797,151.67	22,650,531.00	11,826,880.21	22,707,610.00
Administrative expenses		4,776,647.77	9,171,164.00	4,497,877.42	8,635,925.00
TOTAL EXPENSES		29,503,693.27	56,647,091.00	30,712,988.93	58,968,939.00
EARNINGS BEFORE FINANCIAL COST		2,319,820.93	4,454,056.00	4,282,035.22	8,221,508.00
Financial costs.....		(13,015,000.00)	(24,988,800.00)	(12,847,385.23)	(24,666,980.00)
NET PROFIT (LOSS).....		(10,695,179.07)	(20,534,744.00)	(8,565,350.01)	(16,445,472.00)

The accompanying notes are an integral part of the financial statements.

Director

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED 31 DECEMBER 2014

	Currency : Baht		
	<u>Issued and paid-up share capital</u>	<u>Retained earnings (Deficits)</u>	<u>Total</u>
Beginning balance of year 2013	150,000,000.00	(87,654,907.54)	62,345,092.46
Changes in shareholders' equity for the year 2013			
Net profit (loss) for the year	–	(8,565,350.01)	(8,565,350.01)
Ending balance of year 2013	150,000,000.00	(96,220,257.55)	53,779,742.45
Changes in shareholders' equity for the year 2014			
Net profit (loss) for the year	–	(10,695,179.07)	(10,695,179.07)
Ending balance of year 2014	150,000,000.00	(106,915,436.62)	43,084,563.38

	Currency : INR		
	<u>Issued and paid-up share capital</u>	<u>Retained earnings (Deficits)</u>	<u>Total</u>
Beginning balance of year 2013	288,000,000.00	(168,297,422.00)	119,702,578.00
Changes in shareholders' equity for the year 2013			
Net profit (loss) for the year	–	(16,445,472.00)	(16,445,472.00)
Ending balance of year 2013	288,000,000.00	(168,297,422.00)	103,257,106.00
Changes in shareholders' equity for the year 2014			
Net profit (loss) for the year	–	(20,534,744.00)	(20,534,744.00)
Ending balance of year 2014	288,000,000.00	(188,832,166.00)	82,722,362.00

The accompanying notes are an integral part of the financial statements.

Director

NOTES TO FINANCIAL STATEMENTS AS AT 31 DECEMBER 2014

1 GENERAL INFORMATION

Company status

Infinity Hospitality Group Company Limited, "The Company", is a limited company under Thai Civil and Commercial Code and domiciled in Thailand. It was incorporated on 6 May 2005, with registration no. 0105548060791

Place of company

20, Soi Sukhumvit 7 (Lerdsin 2), Sukhumvit Rd., North Klongtoey, Wattana, Bangkok, Thailand

Business and operation

The objective of the Company are services and rent of hotel, apartment, mansion and condominium.

2 BASIC OF FINANCIAL STATEMENT PREPARATION

The financial statements have been prepared in accordance with Generally Accepted Accounting Principles and Thai Financial Reporting Standards for Non-Publicly Accountable Entities enunciated on Notification of Federation of Accounting Professions (FAP) no. 20 (B.E.2554) under the Accounting Profession Act B.E.2547 which is effective on the financial statements for fiscal year beginning on or after 1 January 2011.

The management of the Company assessed that there is no material effects of this standard for the period in which they are initially applied.

The presentation of the financial statements has been made in compliance with the Notification of the Department of Business Development; Define Financial statement abstract B.E.2554 dated 28 September 2011, issued under the Accounting Act B.E.2543 which is effective on the financial statements for fiscal year beginning on or after 1 January 2011.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

3 SUMMARIZED SIGNIFICANT ACCOUNTING POLICIES

3.1 Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and deposit at banks including time deposit and temporary investment which is not over than 3 months to maturity date excepted cash deposit with obligation.

3.2 Inventories - net

Inventories are stated at the lower of cost or net realizable value. Cost being determined on first-in, first-out method. The Company determine to accrue provision for decline in value of inventories on deteriorated or obsolescent inventories.

3.3 Property, plant and equipment - net

Land is stated at cost, Building and Equipment are stated at cost less accumulated depreciation.

Depreciation is calculated by a straight-line method over their estimated useful life as follows:

	Useful life	
Building	20	Years
Office equipment	5	Years
Computer and Equipment	5	Years
Vehicles	5	Years

3.4 Intangible assets

Intangible assets are stated at cost less accumulated amortisation. Amortisation is calculated by reference to their costs on the straight-line basis over the expected future period, for which the assets are expected to generate economic benefit, as follows:

	Year life	
Computer software	5	Years

3.5 Employee benefits

Salaries, wages and contributions to the social security fund are recognized as expenses when incurred.

3.6 Provisions and contingent liabilities

The Company recognized provision in the best estimated amount of expenses which have to be paid on current obligation as at the end of accounting period.

3.7 Revenue and expenses recognition

Hotel revenues from rooms, food and beverage and other services are recognised when the rooms are occupied, food and beverage are sold and the services are rendered.

The company record other revenue and expenses base on accrual basis.

3.8 Income tax expense

The Company record income tax as expenses by calculating on profit and loss of tax regulation basis.

4 TRADE AND OTHER RECEIVABLES

Consist of:

	2014	2014	2013	2013
	Currency: Baht	Currency: INR	Currency: Baht	Currency: INR
Accounts Receivable - Trade	555,656.43	1,066,860.00	215,632.40	414,014.00
Accrued income - related parties (Note 9)	12,780,587.50	24,538,728.00	5,436,587.50	10,438,248.00
Prepaid expenses	116,522.88	223,724.00	180,000.00	345,600.00
Other Receivables	57,441.00	110,287.00	47,731.58	91,645.00
Total	13,510,207.81	25,939,599.00	5,879,951.48	11,289,507.00

5 INVENTORY

Consist of:

	2014	2014	2013	2013
	Currency: Baht	Currency: INR	Currency: Baht	Currency: INR
Finished Goods	335,908.78	644,945.00	173,225.02	332,592.00
Total	335,908.78	644,945.00	173,225.02	332,592.00

Director

6 PROPERTY, PLANT AND EQUIPMENT

	Currency : Baht					
Consist of:	Land	Building	Office Equipment	Computer	Vehicles	Total
Cost						
As at 31 December 2013	114,770,000.00	108,968,618.24	4,909,011.86	8,691.59	175,000.00	228,831,321.69
Acquisitions			593,294.08	84,980.19		678,274.27
Disposals			(297,313.25)			(297,313.25)
Adjustment/Reclassification						-
As at 31 December 2014	114,770,000.00	108,968,618.24	5,204,992.69	93,671.78	175,000.00	229,212,282.71
Accumulated depreciation						
As at 31 December 2013		31,944,429.77	3,968,177.35	713.65	174,999.02	36,088,319.79
Depreciation for the year		5,448,430.81	334,815.09	14,333.76		5,797,579.66
Depreciation on disposals			(297,305.25)			(297,305.25)
Adjustment/Reclassification						-
As at 31 December 2014	-	37,392,860.58	4,005,687.19	15,047.41	174,999.02	41,588,594.20
Net book value						
As at 31 December 2013	114,770,000.00	77,024,188.47	940,834.51	7,977.94	0.98	192,743,001.90
As at 31 December 2014	114,770,000.00	71,575,757.66	1,199,305.50	78,624.37	0.98	187,623,688.51
Depreciation for the year						
2013 (Included in cost and administrative expenses)						6,075,385.97
2014 (Included in cost and administrative expenses)						5,797,579.66

6 PROPERTY, PLANT AND EQUIPMENT

	Currency : INR					
Consist of:	Land	Building	Office Equipment	Computer	Vehicles	Total
Cost						
As at 31 December 2013	220,358,400.00	209,219,747.00	9,425,303.00	16,688.00	336,000.00	439,356,138.00
Acquisitions			1,139,125.00	163,162.00		1,302,287.00
Disposals			(570,841.00)			(570,841.00)
Adjustment/Reclassification						-
As at 31 December 2014	220,358,400.00	209,219,747.00	9,993,587.00	179,850.00	336,000.00	440,087,584.00
Accumulated depreciation						
As at 31 December 2013		61,333,305.00	7,618,901.00	1,370.00	335,998.00	69,289,574.00
Depreciation for the year		10,460,987.00	642,845.00	27,521.00		11,131,353.00
Depreciation on disposals			(570,826.00)			(570,826.00)
Adjustment/Reclassification						-
As at 31 December 2014	-	71,794,292.00	7,690,920.00	28,891.00	335,998.00	79,850,101.00
Net book value						
As at 31 December 2013	220,358,400.00	147,886,442.00	1,806,402.00	15,318.00	2.00	370,066,564.00
As at 31 December 2014	220,358,400.00	137,425,455.00	2,302,667.00	150,959.00	2.00	360,237,483.00
Depreciation for the year						
2013 (Included in cost and administrative expenses)						11,664,741.00
2014 (Included in cost and administrative expenses)						11,131,353.00

Director

NOTES TO FINANCIAL STATEMENTS AS AT 31 DECEMBER 2014 (Contd)

7 INTANGIBLE ASSETS

Consist of:	Currency: Baht	
	Computer Software	Total
Cost		
As at 31 December 2013	516,484.00	516,484.00
Acquisitions		
Disposals		
Adjustment/Reclassification		
As at 31 December 2014	516,484.00	516,484.00
Accumulated amortisation		
As at 31 December 2013	421,116.79	421,116.79
Amortisation for the year	28,904.00	28,904.00
Amortisation on disposals		
Adjustment/Reclassification		
As at 31 December 2014	450,020.79	450,020.79
Net book value		
As at 31 December 2013	95,367.21	95,367.21
As at 31 December 2014	66,463.21	66,463.21
Amortisation for the year 2013 (Included in administrative expenses)		28,671.44
2014 (Included in administrative expenses)		28,904.00

7 INTANGIBLE ASSETS

Consist of:	Currency: INR	
	Computer Software	Total
Cost		
As at 31 December 2013	991,649.00	991,649.00
Acquisitions		
Disposals		
Adjustment/Reclassification		
As at 31 December 2014	991,649.00	991,649.00
Accumulated amortisation		
As at 31 December 2013	808,544.00	808,544.00
Amortisation for the year	55,496.00	55,496.00
Amortisation on disposals		-
Adjustment/Reclassification		-
As at 31 December 2014	864,040.00	864,040.00
Net book value		
As at 31 December 2013	183,105.00	183,105.00
As at 31 December 2014	127,609.00	127,609.00
Amortisation for the year 2013 (Included in administrative expenses)		55,049.00
2014 (Included in administrative expenses)		55,496.00

8 TRADE AND OTHER PAYABLES

Consist of:	2014	2014	2013	2013
	Currency: Baht	Currency: INR	Currency: Baht	Currency: INR
Trade payables	722,810.67	1,387,796.00	657,016.52	1,261,472.00
Post date cheque payables	32,042.20	61,521.00	-	-
Advance received	322,801.54	619,779.00	123,732.84	237,567.00
Accrued interest expenses - related parties (Note 9)	19,397,697.70	37,243,580.00	8,334,948.70	16,003,102.00
Accrued interest expenses for withholding tax	3,423,124.30	6,572,399.00	1,470,873.30	2,824,077.00
Accrued expenses	310,474.95	596,112.00	814,696.13	1,564,217.00
Total	24,208,951.36	46,481,187.00	11,401,267.49	21,890,435.00

9 RELATED PARTIES TRANSACTIONS

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering each possible related-party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

Relationship with related parties were as follows:

Name of entities	Country of incorporation/nationality	Nature of relationships
Mahindra Holidays & Resorts India Limited	India	49% shareholder
MH Boutique Co., Ltd.	Thailand	51% shareholder

The Pricing policies for particular types of transactions are explained further below:

Transactions	Pricing policies
Revenue from rent and services	The average of market prices
Interest charged	Contractually agreed rate

Relationships with related parties that control or jointly control the Company or are being controlled or jointly controlled by the Company or have transactions with the Group were as follows:

	2014	2014	2013	2013
	Currency: Baht	Currency: INR	Currency: Baht	Currency: INR
Income				
Mahindra Holidays & Resorts India Limited (Included VAT 7%)	7,344,000.00	14,100,480.00	8,928,000.00	17,141,760.00
Expenses				
Mahindra Holidays & Resorts India Limited	13,015,000.00	24,988,800.00	12,846,095.97	24,664,504.00
Receivable				
Mahindra Holidays & Resorts India Limited	12,780,587.50	24,538,728.00	5,436,587.50	10,438,248.00
Payable				
Mahindra Holidays & Resorts India Limited	19,397,697.70	37,243,580.00	8,334,948.70	16,003,102.00
Loan from related parties				
Mahindra Holidays & Resorts India Limited	137,000,000.00	263,040,000.00	137,000,000.00	263,040,000.00
Interest rate	9.50%	9.50%	9.00%, 9.50%	9.00%, 9.50%

10 APPROVAL OF FINANCIAL STATEMENT

These financial statement were authorized for issue by company's authorized director on March 9, 2015

11 FC amounts are translated for convenience into Indian Rupees at the exchange rate of Rs 1.92 = THB 1 which is the Bloomberg rate as on 31 December 2014

Director

DIRECTORS' REPORT TO THE SHAREHOLDERS

To,

The Shareholders,

Your Directors have pleasure in presenting their Thirtieth Annual Report on the business and operations of the Company and the accounts for the Financial Year ended 31st March, 2015.

Performance of the Company

Your Company's resort property situated at Manali, Himachal Pradesh, was fully functional and operational during the year under review.

During the year under review, your Company was acquired by Mahindra Holidays & Resorts India Limited.

FINANCIAL RESULTS:

	(₹ in Lakhs)	
	2015	2014
Income:		
Revenue from operations	520.79	598.97
Other Income	8.96	20.88
	529.75	619.85
Total Expenditure	150.65	466.05
Profit/(Loss) before Tax	379.11	153.80
Provision for Income Tax	34.50	50.70
Deferred Tax	97.32	(0.56)
Net Profit/(Loss) after Tax	247.29	103.66
Balance brought forward	16.29	1.03
Less: Appropriations		
General Reserve	–	7.85
Proposed Dividend	–	70.00
Dividend Tax	–	11.09
Tax Adjustment of previous years	–	(1.35)
Balance carried to Balance Sheet	263.58	16.29

Dividend and Reserves

Your Directors propose to retain the surplus to meet the operational requirement and hence do not recommend any dividend for the year under review and also do not propose to transfer any amount to the reserve account.

Holding Company

During the year under review, consequent upon change in management, your Company became a wholly owned subsidiary of Mahindra Holidays & Resorts India Limited and in turn subsidiary of the ultimate holding company, Mahindra & Mahindra Limited, w.e.f. 18th June, 2014.

Scheme of Amalgamation and Arrangement

During the year under review, the Board approved the Scheme of Amalgamation and Arrangement for merger of the Company with Mahindra Holidays & Resorts India Limited (MHRIL), holding company, and their respective Shareholders and Creditors. The Scheme of Amalgamation and Arrangement ("the Scheme") also involves the merger of Divine Heritage Hotels Private Limited and Holiday on Hills Resorts Private

Limited, fellow subsidiaries, with MHRIL and their respective Shareholders and Creditors. Accordingly the Scheme will be effective from the last of the dates on which the certified or authenticated copies of the Orders of the Hon'ble High Courts of Delhi, Rajasthan, Himachal Pradesh and Madras are filed with the Registrar of Companies at Delhi, Jaipur, Chandigarh & Shimla and Chennai respectively.

Your Company is in the process of filing application with the Hon'ble High Court of Delhi in respect of the above. The Appointed Date of the Scheme is 1st April, 2015.

Auditors' Report

There are no reservations, qualifications or adverse remarks or disclaimers made by the Statutory Auditors in the Auditor's Report.

Extract of the annual return

The Extract of the Annual Return in Form No. MGT – 9, as required under sub-section (3) of Section 92 of the Companies Act, 2013 ("the Act") is given in the Annexure I to this Report.

Directors

Appointment of Director

Pursuant to Section 152(6) of the Act, Mr. Dinesh Shetty, Mr. Ravindera Nath Khanna and Mr. Ajay Agrawal were appointed as Additional Directors with effect from 18th June, 2014. They hold office upto the date of the ensuing Annual General Meeting of the Company. Your Company has received Notices from a member under Section 160 of the Act, proposing Mr. Shetty, Mr. Khanna and Mr. Agrawal as candidates to hold the office of Directors. The Board recommends their appointments to the members for their approval.

Resignation of Directors

During the year, Mr. Raj Chopra, Ms. Priya Chopra, Mr. Suresh Kumar Rattan, Mr. Ramesh Chander Murada and Mr. Sanjay Khanna, resigned from the Directorship of the Company w.e.f. 18th June, 2014 owing to the change in the management of your Company. The Board places on record its sincere appreciations for the valuable services rendered and guidance received from them during their tenure as Directors of the Company.

Key Managerial Personnel

The provisions of Section 203 of the Act is not applicable to the Company.

Number of meetings of the Board of Directors

During the year under review, the Board met seven times from 1st April, 2014 to 31st March, 2015. The Board of Directors had met once a quarter with a gap not exceeding 120 (one hundred and twenty) days between two Board Meetings.

Particulars of loans, guarantees or investments under Section 186 of the Companies Act, 2013

During the year under review, your Company did not grant any loans or give any guarantees or made any investments as per the provisions of Section 186 of the Act.

Particulars of contracts or arrangements with related parties

During the year under review, your Company did not enter into any contract or arrangement in the nature of a Related Party Transactions (RPT) under sub-section (1) of Section 188 of the Act, which was not in Ordinary course of business and not at arms length.

During the year under review, your Company entered into transactions including a transaction which was material in nature with Mahindra Holidays & Resorts India Limited (MHRIL), holding company. Your Directors confirm that these transactions with MHRIL are in ordinary course of business and at arms length. The details of the material transaction are given in Form AOC 2 attached as Annexure II to this report.

There were no materially significant related party transactions with the Promoters, Directors and Key Managerial Personnel, which may have a potential conflict with the interest of the Company at large.

Your Directors draw attention of the members to Note No. 24 to the financial statements which sets out related party disclosure.

Statutory Auditors

Messrs Lamba Vij & Co., Chartered Accountants, (ICAI Registration Number 002520N), retire as Auditors of the Company at the ensuing Annual General Meeting and have given their consent for re-appointment. The members are requested to appoint Auditors for five (5) years from the conclusion of the forthcoming Annual General Meeting until the conclusion of Annual General Meeting to be held in 2020 and fix their remuneration.

As required under the provisions of Sections 139 and 141 of the Act, your Company has obtained a written certificate from the above Auditors proposed to be re-appointed to the effect that their re-appointment, if made, would be in conformity within the limits specified in the said Section. Further, the Company has also received a certificate to the effect that the Auditor proposed to be re-appointed satisfies the criteria provided in Section 141 of the Act.

Material Changes and Commitments affecting the financial position of the Company

There are no material changes and commitments, affecting the financial position of the Company which has occurred between the end of the financial year of the Company i.e. 31st March, 2015 and the date of the Directors' Report.

Internal Financial Controls

Your Company has adequate internal financial controls with reference to financial statements.

Deposits and Loans/Advances

Your Company had not accepted any deposits from the public or its employees during the year under review.

Your Company has not made any loans/advances of the nature, which are otherwise required to be disclosed in the annual accounts of the Company pursuant to Clause 32 of the Listing Agreements of the parent companies Mahindra Holidays & Resorts India Limited and Mahindra & Mahindra Limited with the Stock Exchanges.

Significant and Material Orders passed by the Regulators or Courts

There are no significant and material orders passed by the Regulators/Courts/Tribunal which would impact the going concern status of the Company and its operations in future.

Conservation of energy, technology absorption and foreign exchange earnings and outgo

Your Company continuously strives to conserve energy, adopt environment friendly practices and employ technology for more efficient operations.

The particulars relating to the energy conservation, technology absorption and foreign exchange earnings and outgo as required under Section 134(3)(m) of the Act read with Rule 8(3) of the Companies (Accounts) Rules, 2014 are given in the Annexure III to this Report.

Directors' Responsibility Statement

Pursuant to clause (c) of sub-section (3) of Section 134 of the Act, your Directors state that:

- (a) in the preparation of the annual accounts for the year ended 31st March, 2015, the applicable accounting standards have been followed and there is no material departure;
- (b) they have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of 31st March, 2015 and of the profit of the Company for the year ended on that date;
- (c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding

the assets of the Company and for preventing and detecting fraud and other irregularities;

- (d) the directors have been prepared the annual accounts on a going concern basis; and
- (e) the directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Acknowledgements

The Board expresses its gratitude and appreciates the assistance and co-operation received from the Holding company, Creditors, Banks, Government Authorities, Customers and Employees during the year under review.

For and on behalf of the Board of Directors

Dinesh Shetty
Director

Ajay Agrawal
Director

Place: Chennai
Date: 24th April, 2015

ANNEXURE I TO THE DIRECTORS REPORT FOR THE YEAR ENDED MARCH 31, 2015

Form No. MGT-9

**EXTRACT OF ANNUAL RETURN
as on the financial year ended on 31.03.2015**

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

i	CIN	U55101DL1986PTC114589
ii	Registration Date	30 th May, 1986
iii	Name of the Company	Competent Hotels Private Limited
iv	Category/Sub-Category of the Company	Company Limited by Shares/Indian Non-Government Company
v	Address of the Registered office and contact details of the Company	Unit No. 873, 8th Floor, Aggarwal Cyber Plaza II, Plot No. C-7, Netaji Subhash Place, Pitampura, New Delhi - 110 034 Ph. No. 01902 – 253312 Fax No. 01902 – 252562 E-Mail - arun.khandelwal@mahindraholidays.com
vi	Whether listed company	NA
vii	Name, Address and Contact Details of Registrar and Transfer Agent	Not Applicable

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main product/services	NIC Code of the Product/service	% to total turnover of the company
1	Income from Room rental	55101	60.79%
2	Income from sale of food and beverage	55101	34.67%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -

Sl. No.	Name and Address of the Company	CIN	Holding/Subsidiary/ Associate	% of Shares Held	Applicable Section
1	Mahindra Holidays & Resorts India Ltd Mahindra Towers, 2 nd Floor, 17/18 Patullos Road, Chennai – 600 002	L55101TN1996PLC036595	Holding Company	100%	2(46)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**(i) Category-wise Share Holding**

Category of Shareholders	No. of Shares held at the beginning of the year 01/04/2014				No. of Shares held at the end of the year 31/03/2015				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	–	3,08,300	3,08,300	100.00	–	–	–	–	100.00
b) Central Govt.	–	–	–	–	–	–	–	–	–
c) State Govt (s)	–	–	–	–	–	–	–	–	–
d) Bodies Corp.	–	–	–	–	–	3,08,300	3,08,300	100.00	100.00
e) Banks/FI	–	–	–	–	–	–	–	–	–
f) Any Other...	–	–	–	–	–	–	–	–	–
Sub-total A (1):-	–	3,08,300	3,08,300	100.00	–	3,08,300	3,08,300	100.00	100.00

Category of Shareholders	No. of Shares held at the beginning of the year 01/04/2014				No. of Shares held at the end of the year 31/03/2015				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(2) Foreign									
a) NRIs – Individuals	–	–	–	–	–	–	–	–	–
b) Other – Individuals	–	–	–	–	–	–	–	–	–
c) Bodies Corp.	–	–	–	–	–	–	–	–	–
d) Banks/FI	–	–	–	–	–	–	–	–	–
e) Any Other...	–	–	–	–	–	–	–	–	–
Sub-total A (2):-	–	–	–	–	–	–	–	–	–
Total shareholding of Promoter (A)= (A)(1) + (A)(2)	–	3,08,300	3,08,300	100.00	–	3,08,300	3,08,300	100.00	100.00
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	–	–	–	–	–	–	–	–	–
b) Banks/FI	–	–	–	–	–	–	–	–	–
c) Central Govt.	–	–	–	–	–	–	–	–	–
d) State Govt(s)	–	–	–	–	–	–	–	–	–
e) Venture Capital Funds	–	–	–	–	–	–	–	–	–
f) Insurance Companies	–	–	–	–	–	–	–	–	–
g) FIs	–	–	–	–	–	–	–	–	–
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
i) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(1):-	–	–	–	–	–	–	–	–	–
2. Non-Institutions									
a) Bodies Corp.	–	–	–	–	–	–	–	–	–
i) Indian	–	–	–	–	–	–	–	–	–
ii) Overseas	–	–	–	–	–	–	–	–	–
b) Individuals	–	–	–	–	–	–	–	–	–
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	–	–	–	–	–	–	–	–	–
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	–	–	–	–	–	–	–	–	–
c) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(2):-	–	–	–	–	–	–	–	–	–
Total Public Shareholding (B)=(B)(1) + (B)(2)	–	–	–	–	–	–	–	–	–
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	–	3,08,300	3,08,300	100.00	–	3,08,300	3,08,300	100.00	100.00

(ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year 01/04/2014			Shareholding at the end of the year 31/03/2015			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	
1.	Raj Chopra	17,359	5.63	–	–	–	–	100.00
2.	Geeta Chopra	30,789	9.99	–	–	–	–	100.00
3.	Priya Chopra	2,60,152	84.38	–	–	–	–	100.00
4.	Mahindra Holidays & Resorts India Limited	–	–	–	3,08,300	100.00	–	100.00
	Total	3,08,300	100.00	–	3,08,300	100.00	–	100.00

(iii) Change in Promoters' Shareholding (please specify, if there is no change): Refer point No. IV(ii)

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs): Not Applicable

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	Mr. Raj Chopra	Shareholding at the beginning of the year 01/04/2014		Cumulative Shareholding during The Year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
	At the beginning of the year 01/04/2014	17,359	5.63%	17,359	5.63%
	Sale (18 th June, 2014)	17,359	5.63%	–	–
	At the End of the year 31/03/2015	–	–	–	–
	Ms. Geeta Chopra				
	At the beginning of the year 01/04/2014	30,789	9.99%	30,789	9.99%
	Sale (18 th June, 2014)	30,789	9.99%	–	–
	At the End of the year 31/03/2015	–	–	–	–
	Ms. Priya Chopra				
	At the beginning of the year 01/04/2014	2,60,152	84.38%	2,60,152	84.38%
	Sale (18 th June, 2014)	2,60,152	84.38%	–	–
	At the End of the year 31/03/2015	–	–	–	–

The Company did not require to appoint Key Managerial Personnel.

V. INDEBTEDNESS**Indebtedness of the Company including interest outstanding/accrued but not due for payment**

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year (01/04/2014)				
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	-	-	-	-
Change in Indebtedness during the financial year				
• Addition	-	-	-	-
• Reduction	-	-	-	-
Net change	-	-	-	-
Indebtedness at the end of the financial year (31/03/2015)				
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	-	-	-	-

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager: Not Applicable

B. Remuneration to other directors: Nil

C. Remuneration to key managerial personnel other than MD/manager/WTD: Not Applicable

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

During the year, no penalties were levied against the Company, its directors or any of its officers under the Companies Act, 2013 nor was there any punishment or compounding of offences against the company, its Directors or any of its officers.

ANNEXURE II TO THE DIRECTORS REPORT FOR THE YEAR ENDED MARCH 31, 2015**Form No. AOC – 2**

(Pursuant to clause (h) of sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

1. **Details of contracts or arrangements or transactions not at arm's length basis:** Nil
2. **Details of material contracts or arrangement or transactions at arm's length basis:**

(a) Name(s) of the related party Nature of relationship	Mahindra Holidays & Resorts India Limited Holding Company
(b) Nature of contracts/arrangements/transactions	Room Inventory Agreement
(c) Duration of the contracts/arrangements/ transactions	1 year
(d) Salient terms of the contracts or arrangements or transactions including the value, if any:	Room Inventory to be made available on requisition basis. Period of agreement is one year. Aggregate value paid Rs. 43 lakhs for the FY 2014-15.
(e) Date(s) of approval by the Board, if any:	NA
(f) Amount paid as advances, if any;	Nil

The above mentioned transaction was entered into by the Company in its ordinary course of business.

For and on behalf of the Board of Directors

Dinesh Shetty
Director

Ajay Agrawal
Director

Place: Chennai

Date: 24th April, 2015

ANNEXURE III TO THE DIRECTORS REPORT FOR THE YEAR ENDED MARCH 31, 2015**A) Conservation of energy:**

- (i) The steps taken or impact on conservation of energy:
The operations of your Company are not energy intensive. However, adequate energy audits have been initiated to reduce energy consumption.
- (ii) the steps taken by the Company for utilizing alternate sources of energy: Nil
- (iii) the capital investment on energy conservation equipment: Nil

(B) Technology absorption:

- (i) The efforts made towards technology absorption:
The Company has not carried out any Technology absorption
- (ii) The benefits derived like product improvement, cost reduction, product development or import substitution: Not Applicable
- (iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year) - Not Applicable
 - (a) The details of technology imported;
 - (b) The year of import;
 - (c) Whether the technology been fully absorbed;
 - (d) If not fully absorbed, areas where absorption has not taken place, and the reasons thereof; and
- (iv) The expenditure incurred on Research and Development - Not Applicable

(C) Foreign exchange earnings and Outgo:

There were no foreign exchange earnings and outgo during the financial year ended 31st March, 2015. (Refer note no. 23 of the notes of accounts.)

For and on behalf of the Board of Directors

Dinesh Shetty
Director

Ajay Agrawal
Director

Place: Chennai

Date: 24th April, 2015

INDEPENDENT AUDITOR'S REPORT

To the Members of COMPETENT HOTELS PRIVATE LIMITED

We have audited the accompanying standalone Financial Statements of **COMPETENT HOTELS PRIVATE LIMITED ("the company")** which comprises the Balance Sheet as at 31st March, 2015, the Statement of Profit & Loss, the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation and fair presentation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the company's directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to explanations given to us, the aforesaid standalone financial statements read with the Notes annexed thereto give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2015, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditors' Report) Order, 2015 issued by the Ministry of Corporate Affairs, Government of India, in terms of Section 143(11) of the Companies Act, 2013, we enclose in the Annexure, a statement on the matters specified in paragraph 3 and 4 of the said order.

As required by Section 143(3) of the Act, we report that:

- a) We have sought and obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of audit.
- b) In our opinion proper books of accounts as required by law have been kept by the Company so far as it appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit & Loss, and the Cash Flow Statement dealt with by this report are in agreement with the books of accounts.
- d) In our opinion the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) On the basis of the written representations received from the directors as on 31st March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i) There are no pending litigations which require disclosure in the aforesaid standalone financial statements.
 - ii) The Company did not have material foreseeable losses on long term contracts and there were no derivative contracts.
 - iii) There are no amounts required to be transferred to the Investor Education and Protection Fund by the company.

For LAMBA VIJ & CO.
Chartered Accountants
FRN: 002520N

Vikash Agarwal
Partner
M. No: 525384

Place : New Delhi
Dated : April 24, 2015

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

(Referred to under 'Report on Other Legal and Regulatory Requirements' section of our report to the members of Competent Hotels Private Limited on the accounts for the year ended 31st March 2015)

- (i) In respect of its fixed assets:
- (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
- (b) As explained to us, the fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
- (ii) In respect of its inventory:
- (a) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals.
- (b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- (iii) In our opinion and according to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the Register maintained under Section 189 of the Companies Act.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and fixed assets and sale of services. During the course of our audit, we have not observed any continuing failure to correct major weakness in such internal control system.
- (v) As explained to us, the company has not accepted any deposits and therefore clause (v) of the order is not applicable.
- (vi) The company is not required to maintain cost records in terms of sub-section (1) of Section 148 of the Companies Act.
- (vii) According to the information and explanations given to us in respect of statutory dues:
- (a) The Company has been generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues applicable to it with the appropriate authorities and there were no outstanding statutory dues as at the last day of the financial year for a period of more than six months from the date they became payable.
- (b) The Company has no disputed dues of any tax which have not been deposited as on March 31, 2015.
- (c) There are no amounts required to be transferred to the Investor Education and Protection Fund by the Company during the year.
- (viii) There are no accumulated losses as at the end of the financial year and the Company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (ix) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to any financial institution or bank or debenture holder.
- (x) In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not obtained any term loan.
- (xii) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

For LAMBA VIJ & CO.
Chartered Accountants
FRN: 002520N

Vikash Agarwal
Partner
M. No: 525384

Place : New Delhi
Dated : April 24, 2015

BALANCE SHEET AS AT MARCH 31, 2015

In Rs.

Particulars	Notes	As At March 31, 2015	As At March 31, 2014
I. EQUITY AND LIABILITIES			
Shareholder's Funds			
Share Capital	2	30,830,000	30,830,000
Reserves and Surplus	3	43,810,078	20,956,293
Non-Current Liabilities			
Other Long Term Liabilities	4	20,000	200,128
Deferred Tax Liabilities (Net)	5	9,869,864	138,291
Long-Term Provisions	6	213,762	-
Current Liabilities			
Trade Payables	7	-	5,584,951
Other Current Liabilities	8	3,596,305	5,330,991
Short-Term Provisions	9	4,140,621	13,456,771
TOTAL EQUITY & LIABILITIES		92,480,630	76,497,425
II. ASSETS			
Non-Current Assets			
Fixed Assets			
Tangible	10	58,941,763	35,681,296
Long term loans and advances	11	11,366,019	18,874,724
Current assets			
Inventories	12	2,770,183	3,000,204
Trade receivables	13	2,940,963	716,510
Cash and Bank Balances	14	12,440,151	10,467,977
Short-term loans and advances	15	3,626,739	6,860,971
Other Current Assets	16	394,812	895,742
TOTAL ASSETS		92,480,630	76,497,425
Significant Accounting Policies	1		

The Accompanying Notes are Integral Part of the Financial Statements
As per our report on even date

For LAMBA VIJ & Co.
Chartered Accountants

For and on behalf of the Board

Ajay Agarwal
Director

Ravindera Nath Khanna
Director

Vikash Agarwal
Partner
Membership No. : 525384
Firm Reg. No.: 002520N
Place: New Delhi
Date: April 24, 2015

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2015

In Rs.

S. No	Particulars	Notes	Year ended March 31, 2015	Year ended March 31, 2014
REVENUE				
I	Revenue from operations.....	17	52,078,889	59,897,221
II	Other Income.....	18	896,332	2,087,807
III	TOTAL REVENUE (I+II)		52,975,221	61,985,028
IV EXPENSES:				
	Cost of Material Consumed	19	9,681,600	8,616,417
	Other Expenses	20	21,076,703	22,870,623
	Employee Benefit Expense	21	9,957,188	10,409,064
	Depreciation and Amortization Expense	10	(25,650,919)	4,708,802
	TOTAL EXPENSES (IV)		15,064,572	46,604,906
V	Profit before exceptional and extraordinary items and tax (III-IV)		37,910,649	15,380,122
VI	Exceptional and Extraordinary Items.....		-	-
IX	Profit before tax (VII-VIII).....		37,910,649	15,380,122
X TAX EXPENSE:				
	Current Tax.....		3,450,000	5,070,000
	Deferred Tax.....		9,731,573	(55,986)
XI	Profit/(Loss) for the period from continuing operations (VII-VIII).....		24,729,076	10,366,108
XII	Profit/(Loss) for the period from discontinuing operations.....		-	-
XIII	Tax expense of discontinuing operations.....		-	-
XIV	Profit/(Loss) from discontinuing operations (after tax) (XII-XIII).....		-	-
XV	Profit/(Loss) for the period (XI+XIV)		24,729,076	10,366,108
XVI Earning per equity share:				
	(1) Basic		80.21	33.62
	(2) Diluted.....		80.21	33.62
	Significant Accounting Policies	1		

The Accompanying Notes are Integral Part of the Financial Statements

As per our report on even date

For LAMBA VIJ & Co.

Chartered Accountants

For and on behalf of the Board**Ajay Agarwal**
Director**Ravindera Nath Khanna**
Director**Vikash Agarwal**

Partner

Membership No. : 525384

Firm Reg. No.: 002520N

Place: New Delhi

Date: April 24, 2015

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2015

Particulars	In Rs.	
	Year ended March 31, 2015	Year ended March 31, 2014
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Profit/(Loss) before tax	37,910,649	15,380,122
Adjustments for non-cash and other items		
Depreciation.....	(25,650,919)	4,708,802
Tax Adjustments in P&L	–	134,576
Loss/(Profit) on Sale of Fixed Assets.....	2,311,176	(504,434)
Provision for employee benefits.....	707,262	(17,120)
	<u>(22,632,481)</u>	<u>4,321,824</u>
Operating Profit before working capital changes	15,278,168	19,701,946
Changes in:		
Trade and other receivables	1,009,780	(566,676)
Inventories.....	230,020	(574,563)
Other Current Assets.....	500,930	–
Trade and other payables	(7,499,765)	2,597,730
	<u>(5,759,035)</u>	<u>1,456,490</u>
Income taxes paid	(5,070,000)	(5,600,000)
	<u>(5,070,000)</u>	<u>(5,600,000)</u>
Net cash from operating activities [A].....	4,449,133	15,558,436
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of fixed assets	(1,821,102)	(1,826,266)
Sale Proceeds of Fixed Assets	25,088	1,500,000
Repayment of Long Term Advances for Land Purchase.....	7,508,705	(7,555,000)
	<u>(1,821,102)</u>	<u>(1,826,266)</u>
Net cash used in investing activities [B]	5,712,691	(7,881,266)
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Dividend and Dividend Tax Paid	(8,189,650)	(9,593,590)
	<u>(8,189,650)</u>	<u>(9,593,590)</u>
Net cash from financing activities [C].....	(8,189,650)	(9,593,590)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	1,972,174	(1,916,419)
CASH AND CASH EQUIVALENTS:		
Opening balance.....	10,467,977	12,384,396
Closing balance.....	12,440,151	10,467,977
	<u>1,972,174</u>	<u>(1,916,419)</u>

The Accompanying Notes are Integral Part of the Financial Statements

As per our report on even date

For LAMBA VIJ & Co.

Chartered Accountants

For and on behalf of the Board

Ajay Agarwal
Director

Ravindera Nath Khanna
Director

Vikash Agarwal

Partner

Membership No. : 525384

Firm Reg. No.: 002520N

Place: New Delhi

Date: April 24, 2015

NOTES OF ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2015

1.1 CORPORATE INFORMATION

Competent Hotels Private Limited is a private limited company incorporated on 30th May, 1986, under Companies Act, 1956. The company is engaged in business of Hospitality earns revenue from Room Rentals, Sale of food and beverages and other related guest services.

During the current reporting period, there has been a substantial change in the Shareholding pattern of the company and the management of the company. The management of the resort has been transferred to Club Mahindra from Competent Group of companies and the ownership of the company has been transferred to Mahindra Holidays and Resorts India Limited by way of sale of shares.

1.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Preparation

The Financial statements of the Company have been prepared in accordance with the generally accepted accounting principles in India. The Company has prepared these financial statements to comply in all Material respects with the accounting standards specified under Section 133 of the Act and the relevant provisions of Companies Act, 2013. The financial statements have been prepared on accrual basis and under the Historical Cost Convention. The Accounting Policies adopted in the preparation of financial statements are consistent with those of previous year.

B. (i) Fixed Assets

Fixed Assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the Intended Use. Any Trade Discounts and Rebates are deducted in arriving at the purchase price. Gains or losses arising from de-recognition of fixed assets are measured as difference between the net disposal proceeds and the carrying amount of asset and are recognized in the statement of profit and loss when the asset is recognized.

(ii) Depreciation

In order to follow uniform accounting policy for consolidation of the financials and to be in line with parent company, the company has changed the method of charging depreciation from written down value method to straight line method during the year. Depreciation on fixed assets are now provided on straight line method taking into consideration the useful life prescribed in the schedule II of the Companies Act, 2013.

C. Revenue Recognition

Revenue is recognized to the extent it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Amount of Luxury tax, Sales tax, and Service tax collected on generating operating revenue has been shown as a reduction from the operating revenue.

D. Inventories

The Inventories are stated at cost or net realizable value whichever is lower. Cost is determined on Weighted Average Cost Method. Net Realizable value is the estimated price in the ordinary course of business, less estimated cost of completion and costs necessary to make sales.

E. Foreign Exchange Transaction

Transactions in foreign exchange, if any, would be recorded at the exchange rate prevailing on the date of transaction and in pursuant to AS-11 on "Foreign Exchange Translation" issued by ICAI.

F. Provision and Contingencies

Contingent liabilities are estimated on the basis of available information and are disclosed by way of Notes to Accounts. These are reviewed at each Balance Sheet date and adjusted to reflect the current management estimates.

G. Impairment of Assets

At each Balance Sheet date the company assesses whether there is any indication that assets may be impaired. If any such indication exists, the company estimates the recoverable amount. If the carrying amount of assets exceeds its recoverable amount, an impairment Loss is recognized in the Accounts to the extent the carrying amount exceeds the recoverable amount.

H. Retirement Benefits

In respect of payment of gratuity to employees, the contributions are being made to approve Group Gratuity Scheme of Life Insurance Corporation of India. The premium and contribution paid during the year has been charged to revenue. The provision for Gratuity is being booked on the basis of Actuarial Valuation in excess of the Fund Value with the Life Insurance Corporation of India.

I. Taxes on Income

Provision for Income tax comprises of current tax, and deferred tax charge or release. Current Income Tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961.

Tax is recognized, subject to consideration of prudence, on timing differences, being difference between taxable and accounting income/ expenditure that originate in one period and are capable of reversal in one or more subsequent period(s). Deferred Tax Assets are not recognized unless there is "Virtual Certainty" that sufficient future taxable income will be available against which such deferred tax assets will be realized.

2. Share Capital

S. No	Particulars	In Rs.	
		As At March 31, 2015	As At March 31, 2014
1	Authorised Share Capital		
	350,000 Equity Shares of Rs. 100/- each (Previous Year 350,000 Equity Shares of Rs. 100/- each)	35,000,000	35,000,000
	150,000 14% Non-cumulative Red. Pref. Share of Rs. 100/-each (Prev. Yr. 1,50,000 14% Non-cum Red Pref. Share of Rs. 100/- Each)	15,000,000	15,000,000
		50,000,000	50,000,000
2	Issued, Subscribed & Paid up Capital		
	308,300 Equity Shares of Rs. 100 each (Previous Year 308,300 Equity Shares of Rs. 100/- each)	30,830,000	30,830,000
	Total	30,830,000	30,830,000

Share Holding Pattern

2.1 Shareholders holding more than 5% shares

S. No	Particulars	In Rs.	
		As At March 31, 2015	As At March 31, 2014
1	Mahindra Holidays and Resorts India Ltd.		
	No. of shares	308,298	-
	% held	100.00%	-
2	Mr. Raj Chopra		
	No. of shares	-	17,359
	% held	-	5.63%
3	Ms. Priya Chopra		
	No. of shares	-	260,152
	% held	-	84.38%
4	Mrs Geeta Chopra		
	No. of shares	-	30,789
	% held	-	9.99%

NOTES OF ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2015

2.2 The reconciliation of the number of shares outstanding is set out below:

S. No	Particulars	In Rs.	
		As At March 31, 2015	As At March 31, 2014
	Equity Shares at the beginning of the year	308,300	308,300
	Add: Shares Issued During the period	-	-
	Equity Shares at the end of period	308,300	308,300

3. Reserves & Surplus

S. No	Particulars	In Rs.	
		As At March 31, 2015	As At March 31, 2014
	Reserves		
1	General Reserves		
	As per last Financial Statements	2,574,256	1,789,256
	Add: Amount Transferred from surplus balance in the Statement of Profit & Loss Account	-	785,000
	Add: Transfer from Capital investment Subsidy	2,173,500	-
	Less: Transfer to Capital Redemption reserves	-	-
	Closing Balance	4,747,756	2,574,256
2	Capital Investment Subsidy	-	2,173,500
3	Depreciation Reserve on account of changes in Schedule II *	(1,875,291)	-
4	Capital Redemption Reserve	14,580,000	14,580,000
	Sub Total (A)	17,452,465	19,327,756
5	Surplus		
	As per last Financial Statements	1,628,537	102,503
	Add: Profit/(Loss) of the current year	24,729,076	10,366,108
	Less: Appropriations		
	- General Reserves	-	785,000
	- Proposed Dividend	-	7,000,000
	- Dividend Tax	-	1,189,650
	- Tax Adjustment of previous Years	-	(134,576)
	- Capital Redemption Reserve	-	-
	Sub Total (B)	26,357,613	1,628,537
	Total [A + B]	43,810,078	20,956,293

* During the Current Reporting period, the method of depreciation has been changed from Written Down Value Method to Straight Line Method in order to match the Accounting Policy of the company with the Accounting Policy of the Holding Company M/s Mahindra Holidays and Resorts India Ltd. The Useful life of assets has been taken as prescribed under the Companies Act, 2013.

Consequent to the change in the method of Depreciation, an amount of Rs. 18,75,291.15 has been debited to Depreciation Reserve on account of changes in Schedule II.

4. Other Long Term Liabilities

S. No	Particulars	In Rs.	
		As At March 31, 2015	As At March 31, 2014
1	Security Deposits		
	Contractors	20,000	200,128
	Total	20,000	200,128

5. Deferred Tax Assets/Liabilities (Net)

S. No	Particulars	In Rs.	
		As At March 31, 2015	As At March 31, 2014
1	Deferred Tax Liabilities		
	Fixed Assets: Impact of difference between tax depreciation and depreciation/amortization charged for Financial Reporting	9,869,864	138,291
	Net Deferred Tax Liability	9,869,864	138,291

6. Long Term Provisions

S. No	Particulars	In Rs.	
		As At March 31, 2015	As At March 31, 2014
1	Provision for Employee Benefits		
	Provision for Leave Encashment	213,762	-
	Total	213,762	-

7. Trade Payables

S. No	Particulars	In Rs.	
		As At March 31, 2015	As At March 31, 2014
1	Trade Payables		
	Micro, Small and Medium Enterprises	-	-
	Others	-	5,584,951
	Total	-	5,584,951

7.1 As at March 31, 2015, the company has no outstanding dues to small-scale industrial undertaking (March 31, 2014 : Nil)

Also, the company is in process of identifying the micro, small and medium enterprises as defined under 'The Micro, Small and Medium Enterprises Development Act, 2006'. However, based on the information so far available with the company in respect of enterprises so identified, there are no delays in the payment of dues to such enterprises.

8. Other Current Liabilities

S. No	Particulars	In Rs.	
		As At March 31, 2015	As At March 31, 2014
1	Advance From Customers	1,427,969	2,262,622
2	Statutory Dues	395,911	1,658,738
3	Expenses Payable	1,772,425	1,409,631
	Total	3,596,305	5,330,991

9. Short Term Provisions

S. No	Particulars	In Rs.	
		As At March 31, 2015	As At March 31, 2014
	Provisions		
1	For Employees Benefits	690,621	197,121
2	Proposed Dividend	-	7,000,000
3	Dividend Distribution Tax	-	1,189,650
4	Provision for Income Tax	3,450,000	5,070,000
	Total	4,140,621	13,456,771

NOTES OF ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2015

10. Fixed Assets

In Rs.

Particulars	GROSS BLOCK				DEPRECIATION						NET BLOCK	
	As At April 1, 2014	Additions	Sale	As At March 31, 2015	Up To April 1, 2014	Adjustment on account of change in method of Dep.	Amount to be transferred to Reserve	For the period	Dep. On Assets Sold	Up To March 31, 2015	As At March 31, 2015	As At March 31, 2014
(A) TANGIBLE ASSETS												
Land*	2,578,150	-	-	2,578,150	-	-	-	-	-	-	2,578,150	2,578,150
Building Hotel	58,171,049	-	-	58,171,049	39,859,577	(26,781,749)	-	969,517		14,047,346	44,123,703	18,311,472
Building Staff Accomo.	4,748,219	-	-	4,748,219	2,836,626	(1,332,156)	-	79,137		1,583,607	3,164,612	1,911,593
Plant & Machinery	33,560,089	391,000	3,335,291	30,615,798	22,883,808	102,813	1,533,380	1,477,855	999,027	24,998,830	5,616,968	10,676,281
Furniture & Fixtures	18,244,269	-	-	18,244,269	16,220,490	(892,572)	327,398	552,387		16,207,703	2,036,566	2,023,779
Office Equipments	34,457	-	-	34,457	30,627	-	3,830	-		34,457	0	3,829
Computer	2,229,924	1,430,102	-	3,660,026	2,220,659	-	9,265	210,651		2,440,575	1,219,451	9,265
Vehicles	685,760	-	-	685,760	518,832	(107,036)	1,418	70,234		483,447	202,313	166,928
(B) INTANGIBLE ASSETS	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL (Rs) (A+B)	120,251,917	1,821,102	3,335,291	118,737,728	84,570,620	(29,010,700)	1,875,291	3,359,781	999,027	59,795,965	58,941,763	35,681,296
Figures for Previous Year	126,005,830	1,826,266	7,580,179	120,251,917	86,446,430	-	-	4,708,802	6,584,612	84,570,620	35,681,296	39,559,399

* The Land includes certain lands which are in possession of the company and over which the company has some builtup area. However the related title deeds are pending to be transferred in favour of the company and for which the company has applied for requisite permission to the government for transfer of lands in favour of the company.

Depreciation and amortisation relating to continuing operations:

Particulars	March 31, 2015
Depreciation and amortisation for the year on tangible assets	(25,650,919)
Depreciation and amortisation for the year on intangible assets	-
Less: Utilised from revaluation reserve	-
Depreciation and amortisation relating to discounting operations	-
Depreciation and amortisation relating to continuing operations	(25,650,919)

NOTES OF ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2015

11. Long Term Loans and Advances

S. No	Particulars	In Rs.	
		As At March 31, 2015	As At March 31, 2014
1	Capital Advances		
	Advance for purchase of Additional Land at Manali*	10,960,000	10,910,000
	Advance for booking of cottages at Mussorrie	-	7,500,000
2	Security Deposit		
	Security Deposit	406,019	464,724
	Total	11,366,019	18,874,724

* The capital advances represents an advance for purchase of additional land for the Hotel in Manali. The Company has applied for requisite permission to the government for registration of the above land.

12. Inventories

S. No	Particulars	In Rs.	
		As At March 31, 2015	As At March 31, 2014
1	House Keeping, Stationery, Crockery & Engg.	2,472,752	2,542,407
2	Kitchen Supplies	120,075	198,949
3	Beverages & Smoke	132,265	214,160
4	Diesel & Fuel	45,091	44,688
	Total	2,770,183	3,000,204

13. Trade Receivables

S. No	Particulars	In Rs.	
		As At March 31, 2015	As At March 31, 2014
	Unsecured and Considered Good		
1	Outstanding for more than six months	9,270	278,648
2	Others*	2,931,693	437,862
	Total	2,940,963	716,510

* Other trade receivable includes an amount of Rs. 2,363,654 receivable from Holding Company M/s Mahindra Holidays and Resorts India Limited.

14. Cash & Bank Balances

S. No	Particulars	In Rs.	
		As At March 31, 2015	As At March 31, 2014
1	Cash & Cash Equivalents		
	Cash in Hand	26,801	21,921
	Balances with banks		
	- Current Accounts	4,413,350	6,446,056
	- Deposit Accounts	5,000,000	-
2	Other Bank Balances		
	- Deposits with Original Maturity for more than 3 Months but less than 12 Months	3,000,000	4,000,000
	Total	12,440,151	10,467,977

15. Short Terms Loans and Advances

S. No	Particulars	In Rs.	
		As At March 31, 2015	As At March 31, 2014
1	Other Advances		
	Advance Taxes (Including Tax Deducted at Source)	3,626,739	5,354,771
	Advance Recoverable in Cash or kind for value to be received	-	1,500,000
	Staff Advances	-	6,200
	Total	3,626,739	6,860,971

16. Other Current Assets

S. No	Particulars	In Rs.	
		As At March 31, 2015	As At March 31, 2014
1	Prepaid Expenses	386,375	633,323
2	Accrued Interest	8,437	262,419
	Total	394,812	895,742

17. Revenue from Operations

S. No	Particulars	In Rs.	
		Year ended March 31, 2015	Year ended March 31, 2014
1	Services	32,673,298	36,010,462
2	Sales	19,405,591	23,886,759
	Total	52,078,889	59,897,221

17.1 Detail of Services

S. No	Particulars	In Rs.	
		Year ended March 31, 2015	Year ended March 31, 2014
1	Room Rent	27,722,449	35,550,728
2	Fitness Center & Beauty Parlour	495,733	314,159
3	Laundry	108,866	145,575
4	Lease Rent Received	4,346,250	-
	Total	32,673,298	36,010,462

17.2 Detail of sale

S. No	Particulars	In Rs.	
		Year ended March 31, 2015	Year ended March 31, 2014
1	Food	18,555,042	22,853,428
2	Beverage, Soft Drinks and Smokes	850,549	1,033,331
	Total	19,405,591	23,886,759

18. Other Income

S. No	Particulars	In Rs.	
		Year ended March 31, 2015	Year ended March 31, 2014
1	Interest on FDR's	200,796	445,769
2	Other Non Operating Income	695,536	627,904
3	Profit on Sale of Fixed Assets	-	504,434
4	Balances Written Back	-	509,700
	Total	896,332	2,087,807

19. Cost of Material Consumed

S. No	Particulars	In Rs.	
		Year ended March 31, 2015	Year ended March 31, 2014
1	Food & Kitchen Provisions	4,534,417	4,372,158
2	Beverage, Soft Drinks & Smoke Consumed	354,024	554,025
3	Other Consumptions	4,793,159	3,690,234
	Total	9,681,600	8,616,417

NOTES OF ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2015

20. Other Expenses

S. No	Particulars	In Rs.	
		Year ended March 31, 2015	Year ended March 31, 2014
A	Operating Expenses		
1	Electricity and Water	3,435,490	3,810,534
2	Gas and Fuel	1,377,446	1,374,582
3	Laundry Expenses	352,519	386,736
4	Audio, Video & Musical Show	971,449	906,261
5	Royalty	653,815	1,722,752
6	Maintenance Supplies	459,626	414,882
7	Telephone Expenses	162,189	266,907
8	Guest Relation Expenses	191,504	82,397
9	Travel Agent Commission	3,817,130	3,584,682
10	Health Club Expenses	63,948	55,547
11	Other Expenses	172,253	188,138
12	Discount	-	-
13	Freight & Cartage	138,817	94,143
	Sub Total (A)	11,796,184	12,887,561
B	Other Expenses		
1	Printing and Stationery	862,912	433,288
2	Advertisement	1,136,851	3,242,286
3	Insurance	474,695	557,790
4	Communication Expenses	10,740	38,717
5	Travelling Expenses	590,605	491,529
6	Conveyance	241,379	719,032
7	Legal & Professional Charges	412,556	918,430
8	Repair & Maintenance: Building	892,933	777,937
	Plant & Mach.	560,763	503,139
	Others	133,520	517,725
9	Auditors' Remuneration (Refer Note 22)	325,039	52,352
10	Marketing and Reservation Expenses	679,577	1,076,969
11	Loss on sale of fixed Assets	2,311,176	-
12	Miscellaneous Expenses	373,155	208,493
13	Bank Charges	274,618	374,880
14	Balances Written Off	-	71,654
15	Foreign Exchange Fluctuation	-	(1,158)
	Sub Total (B)	9,280,519	9,983,063
	Grand Total (A+B)	21,076,703	22,870,623

21. Employee Benefit Expense

S. No	Particulars	In Rs.	
		Year ended March 31, 2015	Year ended March 31, 2014
1	Salaries	8,189,995	8,334,391
2	Contribution to Provident Funds & Other heads	497,459	417,023
3	Staff welfare	1,269,734	1,657,650
	Total	9,957,188	10,409,064

22. Auditors Remuneration

S. No	Particulars	In Rs.	
		Year ended March 31, 2015	Year ended March 31, 2014
1	Audit Fees	224,720	35,956
2	Tax Audit Fees	56,180	11,236
3	Out of Pocket Expenses	10,431	5,160
4	Professional services	33,708	-
	Total	325,039	52,352

23. Foreign Exchange Earning and Expenditures

S. No	Particulars	In Rs.	
		Year ended March 31, 2015	Year ended March 31, 2014
1	Earnings	-	1,773,937
2	Expenditures		
	- Royalty & Related Payments	1,233,461	2,780,489
	- Others	-	-

24. As per Accounting Standard 18 'Related Party Disclosure', the required information is given below:

1. Detail of Related Parties

a)	Mr. Dinesh Shivanna Shetty	Additional Director
b)	Mr. Ravindra Nath Khanna	Additional Director
c)	Mr. Ajay Agarwal	Additional Director
d)	M/s Mahindra Holidays and Resorts India Ltd (MHRIL)	Holding Company

2. Detail of transactions with related parties is as follows:

S. No	Nature of Transaction	Transactions Placed with	Amount (Rs.)
1	Income from Room Rental	MHRIL	4,346,250
2	Salaries paid by related party on behalf of the company	MHRIL	979,975
3	Amounts paid by related party to/on behalf of the company	MHRIL	5,258,812
4	Credit Card payments received by related party on behalf of the company	MHRIL	5,805,934
5	Amount debited by Company to related party towards booking	MHRIL	74,293

3. Closing Balances of Related Parties

S. No	Particulars	Related Party	Amount (Rs.)
1	Short Term Loans and Advances	MHRIL	2,363,655

25. Employee Benefits

- A. Employees receive benefits from a provident fund, which is a defined contribution plan. Both the employee and the Company make monthly contributions to the Regional Provident Fund equal to a specified percentage of the covered employee's salary. Contributions to the provident fund, which is a defined contribution scheme, are charged to the profit and loss account in the year in which the contributions are incurred.
- B. The company provides for gratuity in accordance with the Payment of Gratuity Act, 1972, a defined benefit retirement plan (the Plan) covering all regular employees. The liability of Gratuity has been covered under the Group Gratuity Insurance Plan with Life Insurance Corporation of India. Provision for Gratuity has been booked by the company on the basis of actuarial valuation of Gratuity in excess of the Fund value with Life Insurance Corporation of India.

NOTES OF ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2015

Particulars	In Rs.
	As at March 31, 2015
Present value of commitment	1,392,539
Fair value of plan assets	1,138,483
Net liability recognised in the balance sheet	254,056

The actuarial calculations used to estimate defined benefit commitments and expenses are based on the following assumptions, which if changed, would affect the defined benefit commitment's size, funding requirements and pension expense.

Particulars	As at March 31, 2015
	Rate for discounting liabilities
Expected salary increase rate	5.00%
Expected return on scheme assets	-
Withdrawal rates	3%
Mortality table used	IALM (2006-08) Unit

The estimates of future salary increases, considered in the actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market. The above information is actuarially determined.

Particulars	In Rs. As at March 31, 2015
	Present value of commitment
Fair value of the Plans	-
Surplus/(Deficit)	-
Experience adjustment on plan liabilities	115,437
Experience adjustment on plan assets	-

- C. As per the current employment policy of the company, employees can carry forward accumulated leave balances as per company's leave policy which can be utilized in the subsequent years. Leave encashment costs, which are defined benefits, are based on actuarial valuations on projected unit credit method made at the balance sheet date. The Actuarial assumptions used for calculating the Leave encashment liability of the company are:

Retirement Age	58 years
Mortality Rate	IALM (2006-08) Ultimate Mortality Table
Withdrawal Rate	Ages 18-30 3.00 % per annum Ages 31-44 2.00 % per annum Ages 45-58 1.00 % per annum
Discount Rate	8.00 % per annum
Salary Escalation Rate	5.00 % per annum

26. During the Current Reporting period, the method of depreciation has been changed from Written Down Value Method to Straight Line Method in order to match the Accounting Policy of the company with the Accounting Policy of the Holding Company M/s Mahindra Holidays and Resorts India Ltd. The Useful life of assets has been taken as prescribed under the Companies Act, 2013. Consequently, an amount of Rs. 29,010,700 has been credited to the Statement of Profit and Loss, being the difference between the depreciation as per the Straight Line Method and Depreciation as per the Written Down Value Method. Therefore the Profits for the Current year has been overstated by Rs. 29,010,700.
27. Provision for Taxation is made on the basis of estimated taxable income computed in accordance with the relevant Income Tax Laws.
28. Outstanding Balances as at March 31, 2015 in respect of Sundry Debtors, Creditors and Loans & Advances are Subject to Confirmation and Reconciliation
29. Previous year figures are regrouped, rearranged and reclassified wherever deemed necessary in order to make them comparable with the current year figures.

As per our report on even date

For LAMBA VIJ & Co.

Chartered Accountants

Ajay Agarwal	Ravindera Nath Khanna
Director	Director

Vikash Agarwal

Partner

Membership No. : 525384

Firm Reg. No.: 002520N

Place: New Delhi

Date: April 24, 2015

CORPORATE DATA

DIRECTORS	:	Zakir Hussein Niamut	Appointed on 26 June 2014
		Teemulsingh Luchowa	26 June 2014
		Dinesh Shivanna Shetty	26 June 2014
ADMINISTRATOR, SECRETARY & MAURITIAN TAX AGENT	:	International Financial Services Limited IFS Court TwentyEight Cybercity Ebene Republic of Mauritius	
REGISTERED OFFICE	:	IFS Court TwentyEight Cybercity Ebene Republic of Mauritius	
AUDITORS	:	Grant Thornton Ebene Tower 52 Cybercity Ebene Republic of Mauritius	
BANKER	:	HSBC Bank (Mauritius) Limited 6 th Floor, HSBC Centre 18, Cybercity Ebene Republic of Mauritius	

COMMENTARY OF THE DIRECTORS FROM THE PERIOD FROM 26 JUNE 2014 (DATE OF INCORPORATION) TO 31 MARCH 2015

The Directors present the audited financial statements of MHR Holdings (Mauritius) Ltd, the “Company”, for the period from 26 June 2014 (Date of Incorporation) to 31 March 2015.

PRINCIPAL ACTIVITY

The principal activity of the Company is to hold investments.

RESULTS

The results of the are shown in the statement of comprehensive income and related notes.

DIRECTORS

The present membership of the Board is set out in this Report.

STATEMENT OF DIRECTORS RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

Company Law requires the Directors to prepare financial statements for each financial year, which presents fairly the financial position, financial performance and cash flows of the Company. In preparing those financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors have confirmed that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements are prepared in accordance

with International Financial Reporting Standards as modified by the exemption from consolidation in the Mauritius Companies Act, 2001 for Companies holding a Category 1 Global Business Licence and in compliance with the requirements of the Mauritius Companies Act, 2001. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

The Auditors, Grant Thornton, have indicated their willingness to continue in office until the next Annual General Meeting.

CERTIFICATE FROM THE SECRETARY UNDER SECTION 166(d) OF THE MAURITIUS COMPANIES ACT 2001

We certify, to the best of our knowledge and belief, that we have filed with the registrar of Companies all such returns as are required of MHR Holdings (Mauritius) Ltd. under the Mauritius Companies Act, 2001 for the period ended 31 March, 2015.

For International Financial Services Limited

Sd/-
Secretary

Registered Office:
IFS Court
Twenty Eight
Cyber City
Ebene
Republic of Mauritius

Date: 30 April 2015

INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF MHR HOLDINGS (MAURITIUS) LTD

Report on the Financial Statements

We have audited the accompanying financial statements of MHR Holdings (Mauritius) Ltd, the "Company", which comprise the statement of financial position as at 31 March 2015, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the period then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibilities for the Financial Statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as modified by the exemption from consolidation in the Mauritius Companies Act 2001 for companies holding a Category 1 Global Business Licence and in compliance with the requirements of the Mauritius Companies Act 2001, and for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements on pages 888 to 897 give a true and fair view of the financial position of the Company as at 31 March 2015, and of its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards as modified by the exemption from consolidation in the Mauritius Companies Act 2001 for companies holding a Category 1 Global Business Licence and the requirements of the Mauritius Companies Act 2001.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Mauritius Companies Act 2001, we report as follows:

- we have no relationship with, or any interests in, the Company other than in our capacity as auditors;
- we have obtained all the information and explanations we have required; and
- in our opinion, proper accounting records have been kept by the Company as far as appears from our examination of those records.

Other Matters

This report is made solely to the member of the Company as a body in accordance with Section 205 of the Mauritius Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's member those matters we are required to state to it in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's member as a body, for our audit work, for this report, or for the opinion we have formed.

Grant Thornton
Chartered Accountants

K RAMCHURUN, FCCA
Licensed by FRC

Date: 30 April 2015

Ebene, Republic of Mauritius

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD FROM 26 JUNE 2014 (DATE OF INCORPORATION) TO 31 MARCH 2015**

	Notes	For the period from 26/06/14 to 31/3/2015	For the period from 26/06/14 to 31/3/2015
		EUR	INR
INCOME			
Interest income	10	97,093	6,568,827
Total Income		<u>97,093</u>	<u>6,568,827</u>
EXPENDITURE			
Interest Expense	11	195,350	13,216,404
Professional fees	12	55,821	3,776,570
Audit fees		4,000	270,620
Bank charges		1,424	96,341
Licence fees		372	25,168
Total Expenses		<u>256,967</u>	<u>17,385,102</u>
Loss before tax		(159,874)	(10,816,275)
Tax Expense	8	-	-
Loss for the period		<u>(159,874)</u>	<u>(10,816,275)</u>
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified subsequently to profit or loss		-	-
Items that will be classified subsequently to profit or loss		-	-
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX		-	-
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		<u>(159,874)</u>	<u>(10,816,275)</u>

The Notes form an integral part of these Financial Statements.

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2015

	Notes	As at 31st March 15 EUR	As at 31st March 15 INR
ASSETS			
Non-Current Assets			
Investment in subsidiary.....	9	7,182,500	485,932,038
Loans.....	10	3,711,920	251,129,948
		<u>10,894,420</u>	<u>737,061,985</u>
Current Assets			
Prepayments.....		1,287	87,072
Cash and cash equivalents.....		58,147	3,933,935
		<u>59,434</u>	<u>4,021,007</u>
TOTAL ASSETS		<u>10,953,854</u>	<u>741,082,992</u>
EQUITY AND LIABILITIES			
Equity			
Stated capital.....	13	145,000	9,809,975
Loss for the period		(159,874)	(10,816,275)
Total Equity		<u>(14,874)</u>	<u>(1,006,300)</u>
Liabilities			
Non-current liabilities			
Borrowings.....	11	10,850,000	734,056,750
		<u>10,850,000</u>	<u>734,056,750</u>
Current Liabilities			
Borrowings.....	11	74,562	5,044,492
Accruals		44,166	2,988,051
		<u>118,728</u>	<u>8,032,543</u>
Total Liabilities.....		<u>10,968,728</u>	<u>742,089,293</u>
TOTAL EQUITY AND LIABILITIES		<u>10,953,854</u>	<u>741,082,992</u>

Approved by the Board of Directors on 30 April 2015 and signed on its behalf by:

Director

Director

The Notes form an integral part of these Financial Statements.

**STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD FROM 26 JUNE 2014 (DATE OF INCORPORATION) TO 31 MARCH 2015**

	<u>Stated capital</u>	<u>Loss for the period</u>	<u>Total</u>
	EUR	EUR	EUR
Issue of shares	145,000	-	145,000
Transactions with the shareholder	145,000	-	145,000
Loss for the period	-	(159,874)	(159,874)
Other comprehensive income	-	-	-
Total comprehensive loss for the period	-	(159,874)	(159,874)
Balance at 31 March 2015	<u>145,000</u>	<u>(159,874)</u>	<u>(14,874)</u>

	<u>Stated capital</u>	<u>Loss for the period</u>	<u>Total</u>
	INR	INR	INR
Issue of shares	9,809,975	-	9,809,975
Transactions with the shareholder	9,809,975	-	9,809,975
Loss for the period	-	(10,816,275)	(10,816,275)
Other comprehensive income	-	-	-
Total comprehensive loss for the period	-	(10,816,275)	(10,816,275)
Balance at 31 March 2015	<u>9,809,975</u>	<u>(10,816,275)</u>	<u>(1,006,300)</u>

The Notes form an integral part of these Financial Statements.

STATEMENT OF CASH FLOWS
FOR THE PERIOD FROM 26 JUNE 2014 (DATE OF INCORPORATION) TO 31 MARCH 2015

	2015	2015
	EUR	INR
Operating activities		
Loss before tax	(159,874)	(10,816,275)
<i>Adjustments for:</i>		
Interest income	(97,093)	(6,568,827)
Interest expense	195,350	13,216,404
	<u>(61,617)</u>	<u>(4,168,698)</u>
<i>Changes in working capital:</i>		
Increase in prepayments.....	(1,287)	(87,072)
Increase in accruals.....	44,166	2,988,051
Net cash used in operations	<u>42,879</u>	<u>2,900,979</u>
Interest received	69,173	4,679,899
Interest paid	(120,788)	(8,171,912)
Net cash used in operating activities	<u>(8,736)</u>	<u>(591,034)</u>
Investing activities		
Investments in subsidiary.....	7,182,500	485,932,038
Net cash used in investing activities	<u>(7,182,500)</u>	<u>485,932,038</u>
Financing activities		
Loans from bank.....	10,850,000	734,056,750
Proceeds from issue of shares	145,000	9,809,975
Loans to subsidiary	(3,800,000)	(257,089,000)
Loans repaid by subsidiary.....	116,000	7,847,980
Net cash from financing activities	<u>7,311,000</u>	<u>494,625,705</u>
Net change in cash and cash equivalents and as at 31 March 2015	<u>58,147</u>	<u>3,933,935</u>
Cash and cash equivalents made up of:		
Cash at bank	<u>58,147</u>	<u>3,933,935</u>

The Notes form an integral part of these Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 26 JUNE 2014 (DATE OF INCORPORATION) TO 31 MARCH 2015

1 GENERAL INFORMATION AND STATEMENT OF COMPLIANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS")

MHR Holdings (Mauritius) Ltd, the "Company", was incorporated in the Republic of Mauritius under the Mauritius Companies Act 2001 on 26 June 2014 as a private company with liability limited by shares and holds a Category 1 Global Business Licence issued by the Financial Services Commission. The Company's registered office is IFS Court, TwentyEight, Cybercity, Ebene, Republic of Mauritius.

The principal activity of the Company is to hold investments.

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as modified by the exemption from consolidation in the Mauritius Companies Act 2001 for companies holding a Category 1 Global Business Licence.

2 APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

2.1 New and revised standards that are effective for the period beginning on 26 June 2014

In the current period, the following new and revised standards issued by the International Accounting Standards Board ("IASB") are mandatory for the first time for the financial period beginning on 26 June 2014:

IAS 32	Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)
IFRS 10, 12 and IAS 27	Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)
IFRIC 21	Levies
IAS 36	Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36)
IAS 39	Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39)

The directors have assessed the impact of these revised standards and amendments and concluded that none of these have an impact on the disclosure of these financial statements.

2.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Company

At the date of authorisation of these financial statements, certain new Standards, Amendments and Interpretations to existing Standards have been published by the IASB but not yet effective, and have not been adopted early by the Company.

Management anticipates that all of the relevant pronouncements will be adopted in the Company's accounting policies for the first period beginning after the effective date of the pronouncements. Information on new Standards, Amendments and Interpretations is provided below.

IAS 19	Defined Benefit Plans: Employee Contributions (Amendments to IAS 19)
IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)
IFRS 16 and IAS 41	Agriculture: Bearer plants (Amendments to IAS 16 and IAS 41)
IAS 27	Equity Method in Separate Financial Statements (Amendments to IAS 27)
IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)
IFRS 11	Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)

IFRS 14	Regulatory Deferral Accounts
IFRS 15	Revenue from Contracts with Customers
IFRS 10, IFRS 12 and IAS 28	Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)
IAS 1	Disclosure Initiative (Amendments to IAS 1 Presentation of Financial Statements)
IFRS 9	Financial Instruments (2014)
Various	Annual Improvements to IFRSs 2010-2012, 2011-2013 and 2012-2014 cycles

3 SUMMARY OF ACCOUNTING POLICIES

3.1 Overall considerations

The financial statements have been prepared using the significant accounting policies and measurement bases summarised below.

3.2 Revenue

Interest income is recognised on the accrual basis using the effective interest method, unless collectability is in doubt.

3.3 Expenses

All expenses are accounted for in the statement of comprehensive income on the accrual basis.

3.4 Taxation

Tax expense recognised in the statement of comprehensive income comprises of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Current income tax assets and/or liabilities comprise of those obligations to, or claims from, fiscal authorities relating to the current period, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting date.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases.

3.5 Financial instruments

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instruments and are measured initially at fair value adjusted by transaction costs. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement, the Company's financial assets are classified into the category of loans and receivables upon initial recognition.

All financial assets are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired.

All income and expenses relating to financial assets are recognised in the statement of comprehensive income.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents and loans fall into this category of financial instruments.

Classification and subsequent measurement of financial liabilities

The Company's financial liabilities consist of borrowings and accruals.

Financial liabilities are measured subsequently at amortised cost using the effective interest method.

All interest-related charges are reported in the statement of comprehensive income.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

3.6 Consolidated financial statements

The financial statements are separate financial statements which contain information about MHR Holdings (Mauritius) Ltd as an individual company and do not contain consolidated financial information as the parent of a group.

The Company holds a Category 1 Global Business Licence issued by the Financial Services Commission and has taken advantage of the exemption given in Section 12 of Part 1 of the Fourteenth Schedule of the Mauritius Companies Act 2001 from the requirement to prepare consolidated financial statements as it is a wholly-owned subsidiary of a quoted company incorporated in the Republic of India, Mahindra Holidays and Resorts India Limited.

3.7 Investment in subsidiary

A subsidiary is an entity over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Investment in subsidiary is initially shown at cost. Where an indication of impairment exists, the recoverable amount of the investment is assessed. Where the carrying amount of an investment is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and the difference is charged to the statement of comprehensive income.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the statement of comprehensive income.

3.8 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank. Cash equivalents are short term, highly liquid investments maturing within 90 days from the date of acquisition that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

3.9 Equity

Stated capital represents the value of shares that have been issued.

Loss for the period includes current period results as disclosed in the statement of comprehensive income.

3.10 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation and the amount can be estimated reliably.

Provisions are measured at the estimated expenditure required to settle the present obligation based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. The increase in the provision due to passage of time is recognised as interest expense in the statement of comprehensive income.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

3.11 Related parties

A related party is a person or company where that person or company has control or joint control of the reporting company; has significant influence over the reporting company; or is a member of the key management personnel of the reporting company or of a parent of the reporting company.

3.12 Foreign currency translation

Functional and presentation currency

The financial statements are presented in Euro ("EUR"), which is the Company's functional and presentation currency.

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency of the Company using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items denominated in foreign currency at period-end exchange rates are recognised in the statement of comprehensive income.

Non-monetary items are not retranslated at period-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

3.13 Impairment of assets

At each reporting date, the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered any impairment loss. When an indication of impairment loss exists, the carrying amount of the asset is assessed and written down to its recoverable amount.

3.14 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the year of the borrowings using the effective interest method.

Fees paid on loan facilities are recognised as transaction costs.

3.15 Set up costs

Set up costs are written off in the period in which they arise.

3.16 Comparatives

No comparatives figures are presented as it is the first financial statements since the Company's incorporation date.

4 SIGNIFICANT MANAGEMENT JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND ESTIMATION UNCERTAINTY

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

Significant management judgement

The following is the significant management judgement in applying the accounting policies of the Company that have the most significant effect on the financial statements.

Determination of functional currency

The determination of the functional currency of the Company is critical since recording of transactions and exchange differences arising therefrom are dependent on the functional currency selected. The directors have considered those factors and have determined that the functional currency of the Company is the EUR.

Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Impairment of investments in subsidiary

In assessing impairment, management estimates the recoverable amount of each asset based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate. The directors have assessed the recoverable amount of the investments and confirmed that the carrying amounts have not suffered any impairment in value at the reporting date.

Impairment of loans to subsidiary

The Company reviews its significant loans and advances at each reporting date to assess whether an impairment loss should be recorded in the statement of comprehensive income. In particular, management judgment is required in the estimation of the amount and timing of future cash flows when determining the impairment loss. These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance.

5 FINANCIAL INSTRUMENT RISK**Risk management objectives and policies**

The Company is exposed to various risks in relation to its financial instruments. The main types of risks are market risk (foreign currency risk and interest rate risk), credit risk and liquidity risk.

The Company's financial assets and financial liabilities by category are summarised below.

	2015	2015
	EUR	INR
Financial assets		
<i>Loans and receivables:</i>		
Non-current		
Loans	3,711,920	251,129,948
Current		
Cash and cash equivalents	58,147	3,933,935
Total financial assets	3,770,067	255,063,883
Financial liabilities		
<i>Financial liabilities measured at amortised cost:</i>		
Non-current		
Borrowings	10,850,000	734,056,750
Current		
Borrowings	74,562	5,044,492
Accruals	44,166	2,988,051
	118,728	8,032,543
Total financial liabilities	10,968,728	742,089,293

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company to set appropriate measures and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and in the Company's activities.

The Company does not actively engage in the trading of financial assets and derivatives for speculative purposes. The most significant financial risks to which the Company is exposed to are described below.

5.1 Market risk analysis

The Company is exposed to market risk through its use of financial instruments. Market risk is comprised specifically of currency risk and interest rate risk, which result from both its operating and investing activities.

(i) Foreign currency sensitivity

The Company is not exposed to any currency risk as most of its financial assets and financial liabilities are denominated in the Euro which is the functional currency of the Company.

The currency profile of its financial assets and liabilities is as follows:

	Financial assets 2015	Financial assets 2015	Financial liabilities 2015	Financial liabilities 2015
	EUR	INR	EUR	INR
Long term exposure				
Euro (EUR)	3,711,920	251,129,948	10,850,000	734,056,750
Short term exposure				
Euro (EUR)	58,147	3,933,935	74,562	5,044,492
United States Dollar (USD)	-	-	44,166	2,988,051
	3,770,067	255,063,883	10,968,728	742,089,293

(ii) Interest rate sensitivity

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company has interest bearing financial assets and liabilities in the form of loans and borrowings.

The Company's interest bearing financial assets are in the form of loans to the subsidiary at a fixed rate of interest and therefore are not subject to market fluctuations.

The Company has interest bearing financial liabilities in the form of bank loans from HSBC Bank (Mauritius) Limited.

The Company's interest rate risk arises principally from the bank borrowings from HSBC Bank (Mauritius) Limited which are at variable interest rates. The Company Manages its Cash flow interest rate risk by using floating to fixed rate swaps. Such interest swaps have the economic effect of converting borrowings from floating rates to fixed rates.

Loans from HSBC Bank (Mauritius) Limited

The Company has taken the following loans from HSBC Bank (Mauritius) Limited.

Loan of EUR 6,850,000 (INR 463,436,750)

The bank loan of EUR 6,850,000 (INR 463,436,750) from HSBC Bank (Mauritius) Limited bears interest at Fixed EUR Interest Rate Swap ("IRS") 5 year plus a margin of 2.75% per annum on fixed basis (Note 11 (ii) to these financial statements). The all-inclusive rate of interest is fixed at 3.45%. The loan is repayable at the end of 5 years with an option to repay on any interest reset date. The interest is payable at the end of every 6 months. Since the Interest Rate is fixed, the Company is therefore not exposed to interest rate risk on this loan.

Loan of EUR 4,000,000 (INR 270,620,000)

The bank loan of EUR 4,000,000 (INR 270,620,000) from HSBC Bank (Mauritius) Limited carries interest at EURIBOR 6 months plus Margin of 1.95% on floating basis (Note 11 (ii) to these financial statements). The loan is repayable at the end of 5 years with an option to repay on any interest reset date. The interest is payable at the end of every 6 months. This is a floating rate loan and the interest risk is covered with an IRS.

Such interest rate swap has the economic effect of converting borrowings from floating rate to fixed rate and protecting the Company from potential future interest rate hike. Therefore the Company is not affected with interest rate fluctuations.

5.2 Credit risk analysis

Credit risk is the risk that a counterparty fails to discharge an obligation to the Company.

The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, as summarised below:

	2015	2015
	EUR	INR
ASSETS		
Non-current		
Loans	3,711,920	251,129,948
Current assets		
Cash and cash equivalents	58,147	3,933,935
	<u>3,770,067</u>	<u>255,063,883</u>

- (i) The Company has given loans to its subsidiary, which are unsecured, carry interest at 4% per annum and receivable in two years time. Since the loans are contractual, the directors consider that no credit risk is associated with these loans.
- (ii) The credit risk for the bank balance is considered negligible, since the counterparty is a reputable bank with high quality external credit ratings.
- (iii) The carrying amounts disclosed above are the Company's maximum possible credit risk exposure in relation to these instruments.
- (iv) The loans to subsidiary are secured against an Unconditional and Irrevocable Corporate Guarantee from Mahindra Holidays and Resorts India Limited, the parent company.

5.3 Liquidity risk analysis

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The following are the contractual maturities of financial liabilities, including interest payments:

	Less than 1 year	Less than 1 year	More than 1 year	More than 1 year
	EUR	INR	EUR	INR
Borrowings	74,562	5,044,492	10,850,000	734,056,750
Accruals	44,166	2,988,051	-	-
Total	<u>118,728</u>	<u>8,032,543</u>	<u>10,850,000</u>	<u>734,056,750</u>

6 FAIR VALUE MEASUREMENT**6.1 Fair value measurement of financial instruments**

The Company's financial assets and financial liabilities are measured at their carrying amounts, which approximate their fair values.

6.2 Fair value measurement of non-financial instruments

The Company's non-financial assets consist of only prepayments for which fair value measurement is not applicable since these are not measured at fair value on a recurring or non-recurring basis in the statement of financial position. At the reporting date, the Company did not have any non-financial liabilities.

7 CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns to its member.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to its member, buy back shares or issue new shares.

The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital.

At 31 March 2015, the Company was fully geared since it relies on external borrowings to finance its operations.

8 TAXATION**(i) Income tax**

Under current laws and regulations, the Company is liable to pay income tax on its net income at a rate of 15%. The Company is, however, entitled to a tax credit equivalent to the higher of actual foreign tax suffered or 80% of Mauritius tax payable in respect of its foreign source income, thus reducing its maximum effective tax rate to 3%. Capital gains from sales of units and securities are exempt from income tax in the Republic of Mauritius.

The Company has received tax residence certificates from the Mauritian authorities that it is a tax resident of the Republic of Mauritius, which is renewable on an annual basis subject to meeting certain conditions and which is eligible to obtain benefits under the double tax treaty between the Republic of Mauritius and the Republic of India.

At 31 March 2015, the Company has a tax loss of EUR 123,295 (INR 8,341,523) which will be carried forward and available for set off against future taxable profit up to the year ending 31 March 2020.

The foregoing is based on current interpretation and practice and is subject to any future changes in tax laws and in the double tax treaty between the Republic of India and the Republic of Mauritius.

(ii) Deferred tax

Deferred income tax is calculated on all temporary differences under the liability method at the rate of 3%. At 31 March 2015, no deferred tax has been recognised in respect of the tax losses carried forward as it is not probable that taxable profit will be available in the foreseeable future.

(iii) Income tax reconciliation

The income tax on the Company's loss before tax differs from the theoretical amount that would arise using the effective tax rate of the Company as follows:

	2015	2015
	EUR	INR
Loss for the period	(159,874)	(10,816,275)
Tax calculated at the rate of 3%	(4,796)	(324,473)
Non-allowable expenses	1,097	74,218
Deferred tax asset not recognised	3,699	250,256
Tax expense	-	-

9 INVESTMENTS IN SUBSIDIARY

	2015	2015
	EUR	INR
(i) Unquoted investment at cost:		
Acquisition of equity shares during the period	17,500	1,183,963
Funds contributed during the period	7,165,000	484,748,075
At 31 March 2015	<u>7,182,500</u>	<u>485,932,038</u>

(ii) Details pertaining to the unquoted investments are as follows:

Name of investee company	Country of Incorporation	Type of investments	Number of shares	Cost	Cost
				2015	2015
				EUR	INR
Covington S.à.r.l	Luxembourg	Equity	12,500	17,500	1,183,963
Covington S.à.r.l	Luxembourg	Non-equity	12,500	7,165,000	484,748,075
				<u>7,182,500</u>	<u>485,932,038</u>

(iii) Pursuant to a Share Sale and Purchase Agreement dated 17 July 2014 between the Company (the "Purchaser") and D.LAW (the "Seller"), the Company purchased 12,500 shares without nominal value corresponding to 100% of the share capital of Covington S.à.r.l, a private limited company incorporated in Luxembourg, from the Seller for a total consideration of EUR 17,500 (INR 1,183,963).

(iv) Pursuant to Contribution Agreements dated 31 July 2014 and 10 November 2014 between the Company (the "Contributor") and Covington S.à.r.l (the "Receiver"), the Contributor granted EUR 3,165,000 (INR 214,128,075) and EUR 4,000,000 (INR 270,620,000) respectively to the Receiver.

(v) The directors have assessed the recoverable amount of the investments (equity and non-equity) and confirmed that the carrying amount of these investments have not suffered any impairment in value at the reporting date.

(vi) The Company has 100% shareholding in Covington S.à.r.l and is therefore considered as the Company's subsidiary since it has control over the subsidiary through its 100% voting rights. The Company holds a Category 1 Global Business Licence issued by the Financial Services Commission and has therefore taken advantage of Section 12 of Part 1 of the Fourteenth Schedule of the Mauritius Companies Act 2001 which dispenses it from presenting consolidated financial statements as it is a wholly-owned subsidiary of a company incorporated in the Republic of India.

(vii) The non-equity investment in Covington S.à.r.l represents funds invested as "capital contribution" and settlement is not likely within one year. Repayment would be agreed between the Company and its investee company.

10 LOANS

	2015	2015
	EUR	INR
<i>Loans to subsidiary:</i>		
Non-current		
Principal amounts	3,684,000	249,241,020
Interest receivable	27,920	1,888,928
Total	<u>3,711,920</u>	<u>251,129,948</u>

(i) The movement during the period on the loans is as follows:

	2015	2015
	EUR	INR
Loans granted during the period	3,800,000	257,089,000
Loans repaid during the period	(116,000)	(7,847,980)
Interest income for the period	97,093	6,568,827
Interest received during the period	(69,173)	(4,679,899)
At 31 March	<u>3,711,920</u>	<u>251,129,948</u>

Pursuant to Loan Agreements dated 31 July 2014, 25 August 2014 and 10 September 2014 between the Company (the "Lender") and Covington S.à.r.l (the "Borrower"), the Company advanced funds to the Borrower amounting to EUR 3,500,000 (INR 236,792,500), EUR 200,000 (INR 13,531,000) and EUR 100,000 (INR 6,765,500) respectively bearing interest of 4% per annum and receivable in two years time. During the period under review, part of the principal amounts and interest were repaid.

11 BORROWINGS

	2015	2015
	EUR	INR
Non-current		
Principal amounts	10,850,000	734,056,750
Current		
Interest payable	74,562	5,044,492
Total	<u>10,924,562</u>	<u>739,101,242</u>

(i) The movement during the period on the borrowings is as follows:

	2015	2015
	EUR	INR
<i>Loans taken during the period:</i>		
HSBC Bank (Mauritius) Limited	10,850,000	734,056,750
<i>Interest element for the period:</i>		
Interest expense	200,238	13,547,102
Gain on interest rate swap	(4,888)	(330,698)
Interest payment	(120,788)	(8,171,912)
At 31 March	<u>10,924,562</u>	<u>739,101,242</u>

(ii) **Bank loans**

Loan of EUR 6,850,000 (INR 463,436,750)

The Company (the "Borrower") entered into a Facility Agreement with HSBC Bank (Mauritius) Limited ("the Lender") on 31 July 2014 whereby the loan is repayable on 04 August 2019. The loan bears interest at Fixed EUR Interest Rate Swap ("IRS") 5 year plus a margin of 2.75% per annum on fixed basis. The all-inclusive rate of interest is fixed at 3.45%. The loan is repayable at the end of 5 years with an option to repay on any interest reset date. The interest is payable at the end of every 6 months and interest accrued on the loan outstanding at the reporting date amounted to USD 36,762 (INR 2,302,772).

Loan of EUR 4,000,000 (INR 270,620,000)

The Company (the "Borrower") entered into a Facility Agreement with HSBC Bank (Mauritius) Limited (the "Lender") on floating basis. The loan is repayable at the end of 5 years with an option to repay on any interest reset date. The interest is payable at the end of every 6 months and interest accrued on the loan outstanding at the reporting date amounted to USD 37,800 (INR 2,367,792). This is a floating rate loan and the interest risk is covered with an IRS.

The above loans are secured against an Unconditional and Irrevocable Corporate Guarantee from Mahindra Holidays and Resorts India Limited (the "Guarantor"). In that respect, an annual commission of 0.53% on the Corporate Guarantee (EUR 11,200,000 (INR 757,736,000)) should be paid to the Guarantor until the loans are fully repaid. At 31 March 2015, an amount of EUR 33,831 (INR 2,288,836) was charged as commission.

12 PROFESSIONAL FEES

	2015	2015
	EUR	INR
Administration fees and disbursements	16,018	1,083,698
Directors' fees	1,414	95,664
Fees for tax filings	962	65,084
Secretarial fees	848	57,371
Fees for process agent	489	33,083
CDD verification fees	377	25,506
Fees for issue of legal opinion	1,882	127,327
Commissions on Corporate Guarantee (Note 11(ii))	33,831	2,288,836
	<u>55,821</u>	<u>3,776,570</u>

All set up costs were borne by the holding company prior to the incorporation of the Company.

14 RELATED PARTY TRANSACTIONS

During the period ended 31 March 2015, the Company had transactions with related parties. The nature, volume of transactions and balances with the related parties are as follows:

Name of companies	Nature of Relationship	Nature of transactions	Volume of transactions	Volume of transactions	Debit/(credit) balances at 31-Mar-15	Debit/(credit) balances at 31-Mar-15
			EUR	INR	EUR	INR
Covington S.à.r.l. (Note 10 (i))	Subsidiary	Loans	3,800,000	257,089,000	3,711,920	251,129,948
Mahindra Holidays and Resorts India Limited (Note 11 (ii))	Holding company	Commission on Corporate Guarantee	33,831	2,288,836	(33,831)	(2,288,836)
International Financial Services Limited	Administrator, Secretary and Mauritius Tax Agent	Administration fees and disbursements	16,018	1,083,698	(6,335)	(428,594)
International Financial Services Limited	Administrator, Secretary and Mauritius Tax Agent	Professional fees	3,224	218,120	1,074	72,661

15 CONTINGENT LIABILITIES

The Company has no litigation claims outstanding, pending or threatened against it, which could have a material adverse effect on the Company's financial position or results as at 31 March 2015.

16 EVENTS AFTER THE REPORTING PERIOD

There have been no events after the reporting date which requires disclosure or adjustment to the 31 March 2015 financial statements.

13 STATED CAPITAL

	2015	2015
	EUR	INR
Issued and paid:		
145,000 Ordinary shares of EUR1 each	<u>145,000</u>	<u>9,809,975</u>

In accordance with the Company's Constitution, the main rights and obligations attached to the ordinary shares are as follows:

- confer to its holder the rights to attend and exercise one vote at meetings of members generally and class meetings of the ordinary shares;
- have a right to receive any dividend or distribution; and
- be entitled, on a winding up, to share in the assets of the Company available for distribution.

17 HOLDING COMPANIES

The directors consider Mahindra Holidays and Resorts India Limited, a quoted company incorporated in the Republic of India, as the Company's immediate holding company and Mahindra and Mahindra Limited, a quoted company incorporated in the Republic of India, as the Company's ultimate holding company.

- 18** FC amounts are translated for convenience into Indian Rupees at the exchange rate of Rs. 67.655 = EUR 1 which is the average of the telegraphic transfer buying and selling rates quoted by the Mumbai Branch of State Bank of India on 31st March 2015.

DIRECTORS' REPORT

The following shall constitute a report of the Board of Directors relating to the activities of the Company for the period ended 31st March, 2015.

Your Company became a wholly owned subsidiary of MHR Holdings (Mauritius) Limited, Mauritius (MHR Holdings), from 17th July, 2014, and in turn a wholly owned subsidiary of Mahindra Holidays & Resorts India Limited, a company incorporated in India.

Your Company invested to the extent of 23.3% in the share capital of Holiday Club Resorts Oy, Finland (HCR) during the year under review.

Your Company has availed term loans from RCI and MHR Holdings, for the purpose of investing in equity shares of HCR, during the year. As of 31st March, 2015 the net outstanding is, Euro 6.6 million in respect of RCI and Euro 3.71 million in respect of MHR Holdings.

Mr. Dinesh Shetty, Mr. Ajay Agrawal and Mr. Livio Gambardella (w.e.f. 31st October, 2014) are the Directors of your Company.

During the year under review, Mr. Philippe Salpetier resigned from the Directorship of the Company with effect from 31st October 2014. The Board places on record its sincere appreciation for the valuable services rendered and guidance received from him during his tenure as Director of the Company.

In the opinion of the Board of Directors, the accompanying financial statement together with its notes, annexures, etc., as set out herein are drawn up so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2015.

For **Covington S.a.r.l**

Dinesh Shetty Director	Ajay Agrawal Director
----------------------------------	---------------------------------

Place: Chennai
Dated: 24/04/2015

BALANCE SHEET AS AT MARCH 31, 2015

ASSETS	Notes	As on March 31, 2015 EURO	As on March 31, 2015 INR
FIXED ASSETS			
Financial Fixed Assets.....	1		
Shares in undertakings with which the company is linked by virtue of participating interests.....		17,399,297.31	1,177,149,460.00
CURRENT ASSETS			
Cash at bank, cash in postal cheque accounts, cheques and cash in hand...		57,432.28	3,885,581.00
PREPAYMENTS.....		3,461.90	234,215.00
TOTAL ASSETS		17,460,191.49	1,181,269,255.00
LIABILITIES			
<u>CAPITAL AND RESERVES</u>			
Subscribed Capital.....		12,500.00	845,688.00
Share premium and similar premiums.....		7,165,000.00	484,748,075.00
Profit/(loss) brought forward.....		(4,960.79)	(335,622.00)
Profit/(loss) for the Financial period.....		(88,351.74)	(5,977,439.00)
		<u>7,084,187.47</u>	<u>479,280,702.00</u>
<u>NON SUBORDINATED DEBTS</u>			
2			
Trade Creditors			
<i>becoming due and payable within one year</i>		48,467.00	3,279,035.00
Tax and Social security debts			
<i>Tax debts</i>		9,680.00	654,901.00
Other Creditors			
<i>becoming due and payable within one year</i>		133,857.02	9,056,097.00
<i>becoming due and payable after more than one year</i>		10,184,000.00	688,998,520.00
		<u>10,376,004.02</u>	<u>701,988,553.00</u>
		17,460,191.49	1,181,269,255.00

PROFIT AND LOSS ACCOUNT FOR THE PERIOD FROM JULY 17, 2014 TO MARCH 31, 2015

CHARGES	Notes	Period from	Period from
		17/07/2014 to 31/03/2015	17/07/2014 to 31/03/2015
		EURO	INR
Other external charges	3	66,700.20	4,512,603.00
<u>Interest and other financial charges</u>	4		
Other interest and similar financial charges		203,046.34	13,737,101.00
Income Tax		6,420.00	434,345.00
<i>Other taxes not included in the previous caption</i>		10.00	677.00
TOTAL CHARGES		276,176.54	18,684,726.00
INCOME			
<u>Income from financial fixed assets</u>	5		
derived from affiliated undertakings		187,824.80	12,707,287.00
Loss for the financial period		88,351.74	5,977,439.00
TOTAL INCOME		276,176.54	18,684,726.00

NOTES TO THE ACCOUNTS

Note 1 - Financial Fixed Assets

Undertakings in which the company holds interest in their share capital or in which it is a general partner are as follows:

Undertaking's Name	Registered Office	% of holding	in EUR	in INR
			As on March 31, 2015	As on March 31, 2015
Holiday Club Resorts Finland	Finland	22.34%	16,891,468.00	1,142,792,268.00
Holiday Management Oy	Finland	18.70%	507,829.31	34,357,192.00
Total			17,399,297.31	1,177,149,460.00

Note 2 - Non Subordinated Debts

This Caption is detailed as follows:

	in EUR			in INR		
	Within 1 Year	After 1 Year and within 5 Years	Total as on March 31, 2015	Within 1 Year	After 1 Year and within 5 Years	Total as on March 31, 2015
Trade Creditors	48,467.00		48,467.00	3,279,035.00		3,279,035.00
<u>TaxDebts</u>						
Corporate Income tax - estimated tax	9,630.00		9,630.00	651,518.00		651,518.00
Net wealth tax - estimated tax	50.00		50.00	3,383.00		3,383.00
<u>Other Creditors</u>						
Loan from MHR Holdings (Mauritius) Ltd.	27,921.10	3,684,000.00	3,711,921.10	1,889,002.00	249,241,020.00	251,130,022.00
Loan from RCI Europe	105,935.92	6,500,000.00	6,605,935.92	7,167,095.00	439,757,500.00	446,924,595.00
Total	192,004.02	10,184,000.00	10,376,004.02	12,990,033.00	688,998,520.00	701,988,553.00

Note 3 - Other External Charges

This Caption is detailed as follows:

	in EUR	in INR
	Period from 17/07/2014 to 31/03/2015	Period from 17/07/2014 to 31/03/2015
Accounting fees	39,561.83	2,676,556.00
Audit fees	8,750.00	591,981.00
Notary fees	6,093.80	412,276.00
Tax Advisory fees	4,375.00	295,991.00
Domiciliation fees	4,181.33	282,888.00
Bank fees	3,614.04	244,508.00
Legal fees	64.40	4,357.00
Translation fees	59.80	4,046.00
Total	66,700.20	4,512,603.00

Note 4 - Interest and Other Financial Charges

This Caption is detailed as follows:

	Period from 17/07/2014 to 31/03/2015	Period from 17/07/2014 to 31/03/2015
	Interest charge on Loan amounts owed to RCI Europe	105,935.92
Interest charge on Loan amounts owed to MHR Holdings (Mauritius) Ltd.	97,093.68	6,568,873.00
Foreign Exchange Losses	11.60	785.00
Banking Interest on current accounts	5.14	348.00
Total	203,046.34	13,737,101.00

Note 5 - Income from financial fixed assets

This Caption is detailed as follows:

	Period from 17/07/2014 to 31/03/2015	Period from 17/07/2014 to 31/03/2015
	Dividend Income	187,824.80
Total	187,824.80	12,707,287.00

Note 6

FC amounts are translated for convenience into Indian Rupees at the exchange rate of Rs 67.655 = EUR 1 which is the average of the telegraphic transfer buying and selling rates quoted by the Mumbai Branch of State Bank of India on 31st March 2015.

For Covington S.ar.l

Dinesh Shetty Director
Ajay Agrawal Director

Dated:

Place:

Directors' Report to the Members

Your Directors present their sixteenth report together with the Audited Financial Statement of your Company for the year ended 31st March, 2015.

FINANCIAL HIGHLIGHTS (STAND-ALONE)

	(₹ in lakhs)	
	2015	2014
Income from Operations	62,401	30,707
Other Income	13,602	11,426
Total Income	76,003	42,133
Profit Before Depreciation, Interest and Taxation	36,227	14,306
Less : Depreciation	274	232
Profit Before Interest and Taxation	35,953	14,074
Less : Finance Cost	2,182	3,935
Profit Before Taxation	33,771	10,139
Less : Provision for Taxation		
Current Tax	10,134	2,467
Deferred Tax (including MAT Credit)	307	(101)
Profit After Tax	23,330	7,773
Add : Balance of Profit for earlier years	36,519	35,527
Amount available for appropriation	59,849	43,300
Proposed Dividend on Equity Shares (including tax on distributed profits)	2,972	2,867
Interim Dividend on Equity Shares (including tax on distributed profits)	2,503	—
Depreciation adjustment (Net of Deferred Tax Adj)	6	—
Less : Transfer to General Reserve	2,333	777
Less: Transfer to Debenture Redemption Reserve	3,135	3,136
Balance carried forward	48,900	36,520

DIVIDEND

During the financial year 2014-15, your Directors had declared and paid a Special Dividend by way of an Interim Dividend of ₹ 6/- (Six) per equity share of the Company i.e. 60 (Sixty) per cent of the face value of ₹10 (Ten) for each equity share.

In addition to the Special Dividend by way of an Interim Dividend, your Directors have recommended a Final Dividend of ₹ 6 (Six) per equity share of the Company, i.e. 60 (Sixty) per cent of the face value of ₹ 10 (Ten) for each equity share, for the year 2014-15.

The equity dividend i.e. Special Dividend by way of an Interim Dividend and Final Dividend (including tax on distributed profits) aggregates ₹5,466 lakhs (previous year ₹ 2,867 lakhs - only final dividend). The final Dividend shall be paid out of the profits for the current year.

RESERVES

Out of the profits available for appropriation, an amount of ₹ 2,333 lakhs and ₹ 3,135 lakhs has been transferred to the General Reserve and the Debenture Redemption Reserve respectively and the balance has been carried forward to the Profit & Loss Account.

OPERATIONS/STATE OF THE COMPANY'S AFFAIRS

Even as the economic environment in India continued to be challenging, the situation improved somewhat as the year progressed, especially in the second half of 2014-15. According to the advance estimates released by the Central Statistical Organisation (CSO), India's GDP growth is expected to be 7.5 per cent in 2014-15, around 1 percentage point higher than the previous year. As far as the real estate industry is concerned, the overall performance was subdued — housing prices, rents and offtake of housing loans continued to be sluggish.

In this environment, the Company performed well — focusing on improving efficiencies and developing new markets, expanding its presence in newer segments in residential business and implementing plans to augment the product offering in the integrated development space. Both operational segments of your Company — residential and integrated developments — showed progress during the year. There were no changes in the nature of business during the year under review.

In the residential business, the Company made a successful foray in the affordable housing segment with two pilot projects in Chennai and Mumbai Metropolitan Region under the name

'Happiest'. The Company also launched two new projects in the luxury and holiday home segments. In addition, fresh inventory in 3 of its existing projects was also launched during the year. During 2014-15, the Company sold over 1,400 residential units across its ongoing and newly launched projects, including projects of its subsidiary companies in the residential space. The Company had entered into mutually agreed consent terms with a land-owner in respect to one of its project, where there was a dispute with the land owner and in accordance with the consent terms, the Company during the year has completed the sale of land in relation thereto.

In the large format developments, Mahindra World City, Jaipur, saw a significantly improved performance compared to the previous year, with better demand and appreciation in prices. Mahindra World City, Chennai, also signed industrial land leases in the Domestic Tariff Area, even as most of the development there is currently in residential and social infrastructure.

These enabled the Company to register a creditable performance in a challenging macroeconomic environment.

The consolidated total income of your Company increased from ₹ 75,620 lakhs in 2013-14 to ₹ 1,14,757 lakhs in 2014-15. The consolidated Profit before tax (PBT) stood at ₹ 42,102 lakhs in 2014-15 as compared to ₹ 16,094 lakhs in 2013-14, whereas the consolidated profit after tax (PAT) after minority interest was ₹ 26,620 lakhs as compared to ₹ 10,063 lakhs during 2013-14.

Total income of your Company as a standalone entity was ₹ 76,004 lakhs as compared to ₹ 42,133 lakhs in 2013-14. PBT was ₹ 33,771 lakhs as compared to ₹ 10,139 lakhs in 2013-14, whereas PAT was ₹ 23,330 lakhs as compared to ₹ 7,773 lakhs in 2013-14. Total income includes a dividend income of ₹ 727 lakhs received from its subsidiary Mahindra World City Developers Limited, ₹ 740 lakhs received from its subsidiary Mahindra World City (Jaipur) Limited and ₹ 740 lakhs received from its subsidiary Mahindra Integrated Township Limited, during the year as compared to ₹ 953 lakhs and ₹ 518 lakhs from Mahindra World City Developers Limited and Mahindra World City (Jaipur) Limited respectively in 2013 -14.

No material changes and commitments have occurred after the close of the year till the close of this Report, which affect the financial position of the Company.

AWARDS AND RECOGNITION

Your Company and its subsidiaries received several awards and recognitions during 2014-15. Some of the prestigious awards are:

- Mahindra Lifespaces received the Golden Peacock Environment Management Award, 2014 under Special Commendation category;
- Mahindra Lifespaces was selected as one of India's Top Inno-Visionary Builders at the Construction World Architect and Builder (CWAB) Awards, 2014;
- Mahindra Lifespaces was selected as one of the 20 winners of the prestigious "Silver EDGE" award from Information Week;

- Mahindra Lifespaces was recognised as the "Regional Sector Leader" in the 2014 Global Real Estate Sustainability Benchmarking (GRESB) Survey for Asia/Diversified/Small Cap companies;
- Mahindra Lifespaces received the Commendation Certificate for Significant Achievement at the CII ITC Sustainability Awards 2014;
- Mahindra Lifespaces received "Order of Merit" at the Skoch Renaissance Awards, 2014 for Sustainability Leadership;
- Mahindra World City, Jaipur, received "Order of Merit" at the Skoch Renaissance Awards, 2014 for its contribution in the field of CSR;
- Splendour by Mahindra Lifespaces won the Premium Apartment Project of the Year - West at the NDTV Property Awards, 2014.

SHARE CAPITAL

During the year, the Company allotted 163,850 equity shares of ₹ 10 each to the eligible grantees pursuant to exercise of Stock options granted under Employee Stock Option Scheme - 2006 (ESOS - 2006) and Employee Stock Option Scheme - 2012 (ESOS - 2012). Accordingly, issued equity share capital has increased from ₹ 40,88,92,010 to ₹ 41,05,30,510 and the subscribed and paid up equity share capital of the Company has increased from ₹ 40,84,83,500 to ₹ 41,01,22,000.

The allotment of 40,851 equity shares of the Company has been kept in abeyance in accordance with Section 206A of the Companies Act, 1956, till such time the title of the bonafide owner of the shares is certified by the concerned Stock Exchange or The Special Court (Trial of offenses relating to transactions in Securities).

During the year, Company has not issued any equity shares with differential rights or any sweat equity shares.

ISSUE & ALLOTMENT OF NON- CONVERTIBLE DEBENTURES

On 4th April, 2013, the Company had issued and allotted 5,000 - Secured Listed Rated Redeemable 10.78 per cent YTM, Non- Convertible Debentures (NCDs) with a face value of ₹ 10,00,000 (Rupees Ten lakhs only) each for cash at par, aggregating ₹ 500 (Five hundred) crores vide Series I, Series II, and Series III on Private Placement basis. The proceeds of the NCDs issue have been fully utilised for the purposes of the issue.

EMPLOYEE STOCK OPTIONS SCHEME

As of 31st March, 2015 in accordance with the Employee Stock Option Scheme - 2006 (ESOS - 2006), 1,72,750 Stock Options were exercised under ESOS - 2006.

In accordance with the Employee Stock Option Scheme - 2012 (ESOS-2012), the Nomination and Remuneration Committee had on 17th October, 2014, approved grant of 27,000 Stock Options to the eligible employees, at an exercise price of ₹ 10

each which is equal to the face value of the equity share of the Company. On 30th April, 2015, the Committee approved grant of 3,000 Stock Options to the eligible employees under ESOS-2012. As of 31st March, 2015, a total of 25,800 Stock Options were exercised under ESOS - 2012.

Details required to be provided under the Securities and Exchange Board of India (Employee Stock Options Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and Securities Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, Section 62(1)(b) of the Companies Act, 2013 read with Rule 12(9) of the Companies (Share Capital and Debentures) Rules, 2014 are provided as **Annexure 1** to this Report.

The Shares arising out of exercise of Employee Stock Options are directly allotted to the eligible employees and therefore the requirement of disclosure in respect of voting rights not exercised directly by the employees does not apply to your Company.

The Existing Schemes Employee Stock Option Scheme – 2006 (ESOS 2006) and Employee Stock Option Scheme – 2012 (ESOS-2012) shall be implemented in compliance with Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (the “Regulations”) and other applicable Regulations, Circulars in force from time to time.

HOLDING COMPANY

The promoters of the Company i.e. Mahindra & Mahindra Limited (M&M) holds 2,08,46,126 equity shares which represents 50.83 per cent of the paid-up equity capital of the Company. Your Company continues to be a Subsidiary Company of M&M.

Subsidiaries, Joint Ventures and Associate companies

A report on the performance and financial position of each of the subsidiaries, associates and joint venture companies as per the Companies Act, 2013 is provided as Annexure A to the Consolidated Financial Statement and hence not repeated here for the sake of brevity.

Subsidiary Companies

The policy for determining material subsidiaries as approved may be accessed on the Company’s website at the link: <http://www.mahindralifespaces.com/pdf/policy%20for%20determining%20material%20subsidiaries.pdf>

During the year under review, Mahindra Industrial Park Chennai Limited became a wholly owned subsidiary of Mahindra World City Developers Limited and hence also became a 89% subsidiary of the Company. This company shall be developing an Industrial Park in North Chennai, Tamil Nadu spanning an area of approximately 300 acres. This company is exploring the possibility of tie-up with a strategic investor in this space.

Mahindra World City (MWC), Chennai, is implemented by Mahindra World City Developers Limited (MWCDL), currently an 89:11 joint venture between Mahindra Lifespaces and

the Tamil Nadu Industrial Development Corporation Limited (TIDCO). **It is the first township in India to receive Green Township Certification (Stage I Gold Certification) from IGBC.**

Mahindra World City, Chennai was launched in September, 2002 and currently has three sector specific Special Economic Zones (SEZs) — IT (services and manufacturing), Apparel and Fashion Accessories, and Auto Ancillaries, and a Domestic Tariff Area (DTA) for businesses catering to the Indian market. Integrated to the business zone is a Residential and Social Infrastructure zone.

At the end of 2014-15, the project had a total area of 1,524 acres.

With greater stabilisation in the business zone, the focus is now in developing the residential and social infrastructure. Mahindra World City, Chennai has allocated 289 acres for the development of residential and social infrastructure.

Mahindra World City, Jaipur is being implemented by Mahindra World City (Jaipur) Limited (MWCJL), a 74:26 joint venture between Mahindra Lifespaces and Rajasthan State Industrial Development & Investment Corporation Limited (RIICO), a Government of Rajasthan enterprise. Mahindra World City, Jaipur is proposed to be developed as a Multi Product Special Economic Zone and a Domestic Tariff Area across 3,000 acres, of which 2,949 acres have already been acquired. Currently, the project has five zones, IT/ITES SEZ, Handicrafts SEZ, Engineering & Related Industries SEZ, Gems & Jewellery SEZ and a Domestic Tariff Area. Going forward, the near term focus will continue to be on sale of industrial land in the project.

Mahindra Integrated Township Limited (MITL) is engaged as a co-developer in developing the residential township area at Mahindra World City, New Chennai. Its current developments include ‘Iris Court’ and ‘Nova’. MITL has a balance of approximately 140 acres to be developed in phases for offering products in different formats and segments. MITL is 73.94 per cent owned by your Company and 26 per cent by MWCDL. The details of the current developments have been given in the Management Discussion and Analysis Report.

Mahindra Residential Developers Limited (MRDL), is a wholly owned subsidiary of Mahindra Integrated Township Limited (MITL). MRDL, a Co-developer in developing residential township area in MWC is developing a gated residential community in approximately 55 acres within Mahindra World City, New Chennai under the name ‘Aqualily’. The details of the current development have been given in the Management Discussion and Analysis Report.

Mahindra Bebanco Developers Limited (MBDL) is a 70:30 joint venture between your Company and B.E. Billimoria & Co. Limited, one of the leading construction companies in India. This company is developing a residential complex across approximately 25 acres at Multi-modal International Hub Airport at Nagpur (MIHAN). This project called ‘Bloomdale’ will have a total saleable area of 1.53 million square feet. The details of the current development have been given in the Management Discussion and Analysis Report.

Mahindra Infrastructure Developers Limited (MIDL), a wholly owned subsidiary of your Company is an equity participant in the project company namely, New Tirupur Area Development Corporation Limited (NTADCL) implementing the Tirupur Water Supply and Sewerage project. During the period 2003 to 2009, the company was engaged in operating a solid waste treatment plant at Tirupati. For more details about the investment of the Company into MIDL, please refer note no. 12(a) to the standalone Financial Statement.

Mahindra World City (Maharashtra) Limited (MWCML), a wholly owned subsidiary of your Company was set up to undertake development of a multi-product SEZ at Karla, near Pune in collaboration with Maharashtra Industrial Development Corporation (MIDC). In the year 2010-11, MIDC regretted its inability to acquire the land required for setting up the project. The Company is looking out for an appropriate business opportunity to take up projects in real estate development.

Knowledge Township Limited (KTL), a wholly owned subsidiary of your Company will be developing an industrial park in Maharashtra. The company is in the process of procuring its targeted land acquisition.

Industrial Township (Maharashtra) Limited (ITML), a wholly owned subsidiary of your Company is exploring the possibility of taking up real estate development.

Raigad Industrial & Business Park Limited (RIBPL), a wholly owned subsidiary of your Company is exploring the possibility of taking up real estate development.

Anthurium Developers Limited (ADL) a wholly owned subsidiary of your Company is exploring the possibility of taking up real estate development projects.

Industrial Cluster Private Limited (ICPL) (formerly known as Mahindra Housing Private Limited) a wholly owned subsidiary of your Company is exploring the possibility of taking up development of industrial park in Gujarat.

JOINT VENTURE COMPANIES

Mahindra Homes Private Limited (MHPL) (earlier known as Watsonia Developers Private Limited and prior to that Watsonia Developers Limited), a 50:50 joint venture between your company and SCM Real Estate (Singapore) Private Limited, is developing in collaboration with a developer and land owning companies, a group housing project at NCR on approximately 6.79 acres and a residential project at Bangalore on approximately 5.85 acres. The company is exploring the possibility of undertaking additional projects in residential development segment in India.

Mahindra Water Utilities Limited (MWUL) a 50 per cent joint venture company is engaged in the business of operation and management of water and sewerage facilities at Tirupur, India.

Mahindra Inframan Water Utilities Private Limited (MIWUPL) a 50 per cent joint venture company is engaged in the business of operation and management of water and sewerage facilities at Navi Mumbai, India.

ASSOCIATE COMPANIES

Topical Developers Private Limited and Kismat Developers Private Limited, the associate companies of your Company are looking out for appropriate business opportunities in the space of real estate development.

During the year, except Mahindra Industrial Park Chennai Limited which became a subsidiary of the Company, no other company has become/ceased to be a Subsidiary/ Associate/ Joint Venture company of the Company.

CONSOLIDATED FINANCIAL STATEMENT

The audited consolidated financial statement of the Company prepared in accordance with relevant Accounting Standards (AS) viz. AS 21 on consolidated financial statement read with AS 23 on accounting for investments in Associates and AS 27 on financial reporting of interest in joint ventures issued by the Institute of Chartered Accountants of India forms part of this Annual Report.

The financial statements of Subsidiaries, Associates and Joint Venture companies are not attached alongwith the financial statement of the Company. Separate audited financial statement of each of the subsidiaries is placed on the website of the Company and the same is available at the weblink: <http://www.mahindralifespaces.com/reports/annual-reports.aspx?yid=10>

The Company Secretary will make these documents available upon receipt of a request from any member of the Company interested in obtaining the same. These documents will also be available for inspection at the Registered Office of your Company during working hours up to the date of the Annual General Meeting.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Management Discussion and Analysis Report, which gives a detailed account of state of affairs of the Company's operations forms a part of this Annual Report.

CORPORATE GOVERNANCE

A report on Corporate Governance along with a certificate from the Auditors of the Company regarding the compliance of conditions of corporate governance as stipulated under Clause 49 of the Listing Agreement forms a part of this Annual Report.

SUSTAINABLE DEVELOPMENT

Your Company has been at the forefront of the real estate industry in India to achieve the mission of 'Transforming urban landscapes by creating sustainable communities'. The Company has done this by putting sustainability as a core agenda for the Company. The details of Company's approach to sustainability are covered in the Sustainability Report at pages 161 to 168 of this Report.

The Business Responsibility Reporting (BRR) as part of the Annual Report as required by Clause 55 of the Listing Agreement with the Stock Exchanges and pursuant to the

Securities and Exchange Board of India's circular (CIR/CFD/DIL/8/2012 dated August 13, 2012) are not applicable to your Company for the financial year ended on 31st March, 2015.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Company's guiding principle for CSR is to build its relationship with stakeholders and the community at large, and contribute to their long term social good and welfare. Your Company has been investing one per cent of its profit after tax every year from 2005-06 in CSR activities even when there were no statutory requirements in this regard. The Company, in every financial year commencing from 1st April, 2014, in line with the Companies Act, 2013, pledges to spend, two per cent of the average net profits made during the three immediately preceding financial years specifically towards CSR initiatives.

The Company has constituted Corporate Social Responsibility Committee comprising of Mr. Arun Nanda - Non Executive, Non-Independent Director, Mr. Anil Harish - Non Executive Independent Director and. Ms. Anita Arjundas - Managing Director & CEO. Mr. Anil Harish resigned from the Board of Directors of the Company w.e.f. 16th June, 2015 and consequently ceased to be member of the Corporate Social Responsibility Committee effective 16th June, 2015. The Board at its meeting held on 19th June, 2015 has nominated Mr. Shailesh Haribhakti, a Non-executive Independent Director on the Corporate Social Responsibility Committee. The Role of the Committee is to formulate and recommend a CSR policy to the Board, to recommend amount of expenditure to be incurred on CSR activities, to monitor the CSR policy of the Company from time to time and to institute a transparent monitoring mechanism for implementation of the CSR projects or programs or activities undertaken by the Company.

The Company's CSR Policy lays out the vision, objectives and implementation mechanisms. The Company's CSR policy is available on the Company's web link at <http://www.mahindralifespaces.com/pdf/mldl%20csr%20policy-final-cln.pdf> The Company's CSR activities have traditionally focussed on education, skill development, health, environment and promoting sustainable practices.

The objective of CSR policy is to:

- Promote a unified approach to CSR to incorporate under one umbrella the diverse range of the Company's philanthropic activities, thus enabling maximum impact of the CSR initiatives;
- Ensure an increased commitment at all levels in the organisation, to operate in an economically, socially and environmentally responsible manner while recognising the interests of all its stakeholders;
- Encourage employees to participate actively in the Company's CSR and give back to the society in an organised manner through the employee volunteering programme called ESOPs.

The Company has spent ₹ 264 lakhs as against the required CSR expenditure of ₹ 262 lakhs calculated in the manner prescribed in the Companies Act, 2013. The annual report on the CSR activities in the prescribed format is at Annexure 2 to this Report;

The Company's commitment to CSR will be manifested by investing resources in any of the following areas:

- Eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation and making available safe drinking water;
- Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects;
- Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;
- Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro-forestry, conservation of natural resources and maintaining quality of soil, air and water;
- Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional arts and handicrafts;
- Measures for the benefits of armed veterans, war widows and their dependents;
- Training to promote rural sports, nationally recognised sports, Paralympics sports and Olympic sports;
- Contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Schedule Castes, the Scheduled Tribes, other backward classes, minorities and women;
- Contribution or funds provided to technology incubators located within academic institutions which are approved by the Central Government;
- Rural development projects

The Company shall give preference to the local area and area around it where it operates for spending the amounts earmarked for CSR activities.

Details of the Company's approach towards CSR including overview of projects or programmes undertaken/proposed to be undertaken are covered in the Sustainability Report at pages 161 to 168 of this Annual Report.

DIRECTORS

Pursuant to Section 152 of the Companies Act, 2013, Mr. Uday Phadke (DIN: 00030191) a Non-executive and Non-

independent Director retires by rotation at the 16th Annual General Meeting of the Company and is eligible for re-appointment. However, Mr. Uday Phadke has expressed his desire not to seek re-appointment. It is recommended that the vacancy, so created on the Board of Directors of the Company, be not filled.

The Board places on record its deep appreciation of the valuable services rendered by Mr. Phadke during his tenure as a Director of the Company. Mr. Phadke, who is stepping down from the Board of the Company after a tenure of 14 years, brought to the Board an ebullient spirit and a flair for reasoned risk taking, combined with a strict adherence to values and ethics. This rare combination of qualities has added a valuable perspective and dimension to the deliberations and decision making authority of the Board.

Mr. Anil Harish (DIN: 00001685), a Non-executive Independent Director resigned from the Board of the Company w.e.f. 16th June, 2015 for personal reasons. The Board places on record its deep appreciation for the valuable services rendered by Mr. Anil Harish during his tenure as a Director of the Company.

Pursuant to Section 152 of the Companies Act, 2013, Mr. Arun Nanda (DIN : 00010029) a Non-executive and Non-independent Director retires by rotation at the 16th Annual General Meeting of the Company and being eligible has offered himself for re-appointment.

Mr. Shailesh Haribhakti (DIN: 00007347) was appointed as an Independent Director for a term from the date of the 15th Annual General Meeting till the conclusion of the 16th Annual General Meeting of the Company. His first term of appointment shall come to an end on the date of the 16th Annual General Meeting. Mr. Haribhakti is eligible for appointment for the second term as an Independent Director not liable to retire by rotation. He has also given a declaration under Section 149(7) of the Companies Act, 2013 that he meets the criteria of independence as provided in Section 149(6) of the Companies Act, 2013.

Pursuant to Section 149 and Section 152 of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014, it is proposed that Mr. Shailesh Haribhakti existing Independent Director who meets the criteria of independence, be appointed as an Independent Director of the Company, not liable to retire by rotation, for the second term to hold office for a term of 5 (five) consecutive years from commencing from 31st July, 2015. The Directors have recommended passing of Special Resolution in this regard.

Mr. Sanjiv Kapoor (DIN: 00004005) and Dr. Prakash Hebalkar (DIN: 00370499) were appointed as Independent Directors for a term from the date of the 15th Annual General Meeting till the conclusion of the 16th Annual General Meeting of the Company. Their first term of appointment shall come to an end on the date of the 16th Annual General Meeting. Both Mr. Kapoor and Dr. Hebalkar are eligible for appointment for the second term as Independent Directors not liable to retire by rotation.

They have also given a declaration under Section 149(7) of the Companies Act, 2013 that they meet the criteria of Independence as provided in Section 149(6) of the Companies Act, 2013.

Pursuant to Section 149 and Section 152 of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014, it is proposed that Mr. Sanjiv Kapoor and Dr. Prakash Hebalkar existing Independent Directors who meet the criteria of Independence, be appointed as Independent Directors of the Company, not liable to retire by rotation, for the second term to hold office for a term of 2 (two) consecutive years commencing from 31st July, 2015. The Directors have recommended passing of Special Resolutions in this regard.

All the above Directors i.e. Mr. Arun Nanda, Mr. Shailesh Haribhakti, Mr. Sanjiv Kapoor and Dr. Prakash Hebalkar are not disqualified from being re-appointed as Directors by virtue of the provisions of Section 164 of the Companies Act, 2013.

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, evaluation of every Director's performance was done by Nomination and Remuneration Committee. The performance evaluation of Non-Independent Directors and the Board as a whole, Committees thereof and Chairperson of the Company was carried out by the Independent Directors. Evaluation of Independent Directors was carried out by the entire Board of Directors, excluding the Director being evaluated. A structured questionnaire was prepared after circulating the draft forms, covering various aspects of the evaluation such as adequacy of the size and composition of the Board and Committee thereof with regard to skill, experience, independence, diversity, attendance and adequacy of time given by the Directors to discharge their duties, Corporate Governance practices etc. The Directors expressed their satisfaction with the evaluation process.

The details of familiarisation programme for Independent Directors have been disclosed on website of the Company and is available at the link: http://www.mahindralifespaces.com/pdf/midl%20_familiarisation%20programme%20for%20independent%20directors.pdf

The following policies of the Company are attached herewith and marked as **Annexure 3, Annexure 4A and Annexure 4B**.

1. Policy on appointment of Directors and Senior Management (Annexure 3);
2. Policy on Remuneration of Directors (Annexure 4A); and
3. Policy on Remuneration of Key Managerial Personnel and Employees (Annexure 4B).

The Managing Director & CEO draws remuneration only from the Company and does not receive any remuneration or commission from any of its subsidiary companies/holding company.

KEY MANAGERIAL PERSONNEL

During the year under review, the Company has appointed following persons as Key Managerial Personnel under the Companies Act, 2013:

Sr. No.	Name of the person	Designation
1.	Ms. Anita Arjundas	Managing Director & CEO
2.	Mr. Suhas Kulkarni	Company Secretary
3.	Mr. Jayant Manmadkar	Chief Financial Officer

MEETINGS

A calendar of Meetings is prepared and circulated in advance to the Directors. During the year seven Board Meetings were convened and held the details of which are given in the Corporate Governance Report. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013 and the Listing Agreement.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(3)(c) of the Companies Act, 2013, the Directors, based on the representations received from the operating management and after due enquiry, confirm that:

- in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures, if any;
- they had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year on 31st March, 2015 and of the profit of the Company for that period;
- they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- they had prepared the annual accounts on a going concern basis;
- they had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- they had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

INTERNAL FINANCIAL CONTROLS

The Company has in place adequate internal financial controls with reference to the financial statement. The Audit Committee of the Board periodically reviews the internal control systems with the management, Internal Auditors and Statutory Auditors and the adequacy of internal audit function, significant internal audit findings and follow-ups thereon.

COMPOSITION OF AUDIT COMMITTEE

The Audit Committee of the Company as on 31st March, 2015 comprised of three independent Directors, namely Mr. Sanjiv Kapoor, Mr. Shailesh Haribhakti, Mr. Anil Harish and one Non-Executive Non-Independent Director, Mr. Uday Y. Phadke. Mr. Sanjiv Kapoor is the Chairman of the Committee. Mr. Anil Harish has resigned from the Board of the Company effective 16th June, 2015 and consequently ceases to be a member of the Audit Committee effective 16th June, 2015. All members of the Audit Committee possess strong knowledge of accounting and financial management. The Chairman, the Managing Director & Chief Executive Officer, Chief Financial Officer, the Internal Auditors and Statutory Auditors are regularly invited to attend the Audit Committee Meetings. The Company Secretary is the Secretary to the Committee. The Internal Auditor reports to the Audit Committee. The significant audit observations and corrective action taken by the management are presented to the Audit Committee. The Board has accepted all recommendations of the Audit Committee made from time to time.

VIGIL MECHANISM/WHISTLE BLOWER POLICY

The Company has established a vigil mechanism by adopting a Whistle Blower Policy for Directors and employees to report genuine concerns in the prescribed manner. The vigil mechanism is overseen by the Audit Committee and provides adequate safeguards against victimization of employees and Directors. Whistle Blower Policy is a mechanism to address any complaint(s) related to fraudulent transactions or reporting intentional non-compliance with the Company's policies and procedures and any other questionable accounting/operational process followed. It provides a mechanism for employees to approach the Chairman of Audit Committee or Chairman of the Company or the Corporate Governance Cell. During the year, no such incidence was reported and no personnel were denied access to the Chairman of the Audit Committee or Chairman of the Company or the Corporate Governance Cell. The Whistle Blower Policy of the Company is available at web link : <http://www.mahindralifespaces.com/pdf/mldl-whistleblowerpolicy.pdf>

RISK MANAGEMENT

The Company already has in place the procedure to inform the Board about the risk assessment and minimization procedures. Your Company has appropriate risk management systems in place for identification and assessment of risks, measures to mitigate them, and mechanisms for their proper and timely monitoring and reporting. Your Company has constituted a "Risk Management Committee" consisting of two Directors and the Chief Financial Officer, for monitoring and reviewing of the risk assessment, mitigation and risk management plan from time to time. The Board periodically reviews implementation and monitoring of the risk management plan for the Company including identification therein of elements of risks, if any, which in the opinion of the Board may threaten the existence of the Company.

AUDITORS

M/s. B. K. Khare & Co., Chartered Accountants, Mumbai, retire as Auditors at the 16th Annual General Meeting. As required under the provisions of Section 139 and 141 of the Companies Act, 2013, the Company has received a written consent and certificate from M/s. B. K. Khare & Co., Chartered Accountants, Mumbai, proposed to be re-appointed as Auditors for one year i.e. upto conclusion of the 17th Annual General Meeting of the Company, to the effect that their re-appointment, if made, would be in conformity with the limits specified in the said Section and that they are not disqualified to be appointed as Auditors of the Company. The Board has recommended to the shareholders re-appointment of M/s. B. K. Khare & Co., Chartered Accountants, Mumbai, as the Auditors to hold office from the ensuing Annual General Meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.

The notes of the financial statements referred to in the Auditor's Report are self-explanatory and do not call for any further comments. The Auditor's Report does not contain any qualification, reservation or adverse remark.

Cost Auditors

The Board of Directors, on recommendation of the Audit Committee, has appointed M/s. A. B. Nawal & Associates, Cost Accountants, Pune, as Cost Auditors of the Company, for the Financial Year 2014-15, for conducting the audit of the cost records maintained by the Company for the various products as mandated by the Central Government, pursuant to its order dated 30th June, 2014 and any amendments thereof, subject to the approval of the Members on the remuneration to be paid to the Cost Auditor.

Secretarial Auditor

The Board has appointed M/s. Martinho Ferrao & Associates, Practising Company Secretaries to conduct the secretarial audit for the financial year 2014-15. The Secretarial Audit report for the financial year ended 31st March, 2015 is annexed herewith and marked as Annexure 5 to this Report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

Particulars of loans, guarantees or investments under Section 186 of the Companies Act, 2013

As your Company is engaged in the business of providing Infrastructural facilities, the provisions of Section 186 of the Companies Act, 2013 related to loans made, guarantees given or securities provided are not applicable to the Company. However, the details of the same are provided in the standalone financial statement at Note no.13 and 19.

Particulars of investment made under Section 186 of the Companies Act, 2013 are provided in the standalone financial statement at Note no. 12.

Contracts and Arrangements with Related Parties

The Company in its ordinary course of business extends financial assistance to its subsidiary companies, including

wholly owned subsidiary companies for their principle business activities. To support the wholly owned subsidiary companies (whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval) during their long gestation period of projects, at the request of such wholly owned subsidiary companies, the Company provides loans without charging any interest. Such contracts and arrangements with wholly owned subsidiary companies do not fall into any category of contracts or arrangements envisaged under Section 188 of the Companies Act, 2013 and are considered in accordance with the practice followed by the Company as 'on arm's length basis'.

All contracts/arrangements/transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on an arm's length basis.

During the year, the Company had not entered into any contract/arrangement/transaction with related parties which could be considered material in accordance with the policy of the Company on materiality of related party transactions.

In view of the above, the requirement of giving particulars of contracts/arrangements made with related parties, in Form AOC-2 are not applicable for the year under review.

The Policy on materiality of related party transactions and also on dealing with related party transactions as approved by the Board may be accessed on the Company's website at the link: <http://www.mahindralifespaces.com/pdf/policy%20on%20materiality%20of%20and%20dealing%20with%20related%20party%20transactions-website.pdf>

Your Directors draw attention of the members to Note 39 to the standalone financial statement which sets out related party disclosures.

Deposits, Loans and Advances

Your Company has not accepted any deposit from the public or its employees during the year under review. The details of loans and advances, which are required to be disclosed in the annual accounts of the Company pursuant to Clause 32 of the Listing Agreement with the Company, are furnished separately at **Annexure 6**.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The particulars relating to the Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo as per Section 134(3)(m) of the Companies Act, 2013 read with the Rule 8(3) of the Companies (Accounts) Rules, 2014 are given in the **Annexure 7** to this report.

Employee Remuneration

The statement containing particulars of employees as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 forms part of this report as **Annexure 8A**

A. None of the employees listed in the said statement is a relative of any Director of the Company. None of the employees hold (by himself/herself or along with his/her spouse and dependent children) more than 2% of the Equity shares of the Company.

The ratio of remuneration of each Director to the median employees' remuneration and other details in terms of Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are forming part of this report as **Annexure 8B**.

Extract of Annual Return

The details forming part of the Extract of the Annual Return in Form MGT-9, as required under Section 92 of the Companies Act, 2013 is included in this Report as **Annexure 9** and forms part of this Report.

General

During the year under review, no revision was made in the financial statement of the Company.

During the year ended 31st March, 2015, there were no cases filed/reported pursuant to the Sexual Harassment of women at workplace (Prevention, Prohibition and Redressal) Act, 2013.

No penalties/strictures were imposed on the Company by Stock Exchanges or SEBI or any statutory authority on any matter related to capital market since the listing of the Company's equity shares. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operation in future.

CAUTIONARY STATEMENT

Certain statements in the Directors' Report describing the Company's objectives, projections, estimates, expectations or predictions may be forward-looking statements within the meaning of applicable securities laws and regulations. Actual results could differ from those expressed or implied. Important factors that could make a difference to the Company's operations include labour and material availability, and prices, cyclical demand and pricing in the Company's principal markets, changes in government regulations, tax regimes, economic development within India and other incidental factors.

ACKNOWLEDGMENT

The Directors would like to thank all shareholders, customers, bankers, contractors, suppliers, joint venture partners and associates of your Company for the support received from them during the year. The Directors would also like to place on record their appreciation of the dedicated efforts put in by the employees of the Company.

For and on behalf of the Board,

Anita Arjundas
Managing
Director & CEO
DIN: 00243215

Shailesh Haribhakti
Director
DIN: 00007347

Mumbai, 19th June, 2015

ANNEXURE 1 TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2015

Information to be disclosed under the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and Section 62(1)(b) of the Companies Act, 2013 read with Rule 12(9) of the Companies (Share Capital and Debentures) Rules, 2014:

	Particulars as on 31 st March, 2015	ESOS 2006		ESOS 2012		
(a)	Total Number of Options granted	6,78,359 + 10,000*		1,01,000 + 26,500+27,000		
(b)	The Pricing formula	Average price preceding the specified date — 24 th April, 2008		Face Value – ₹ 10		
		Average price — Average of the daily high and low of the prices for the Company's Equity Shares quoted on Bombay Stock Exchange Limited during 15 days preceding the specified date		—		
		Specified date — Date on which the Remuneration Committee decided to recommend granting of Stock Options to the employees and Directors of the Company and its holding/subsidiary companies under an Employees' Stock Option Scheme		—		
(c)	Number of Options vested	4,35,230		16,300		
(d)	Number of Options exercised	1,72,750		25,800		
(e)	Total No. of Shares arising as a result of exercise of Options	1,72,750		25,800		
(f)	Number of Options lapsed/cancelled	75,379		10,500		
(g)	Exercise Price	₹ 428.00 and ₹ 325.00*		₹ 10		
(h)	Variation of terms of Options	Pursuant to the authority granted to the Nomination and remuneration Committee (earlier known as Remuneration Committee) the following administrative changes were made. The terms of the exercise of Options were revised, during the financial year 2010 - 2011 (i) to provide for exercise of vested Stock Option by eligible employees at any time during a period of five years from the respective date of vesting instead of earlier option of exercising only on the anniversary of their vesting (ii) subject to other terms in this regard, retired/resigned employees are allowed to exercise the vested Stock Options at any time during the period of five years from respective date of vesting as against exercise of Options within 3 months from the date of retirement/resignation and (iii) on 22 nd April, 2014, the terms for exercise of options w.r.t. options granted on 25 th April, 2008 were further revised by having a uniform last date for exercise of vested Options as 24 th April, 2017 and w.r.t. options granted on 4 th August, 2012, by having a uniform last date for exercise of options as 3 rd August, 2021.			NIL	
(i)	Money realized by exercise of Options	7,34,22,000		2,58,000		
(j)	Total Number of Options in force	4,40,230		1,18,200		
(k)	Employee-wise details of Options granted to:	Name of the Senior managerial personnel to whom Stock Options have been granted	Options granted in April, 2008	Name of the Senior managerial personnel to whom Stock Options have been granted	Options granted in August, 2012	
(i)	KMP and Directors	Mr. Arun Nanda	2,00,000	Ms. Anita Arjundas	10,000	
		Mr. Hemant Luthra (Resigned as Director w.e.f. 30 th January, 2009)	10,000	Ms. Sangeeta Prasad	6,000	
		Mr. Uday Y. Phadke	10,000			
		Mr. Anil Harish (Resigned as Director w.e.f. 16 th June, 2015)	10,000			
		Mr. Sanjiv Kapoor	10,000			
		Mr. Shailesh Haribhakti	10,000			
		Dr. Prakash Hebalkar (Grant Date 4 th August, 2012)	10,000			

	Particulars as on 31 st March, 2015	ESOS 2006	ESOS 2012
		Mr. Pawan Malhotra (Resigned as MD and Director w.e.f. 23 rd June 2009 as his services were then transferred to the holding company Mahindra & Mahindra Limited)	50,000
		Ms. Anita Arjundas	50,000
	Particulars as on 31 st March, 2015	ESOS 2006	ESOS 2012
	(ii) Any other employee who receives a grant in any one year of Option amounting to 5% or more of Option granted during that year	Nil	<p>101,000 Options were granted on 4th August, 2012</p> <p>Employees receiving grant of 5% or more of the above :</p> <p>1) Ms. Anita Arjundas: 10,000 2) Ms. Sangeeta Prasad: 6,000</p> <p>26,500 Options were granted on 24th July, 2013</p> <p>Employees receiving grant of 5% or more of the above :</p> <p>1) Mr. Deepak Ahluwalia: 1,500 2) Mr. Kamal Sharma: 1,500 3) Mr. Sanjay Bhagat: 1,500 4) Mr. Sundaresan Vaidyanathan: 2,500 5) Ms. Smeeta Neogi: 4,000 6) Mr. Riyaz Bhada: 2,500 7) Mr. Tirthankar Chatterjee: 4,000 8) Mr. Rajesh Sriramshetty: 1,500 9) Mr. Parcha Radha Kishan: 1,500 10) Mr. Akhilesh Ayyappan: 1,500 11) Ms. Arti Shinde: 1,500 12) Mr. R. Guru Shankar: 1,500 13) Mr. Rajendra Gadekar: 1,500</p> <p>27,000 Options were granted on 17th October, 2014</p> <p>Employees receiving grant of 5% or more of the above :</p> <p>1) Mr. Jasmin Suchak: 1,500 2) Ms. Bharathy Shivakumar: 1,500 3) Mr. Meraj Choudhari: 1,500 4) Mr. Vimal Mishra: 1,500 5) Ms. Ajay Saklani: 1,500 6) Mr. Lokesh Gupta: 4,000 7) Mr. Sanjay Srivastava: 6,000 8) Mr. Girish Menon: 1,500 9) Mr. Ashish Singhal: 2,500 10) Ms. Ajay Shah: 1,500 11) Mr. Deepak Porayath: 4,000</p>
	(iii) Identified employees who were granted Option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions, if any) of the Company at the time of grant	Nil	Nil
(k)	Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of Option calculated in accordance with Accounting Standard (AS) 20 'Earnings per Share'	56.70	
(l)	Where the Company has calculated the employee compensation cost using the intrinsic value of the Stock Options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognised if it had used the fair value of the Options, shall be disclosed. The impact of this difference on profits and on EPS of the Company shall also be disclosed.	The Company has calculated the employee compensation cost using the intrinsic value of Stock Options. Had the fair value method been used, the employee compensation cost would have been lower by ₹ 12.87 lakhs. Had the fair value method been used, the profit after tax would have been higher by ₹ 8.90 lakhs. Had the fair value method been used, the basic and diluted earnings per share would have been higher by ₹ 0.03	

	Particulars as on 31 st March, 2015	ESOS 2006			ESOS 2012		
		Option Grant Date	Exercise price	Fair value	Option Grant Date	Exercise price	Fair value
(m)	Weighted-average exercise prices and weighted-average fair values of Options shall be disclosed separately for Options whose exercise price either equals or exceeds or is less than the market price of the stock.	25 th April, 2008	₹ 428.00	₹ 291.04	4 th August, 2012	₹ 10.00	₹ 294.06
		4 th August, 2012	₹ 325.00	₹ 294.06	24 th July, 2013	₹ 10.00	₹ 409.27
					17 th October, 2012	₹ 10.00	₹ 409.27
(n)	A description of the method and significant assumptions used during the year to estimate the fair values of Options, including the following weighted-average information:	N.A.					
(i)	risk-free interest rate,						
(ii)	expected life,						
(iii)	expected volatility,						
(iv)	expected dividends, and						
(v)	the price of the underlying share in market at the time of Option grant.						

* Refers to Stock Options granted to Dr. Prakash Hebalkar on 4th August, 2012.

The Company has adopted intrinsic value method on ESOS 2006 for computing the compensation cost for the options granted. The exercise price of the shares is based on the average of the daily high and low of the prices for the Company's Equity Shares quoted on the Bombay Stock Exchange Limited, during the 15 days preceding the grant of the Options. The Intrinsic value i.e. the difference between the market price of the share and the exercise price is being amortised as employee compensation cost over the vesting period.

The Company has granted ESOS 2012 at an exercise price of ₹ 10 each, which is equal to the face value of the equity share of the Company

For and on behalf of the Board,

Anita Arjundas
Managing Director & CEO
 DIN: 00243215

Shailesh Haribhakti
Director
 DIN: 00007347

Mumbai, 19th June, 2015

ANNEXURE 2 TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2015

THE ANNUAL REPORT ON CSR ACTIVITIES

1. A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.

- a) The Company has a mission of: 'Transforming Urban landscapes by creating sustainable communities'. The path towards transformation calls for building on its strengths to embrace and drive change. The Company's CSR initiatives are focussed in the areas of education, public health and environment. This is in line with the Mahindra Group's 'Core Purpose' to "challenge conventional thinking and innovatively use all our resources to drive positive change in the lives of our stakeholders and communities across the world, to enable them to Rise". The Company endeavours to enable inclusive development so as to help the communities around its projects to prosper in all walks of life;
- b) The Company has formed a CSR policy which is available on : <http://www.mahindralifespaces.com/pdf/mldl%20csr%20policy-final-cln.pdf>;
- c) The Company has planned following projects in the identified areas:

Sr. No.	Project Name	Focus area
1.	Sponsoring girl child education - Nanhi Kali	Education
2.	Supporting child education - Gyandeeep	
3.	Skill development	
4.	Cleanliness drive - Swachh Bharat	Public health
5.	Health Check-up camps	
6.	Tree Plantation - Project Haryali	Environment
7.	Green Army school activation project	

2. The composition of the CSR Committee of the Board of Directors as on 31st March, 2015:

Mr. Arun Nanda
 Mr. Anil Harish*
 Ms. Anita Arjundas

* Mr. Anil Harish resigned from the Board of Directors of the Company w.e.f. 16th June, 2015 and the Board at its meeting held on 19th June, 2015 nominated Mr. Shailesh Haribhakti, a Non-executive Independent Director on the CSR Committee.

3. Average net profit of the company for last three financial years : ₹ 131 crores;
4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above) : ₹ 2.62 crores;
5. Details of CSR spent during the financial year :
 - a. Total amount to be spent for the financial year : ₹ 2.62 crores;
 - b. Amount unspent (if any) : Nil;

c. Manner in which the amount spent during the financial year was utilised is detailed below:

(1) Sr. no.	(2) CSR project of activity identified	(3) Sector in which the project is covered	(4) Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs were undertaken	(5) Amount outlay (budget) project or program wise (₹ In Lakhs)	(6) Amount spent on the projects or programs Sub heads : (1) Direct expenditure on projects or programs (2) Overhead (₹ In Lakhs)	(7) Cumulative expenditure upto the reporting period (₹ In Lakhs)	(8) Amount spent: Direct or through implementing agency
1	Nanhi Kali - sponsored the education of 3,429 girls	Education	Mumbai, Nagpur, Pune, Hyderabad, Chennai, Delhi	131	Direct expenditure: 131	131	Implementing Agency : K. C. Mahindra Education Trust
2	Swachh Bharat - Cleanliness drive projects	Health	Mumbai, Nagpur, Pune, Hyderabad, Chennai, Delhi	0	Direct expenditure: 73	73	Implementing Agency: Mahindra Foundation
3	Gyandeep - supporting the education of children near construction sites	Education	Nagpur, Delhi and Pune	15	Direct expenditure: 9.05	9.03	NGO: Doorstep
4	Project Haryali - Tree Plantation of 25150 nos	Environment	Mumbai, Nagpur, Pune, Hyderabad, Chennai, Delhi	30	Direct expenditure: 19.24	19.24	Various regional NGOs
5	Skill development - Skill development activities for 100 people in nearby vicinity with the help of NGOs	Education	Chennai and Nagpur	13	Direct expenditure: 0.93	0.93	Direct
6	Health Check up camps - Health check up and eye check up camps covering 4766 people from nearby villages	Health	Nagpur, Pune, Chennai, Delhi	12	Direct expenditure: 0.13	0.13	Direct
7	Green Army - School activation project covered 2565 school children from 13 schools to inculcate sustainable living habits	Environment & Education	Mumbai, Chennai	25	Direct expenditure: 17.30	17.30	Direct
8	Others - Beautification of public spaces & other miscellaneous activities	Health Education, Education & Culture	Mumbai, Nagpur, Pune, Hyderabad, Chennai, Delhi	15	Direct expenditure: 13.32	13.32	Various regional NGOs
	Total			262.19	264.17	264.17	

6. In case, the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board report:

The Company has spent ₹ 264 Lakhs as against the required CSR expenditure of ₹ 262 Lakhs calculated in the manner prescribed in the Companies Act, 2013.

7. The implementation and monitoring of CSR policy is in compliance with CSR objectives and Policy of the Company.

Anita Arjundas
Managing Director & Chief Executive Officer

Shailesh Haribhakti
Director

Mumbai, 30th April, 2015

ANNEXURE 3 TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2015:

POLICY ON APPOINTMENT OF DIRECTORS AND SENIOR MANAGEMENT

I. APPOINTMENT OF DIRECTORS

- The Nomination and Remuneration Committee (NRC) of the Board of Directors (Board) of the Company reviews and assesses Board composition and recommends the appointment of new Directors. In evaluating the suitability of individual Board member, the NRC shall take into account the following criteria regarding qualifications, positive attributes and also independence of director when Independent Director is to be appointed :
 1. All Board appointments will be based on merit, in the context of the skills, experience, diversity, and knowledge, for the Board as a whole to be effective;
 2. Ability of the candidates to devote sufficient time and attention to his/her professional obligations as Director for informed and balanced decision making;
 3. Adherence to the applicable Code of Conduct and highest level of Corporate Governance in letter and in spirit by the Directors.
- Based on recommendation of the NRC, the Board will evaluate the candidate(s) and decide on the selection of the appropriate member. The Board through the Chairman or the Managing Director & CEO will interact with the new member to obtain his/her consent for joining the Board. Upon receipt of the consent, the new Director will be co-opted by the Board in accordance with the applicable provisions of the Companies Act, 2013 and Rules made thereunder.

REMOVAL OF DIRECTORS

If a Director is attracted with any disqualification as mentioned in any of the applicable Act, rules and regulations thereunder or due to non - adherence to the applicable policies of the Company, the NRC may recommend to the Board with reasons recorded in writing, removal of a Director subject to the compliance of the applicable statutory provisions.

SENIOR MANAGEMENT PERSONNEL

The NRC shall identify persons based on merit, experience and knowledge who may be appointed in senior management team.

Senior Management personnel are appointed or promoted and removed/relieved with the authority of Managing Director & CEO based on the business need and the suitability of the candidate. The details of the appointment made and the personnel removed one level below the Key Managerial Personnel during a quarter shall be presented to the Board.

For and on behalf of the Board,

Anita Arjundas
Managing Director & CEO
DIN: 00243215

Shailesh Haribhakti
Director
DIN: 00007347

Mumbai, 19th June, 2015

ANNEXURE 4A TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2015:

POLICY FOR REMUNERATION OF THE DIRECTORS

Purpose

This Policy sets out the approach to Compensation of Directors, in Mahindra Lifespace Developers Limited.

Policy Statement

We have a well-defined Compensation policy for Directors, including the Chairman of the Company. The overall compensation philosophy which guides us to focus on enhancing the value, to attract, to retain and motivate Directors for achieving objectives of the Company and to become a major player in Indian Real Estate Sector, to maintain the pioneer status in the Integrated Business City format, to be the most trusted brand in the business we operate in and focus on customer centricity through transparency, quality and on-time delivery, to be a thought leader and establish industry benchmarks in Sustainable Development.

In order to effectively implement this, we have built our Compensation structure by a regular annual benchmarking over the years with relevant players across the industry we operate in.

NON-EXECUTIVE INCLUDING INDEPENDENT DIRECTORS:

The Nomination and Remuneration Committee (NRC) shall decide the basis for determining the compensation, both fixed and variable, to the Non-Executive Directors, including Independent Directors, whether as commission or otherwise. The NRC shall take into consideration various factors such as director's participation in Board and Committee meetings during the year, other responsibilities undertaken, such as membership or Chairmanship of committees, time spent in carrying out their duties, role and functions as envisaged in Schedule IV to the Companies Act, 2013 and Clause 49 of the Listing Agreement with Stock Exchanges and such other factors as the NRC may consider deem fit for determining the compensation. The Board shall determine the compensation to Non-Executive Directors within the overall limits specified in the Shareholders resolution.

Managing Director & Chief Executive Officer (MD & CEO) and Executive Directors

Remuneration of the MD & CEO and Executive Directors reflects the overall remuneration philosophy and guiding principle of the Company. While considering the appointment and remuneration of Managing Director and Executive Directors, the NRC shall consider the industry benchmarks, merit and seniority of the person and shall ensure that the remuneration proposed to be paid is commensurate with the remuneration packages paid to similar senior level counterpart(s) in other companies. The policy aims at a balance between fixed and variable pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

The remuneration to the MD & CEO shall be recommended by NRC to the Board. The remuneration consists of both fixed compensation and variable compensation and shall be paid as salary, commission, performance bonus, stock options (where applicable), perquisites and fringe benefits as per the policy of the Company from time to time and as approved by the Board and within the overall limits specified in the Shareholders resolution. While the fixed compensation is determined at the time of appointment, the variable compensation will be determined annually by the NRC based on the performance of MD & CEO.

The term of office and remuneration of MD & CEO is subject to the approval of the Board of Directors, shareholders, and Central Government, as may be required and within the statutory limits laid down in this regard from time to time.

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay, subject to the requisite approvals, remuneration to its MD & CEO in accordance with the provisions of Schedule V to the Companies Act, 2013.

If a MD & CEO draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Companies Act, 2013 or without the prior sanction of the Central Government, where required, he/she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

Remuneration for MD & CEO is designed subject to the limits laid down under the Companies Act, 2013 to remunerate him/her fairly and responsibly. The remuneration to the MD & CEO comprises of salary, perquisites and benefits as per policy of the Company and performance based incentive apart from retirement benefits like P.F., Superannuation, Gratuity, Leave Encashment, etc. as per Rules of the Company. Salary is paid within the range approved by the Shareholders. Increments are effective annually, as recommended/approved by the NRC/Board. The MD & CEO is entitled for grant of Stock Options as per the approved Stock Options Schemes of the Company from time to time.

Directors

The MD & CEO is an executive of the Company and draws remuneration from the Company. The Non-Executive Chairman and Independent Directors receive sitting fees for attending the meeting of the Board and the Committees thereof, as fixed by the Board of Directors from time to time subject to statutory provisions. The Non-Executive Chairman and Independent Directors would be entitled to the remuneration under the Companies Act, 2013. A Non-Executive Non-Independent Director who receives remuneration from the holding company or any other group company is not paid any sitting fees or any remuneration. In addition to the above, the Directors are entitled for reimbursement of expenses incurred in discharge of their duties.

The Company may also grant Stock Options to the eligible employees and Directors (other than Independent Directors) in accordance with the ESOP Schemes of the Company from time to time and subject to the compliance of the applicable statutes and regulations.

Disclosures

Information on the total remuneration of members of the Company's Board of Directors, Managing Director and Executive Directors and KMP/senior management personnel may be

disclosed in the Board's report and the Company's annual report/website as per statutory requirements in this regard.

For and on behalf of the Board,

**Anita Arjundas
Managing
Director & CEO**
DIN: 00243215

**Shailesh Haribhakti
Director**
DIN: 00007347

Mumbai, 19th June, 2015

ANNEXURE 4B TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2015:

POLICY ON REMUNERATION OF KEY MANAGERIAL PERSONNEL AND EMPLOYEES

This Policy shall be effective from the financial year 2014 - 15.

Objective

To establish guidelines for remunerating employees fairly and in keeping with Statutes.

Standards

- All employees, irrespective of contract, are to be remunerated fairly and the remuneration is to be externally competitive and internally equitable. The remuneration will be paid in accordance with the laid down Statutes.
- Remuneration for on-roll employees will include a fixed or guaranteed component payable monthly; and a variable component which is based on performance and paid annually in the month of July following the fiscal.
- The fixed component of remuneration will have a flexible component with a bouquet of allowances to enable an employee to choose the allowances as well as the quantum based on laid down limits as per Company policy. The flexible component can be varied only once annually in the month of July i.e. after the salary increment exercise.
- The variable component of the remuneration will be a function of the employee's grade.
- The actual pay-out of variable component of the remuneration will be a function of individual performance as well as business performance. Business performance

is evaluated using a Balanced Score Card (BSC) while individual performance is evaluated on Key Result Areas (KRA). Both the BSC and KRAs are evaluated at the end of the fiscal to arrive at the BSC rating of the business and PPS rating of the individual.

- An annual compensation survey is carried out to ensure that the Company's compensation is externally competitive. Based on the findings of the survey and the business performance, the Sector Talent Council decides:
 - a) The increment that needs to be paid for different performance ratings as well as grades.
 - b) The increment for promotions and the total maximum increment.
 - c) The maximum increase in compensation cost in % and absolute.
- Compensation corrections are made in a few cases where it is outside the band or to keep it tune with the market.

For and on behalf of the Board,

**Anita Arjundas
Managing
Director & CEO**
DIN: 00243215

**Shailesh Haribhakti
Director**
DIN: 00007347

Mumbai, 19th June, 2015

ANNEXURE 5 TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2015

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2015

[Pursuant to Section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,
The Members,
Mahindra Lifespace Developers Limited

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Mahindra Lifespace Developers Limited** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the **Mahindra Lifespace Developers Limited's** books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March, 2015, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by Mahindra Lifespace Developers Limited ("the Company") for the financial year ended on 31st March, 2015 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;

- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, as amended/re-enactment thereof;
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client - Not applicable as the Company is not registered as Registrar to an issue and Share Transfer Agent during the financial year under review;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 - Not applicable as the Company has not delisted its equity shares from any Stock Exchange during the financial year under review; and
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 - Not applicable as the Company has not bought back any of its securities during the financial year under review.
- (vi) We have also examined the compliances of the provisions of the following other laws applicable specifically to the company wherein we have also relied on the compliance certificates issued by the head of the respective departments in addition to the checks carried out by us:
1. The Right to Fair Compensation & Transparency in land Acquisition, Rehabilitation & Resettlement Act, 2013;
 2. The Building & Other Construction Workers (Regulation of employment and conditions of service) Act, 1996;
 3. The Building & Other Construction Workers (Regulation of employment and conditions of service) Welfare Cess Act, 1996;
 4. Town & Country Planning Acts and Development Control Regulations & Building Bye Laws as applicable at various locations;
 5. The Special Economic Zone Act, 2005 and Rules thereunder;
 6. The Ownership Flats & Apartment Ownership Act as applicable at various locations;
 7. The Co-operative Societies Act, as applicable at various locations;
 8. The Environment Protection Act, 1986;

9. The Child Labour (Prohibition & Regulation) Act, 1986;
10. The Contract Labour (Regulation and Abolition) Act, 1970.

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India. (not mandatory for the period under review but were generally followed by the Company);
- (ii) The Listing Agreements entered into by the Company with Bombay Stock Exchange and National Stock Exchange.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the company, its officers, agents and its authorised representatives during the conduct of Secretarial Audit we hereby report that in our opinion during the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that:

1. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review i.e. the appointment of Independent Directors of the Company Mr. Shailesh Haribhakti, Mr. Sanjiv Kapoor, Mr. Anil Harish and Dr. Prakash Hebalkar and the Appointment and Remuneration of Managing Director & CEO were carried out in compliance with the provisions of the Act;
2. Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
3. Majority decision is carried through while the dissenting members' views, if any are captured and recorded as part of the minutes.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period the Company has:

1. taken approval of shareholders in the AGM held on 7th August, 2014 for Private Placement of Non-Convertible Debentures and/or other Debt Securities upto an aggregate amount of ₹ 7,50,00,00,000/- (Rupees Seven Hundred Fifty crores only).
2. taken approval of shareholders in the AGM held on 7th August, 2014 under Section 180(1)(c) for borrowing limits upto ₹ 15,00,00,00,000/- (Rupees One Thousand Five Hundred crores only).
3. taken approval of shareholders under Section 180(1)(a) through Postal Ballot, result of which was declared in the AGM held on 7th August, 2014, for selling, leasing or disposing of undertaking of the Company and creation of charge/ mortgage over the assets/ properties of the Company, present and future, in respect of borrowings of an equivalent aggregate amount upto ₹ 15,00,00,00,000/- (Rupees One Thousand Five Hundred crores only).
4. made allotment of Equity shares under Employee Stock Option Scheme, 2006 (ESOP 2006) and Employee Stock Option Scheme, 2012 (ESOP 2012) of the Company.

For Martinho Ferrao & Associates
Company Secretaries

Martinho Ferrao
Proprietor
FCS No. 6221
C P. No. 5676

Place: Mumbai
Date: 19th June, 2015

ANNEXURE 6 TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2015

Particulars of loans and advances, and investments in its own shares by listed companies, their subsidiaries, associates etc. required to be disclosed in the annual accounts of the Company pursuant to Clause 32 of the Listing Agreement with the Company and its holding company Mahindra & Mahindra Limited:

Loans and advances in the nature of loans to subsidiaries:

(₹ in lakhs)		
Name of the Company	Balance as on 31 st March, 2015	Maximum outstanding during the year
Mahindra Integrated Township Limited	5,770.00	8,370.00
Mahindra Bebanco Developers Limited	1,764.56	1,764.56
Knowledge Township Limited	1,897.00	1,897.00
Mahindra World City Developers Limited	16,200.00	16,200.00
Mahindra World City Jaipur Limited	-	2,000.00
Anthurium Developers Limited	-	200.00

Loans and advances in the nature of loans to Associates:

(₹ in lakhs)		
Name of the Company	Balance as on 31 st March, 2015	Maximum outstanding during the year
Topical Builders Private Limited	262.39	262.39
Kismat Developers Private Limited	0.25	0.25

For and on behalf of the Board,

Anita Arjundas
Managing Director & CEO
DIN: 00243215

Shailesh Haribhakti
Director
DIN: 00007347

Mumbai, 19th June, 2015

ANNEXURE 7 TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2015

A. CONSERVATION OF ENERGY:

(i)	the steps taken or impact on conservation of energy;	<p>: As a part of sustainable development adequate measures have been initiated to reduce energy consumption. With respect to providing an Energy Efficient final product to its customers, the Company is developing Green Buildings.</p> <p>Green building increases the resource efficiency (energy, water, and materials), while reducing impacts on human health and the environment, through better selection of sites, design, construction, operation, maintenance, and removal i.e. the complete building life cycle.</p> <p>Steps taken for energy conservation:</p> <ol style="list-style-type: none"> 1. Energy efficient building envelopes for walls and roofs including Low E glass in selective areas; 2. Energy efficient electronic ballast & all lighting system; 3. Heat Reflective paint; 4. Artificial lighting control via daylight sensor; 5. Adoption of high efficiency light fittings; 6. Adoption of high efficiency pumps, motors; 7. Group control mechanism for lifts; 8. LED lamps for common areas & pathways; 9. Solar thermal water heaters for hot water generation in selective areas; 10. Solar street lights.
(ii)	the steps taken by the Company for utilising alternate sources of energy;	<p>: Mahindra World City projects (MWC) in Chennai and Jaipur are setting standards in efficient usage of green energy.</p> <p>The first off-grid solar power plant in the state of Tamil Nadu was set up at Mahindra World City, Chennai in FY 11-12. Installed over 800 sq. mt. and equipped with a remote monitoring system, the 75 kW rooftop solar plant is expected to generate approximately 116,000 units (kWh) of clean electrical energy annually.</p> <p>Other initiatives to reduce energy consumption at MWC include use of energy efficient LED lighting. These LED lights, come with dimmable controllers which have a significant impact in maximising overall energy efficiency of the area. At Mahindra World City Jaipur, 90W LED lights are being installed in place of 150W metal halide to achieve an equivalent required lux levels on site. Savings from using LED street lights at Mahindra World City, Jaipur are estimated at 49.6% when compared to conventional metal halide street lamp. The total carbon abated annually is -1617.4 tCO₂e from this site-wide initiative.</p> <p>During the year, an MOU has been signed between World Resources India (WRI) and Mahindra World City Chennai (MWCC) to explore options for Green Energy Procurement to fulfil the peak demand of energy for customers within the city through Renewable sources.</p>

(iii)	the capital investment on energy conservation equipments	: It is a mandate in Mahindra Lifespaces to develop all its projects as green building projects. The Company does not capture these expenses separately under environmental protection expenditures/ green investments. During the feasibility study of the project for green building rating, these expenses are considered in the project budget itself. These expenditures are mainly for 1. use of energy efficient building envelopes 2. fenestration like low e glass, 3. heat reflective paints, 4. low flow fixtures, 5. sewage treatment plants, 6. rain water harvesting system, 7. solar street lights, 8. organic waste converter, 9. energy efficient equipments such as pumps and motors, etc.
-------	--	---

B. TECHNOLOGY ABSORPTION

(i)	the efforts made towards technology absorption	: Technologies like Precast Concrete & Aluminium formwork, use of Cellular Lightweight Concrete & Autoclaved Aerated Concrete Blocks, latest tile work methodologies have been adopted.
(ii)	the benefits derived like product improvement, cost reduction, product development or import substitution	: Increase in work speed, finish quality & lower manpower thereby reducing cost.
(iii)	in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)	: (a) The details of technology imported - Pre-cast Technology (b) The year of import - FY 14-15 (c) Whether the technology been fully absorbed - Yes (d) If not fully absorbed, areas where absorption has not taken place, and the reasons thereof - NA
(iv)	the expenditure incurred on Research and Development	: N.A.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

Details of Foreign Exchange earned in terms of actual inflows during the year and the Foreign Exchange outgo during the year in terms of actual outflows are furnished in Note no. 27, 28, 29 and 30 to standalone financial statement.

For and on behalf of the Board,

Anita Arjundas
Managing Director & CEO
DIN: 00243215

Shailesh Haribhakti
Director
DIN: 00007347

Mumbai, 19th June, 2015

ANNEXURE 8A TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2015

ADDITIONAL INFORMATION AS PER SECTION 197 OF THE COMPANIES ACT, 2013, RULE 5(2) OF CHAPTER XIII, COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

Name of the Employee	Designation	Gross Remuneration (subject to Income-tax) (₹)	Qualifications	Age (years)	Experience (years)	Date of commencement of employment	Last employment and Designation
Ms. Anita Arjundas	Managing Director & Chief Executive Officer	2,16,91,737	B.Sc, MBA (Marketing)	47	24	01-Oct-07	Chief Operating Officer, Mahindra World City Developers Ltd.
Mr. Ramesh Ranganathan	Head - BD & Business Head (North)	1,28,88,716	BE (Chemical), MBA (Finance), CFA	39	13	25-Apr-11	Chief Investment officer – Peninsula Realty Fund
Mr. Sriram Mahadevan	Business Head - Happinest	84,08,453	B.Com, ACA, AICWA	45	20	01-Nov-11	EVP – Unitech Wireless
Mr. Rajendra Joshi	Business Head - West	90,33,857	BE (Elec & Comm.), PGDRM, PGDIT	49	25	01-Feb-09	VP - Marketing, Mahindra Integrated Township Ltd.
Mr. Suhas Kulkarni	Sr. Vice President - Legal & Company Secretary	91,29,317	B.Com, FCS, LLB, FIII, APSM - IIM C	56	35	18-Oct-04	Growel Group - Group Sr. GM - Legal & Secretarial
Mr. Lancelot Cutinha	Head - Human Resources	79,78,690	B.Sc, MSC (Defence), PGDFT (International Marketing), MPM (Human Resources)	55	36	15-Jun-11	Sr. Vice President - HR, Reliance Broadcast Network Ltd.
Mr. Jayantt Manmadkar	Chief Financial Officer	80,91,171	M.Com., ACA, ACS, AICWAI	46	22	08-Dec-11	VP Finance - Wockhardt Hospitals Pvt Ltd
Ms. Smeeta Neogi	Vice President - Marketing	65,95,872	BA, MMS (Marketing)	50	22	19-Mar-12	Time Television Network - VP Marketing
Ms. Sangeeta Prasad	CEO - IC & IC Business	1,40,08,654	B.E (Electric), MBA	47	23	04-Aug-08	CEO - MWC & Biz. Head (South)

Name of the Employee	Designation	Gross Remuneration (subject to Income-tax) (₹)	Qualifications	Age (years)	Experience (years)	Date of commencement of employment	Last employment and Designation
Eric Hauptstein*	Head Projects	1,22,38,010	MSc (Civil), Diploma in (Biz Mgmt), Diploma - Solar Technician	45	21	17-Feb-14	VP - Sobha Developers
Mr. Tirthankar Chatterjee	VP – Projects (West)	71,32,985	BE Civil	45	22	16-Jul-12	Portman Holdings

* Employed for a part of the year

Notes:

1. Nature of employment of MD & CEO is contractual, subject to termination by three months' notice from either side;
2. For other employees nature of employment is contractual, subject to termination by three months' notice from either side or salary in lieu of notice period;
3. None of the above employee is related to any Director of the Company;
4. None of the above employee holds by himself /herself or along with his/her spouse and dependent children, 2% or more of the equity shares of the Company;
5. Employment terms and conditions are as per Company's Rules;
6. Remuneration received as shown in the statement above includes basic salary, house rent allowance, reimbursement of medical expenses, employer's contribution to provident fund, superannuation fund and gratuity fund and all other allowances/perquisites as applicable.

For and on behalf of the Board,

Anita Arjundas
Managing Director & CEO
 DIN: 00243215

Shailesh Haribhakti
Director
 DIN: 00007347

Mumbai, 19th June, 2015

ANNEXURE 8B TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2015

The ratio of remuneration of each Director to the median employees' remuneration and other details in terms of Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

1. The ratio of the remuneration of each director to the median employee's remuneration for the financial year:

Name	Designation	Ratio
Mr. Arun Nanda	Non-executive Non-Independent Chairman	13.94x
Mr. Uday Y. Phadke	Non-executive Non-Independent Director	Not Applicable*
Mr. Sanjiv Kapoor	Non-executive Independent Director	1.39x
Mr. Shailesh Haribhakti	Non-executive Independent Director	1.39x
Mr. Anil Harish (Resigned w.e.f. 16 th June, 2015)	Non-executive Independent Director	1.39x
Dr. Prakash Hebalkar	Non-executive Independent Director	1.39x
Ms. Anita Arjundas	Managing Director & Chief Executive Officer	28.88x

* No Remuneration is paid by the Company.

For this purpose, sitting fees and reimbursement of out of pocket expenses incurred in attending the Board and Committees Meetings paid to the Directors have not been considered as remuneration. In respect of Non-executive Chairman and Independent Directors only remuneration paid by way of Commission were considered.

2. The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year:

The percentage increase in remuneration of Chief Financial Officer and the Company Secretary was 13% and 13% respectively.

3. The Percentage increase in the median remuneration of employees in the financial year:

The percentage increase in the median remuneration of the employees in the financial year was around 12%. The calculation of percentage increase in Median Remuneration is done based on comparable employees. Employees who were not eligible for any increment have been excluded for the purpose of this calculation.

4. The Number of permanent Employees on the rolls of the Company:

The number of on-rolls permanent employees are 332.

5. The explanation on the relationship between average increase in remuneration and the Company performance:

The criteria for increase in the remuneration, amongst other things, is also related to the Individual performance, the Company's performance and such other factors more particularly described in the Policy for Remuneration to Directors and the Policy for remuneration of KMP and Employees which are at Annexure 4A and 4B of this Report respectively.

The average increase in the remuneration of the employee during the FY 2014-15 was around 12%.

6. Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company:

For FY 2014-2015, the key managerial personnel were paid around 1.57% of the profit after tax.

7. Variations in the market capitalization of the Company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase or decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer and the variation in the Net Worth of the Company as at the close of the current financial year and previous financial year:

The Market capitalization of the Company (Standalone and taking closing price of NSE*) has increased from ₹ 1,497.09 crores as of 31st March, 2014 to ₹ 1,924.91 crores as of 31st March, 2015. Over the same period, the price to earnings ratio moved from 19.26 to 8.24. The Company's stock price on BSE as at 31st March, 2015 has increased by 183.06% to ₹ 468.75 compared to the listing of Company's Shares (pursuant to the Scheme of Arrangement approved by the High Court at Bombay) for the first time on BSE in April, 2000 at the price of ₹ 165.60 per share (face value ₹ 10 per share). Since the listing of the Company's share in April, 2000 the Company has not made any Public Offer.

- * The Shares of the Company are frequently traded on NSE.

Variation in the Net worth

The Net worth of the Company (Standalone) as at the close of the financial year 2014-15, was ₹ 1323.13 crores as compared to ₹ 1137.31 crores as at the close of the financial year 2013-14.

8. Average percentile increase already made in the salaries of employees other than the managerial personnel in the

last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and exceptional circumstances for increase in the managerial remuneration, if any:

The average percentage increase made in the salaries of total employees other than the Key Managerial Personnel for FY 2015 is around 12%, while the average increase in the remuneration of the Key Managerial Personnel is 13.67%. This increment is in line with the factors outlined in point (5) above.

9. Comparison of the remuneration of each of the Key Managerial Personnel against the performance of the Company:

The comparison of remuneration of each of the KMP against the performance of the Company is as under:

Designation	% of PAT
Managing Director & Chief Executive Officer	0.89%
Chief Financial Officer	0.31%
Senior Vice President - Legal & Company Secretary	0.37%

10. The key parameters for any variable component of remuneration availed by the directors:

While no variable component of remuneration was availed by the Directors during the year under review, the following are the broad factors and guidelines considered for the Performance (Variable) Pay in respect of Managing Director & CEO:

- a. Financial outcomes and profitability of the Company;

- b. Annual Performance Review based on the Company Balanced Scorecard.

11. The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year:

Not Applicable

12. Affirmation that the remuneration is as per the remuneration policy of the Company:

Yes

General Notes (GN)

1. The Remuneration for the purpose of this table is defined as "Total Cost to the Company (TCC) + Approved Bonus" for all the employees except for KMPs. KMPs remuneration is as per the Form 16 (on an annualized basis) excluding stock option exercised since it does not form part of TCC

For and on behalf of the Board,

Anita Arjundas
Managing
Director & CEO
 DIN: 00243215

Shailesh Haribhakti
Director
 DIN: 00007347

Mumbai, 19th June, 2015

ANNEXURE 9 TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2015**FORM NO. MGT - 9
EXTRACT OF ANNUAL RETURN**As on the financial year ended on 31st March, 2015

(Pursuant to Section 92(3) of the Companies (Management and Administration) Rules, 2014)

1. REGISTRATION AND OTHER DETAILS:

1.	CIN	L45200MH1999PLC118949
2.	Registration Date	16/03/1999
3.	Name of the Company	Mahindra Lifespace Developers Limited
4.	Category/Sub-Category of the Company	Company limited by shares/ Indian Non-Government Company
5.	Address of the Registered office and contact details	Mahindra Towers, 5 th Floor, Worli, Mumbai 400 018. Phone No.: 022 67478600/8601.
6.	Whether listed Company (Yes/No)	Yes
7.	Name, Address and Contact details of Registrar and Transfer Agent, if any	Sharepro Service (India) Pvt. Limited 13/AB, Samhita Warehousing Complex, Near Sakinaka Tel. Exchange, Andheri Kurla Road, Sakinaka, Andheri (E) Mumbai 400072. Telephone: 67720300, 67720400 Fax Number: 28591568, 28508927 Email id: sharepro@shareproservices.com

2. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:-

Sr. No	Name and Description of Main Product/Services	NIC Code of the Product*	% to total turnover of the Company#
1.	Construction of buildings	410	77.41

* As per National Industrial Classification- Ministry of Statistics and Programme Implementation.

on the basis of Gross Turnover.

3. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -

Sr. No.	Name and Address of the Company	CIN/GIN	Holding/ Subsidiary of the Company	% of shares held	Applicable Section
1	Mahindra and Mahindra Limited	L65990MH1945PLC004558	Holding	50.8256	2(46)
2	Mahindra Infrastructure Developers Limited	U45201MH2001PLC131942	Subsidiary	100.00	2(87)(ii)
3	Mahindra World City Developers Limited	U92490TN1997PLC037551	Subsidiary	89.00	2(87)(ii)
4	Mahindra World City (Jaipur) Limited	U45209RJ2005PLC021207	Subsidiary	74.00	2(87)(ii)
5	Mahindra World City (Maharashtra) Limited	U45309MH2005PLC156225	Subsidiary	100.00	2(87)(ii)
6	Mahindra Integrated Township Limited	U74140TN1996PLC068288	Subsidiary	96.30*	2(87)(ii)
7	Knowledge Township Limited	U72900MH2007PLC173137	Subsidiary	100.00	2(87)(ii)
8	Mahindra Residential Developers Limited	U45200TN2008PLC066292	Subsidiary	96.30*	2(87)(ii)
9	Mahindra Bebanco Developers Limited	U45203MH2008PLC183107	Subsidiary	70.00	2(87)(ii)
10	Industrial Township (Maharashtra) Limited	U45203MH2008PLC184190	Subsidiary	100.00	2(87)(ii)
11	Raigad Industrial & Business Park Ltd.	U70102MH2009PLC193399	Subsidiary	100.00	2(87)(ii)
12	Anthurium Developers Limited	U70109MH2010PLC203619	Subsidiary	100.00	2(87)(ii)

Sr. No.	Name and Address of the Company	CIN/GIN	Holding/ Subsidiary of the Company	% of shares held	Applicable Section
13	Industrial Cluster Private Limited (Earlier known as Mahindra Housing Private Limited)	U70102MH2013PTC241512	Subsidiary	100.00	2(87)(ii)
14	Mahindra Industrial Park Chennai Limited	U45209TN2014PLC098543	Subsidiary	89.00	2(87)(ii)
15	Kismat Developers Private Limited	U45200MH1994PTC079544	Associate	42.86	2(6)
16	Topical Builders Private Limited	U45200MH1997PTC108695	Associate	50.00	2(6)
17	Mahindra Homes Private Limited (MHPL) (earlier known as Watsonia Developers Private Limited and prior to that Watsonia Developers Limited)	U70102MH2010PTC203618	Joint Venture	50.00	2(6)
18	Mahindra Water Utilities Limited (MWUL)	U45205MH1999PLC121235	Joint Venture	50.00	2(6)
19	Mahindra Inframan Water Utilities Private Limited (MIWUPL)	U90000MH2004PTC144079	Joint Venture	50.00	2(6)

* Includes direct and indirect holding.

4. SHARE HOLDING PATTERN (Equity share capital breakup as percentage of total equity)

(i) Category-wise Share Holding.

Category of Shareholder	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of total subscribed and paid up share capital	Demat	Physical	Total	% of total subscribed and paid up share capital	
A. Promoters									
(1) Indian									
a) Individual/HUF	-	-	-	-	-	-	-	-	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp	20846126	-	20846126	51.033	20846126	-	20846126	50.8256	-0.21
e) Banks/FI	-	-	-	-	-	-	-	-	-
f) Any Other...	-	-	-	-	-	-	-	-	-
Sub-total (A)(1):-	20846126	-	20846126	51.033	20846126	-	20846126	50.8256	-0.21
(2) Foreign									
a) NRIs-Individuals	-	-	-	-	-	-	-	-	-
b) Other -Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks/FI	-	-	-	-	-	-	-	-	-
e) Any Other....	-	-	-	-	-	-	-	-	-
Sub-total (A)(2):-	-	-	-	-	-	-	-	-	-
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	20846126	-	20846126	51.033	20846126	-	20846126	50.8256	-0.21
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	706265	1968	708233	1.73	532153	1968	534121	1.30	-0.43
b) Banks/FI	62015	5436	67451	0.17	10441	5436	15877	0.04	-0.13
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	194	56	250	0.00	194	56	250	0.00	0.00
g) FIs	12296301	2767	12299068	30.11	11819607	2757	11822364	28.83	-1.28

Category of Shareholder	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of total subscribed and paid up share capital	Demat	Physical	Total	% of total subscribed and paid up share capital	
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
i) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(1):-	13064775	10227	13075002	32.01	12362395	10217	12372612	30.17	-1.84
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	2004420	59792	2064212	5.05	2217259	9838	2227097	5.43	0.38
ii) Overseas	21	276	297	0.00	11	276	287	0.00	0.00
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	2783848	612935	3396783	8.32	3103931	585106	3689037	8.99	0.67
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	1018293	–	1018293	2.49	1349709	–	1349709	3.29	0.8
c) Others (Non Resident Individuals)	371217	4462	375679	0.92	464921	4462	469383	1.14	0.22
d) Others Trust	24648	–	24648	0.06	13139	–	13139	0.03	-0.03
Sub-total (B)(2):-	6202447	677465	6879912	16.84	7148970	599682	7748652	18.89	2.05
Total Public Shareholding (B)=(B)(1)+(B)(2)	19267222	690692	19954914	48.85	19511365	609899	20121264	49.06	0.21
C. Shares held by Custodian for GDRs & ADRs	47040	270	47310	0.12	44540	270	44810	0.11	0.01
Grand Total (A+B+C)	40160388	687962	40848350	100.00	40402031	610169	41012200	100.00	0.00

(ii) Shareholding of Promoters

Category of Shareholder	No. of Shares held at the beginning of the year			No. of Shares held at the end of the year			% Change during the year
	No. of Shares	% of total Shares of the Company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged/encumbered to total shares	
Body Corporate	20846126	51.03	–	20846126	50.8256	–	-0.21

(iii) Change in Promoters' Shareholding (please specify, if there is no change):

There is no change in the Shareholding of Promoter Group. The shareholding in percentage terms of the promoter has decreased because of issue of shares to eligible employees upon exercise of options granted under the Employee Stock Option schemes.

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	Top Ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)	Shareholding		Date of transaction	Increase/Decrease in shareholding	Reason	Cumulative Shareholding during the year (01.04.2014 to 31.03.2015)	
		No. of shares at the beginning (01.04.2014)/end of the year 31.03.2015	% of total shares of the Company				No. of shares	% of total shares of the Company
1	AMANSA CAPITAL PTE LIMITED A/C AMANSA HOLDINGS PRIVATE LIMITED	2505170	6.13	01.04.2014				
				19.12.2014	-2505170	Transfer	0	0.00
		0	0.00	31.03.2015				

Sr. No.	Top Ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)	Shareholding		Date of transaction	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year (01.04.2014 to 31.03.2015)	
		No. of shares at the beginning (01.04.2014)/ end of the year 31.03.2015	% of total shares of the Company				No. of shares	% of total shares of the Company
2	SMALLCAP WORLD FUND, INC	2157380	5.28	01.04.2014				
		2157380	5.26	31.03.2015	No Change		2157380	5.26
3	ICICI PRUDENTIAL LIFE INSURANCE COMPANY LTD	1310626	3.21	01.04.2014				
				04.04.2014	15000	Transfer	1325626	3.25
				09.05.2014	-30043	Transfer	1295583	3.17
				16.05.2014	31318	Transfer	1326901	3.25
				13.06.2014	-20150	Transfer	1306751	3.20
				20.06.2014	-2080	Transfer	1304671	3.19
				05.12.2014	-6150	Transfer	1298521	3.17
				31.12.2014	-2915	Transfer	1295606	3.16
				23.01.2015	-4437	Transfer	1291169	3.15
				06.02.2015	-795	Transfer	1290374	3.15
				27.02.2015	-1153	Transfer	1289221	3.14
		1289221	3.14	31.03.2015				
4	THE SCOTTISH ORIENTAL SMALLER COMPANIES	1094955	2.68	01.04.2014				
		1094955	2.67	31.03.2015	No Change		1094955	2.67
5	FIL INVESTMENTS (MAURITIUS) LTD	1055468	2.58	01.04.2014				
				27.03.2015	-4832	Transfer	1050636	2.56
				31.03.2015	-12769	Transfer	1037867	2.53
		1037867	2.54	31.03.2015				
6	AMUNDI FUNDS EQUITY INDIA	840000	2.06	01.04.2014				
				11.04.2014	-7345	Transfer	832655	2.04
				18.04.2014	-2655	Transfer	830000	2.03
				23.05.2014	-100000	Transfer	730000	1.79
				30.06.2014	-730000	Transfer	0	0.00
		0	0.00	31.03.2015				
7	NATIONAL WESTMINSTER BANK PLC AS DEPOSITARY OF FIRST STATE INDIAN SUBCONTINENT FUND A SUB FUND OF FIRST STATE INVESTMENTS ICVC	617334	1.51	01.04.2014	No Change		617334	1.51
		617334	1.51	31.03.2015				
8	NATIONAL WESTMINSTER BANK PLC AS DEPOSITARY OF FIRST STATE ASIA PACIFIC FUND A SUB FUND OF FIRST STATE INVESTMENTS ICVC	553183	1.35	01.04.2014	No Change		553183	1.35
		553183	1.35	31.03.2015				
9	AMERICAN FUNDS INSURANCE SERIES GLOBAL SMALL CAPITALIZATION FUND	518356	1.27	01.04.2014				
				02.05.2014	118148	Transfer	636504	1.56
				09.05.2014	44852	Transfer	681356	1.67
		681356	1.67	31.03.2015				

Sr. No.	Top Ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)	Shareholding		Date of transaction	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year (01.04.2014 to 31.03.2015)	
		No. of shares at the beginning (01.04.2014)/ end of the year 31.03.2015	% of total shares of the Company				No. of shares	% of total shares of the Company
10	VERITABLE, L.P. A/C VEMF - A, L.P.	425159	1.04	01.04.2014				
				01.08.2014	-13519	Transfer	411640	1.00
				12.09.2014	-5846	Transfer	405794	0.99
				19.09.2014	-11654	Transfer	394140	0.96
				17.10.2014	-2704	Transfer	391436	0.95
				12.12.2014	-9890	Transfer	381546	0.93
				09.01.2015	-24260	Transfer	357286	0.87
				16.01.2015	-26300	Transfer	330986	0.81
				30.01.2015	-15290	Transfer	315696	0.77
				06.02.2015	-74597	Transfer	241099	0.59
		241099	0.59	31.03.2015				
11	AMANSA HOLDINGS PRIVATE LIMITED	0	0.00	01.04.2014				
				19.12.2014	2505170	Transfer	2505170	6.11
		2505170	6.13	31.03.2015				
12	NATIONAL WESTMINSTER BANK PLC AS DEPOSITARY OF FIRST STATE GLOBAL EMERGING MARKETS FUND A SUB FUND OF FIRST STATE INVESTMENTS ICVC	386971	0.95	01.04.2014				
		386971	0.94	31.03.2015	No Change		386971	0.94

(v) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	Name of the Shareholders	Shareholding		Date of transaction	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year (01.04.2014 to 31.03.2015)	
		No. of shares at the beginning (01.04.2014)/ end of the year 31.03.2015	% of total shares of the Company				No. of shares	% of total shares of the Company
1	Arun Kumar Nanda	61064	0.15	01.04.2014				
				20.06.2014	-11023	Transfer	50041	0.12
				23.06.2014	130000	Esop allotment	180041	0.44
				30.06.2014	-40291	Transfer	139750	0.34
				04.07.2014	-8686	Transfer	131064	0.32
				131064	0.32	31.03.2015		
Note: Out of the total shares 61064, Mr. Arun Nanda and Ms. Neerja Nanda (Wife) are jointly holding 600 shares and Mr. Arun Nanda, Uday Nanda (Son) and Ms. Neerja Nanda (Wife) are jointly holding 350 shares. There is no change in the joint shareholding of Mr. Nanda as aforesaid during the year.								
2	Uday Yeshwant Phadke	2500	0.01	01.04.2014				
				13.06.2014	2500	Transfer	0	0.00
		0	0.00	31.03.2015				
3	Anita Arjundas	3000	0.01	01.04.2014	No Change		3000	0.01
		3000	0.01	31.03.2015				

Sr. No.	Name of the Shareholders	Shareholding		Date of transaction	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year (01.04.2014 to 31.03.2015)	
		No. of shares at the beginning (01.04.2014)/ end of the year 31.03.2015	% of total shares of the Company				No. of shares	% of total shares of the Company
4	Prakash Gurunath Hebalkar	2500	0.01	01.04.2014				
				17.10.2014	2500	Esop Allotment	5000	0.01
		5000	0.01	31.03.2015				
5	Shailesh V Haribhakti	0	0.00	01.04.2014				
				23.06.2014	5000	Esop Allotment	5000	0.01
		5000	0.01	31.03.2015				
6	Anil Harish (Resigned as Director w.e.f. 16 th June, 2015)	7000	0.02	01.04.2014	No Change		7000	0.02
		7000	0.02	31.03.2015				
Note: Out of the total shares 7000, Mr. Anil Harish and Mr. Adhiraj Harish (Son) are jointly holding 3500 shares and Mr. Anil Harish and Ms. Rishika Harish (Daughter) are jointly holding 3500 shares. There is no change in these shareholding during the year.								
7	Suhas Ghanshyam Kulkarni	800	0.00	01.04.2014				
				17.10.2014	800	Esop allotment	1600	0.00
		1600	0.00	31.03.2015				
8	Jayantt Bhalchandra Manmadkar	0	0.00	01.04.2014				
				31.07.2014	800	Esop Allotment	800	0.00
				30.01.2015	800	Esop allotment	1600	0.00
		1600	0.00	31.03.2015				

I) INDEBTEDNESS

Indebtedness of the company including outstanding/accrued but not due for payment

(₹ in Crs)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	695.66	–	–	695.66
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	31.54	–	–	31.54
Total (i + ii + iii)	727.20	–	–	727.20
Change in Indebtedness during the financial year				
• Addition	34.56	–	–	34.56
• Reduction	232.01	–	–	232.01
Net Change	197.45	–	–	197.45
Indebtedness at the end of the financial year				
i) Principal Amount	500.00	–	–	500.00
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	29.75	–	–	29.75
Total (i + ii + iii)	529.75	–	–	529.75

II) REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-Time Directors and/or Manager:

(₹ in Lakhs)

Sr. No.	Particulars of Remuneration	Name of MD/WTD/ MANAGER	Total Amt
		Anita Arjundas	
1.	Gross salary	219.11	219.11
	a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	206.34	206.34
	b) Value of perquisites u/s 17(2)Income-tax Act, 1961	2.98	2.98
	c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	–	–
2.	Stock Option related perquisites	9.79	9.79
3.	Sweat Equity	–	–
4.	Commission	–	–
	– as % of profit	–	–
	– others, specify...	–	–
5.	Others, please specify	–	–
	Total (A)	219.11	219.11
	Ceiling as per the Act	1710.78	1710.78

B. Remuneration of other directors:

(₹ in Lakhs)

Sr. No.	Particulars of Remuneration	Name of Directors				Total Amount
		Mr. Sanjiv Kapoor	Mr. Shailesh Haribhakti	Mr. Anil Harish (Resigned as Director w.e.f. 16 th June, 2015)	Dr. Prakash Hebalkar	
1.	Independent Directors					
	• Fee for attending board/committee meetings	7.70	7.40	7.70	6.30	29.1
	• Commission	10.00	10.00	10.00	10.00	40.00
	• Others, please specify					
	Total (1)	17.70	17.40	17.70	16.30	69.1
2.	Other Non-Executive Directors	Mr. Arun Nanda	Mr. Uday Y Phadke			
	• Fee for attending board/committee meetings	7.05	–			7.05
	• Commission	100.00	–			100.00
	• Others, please specify	–	–			–
	Total (2)	107.05	–			107.05
	Total (B)=(1+2)					176.15
	Total (A)					219.11
	Total Managerial Remuneration					395.26
	Overall Ceiling as per the Act					2052.94

C. Remuneration to key managerial personnel other than MD/MANAGER/WTD.

(₹ in Lakhs)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary	CFO	Total
1.	Gross salary	219.11	92.49	80.91	173.40
	a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	206.34	83.27	67.56	150.83
	b) Value of perquisites u/s 17(2) Income-tax Act, 1961	2.98	5.13	5.10	10.23
	c) Profits in lieu of salary under section 17(3) Income tax Act, 1961	-	-	-	-
2.	Stock Option	9.79	4.09	8.25	12.34
3.	Sweat Equity	-	-	-	-
4.	Commission	-	-	-	-
	- as % of profit	-	-	-	-
	- others, specify..	-	-	-	-
5.	Others, please specify	-	-	-	-
	Total	219.11	92.49	80.91	173.40

III) PENALTIES/PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act.	Brief description	Details of penalty/ Punishment/compounding fees imposed	Authority [RD/NCLT/COURT]	Appeal made, if any (give details)
Penalty			NONE		
Punishment					
Compounding					
OTHER OFFICERS IN DEFAULT			NONE		
Penalty					
Punishment					
Compounding					

For and on behalf of the Board,

Anita Arjundas
Managing Director & CEO
 DIN: 00243215

Shailesh Haribhakti
Director
 DIN: 00007347

Mumbai, 19th June, 2015

Management Discussion and Analysis

Mahindra Lifespace Developers Limited ('Mahindra Lifespaces' or 'the Company') is one of the leading real estate development companies in India. Over the years, the Company has created a reputation for itself by delivering an array of highly successful projects and establishing industry benchmarks in environment friendly and sustainable developments.

Mahindra Lifespaces, along with its subsidiary companies, is engaged in the development of residential projects and large format developments such as integrated cities and industrial clusters. This chapter presents an overview of the operational and financial performance of the Company during 2014-15 and its strategy for future growth.

INTRODUCTION AND PERFORMANCE HIGHLIGHTS

Mahindra Lifespaces is one of the few real estate companies in India with the experience of serving both retail consumers and businesses through its two segments of operations — residential development and large format integrated cities/industrial clusters. This continued to be the strategic direction in which the Company moved in 2014-15, as it looked to expand its presence in newer segments in the residential market or augment its offering in the large format development space. Here are the key highlights of the Company's performance in 2014-15:

- In the residential segment, the Company made a successful foray into the affording housing segment with two pilot projects in Chennai and Mumbai Metropolitan Region under the brand name of 'Happinest'. The Company also launched two new projects — 'Luminare' and 'The Serenes' — in the luxury and holiday home segments respectively. In addition, fresh inventory in 3 of its existing projects was also launched during the year. During 2014-15, the Company sold over 1,400 residential units across its ongoing and newly launched projects, including projects of its subsidiary companies in the residential space. In recognition of its efforts to implement innovative and sustainable practices, Mahindra Lifespace was selected as one of India's 'Top Inno-Visionary Builders' at the Construction World Architect and Builder (CWAB) Awards, 2014.
- In the large format developments, the integrated business city, Mahindra World City, Jaipur, saw a healthy appreciation in demand and value. This resulted, especially in the second half of the year, in a significantly improved performance, compared to the previous year. Mahindra World City, Chennai also signed industrial land leases in the Domestic Tariff Area, even as most of the development there is currently in residential and social infrastructure. As the macroeconomic environment improves further, the Company is gearing-up to diversify its portfolio in this segment, to create a network of industrial clusters in upcoming industrial destinations.
- Another important aspect of the Company's performance during the year was the success it achieved in its effort to strengthen the organisational capabilities and make them

scalable. Building sales and marketing channels, augmenting the customer relationship management (CRM) function, improving pace of project execution with renewed focus on quality and safety, and implementation of IT based systems were some of the focus areas. These have been discussed in greater detail in subsequent sections of the report.

All of these enabled the Company to register a creditable performance in a challenging macroeconomic environment. The highlights of Mahindra Lifespaces' financial performance during the year, as a consolidated entity, are given below:

- Consolidated income of the Company grew by 52 per cent from ₹ 756 crores in 2013-14 to ₹ 1,148 crores in 2014-15;
- Profit before depreciation, interest and taxes (PBDIT) increased by 120 per cent from ₹ 221 crores in 2013-14 to ₹ 486 crores in 2014-15. Profit before taxes (PBT) grew by 162 per cent to ₹ 421 crores in 2014-15;
- Profit after taxes (PAT) grew by 157 per cent from ₹ 110 crores in 2013-14 to ₹ 283 crores in 2014-15. After accounting for minority interest, the consolidated net profit (PAT) of the Company increased by 165 per cent from ₹ 101 crores to ₹ 266 crores during 2014-15;
- Diluted earnings per share (EPS) of the Company increased by 163 per cent to ₹ 64.70 in 2014-15 as compared to ₹ 24.64 in the previous year.

In the remainder of the report, we will present the operational and financial performance of the Company, which is followed by a discussion on risks and concerns and the outlook for the future. We begin with an overview of the macroeconomic and industry environment.

MARKETS AND OPPORTUNITIES

India's macroeconomic environment was subdued at the beginning of 2014-15. However, the situation improved somewhat as the year progressed, especially in the second half of the year. According to the advance estimates released by the Central Statistical Organisation (CSO), India's GDP growth is expected to be 7.5 per cent in 2014-15, around 1 percentage point higher than the previous year.

Perhaps more significant was the broad-based decline in retail inflation since September 2014, which resulted in reduction in the policy rates by the RBI to the tune of 50 basis points towards the end of the year. But, this did not translate into reduction in lending rates despite sluggish credit offtake. Consequently, the improvements in business and consumer confidence during the year were weak.

As far as the real estate industry is concerned, the overall performance was subdued. Housing prices, rents and offtake of housing loans continued to be sluggish during the year. However, plans announced in the Union Budget to step-up infrastructure spending, focus on affordable housing and smart cities augur well for the real estate industry. Also, the improved sentiment in financial markets and low global commodity prices augur well for the growth prospects of the economy in 2015-16.

Residential Development

During 2014-15, the demand situation in the markets where the Company operates in showed divergent trends. Both Mumbai and Delhi-NCR markets had weak offtake throughout the year, whereas the Pune metropolitan and Nagpur markets saw healthy increase in demand in the second half of the year. The demand situation continued to be stable in Bangalore. In Hyderabad and Chennai markets, the offtake was satisfactory, especially in the second half of the year. Product prices remained stable in these markets, even as the industry resorted to competitive payment plans and offers to spur demand.

As far as growth opportunities for the immediate future are concerned, the Company will continue to focus on cities such as Mumbai, Pune, Bangalore, NCR, Chennai and Hyderabad. In terms of market segments, 2014-15 has been a very important year — with launches in differentiated segments such as luxury apartments, weekend homes, premium and affordable housing. During the year, the Company acquired a land parcel in Andheri, Mumbai, for joint development. Other than this, it is evaluating opportunities in Bangalore and Pune markets to meet its growth plans.

Urban India has an estimated 19 million families either living in slums or in low income neighbourhoods on rent and this housing deficit is likely to rise to 38 million by 2030. The successful launch of two pilot projects of ‘Happinest’ — the Company’s affordable housing product — has provided the Company an opportunity to address this large, underserved market with its carefully crafted strategy and product. The government’s focus on affordable housing has further expanded the size and scope of this opportunity.

Large Format Integrated Cities & Industrial Clusters

The market for industrial land saw a revival in demand in the second half of the year. But, most of this came from businesses servicing the domestic market. In contrast, the demand for land in the Special Economic Zone (SEZ) segment continued to be sluggish. Both the integrated business cities of the Company — Mahindra World City (MWC), Chennai and Mahindra World City (MWC), Jaipur, operated through its subsidiaries — benefited from the improvement in demand in the domestic zones.

The Government’s ‘Make in India’ initiative and focus on smart cities is a favourable development for growth opportunities in this segment. Given the demand from businesses aimed at servicing the domestic market, the Company is exploring the possibility of expanding the Domestic Traffic Area (DTA) in its Jaipur project through area re-allocation. In terms of its long-term strategy, the Company is actively considering upcoming industrial destinations to diversify its portfolio and create a network of smaller industrial clusters. Currently, the Company has one such project under planning in North Chennai, where procurement of land is in progress.

OPERATIONS

Residential Development

Mahindra Lifespaces’ residential business has its presence across the value chain of real estate development that covers

identifying a suitable piece of land, conducting thorough due-diligence on its title and development potential, acquiring the land, product conceptualisation and design management, obtaining requisite statutory approvals, project management and quality assurance. The Company also undertakes the project’s branding, marketing and sales while ensuring timely delivery and upkeep of the property until its handed over to the society of home owners.

During the year, the Company achieved significant success in increasing its market share in the various micro-markets its projects are located in. This was achieved by strengthening its sales organisation and generating better brand visibility at both the Company and project level. It has developed a strong network of channel partners who market the projects both in local and international markets. It is also in the process of increasing its digital presence for generating leads and concluding transactions through e-commerce platforms.

The Company also enhanced its ‘New Product Development’ framework that has helped improve the pace of project planning. This includes work-streams on design and product definition, market demand-supply analysis, branding, marketing and pricing strategy, contracting and sourcing, site management, sales and channel partner strategy. This approach ensures that the Company is well prepared to launch the project as soon as all the required approvals and clearances have been secured.

The Company has successfully put in place systems and processes which are scalable and have significantly improved the pace of execution. These have been instrumental in achieving a higher degree of quality, safety, transparency, cost management and timely completion of its projects. These have been discussed in greater detail in the subsequent sections on Quality, IT and Safety.

As of 31st March 2015, the Company along with its subsidiaries has completed projects covering 8.92 million square feet in the residential segment. It is currently developing 5.98 million square feet (Ongoing). Besides, another 4.39 million square feet are available in the form of new phases of ongoing projects or fresh projects that are at different stages of planning and will be launched in the near future (Forthcoming). A snapshot of the Company and its subsidiaries’ project portfolio is presented below.

Table 1: Projects Snapshot 2014-15 (million square feet estimated saleable area as of 31st March, 2015)

Location	Completed#	Ongoing	Forthcoming
Chennai*	2.16	1.48	0.59
Mumbai	2.81	0.40	0.96
Pune	1.56	1.15	0.56
NCR	2.39	1.02	0.73
Nagpur	–	0.85	0.68
Hyderabad	–	1.08	–
Bangalore	–	–	0.87
TOTAL	8.92	5.98	4.39

Does not include selected projects that were completed by GESCO

* Includes residential developments in MWC Chennai

Completed and Ongoing Projects

During the year, the Company completed handover of two projects — ‘Eminente’ and ‘Splendour’. Construction activity was also completed in 5 phases of 3 projects — Aqualily, Aura and Iris Court. Four new projects were launched during the year, including two pilot projects in the affordable housing segment. Besides this, new phases of 3 existing projects were launched during the year, which are in different stages of construction. The project-wise details are provided below.

‘**Eminente**’, a premium high-rise residential complex in Goregaon, Mumbai, is spread over 5.58 acres covering 0.57 million square feet of saleable area. The construction of the project was already complete at the start of the 2014-15. During the year, handover of units was completed and the Company is currently carrying out facility management.

‘**Splendour**’ in Bhandup, Mumbai, is spread over 8.46 acres and has a total saleable area of 0.78 million square feet. The construction of the project was completed during the previous year. During 2014-15, handover of units was completed and the Company is currently carrying out facility management.

‘**Aqualily**’ is a premium project within Mahindra World City, Chennai. This project is being implemented by Mahindra Residential Developers Limited, a subsidiary of Mahindra Integrated Township Limited and of the Company. Spread across 55 acres of land, the project offers villas and apartments covering 1.57 million square feet, of which 1.39 million square has been launched in multiple phases. During 2014-15, construction was completed in Phase 2B, taking the total completed area under the project to 0.93 million square feet. The handing over of all completed phases is in progress. Construction is in progress for Phase 2C and is progressing as per schedule. 68 per cent of the total units launched in this project have been sold upto March 2015.

‘**Iris Court**’, located in Mahindra World City, Chennai, is spread over 18 acres with a total saleable area of 0.86 million square feet. This project is being implemented by Mahindra Integrated Township Limited, a subsidiary of the Company. During 2014-15, hand over of units was completed for the first phase of the project covering 0.27 million square feet. Construction activity was completed for the second phase and Phase IIIA, taking the total completed area under the project to 0.73 million square feet. The final phase (IIIB) is progressing as per schedule. 92 per cent of the total units in this project have been sold upto March 2015.

‘**Aura**’ in Gurgaon, National Capital Region, is spread over 17 acres and has a saleable area of 1.39 million square feet. During 2014-15, units were handed over to the customers of Phase I, which received Occupancy Certificate during the year. The next two phases (II & III) were completed during the year and are expected to be handed over during 2015-16. The total completed area under the project is 0.74 million square feet. Construction for the remaining two phases (IV and V) is in advanced stages and is expected to be completed during 2015-16. 96 per cent of the total units in this project have been sold upto March 2015.

‘**Bloomdale**’, in Nagpur, Maharashtra, is conceived as a gated community spanning over 25.2 acres and has a saleable area of 1.55 million square feet, offering a choice of low-rise apartments, row houses and duplex homes. It is being implemented by Mahindra Bebanco Developers Limited (MBDL), a subsidiary of the Company. During the year, the Company launched three new phases of the project (IIB1, IIB2 and IIIC1), taking the total saleable area launched to 0.86 million square feet. Construction is nearing completion for the first phase of the project (IA, IB and IC), and progressing as per schedule for the remaining phases and the club house. 80 per cent of the total units launched in this projects have been sold upto March 2015.

‘**Antheia**’ in Pimpri, Pune, is spread over 16 acres with a saleable area of 1.60 million square feet. During the year, the Company launched 3 phases (Phase II ‘A,’ ‘B,’ ‘D’) of the project, taking the total area under sale to 0.94 million square feet. Construction activity is in progress for both Phase I and II. Phase I of the project is 99 per cent sold, whereas 27 per cent of the total units launched in Phase II have been sold upto March 2015.

‘**Ashvita**’ in Kukatpally, Hyderabad, is spread over 9.70 acres with a saleable area of 1.1 million square feet. The project is being developed in the joint development format with the land owners. The final two phases (IV & V) of the project were launched during the year. All phases of the project are currently under construction, in line with the project timelines. 68 per cent of the total units, in the Company’s share under the joint development agreement, have been sold as of March 2015.

‘**L’Artista**’ in Pune is a luxury project located in the heart of the city, which offers spacious three and four bedroom flats with ultra-modern amenities and common spaces amidst green surroundings. The project, which was launched in 2013-14, has an estimated saleable area of around 0.09 million square feet of which the Company’s share is 0.07 million square feet. The construction activity is progressing as per schedule.

‘**Nova**’ in Mahindra World City, Chennai is spread over 7.26 acres with a saleable area of 0.54 million square feet. The Company launched the second and final phase, which has 363 units, towards the end of 2014-15. This project is being implemented by Mahindra Integrated Township Limited, a subsidiary of the Company. The construction work is progressing as per schedule in both the phases. 95 per cent of total units in Phase I have been sold as of March 2015.

‘**Luminare**’ in Gurgaon, is the Company’s first project in the luxury homes segment in the National Capital Region. The project is being implemented in collaboration with a developer and the land owners by Mahindra Homes Private Limited which is a 50:50 JV with SCM Real Estate (Singapore) Private Limited. Spread across 6.8 acres, with a total saleable area of 1.14 million square feet, the project will offer luxury features including private lift lobbies and wrap around balconies. The first phase of the project comprising 120 units was launched in September 2014. 30 per cent of total units launched have been sold as of March 2015.

'The Serenes' in Alibaug, Mumbai, is conceived as a weekend home project. Spread across 11.8 acres of land just 0.7 kilometres away from the beach, the project will offer 3 and 4 BHK patio and courtyard villas in a gated community with an expansive club and common amenities that include a restaurant, party hall and a golf putting green. The project will offer 49 villas with an estimated saleable area of 0.16 million square feet. The first phase of the project comprising 20 villas with a saleable area of 0.06 million square feet was launched in November 2014. 45 per cent of total units launched have been sold as of March 2015.

'**Happinest Avadi**' near Chennai is the pilot project of the Company in the affordable housing segment. Spread across 13.22 acres with an estimated saleable area of 0.73 million square feet, the project will have 1,268 1BHK and 2BHK apartments ranging from 396 square feet to 677 square feet. The first phase of the project comprising 604 units with a saleable area of 0.34 million square feet was launched in August 2014. 47 per cent of total units launched have been sold as of March 2015.

'**Happinest Boisar**' near Mumbai is the Company's second project in the affordable housing segment which was also launched in 2014-15. Spread across 14.66 acres with an estimated saleable area of 0.52 million square feet, the project will have 1RK, 1BHK and 2BHK apartments ranging from 351 square feet to 675 square feet. The first two phases of the project comprising 597 units with a saleable area of 0.33 million square feet were launched sequentially in October 2014 and March 2015. 84 per cent of total units in Phase-I and over 25 per cent of the total units in Phase II have been sold as of March 2015.

New Projects

The Company is in various stages of planning new residential developments — projects for which design development or approvals are underway:

- **Windchimes, Bangalore:** This will be the first residential development of the Company located on Bannerghata Road in Bangalore. The project has an estimated saleable area of 0.87 million square feet. The project is awaiting final approvals from the statutory bodies. The project will be implemented by a 50:50 JV company with SCM Real Estate (Singapore) Private Limited, namely Mahindra Homes Private Limited.
- **Vivante, Mumbai:** This will be a premium residential project in Andheri (East) with an estimated saleable area of 0.37 million square feet. The project is awaiting approvals.

Besides these projects, the Company has a landbank with 12.44 million square feet of development potential largely concentrated in the MWC in Chennai.

Large Format Integrated Cities & Industrial Clusters

Mahindra Lifespaces is the first company on Public Private Partnership basis to have successfully developed an integrated business city in India — 'Mahindra World City', Chennai. This

is also the first operational Special Economic Zone (SEZ) from the corporate sector. Besides this project, the Company has another project in this segment in Rajasthan — 'Mahindra World City', Jaipur.

Built on the concept of "Life, Living, Livelihood", these integrated developments seek to balance three key aspects: business and economic activity, housing and associated amenities as well as cultural and community development. Today, the Mahindra World City brand has become a successful name in the large format integrated cities segment.

Mahindra World City, Chennai

Mahindra World City, Chennai, is implemented by Mahindra World City Developers Limited (MWCDL), currently an 89:11 joint venture between Mahindra Lifespaces and the Tamil Nadu Industrial Development Corporation Limited (TIDCO). **It is the first township in India to receive Green Township Certification (Stage I Gold certification) from IGBC.**

Mahindra World City, Chennai, was launched in September 2002, and currently has three sector specific Special Economic Zones (SEZs) — IT (services and manufacturing), Apparel and Fashion Accessories, and Auto Ancillaries, and a Domestic Tariff Area (DTA) for businesses catering to the Indian market. Integrated to the business zone is a Residential and Social Infrastructure zone.

At the end of 2014-15, the project had a total area of 1,524 acres. In terms of new customers, it added two MNCs to the portfolio during the year, taking the total customers to 64 — of which 27 are in the SEZ and 37 are in the DTA. Currently, 50 companies operate out of Mahindra World City, Chennai of which one started operations in the DTA during the year. During the year, besides significant increase in indirect employment, direct employment in the business city increased from 33,000 to around 37,000. Exports also increased from ₹ 7,200 crores in 2013-14 to over ₹ 7,800 crores during 2014-15.

With greater stabilisation in the business zone, the focus is now in developing the residential and social infrastructure. Mahindra World City, Chennai, has allocated 289 acres for the development of residential and social infrastructure that will cater to the requirements of over 7,000 families. With handing over of units in some phases of Aqualily and Iris Court during the year, the city has three operational residential projects which together have around 500 families living there. Details of the current residential projects have already been provided in the previous section on Residential developments.

On the retail and social infrastructure front, considerable progress was made during the year. The MWC Club was inaugurated in March 2015. Spread over 4 acres of land with 61,000 square feet of built-up area, the MWC club offers a range of amenities to members which include tennis and squash courts, indoor games, a spa, a restaurant and a sports bar. JSP Hospitals also started the first phase of their operations during the year which includes out-patient consultation, diagnostic facilities, a pharmacy and ambulance services. SSBM Realty and Hospitality started construction of the Phase I of the hostel

for working professionals which comprises 200 rooms. During the year, MWCDL signed an agreement with SPI Cinemas to set up a Multiplex spread over an area of 2.6 acres, the development plans for which are currently underway. Also, expansion plans were finalised for Mahindra World School which has been successfully operating in the city since 2008-09. During the year, Mahindra World School received its second ISA Award from the British Council, which recognizes schools with notable global element in their curriculum.

Mahindra World City, Chennai, continued to build on its community development and engagement initiatives during the year. This included fresh editions of its flagship programmes: the marathon run in aid of 'Nanhi Kali' which had over 1,200 participants, 'Champions Trophy' an inter-company sports tournament that had 38 teams, 'Mindspace' — the open quiz competition. In addition, the Company launched 'Courtyard Performances', which features music, theatre, dance and other forms of performing arts. These were received well by the participants and residents.

Mahindra World City, Jaipur

Mahindra World City, Jaipur, is implemented by Mahindra World City (Jaipur) Limited (MWCJL), a 74:26 joint venture between Mahindra Lifespaces and Rajasthan State Industrial Development & Investment Corporation Limited (RIICO), a Government of Rajasthan enterprise. Mahindra World City, Jaipur is proposed to be developed as a Multi Product Special Economic Zone and a Domestic Tariff Area across 3,000 acres, of which 2,949 acres have already been acquired. During the year, MWC, Jaipur, received a Gold pre-certification for its IT SEZ under the IGBC SEZ rating system. It is the second SEZ in India to receive this distinction.

During 2014-15, there was an improvement in demand, especially in the DTA, which also resulted in favourable appreciation in prices. The total land leased out during the year is 58.52 acres (SEZ 16.47 acres and DTA 42.05 acres) and include companies across diverse industry segments. During the year, the company added 13 customers (5 in SEZ, 7 in DTA and 1 in both SEZ and DTA) in the IT/ITeS SEZ, Engineering & Related Industries SEZ and 'Evolve' — the multi-tenanted IT Park which is spread over approximately 25 acres within the IT SEZ. At the end of the year, the Company had 64 customers in its business zone — 23 in DTA and 41 in SEZ. 5 existing customers also increased their footprint during the year.

Seven companies started their development activities during 2014-15. These are expected to become operational in the near future. Five new companies became operational in Mahindra World City Jaipur during the year, taking the total number of operational companies to 24. These companies have created direct employment for 6,836 people and total employment to 9512 people which is a growth of 19 per cent over previous year. Exports by clients grew by over 4 per cent to reach ₹ 1,119 crores in 2014-15.

Going forward, the near term focus will continue to be sale of industrial land in the project. To achieve this, the Company has enhanced its marketing initiatives across the world and is

also exploring the expansion of its DTA through land use re-allocation. At the same time, it is also working on enabling the multi-product SEZ within MWC Jaipur based on the modified SEZ rules, to benefit from emerging opportunities. Additionally, it is also undertaking the master planning for the non-processing area which will enable development of residential and social infrastructure as the project matures.

CUSTOMER RELATIONS (CR)

Trust and Transparency are important aspects of the Company's approach to customer centricity in both its businesses. The Customer Relations (CR) function at Mahindra Lifespaces endeavours to service the customers through their entire lifecycle — right from the time of booking to property handover. During 2014-15, significant work went into developing and implementing processes that enhance customer satisfaction. Some of these were:

- Integrating the facilities management activities within its fold with a view to standardise and upgrade service levels.
- Defining interaction standards and turnaround times for all classes of customer queries bringing in better responsiveness both before and after the handover.
- Introducing and improving mode and content of communication — welcome calling, pre-handover information and liveability assessments.
- Introducing immediate customer feedback tools to draw instant inputs and improve on service delivery levels

As a result, the CR function fared well on the external customer satisfaction index. This is significant as the team effected handover of over 500 units during the year.

Going forward, as the Company gears-up for a substantial increase in the number of handovers, the focus will be on introducing more value-added services to enhance customer engagement and satisfaction. This will be aided by processes that include implementing service quality audits across waiting and handover stages to monitor performance. It is also working on a 'home buying guide' for prospective home buyers and a 'customer guide' for home owners to enable them to settle in, in their new home after the handover.

In the World City space, efforts during the year were focussed on greater dialogue and collaboration with customers and key initiatives included :

- Coalesce - Quarterly meeting of customers (heads of operations, facilities, administration of companies within Mahindra World City) to understand operational issues related to safety, transportation, taxation, etc;
- Security Connect - Quarterly meeting of customers (security heads of companies within Mahindra World City)- safety and security related issues, if any;
- One on One meetings - Senior Management meetings - feedback on product, new improvement areas, areas of collaboration, etc;

INTEGRATED MANAGEMENT SYSTEM (IMS)

Mahindra Lifespaces' has embraced an Integrated Management System covering three International Standards — ISO 9001:2008 (Quality Management System), ISO 14001:2004 (Environmental Management System) and OHSAS 18001:2007 (Occupational Health and Safety Management System) for both its business segments.

The main thrust of this approach is to build and institutionalise project execution capabilities through scalable systems and processes that aid in timely delivery, quality of product and safety during construction, with the ultimate goal of adding value to our customers.

QUALITY

The Company has always stressed on the importance of its strong quality management system, which is set up as per the requirement of the International Standard, ISO since 1999. Ever since, the Company has been exploring innovative ways to improve the quality of its products and processes, and at the same time enhance the productivity of its operations to make them more competitive towards becoming the industry benchmark.

The Company implemented 'in-process snagging' during 2014-15 which involves continuous quality checks and inspections which are followed-up with necessary corrective action at all stages of construction — from excavation to the final delivery of the product. This has already started to yield results and contribute to the Company's aim of delivering a 'Zero-Snag Product' to its customers.

During the year, the Company continued to explore innovative ways to improve specifications and implement standardisation of design and tender documents. At the same time, processes of vendor empanelment and pre-dispatch inspections were strengthened to ensure the quality of materials used at the project locations. Apart from this, the Company continued to explore innovative ways to improve the quality of product and bring down the construction cycle time. These included better waterproofing technologies, greater use of prefabricated wall panels and a move towards greater mechanisation of processes. As a part of these efforts, the Company also participated in important trade fairs and exhibitions that showcase advances in global construction technology.

In 2015-16, the Company plans to carry out significant skill up-gradation programs for its workers through certified training agencies with primary focus on improving the quality of product finish. At the same time, the focus on employing innovative technologies and meeting tighter construction timelines will continue.

SAFETY

Since 2009, the Company has an established 'Safety Policy' which underscores its commitment to take measures to prevent accidental injuries and occupational ill health of all employees and associates working at the offices and project sites. During the year, the Company implemented several institutional and process improvement to achieve its ultimate goal of "zero tolerance to accidents".

To strengthen the Environmental, Health and Safety (EHS) related practices and reduce the man days lost and accident frequency rate, a dedicated EHS resource was identified for each project. Accordingly, project EHS plans were reviewed and stringent norms were brought in to close gaps. At the same time, standard operating procedures (SOPs) were formulated for critical areas of work. The Company introduced 'Permit to Work' system for 12 critical activities and check-lists to monitor the safety practices in 68 day-to-day processes.

In another major initiative, the Company has launched "Safe Methods and Risk Reduction Techniques" (SMARRT), which implements international best practices and aims to eliminate unsafe acts and conditions by proactive and immediate reporting of such incidents. Build on a reward and recognition system, a group of trained mentors will act as SMARRT champions to inculcate a culture of identification and reporting of potentially unsafe acts at the project sites.

In 2015-16, the Company plans to implement these improvements by way of mobile applications to get real time statistics on adherence to safety practices and SOPs, implementation of check-lists and reporting under SMARRT.

SUSTAINABLE DEVELOPMENT

Mahindra Lifespaces has been at the forefront of the real estate industry in India to achieve the mission of 'Transforming urban landscapes by creating sustainable communities'. The Company has done this by making sustainability a core agenda for the Company. Details of the Company's approach towards sustainability are covered in the Sustainability Report at Pages 161 to 168 of this Annual Report.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Mahindra Lifespaces' guiding principle for CSR is to build its relationship with stakeholders and the community at large, and contribute to their long term social good and welfare. Mahindra Lifespaces has been investing one per cent of its profit after tax every year from 2005-06 in CSR activities, even when there were no statutory requirements in this regard. The Company, in every financial year commencing from 1st April, 2014, in line with the Companies Act, 2013, pledges to spend, two per cent of the average net profits made during the three immediately preceding financial years specifically towards CSR initiatives.

The Company has formulated a CSR Policy which lays out the vision, objectives and implementation mechanisms including a Committee of Board of Directors on CSR. The Company's CSR activities have traditionally focussed on education, skill development, health, environment and promoting sustainable practices. Details of the Company's approach towards CSR are covered in the Sustainability Report at Pages 161 to 168 of this Annual Report.

HUMAN RESOURCES

Mahindra Lifespaces recognises that its people are the key to the success of the organisation and in meeting its aspirations. During the year, the Company continued its efforts to strengthen its HR policies and processes to attract and retain the best talent in the industry.

The Company has an integrated employee and performance management system to administer all HR related processes. During the year, focus was on extending coverage and use of IT and mobility solutions to bring better efficiency and transparency. The most significant development in this area was the introduction of 'MEConnect', a mobile application which offers a self-service menu to the employees — leave/travel requests and approvals, payroll information, tax related details and management of personal data.

The Company carries out two employee engagement surveys every year namely MCARES for internal benchmarking within the Group and the Great Place to Work survey for external benchmarking. Both surveys showed a significant improvement in employee engagement levels. The Great Place to Work survey score crossed the 70 mark for the first time putting the Company among the great places to work in India as per standards laid down by the Great Place to Work Institute. The Company has been assessed among the Top 5 Great Places to Work in the Real Estate and Construction Industry, basis this survey.

Catering to the learning and development needs of its employees continues to be a key focus area for the Company. It regularly carries out structured training initiatives in the key functional areas such as sales and marketing, customer service and project management to meet the requirements of its employees. To support the Company's focus on building alternate sales channels, it carried out specialised programmes for digital marketing during the year. In another initiative, people with high potential were identified and nominated for leadership programme conducted by reputed institutions.

Mahindra Lifespaces endeavours to keep its workplaces safe, transparent and friendly for people to work in. Understanding employees and giving them the confidence has been a core philosophy and the Company has enacted policies and established standards which are constantly reviewed and upgraded to ensure they are relevant and effective. The Company has a 'Diversity Council' with the objective of creating an inclusive environment to leverage the unique talents of diverse individuals in the workplace. Its gender diversity as of 31st March, 2015 was 17 per cent. It also has a policy on Sexual Harassment, which is aligned to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

As of 31st March, 2015, the Company had 332 employees and its subsidiary companies had 65 employees. Employee relations remained cordial during the year.

INFORMATION TECHNOLOGY (IT)

As Mahindra Lifespaces is gearing-up to achieve greater flexibility and scale in terms of implementing projects in different business segments and across geographies, use of sophisticated IT tools, systems and processes has become an important source of competitive advantage.

The Company has consistently invested significant resources in developing a strong IT and communication infrastructure which encompasses all key business and administrative functions as well as project sites. Mahindra Lifespaces' IT

infrastructure includes a SAP ERP for its core and peripheral business functions, primary and disaster recovery data centres, best-in-class communication and productivity tools, and access to specialised industry-specific software.

During 2014-15, the Company implemented several initiatives leveraging its IT infrastructure to improve efficiencies and optimise costs.

- Real-time monitoring tool for both statutory compliances related to taxations and internal compliances, which allows storage and easy retrieval of endorsed documents as well as payment information made across all offices and project sites. A dashboard provides the top management with the complete compliance status across all locations on a single page.
- Mobile applications were implemented for several key areas: purchase requisition and purchase order approvals; construction milestone date confirmation at project sites; 'MEConnect' for employees mentioned in the section on HR; and, leave application and approvals through SMS.
- Camera monitoring solution, where a range of stationary and mobile cameras are deployed on project sites that allow remote monitoring of the projects, and thereby, significantly increase efficiency by making experts available at short notice and bringing down travel-related costs.
- A comprehensive management reporting and analytics solution was implemented which provides MIS dashboard with a range of customised options to the management for all functions such as finance, execution, sourcing, sales, CRM, etc.
- CRM solution implementation for the affordable housing business that was launched during the year.

The Company received several awards and recognitions for these IT initiatives: On the Job Achievers Contest 2014 - National Institute of Industrial Engineering (NITIE); The ICONIC IDC Insights award 2014 - International Data Corporation; and, EDGE Award 2014 - Information Week - UB Media.

FINANCIALS

Table 2 presents the abridged profit and loss statement of Mahindra Lifespace Developers Limited as a standalone and consolidated entity.

Table 2: Abridged Profit and Loss Statement

	(₹ in crores)			
	Standalone		Consolidated	
	2014-15	2013-14	2014-15	2013-14
Operating Income	624.0	307.1	1086.1	705.3
Other Income	136.0	114.3	61.5	50.9
Total Income	760.0	421.3	1147.6	756.2
Project and Operating Expenses	298.9	218.8	501.3	425.7

(₹ in crores)

	Standalone		Consolidated	
	2014-15	2013-14	2014-15	2013-14
Employee and Other Expenses	98.8	59.5	160.6	109.4
Financial Expenses	21.8	39.4	51.4	50.2
Depreciation	2.7	2.3	13.2	10.1
Total Expenditure	422.2	320.0	726.5	595.3
PBDIT	362.3	143.1	485.7	221.2
PBDT	340.5	103.7	434.3	171.0
PBIT	359.5	140.7	472.4	211.1
PBT	337.7	101.4	421.0	160.9
Tax	104.4	23.7	137.8	50.9
PAT	233.3	77.7	283.2	110.0
Minority Interest	-	-	17.1	9.4
PAT (After Minority Interest)	-	-	266.2	100.6
Diluted EPS (₹)	56.7	19.0	64.7	24.6

Mahindra Lifespaces registered a creditable financial performance during 2014-15, especially given the challenging environment faced by the industry.

Total income of the standalone entity increased by 103 per cent from ₹ 307 crores in 2013-14 to ₹ 624 crores in 2014-15. This includes sale of a property in respect of one of its project in Mumbai, where there was a dispute with the land owner and which was carried out under mutually agreed consent terms with the owner of land. This transaction contributed ₹ 268 crores to the total income during the year, after including ₹ 16 crores of other income. After netting out the operating and other costs amounting to ₹ 23 crores charged to the project, its contribution at the PBT level works out to ₹ 245 crores. A significant part of the proceeds from this transaction was utilised towards paying debt which has also brought down the interest cost of the standalone entity.

Total expenditure of the standalone entity increased from ₹ 320 crores in 2013-14 to ₹ 422 crores in 2014-15. Apart from being expenses on account of rise in the quantum of project execution during the year, this also reflects efforts made by the Company to strengthen its organisational capabilities as well as the sales and marketing effort. Employee expenses, which is a part of Employee and Other Expenses, increased by ₹ 14.8 crores from ₹ 30.4 crores in 2013-14 to ₹ 45.2 crores in 2014-15. This was mainly on account of the Company's staffing of its new office in Bangalore, and sites at Gurgaon, Avadi and Boisar, and strengthening its organisation in crucial functions across multiple locations, some of which have been discussed earlier in the report. Sales and marketing spend, which is a part of project and operating expenses, also increased to ₹ 13 crores during the year, up from ₹ 8 crores in the previous year.

Net profit (PAT) of the standalone entity increased from ₹ 78 crores in 2013-14 to ₹ 233.3 crores in 2014-15. Consolidated PAT grew from ₹ 110 crores in 2013-14 to ₹ 283 crores in 2014-15. After accounting for minority interest, the consolidated PAT of the Company increased by 165 per cent from ₹ 101 crores to ₹ 266 crores during 2014-15. As a result, diluted EPS during the year was ₹ 56.7 and ₹ 64.7 for the standalone and consolidated entities respectively.

As of 31st March, 2015, Mahindra Lifespaces has standalone debt equity ratio of 0.38:1 and consolidated debt equity ratio of 0.84:1. The liquidity situation of the Company during the year remained comfortable and surplus funds generated during the year have been invested in credit worthy instruments, including money market instruments, mutual funds and deposits with banks.

THREATS, RISKS AND CONCERNS

Mahindra Lifespaces has appropriate risk management systems in place for identification and assessment of risks, measures to mitigate them, and mechanisms for their proper and timely monitoring and reporting. Mahindra Lifespaces has constituted a "Risk Management Committee" consisting of two Directors and the Chief Financial Officer, for monitoring and reviewing of the risk assessment, mitigation and risk management plan from time to time. The Board periodically reviews implementation and monitoring of the risk management plan for the Company.

Economic Risks

India's macroeconomic condition improved as the year progressed. Even as the RBI has reduced the policy rates in the wake of cooling down of inflation, this has not resulted in significant reduction of interest rates for home loans. This can have a direct impact on the performance of the real estate sector and the Company. Secondly, even as there are signs of revival in the advanced economies, especially in the US, it is yet to translate into investment outlays in Indian businesses, especially those in export oriented industries.

Mahindra Lifespaces is conscious of these risks and is taking measures to mitigate them. For instance, the Company's focus on both residential and integrated developments has been a significant source of comfort during periods of poor economic performance. Besides, the Company's prudent financial management has also kept it relatively insulated from the economic downturn and the Company is well placed to raise capital at competitive rates. This is underscored by the recent "Long-Term Issuer Rating of 'IND AA'; Outlook Stable" assigned to the Company by India Ratings and Research, a Fitch Group company. Instruments with 'IND AA' rating are considered to have high degree of safety regarding timely servicing of financial obligations and carry very low credit risk.

Operational Risks

Key operational risks faced by the Company include longer gestation period for procurement of land, time taken for approvals, inability to sell the project as per plan, inability to complete and deliver projects according to the schedule

leading to additional cost of construction and maintenance, erosion of brand value, appointment and retention of quality contractors, inability to attract and retain talent, poor customer satisfaction, fraud and unethical practices, failure to comply with laws and regulations leading to fines, penalties and lengthy litigations.

The Company addresses these issues within a well-structured framework which identifies the desired controls and assigns ownership to monitor and mitigate the risks. The Company has also invested significant resources in an Enterprise Resource Planning (ERP) solution and transparent customer friendly processes, which are expected to go a long way to address some of these risks. The Company also has a Code of Conduct for all its Employees. The Company's Corporate Governance policies ensure transparency in operations, timely disclosures and adherence to regulatory compliances, leading to enhanced stakeholder value.

Policy and Regulatory Risks

The real estate industry is easily affected by changes in government policies and regulations. There are considerable procedural delays with respect to approvals related to acquisition and use of land. This problem is accentuated as this is an industry which has traditionally been quite unorganised. Unfavourable changes in the government policies and the regulatory environment can adversely impact the performance of the Company.

The Company, with its approach towards acquisition of land based on due diligence, fairness and trust, and transparent processes in developing the projects, has effectively mitigated risks with respect to land acquisition. The focus on environment friendly and sustainable practices also help in mitigating risks associated with environmental regulations and norms. Besides, the Company's plans for innovative offerings in the affordable housing and smaller integrated developments will also go a long way in mitigating some of the risks associated with execution and cost of land acquisition.

INTERNAL CONTROLS

The Company has adequate internal control systems, commensurate with the size and nature of its business. The system is supported by documented policies, guidelines and procedures to monitor business and operational performance including an ERP solution, all of which are aimed at ensuring business integrity and promoting operational efficiency.

An independent internal audit firm appointed by the Company conducts periodical audits to ensure adequacy of internal control systems, adherence to management policies and compliance with the laws and regulations of the country. Their scope of work also includes internal controls on accounting, efficiency and economy of operations. The internal auditors also report on the implementation of their recommendations.

Reports of the internal auditors are regularly reviewed at the Audit Committee meetings. The Audit Committee of the Board reviews the adequacy and effectiveness of the internal control systems and suggests improvements for strengthening them.

OUTLOOK

The world economy is witnessing increasingly divergent trends. Even as the recovery is gaining traction in the US and UK, the situation in Euro Area and Japan continue to be worrisome. China, on the other hand, appears to be going through a carefully managed slowdown.

As far as India is concerned, there were mixed signals as 2014-15 came to a close. Although the GDP numbers show a healthy increase in output, the performance of corporates continues to be lagging behind. At the same time, even as there was a consistent and broad-based decline in consumer inflation starting September 2014, the easing of monetary policy was circumspect — and came only towards the end of the year. As a result, the transmission of the decline in policy rates into lower borrowing costs is yet to fully take place.

The real estate market in India operated in this challenging macroeconomic environment during the year. Also, improvements in business and consumer confidence during the year were weak. In this situation, Mahindra Lifespaces has delivered a creditable performance. This has been possible only because of its strategy to focus on the right market segments and geographies as well as its efforts to build its sales and marketing network and improve efficiencies in project execution.

A turnaround in the investment-growth cycle is widely expected in 2015-16, and the fiscal situation continues to be relatively strong. But, there are downside risks in the form of reversal in global commodity prices and poor south-west monsoon, and negative surprises may derail the growth prospects. Plans announced in the Union Budget to step-up infrastructure spending, focus on affordable housing and smart cities augur well for the real estate industry. Mahindra Lifespaces, with its presence in both residential and industrial segments, is well positioned to leverage these opportunities. So, the outlook for 2015-16 remains cautiously optimistic.

Cautionary Statement

Certain statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be forward-looking statements within the meaning of applicable securities laws and regulations. Actual results could differ from those expressed or implied. Important factors that could make a difference to the Company's operations include labour and material availability, and prices, cyclical demand and pricing in the Company's principal markets, changes in government regulations, tax regimes, economic development within India and other incidental factors.

Corporate Governance Report

1. CORPORATE GOVERNANCE PHILOSOPHY

Mahindra Lifespaces is committed to good corporate governance and endeavours to implement the Code of Corporate Governance in its true spirit. The philosophy of the Company in relation to corporate governance is to ensure transparency in all its operations, make disclosures and enhance shareholder value without compromising in any way on compliance with the laws and regulations. The Company believes that good governance brings about sustained corporate growth and long-term benefits for all its stakeholders.

In India, corporate governance standards for listed companies are regulated by the Securities and Exchange Board of India (SEBI) through Clause 49 of the Listing Agreement of the Stock Exchanges and provisions in the Companies Act, 2013. As a Company which believes in implementing corporate governance practices in letter and in spirit, the Company has adopted practices mandated by the regulations and has established procedures and systems to remain compliant with it as on 31st March, 2015. This chapter reports the Company's compliance with these provisions.

2. BOARD OF DIRECTORS

The Company has a Non-Executive Chairman and one half of the total number of Directors comprises Independent Directors. The Management of the Company is entrusted in the hands of the Senior Management Personnel of the Company who are members of the Executive Council of the Company and is headed by the Managing Director & Chief Executive Officer who operates under the overall guidance, supervision and control of the Board. The Board reviews and approves strategy and oversees the actions and results of the Management to ensure that the long-term objective of enhancing stakeholder's value is met.

The Managing Director & Chief Executive Officer is an executive of the Company and draws remuneration from the Company. The Non-Executive Non-Independent Chairman and Non-Executive Independent Directors receive sitting fees for attending the meeting of the Board and the Committees thereof. The Non-Executive Non-Independent Chairman and Non-Executive Independent Directors would be entitled to the remuneration under the Companies Act, 2013. Mr. Sanjiv Kapoor, Non-Executive Independent Director who is also on the Board of Mahindra World City Developers Limited, receives sitting fees for attending the meeting of the Board and the Committees and would be entitled to the remuneration under the Companies Act, 2013 from Mahindra World City Developers Limited.

Mr. Uday Y. Phadke, Non-Executive Non-Independent Director is the Principal Advisor (Finance) at Mahindra & Mahindra Limited (M&M) and receives remuneration from M&M. Mr. Uday Y. Phadke does not receive any sitting fees and remuneration from the Company. Apart from the above and apart from the reimbursement of expenses incurred in discharge of their duties and the remuneration that the Independent Directors would be entitled to under the Companies Act, 1956 and the Companies Act, 2013, as the case may be, none of the Directors have any other material pecuniary relationships or transactions with the Company, its Promoters, its Directors, its Senior Management, its Subsidiaries and Associates which in their judgment would affect their independence. The Directors of the Company are not inter se related to each other.

The Board has adopted a Policy on appointment of Directors and Senior Management and Succession Planning for orderly succession to the Board and the Senior Management.

The Senior Management has made disclosures to the Board confirming that there are no material, financial and/or commercial transactions between them and the Company, which could have potential conflict of interest with the Company at large.

a) Number of Board Meetings

Seven Board meetings were held during the year under review, 1st April, 2014 to 31st March, 2015, on the following dates: 22nd April, 2014; 16th June, 2014; 31st July, 2014; 16th September, 2014; 17th October, 2014; 30th January, 2015 and 23rd March, 2015. The maximum gap between any two meetings did not exceed four months.

A separate meeting of Independent Directors was held on 23rd March, 2015 without the attendance of non-Independent Directors and members of management, which was attended by all Independent Directors.

b) Composition, Status, Attendance at the Board Meetings and at the last AGM

As on 31st March, 2015, the Company's Board comprised seven members. The Chairman of the Board is a Non-Executive, Non-Independent Director. The Managing Director & Chief Executive Officer is an Executive of the Company. Four members of the Board are Non-Executive Independent Directors of which one Non-Executive Independent Director Mr. Anil Harish resigned w.e.f. 16th June, 2015. One member of the Board is a Non-Executive, Non-Independent Director. The names and categories of Directors, their attendance at the Board Meetings

held during the year and at the last Annual General Meeting are given below:

Name of the Director	DIN	Status	No. of Board Meetings		Attendance at the last AGM
			Held	Attended	
Mr. Arun Nanda, Chairman	00010029	Non-Executive, Non Independent	7	7	Yes
Mr. Uday Y Phadke	00030191	Non-Executive, Non Independent	7	7	Yes
Mr. Sanjiv Kapoor	00004005	Non-Executive, Independent	7	7	Yes
Mr. Shailesh Haribhakti	00007347	Non-Executive, Independent	7	7	Yes
Mr. Anil Harish*	00001685	Non-Executive, Independent	7	7	Yes
Dr. Prakash Hebalkar	00370499	Non-Executive, Independent	7	7	Yes
Ms. Anita Arjundas, Managing Director & Chief Executive Officer	00243215	Executive	7	6	Yes

* Mr. Anil Harish resigned from the Board of Directors of the Company w.e.f. 16th June, 2015.

c) Details of Directorships/Committee Memberships as of 31st March, 2015

As mandated by Clause 49 of the Listing Agreement, none of the Directors is a Director in more than 10 Public Limited Companies or act as an Independent Director in more than 7 Listed Companies. Further, none of the Directors is a member of more than ten Board level Committees nor is any of them a Chairman of more than five Committees in which they are members. The number of Directorships and Committee positions held by them in Public companies are given below:

Name of the Director	Status	Director of Public Companies*	Membership in Committee**	Chairmanship in Committee**
Mr. Arun Nanda, Chairman	Non-Executive Non Independent	5	2	2
Mr. Uday Y Phadke	Non-Executive Non Independent	6	4	–
Mr. Sanjiv Kapoor	Non-Executive Independent	6	5	3
Mr. Shailesh Haribhakti	Non-Executive Independent	10	8	6
Mr. Anil Harish***	Non-Executive Independent	7	6	2

Name of the Director	Status	Director of Public Companies*	Membership in Committee**	Chairmanship in Committee**
Dr. Prakash Hebalkar	Non-Executive Independent	2	3	–
Ms. Anita Arjundas, Managing Director & Chief Executive Officer	Executive	9	1	–

* Including Directorship/Committee Memberships in Mahindra Lifespace Developers Limited as of 31st March, 2015.

** Committees considered are Audit Committee and Stakeholders Relationship Committee including that of Mahindra Lifespace Developers Limited.

*** Mr. Anil Harish resigned from the Board of Directors of the Company w.e.f. 16th June, 2015.

d) Board Procedure

A detailed agenda folder is sent to each Director in advance of Board and Committee Meetings. To enable the Board to discharge its responsibility effectively, the Managing Director & Chief Executive Officer of the Company briefs the Board at every meeting on the overall performance of the Company. A detailed operations report is also presented at every Board Meeting.

The Board also reviews strategy and business plans, annual operating and capital expenditure budgets, remuneration of Non- Executive Directors, compliance with statutory/ regulatory requirements and review of major legal issues, adoption of quarterly/half-yearly/annual results, risk management policies, investors' grievances, borrowings and investments, issue of securities, use of capital issue proceeds, major accounting provisions and write-offs, corporate restructuring, minutes of meetings of the Audit Committee and other Committees of Directors of the Board, sustainability plan and its performance, and CSR spends, plan and its review, etc.

The Board reviews a compliance certificate issued by the Managing Director & Chief Executive Officer regarding compliance with the requirements of various Statutes, Regulations and Rules as may be applicable to the business of the Company.

3. DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT

Pursuant to Section 152 of the Companies Act, 2013,

Mr. Uday Y. Phadke retires by rotation at the forthcoming Annual General Meeting of the Company. However, Mr. Uday Y. Phadke by a notice in writing addressed to the Board of Directors has expressed his desire not to seek re-appointment. It is proposed that the vacancy, so created on the Board of Directors of the Company, be not filled.

The Board placed on record its deep appreciation of the valuable services rendered by Mr. Phadke during his

tenure as a Director of the Company. Mr. Phadke, who is stepping down from the Board of the Company after a tenure of 14 years, brought to the Board an ebullient and entrepreneurial spirit and a flair for reasoned risk taking, combined with a strict adherence to values and ethics. This rare combination of qualities has added a valuable perspective and dimension to the deliberations and decision making authority of the Board.

Mr. Anil Harish, a Non-executive Independent Director resigned from the Board of the Company w.e.f. 16th June, 2015 for personal reasons. The Board places on record its deep appreciation of the valuable services rendered by Mr. Anil Harish during his tenure as a Director of the Company.

Pursuant to Section 152 of the Companies Act, 2013, Mr. Arun Nanda retires by rotation at the forthcoming Annual General Meeting of the Company and has offered himself for re-appointment.

Pursuant to Section 149 and Section 152 of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014, it is proposed that Mr. Shailesh Haribhakti existing Independent Director who meets the criteria of Independence, be appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a term of 5 (five) consecutive years commencing from 31st July, 2015. He has also given a declaration under Section 149(7) of the Companies Act, 2013 that he meets the criteria of Independence as provided in Section 149(6) of the Companies Act, 2013.

Pursuant to Section 149 and Section 152 of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014, it is proposed that Mr. Sanjiv Kapoor and Dr. Prakash Hebalkar existing Independent Directors who meet the criteria of Independence, be appointed as Independent Directors of the Company, not liable to retire by rotation, to hold office for a term of 2 (two) consecutive years commencing from 31st July, 2015. They have also given a declaration under Section 149(7) of the Companies Act, 2013 that they meet the criteria of Independence as provided in Section 149(6) of the Companies Act, 2013.

All the above Directors are not disqualified from being re-appointed as Directors by virtue of the provisions of Section 164 of the Companies Act, 2013.

Brief resumes of Directors seeking appointment/re-appointment are given below:

Mr. Arun Nanda

Mr. Arun Nanda holds a Degree in Law from the University of Calcutta, is a fellow member of the Institute of Chartered Accountants of India (FCA) and a fellow member of the Institute of Company Secretaries of India (FCS). Mr. Nanda has also participated in a Senior Executive Programme at the London Business School.

He joined the Mahindra Group in 1973 and held several important positions within the Group over the 40 years he was with the company. He was inducted to the Board of Mahindra & Mahindra Ltd. (M&M) in August 1992 and resigned as Executive Director in March 2010 to focus on the social sector and create a favourable ecosystem for senior citizens. He was a non-executive director from April 2010 till August 2014.

He is currently the Chairman of Mahindra Holidays & Resorts (I) Ltd. and Mahindra Lifespace Developers Ltd. and Director of Holiday Club Resorts Oy, Finland.

He is also the Chairman on the Advisory Board of 3i Investments plc, Member of the Advisory Board of TechnoServe India, and a Trustee of Integrity Action, U.K. and Helpage India. He is a Trustee of Mahindra World School Educational Trust. He was a Member of the Task Force set up by the B20 on Anti-Corruption which presented the policy paper to President Sarkozy at the G20 Summit held in Cannes in November 2011 and to President Putin in St. Petersburg in June 2013.

He is also Chairman Emeritus of the Indo-French Chamber of Commerce, Member of the Governing Board of the Council of EU Chambers of Commerce in India and Chairman of CII National Committee on Water. He was also Chairman of CII Western Region Council for the year 2010-2011.

Mr. Nanda was honoured with an award of “Chevalier de la Legion d’Honneur” (Knight of the National Order of the Legion of Honour) by the President of the French Republic, Mr. Nicolas Sarkozy in 2008.

Mr. Nanda received the following awards:

1. **“Real Estate Person of the Year Award** from GIREM Leadership Awards in India in 2008;
2. **“ICSI National Award”** for Excellence in Corporate Governance for Mahindra & Mahindra as the best governed company in 2008;
3. **“CA Business Achiever Award - Corporate”** at The Institute of Chartered Accountants of India Award 2009;
4. **“Lifetime Achievement Award”** for his outstanding contribution to the Hospitality Industry and the Service Sector by the Golden Star Awards 2010;
5. **“Aatithya Ratna Award”** by the Business Hotels Network and Horwath HTL in 2014 for his contribution to the success of the Hospitality Industry; and
6. **“Lifetime Achievement Award”** in December 2014 at the CNBC Awaaz Real Estate Awards for his relentless pursuit of excellence and dynamic leadership that steered the growth of Mahindra Lifespaces.

Mr. Nanda is also a director on the board of Mahindra Holidays & Resorts (India) Limited, Mahindra World City (Jaipur) Limited, Mahindra Holdings Limited, Mahindra World City Developers Limited and Holiday Club Resort Oy, Finland.

As on 31st March, 2015, Mr. Nanda is on the committees of the Board mentioned hereunder:

Name of Company	Name of Committee	Position Held
Mahindra Lifespace Developers Limited	Stakeholders Relationship (earlier known as Shareholder & Investors Grievance Committee)	Chairman
	Nomination and Remuneration (earlier known as Remuneration Committee)	Member
	Qualified Institutional Placement	Member
	Loans & Investment	Chairman
	Share Transfer & Allotment	Member
	Committee for Large Format Development	Member
	Committee for Residential Projects in Joint venture	Member
	Corporate Social Responsibility	Member
Mahindra World City (Jaipur) Limited	Loans & Investment	Member
	Capital Issue	Member
Mahindra Holidays & Resorts (India) Limited	Stakeholders Relationship Committee	Chairman
	Nomination & Remuneration	Member
	Loans & Investment	Chairman
	Inventory Approval	Chairman
	Strategy and Review	Chairman
	Corporate Social Responsibility	Chairman
	Risk Management	Chairman
	Committee of Directors - Investment	Chairman
Mahindra Holdings Limited	Loans & Investment	Member

Mr. Arun Nanda, Director holds 130,114 equity shares of the Company and his spouse jointly with Mr. Arun Nanda holds 600 equity shares in the Company. Mr. Uday Nanda, son of Mr. Arun Nanda holds 350 equity shares jointly with Mrs. Neerja Nanda and Mr. Arun Nanda. Details of Stock Options granted to Mr. Nanda under Employee Stock Option Scheme 2006 (ESOS 2006) are given at point no. 6 of this Report titled "Remuneration paid to Directors".

Mr. Shailesh Haribhakti

Mr. Shailesh Haribhakti is a Chartered and Cost Accountant, and a Certified Internal Auditor, Financial Planner & Fraud Examiner. He is the President of Rotary Club of Bombay for the year 2014-2015. During a career span of four decades, he has successfully established and led many innovative services. His current passions involves Outsourcing of Knowledge Processes, Engaged Investing, and efficiency & effectiveness enhancement in Social, Commercial and Governmental organisations. He strongly believes in 'shared value' creation, good public and corporate governance and promoting a green

environment. He actively promotes these causes and contributes towards their evolution by participating in the process of framing regulations and standards.

Mr. Haribhakti is also a Director on the board of Blue Star Limited, ACC Limited, Ambuja Cement Limited, L&T Finance Holdings Limited, Torrent Pharmaceuticals Limited, NSDL E-Governance Infrastructure Limited, Future Lifestyle Fashions Limited, Karam Chand Thapar & Bros. (Coal Sales) Limited, Metropolis Healthcare Limited, Quadrum Solutions Private Limited, J M Financial Asset Reconstruction Private Limited, MentorCap Management Private Limited, Haribhakti Moti India Private Limited, Planet People & Profit Consulting Private Limited, Reliance Infrastructure Consulting & Engineers Private Limited, Reliance InfraDevelopment Private Limited, Reliance Wind Turbine Installators Private Limited, HB Advisory Services Private Limited and DH Consultants Private Limited.

As on 31st March, 2015, Mr. Haribhakti is on the committees of the Board mentioned hereunder:

Name of the Company	Name of the Committee	Position held
Mahindra Lifespace Developers Limited	Audit	Member
	Nomination and Remuneration (earlier known as Remuneration Committee)	Member
	Committee for Residential Projects in Joint Venture	Member
	Qualified Institutional Placement	Member
	Risk Management	Chairman
	Future Lifestyle Fashions Limited	Audit
Nomination and Compensation		Member
Corporate Social Responsibility		Member
Blue Star Limited	Audit	Chairman
	Compensation	Member
	Business Restructuring	Member
	Asset Disposal	Chairman
NSDL e-Governance Infrastructure Limited	Audit	Chairman
	Committee to review undertaking of software Development activity	Member
Karam Chand Thaper Bros. (coal sales) Limited	Audit, Risk & compliance	Member
	Nomination and Remuneration	Chairman
J M Financial Asset Reconstruction Co. Private Limited.	Audit	Chairman
	Nomination and Remuneration	Chairman
	Issue & Allotment	Member
Torrent Pharmaceuticals Limited	Audit	Chairman
	Nomination & Remuneration	Chairman
L & T Finance Holdings Limited	Audit	Chairman
	Nomination & Remuneration	Chairman

Name of the Company	Name of the Committee	Position held
Ambuja Cements Limited	Nomination & Remuneration	Member
	Risk Management	Chairman
	Corporate Social Responsibility	Chairman
	Stakeholders Relationship	Member
	Compliance	Member
	Capex	Member

Mr. Shailesh Haribhakti holds 5,000 equity shares of the Company. Details of Stock Options granted to Mr. Haribhakti under Employee Stock Option Scheme 2006 (ESOS 2006) are given at point no. 6 of this Report titled "Remuneration paid to Directors".

Mr. Sanjiv Kapoor

Mr. Sanjiv Kapoor, is a Fellow Member of The Institute of Chartered Accountants of India. He is a senior partner of M/s. S.K. Kapoor & Co, Chartered Accountants, one of the very old firms in the country. As a partner he has conducted number of audits of large organizations such as Reserve Bank of India, Life Insurance Corporation of India, N.T.P.C Ltd., Indian Oil Ltd., U.T.I., Bharat Sanchar Nigam Ltd., Union Bank, Bank of India, Bank of Baroda, The Bank of Nova Scotia etc.

Mr. Kapoor has been a Director of Mahindra & Mahindra Limited, Ballarpur Industries Limited, Indian Bank, Corporation Bank, UPSE Securities Limited, Sahara Asset Management Company Private Limited, Sahara India Life Insurance Company Limited, U.P. Stock Exchange Limited, Aambey Valley Limited, Mahindra Ugine Steel Co Limited, Sahara India Medical Institute Limited, General Insurance Corporation of India and HLL Biotech Limited.

He was the president of Kanpur Chartered Accountants Society in the year 1988-89. He has been a member of Northern Railway Users Consultative Committee, Kanpur Telephonic Advisory Committee. He was also the Vice President of Upper India Chamber of Commerce in the year 1996-97.

Mr. Kapoor at present is a Director on the Board of Mahindra Lifespace Developers Limited, Mahindra World City Developers Limited, HLL Life care Limited, HLL Infra Tech Services Limited, Goa Antibiotics and Pharmaceuticals Limited and Mahindra Residential Developers Limited.

As on 31st March, 2015, Mr. Kapoor is on the Committees of the Boards mentioned hereunder:

Name of Company	Name of Committee	Position Held
Mahindra Lifespace Developers Limited	Audit	Chairman
	Nomination and Remuneration (earlier known as Remuneration Committee)	Chairman
Mahindra World City Developers Limited	Audit	Chairman

Name of Company	Name of Committee	Position Held
HLL Life Care Limited	Audit	Chairman
	Remuneration	Chairman
	Strategy Formulation & Investment Committee	Member
HLL Infra Tech Services Ltd	Audit	Member
Goa Antibiotics and Pharmaceuticals Limited	Audit	Member

Mr. Kapoor does not hold any equity shares of the Company. Details of Stock Options granted to Mr. Kapoor under Employee Stock Option Scheme 2006 (ESOS 2006) are given at point no. 6 of this Report titled "Remuneration paid to Directors".

Dr. Prakash Hebalkar

Dr. Prakash Hebalkar is the Founder President of the corporate strategy consulting organisation ProfiTech. ProfiTech is an International Business Consulting firm focused on providing Strategic Advice to Corporates from the US Fortune Global 1000 list and the Indian ET500 list of companies. Dr. Hebalkar brings with him over 30 years of international senior executive experience following a Doctorate in computer science and economics from Massachusetts Institute of Technology in the U.S.A. Dr. Hebalkar pioneered software exports from India in the mid-1970s at TCS and later developed Tata Burroughs (now known as Tata Infotech) from its inception in 1978 into the nation's largest software exporter in just five years.

Dr. Hebalkar is the author of several innovative Economic and Public-policy concepts. Dr. Hebalkar's initiatives in the Infrastructure area include numerous pioneering projects done through his own erstwhile company MaxReach Consultants Private Limited.

Dr. Hebalkar's international work experience has taken him from IBM Research in the U.S.A. where he managed and participated in software research for the Research Division, to the house of Tata, the leading industrial house in India. Dr. Hebalkar has served as international adviser on public policy to the United Nations and WIPO as well as the Government of India and has actively participated in several bilateral business councils and chambers of commerce (such as the Indo-U.S., Indo-Japan, Indo-U.K., Indo-German and Indo-EEC Business Councils) in promotion of bilateral trade and technology co-operation as well as in major national business organizations in India such as the Confederation of Indian Industry (CII), Associated Chambers of Commerce (ASSOCHAM) and the National Association of Software and Service Companies (NASSCOM). He is a former President of the Western Region of the Indo-American Chamber of Commerce.

He has pioneered several tax administration reforms as a key member of the Ministry of Finance Empowered Committee headed first by Dr. Vijay Kelkar and then by Dr.

Partho Shome. Dr. Hebalkar writes frequently on matters of economic policy and international trade for leading publications, and for some 15 years wrote a regular column entitled “Strategic Perspectives” in Business India.

Dr. Hebalkar is also a Director on the Board of Bluestar Infotech Limited.

As on 31st March, 2015, Dr. Hebalkar is on the committees of the Board mentioned hereunder:

Name of Company	Name of Committee	Position Held
Bluestar Infotech Limited	Audit	Member
	Shareholder Grievance	Member
	Compensation	Member
	Remuneration	Chairman
Mahindra Lifespace Developers Limited	Stakeholders Relationship Committee (earlier known as Shareholder & Investors Grievance Committee)	Member
	Committee for investment in Large Format Developments	Member

Dr. Hebalkar holds 5,000 equity shares of the Company. Details of Stock Options granted to Dr. Hebalkar under Employee Stock Option Scheme 2006 (ESOS 2006) are given at point no. 6 of this Report titled “Remuneration paid to Directors”.

FAMILIARISATION OF INDEPENDENT DIRECTORS

The details of familiarisation programme for Independent Directors have been disclosed on website of the Company and is available at the link: http://www.mahindralifespaces.com/pdf/mldl_familiarisation_programme_for_independent_directors.pdf

4. CODES OF CONDUCT

The Board of Directors of the Company has laid down two separate Codes of Conduct — one for Directors and another for Senior Management and Employees. It has also adopted Code for Independent Directors as per Schedule IV of the Companies Act, 2013. It has also adopted a familiarisation programme for Independent Directors, policy for determining material subsidiaries, policy on materiality of and dealing with related party transactions. These codes are posted on the Company’s website:

1. Code of Conduct for Senior Members - <http://www.mahindralifespaces.com/pdf/code-of-conduct-for-sr-employees.pdf>
2. Code of Conduct for Directors - <http://www.mahindralifespaces.com/pdf/code-of-conduct-for-directors.pdf>

All Board Members including Independent Directors and Senior Management Personnel have affirmed compliance with the respective Codes of Conduct for the year under review. A declaration signed by Managing Director & Chief Executive Officer to this effect is annexed to this report as **Annexure -1**.

5. CEO /CFO CERTIFICATION

As required under Part IX of the Clause 49 of the Listing Agreement with the Stock Exchanges, the Managing Director & Chief Executive Officer and the Chief Financial Officer of the Company have certified to the Board regarding their review of the Financial Statements, Cash Flow Statements and other matters related to internal controls for financial reporting in the prescribed format for the year ended 31st March, 2015. This certificate is annexed to this report as **Annexure -2**.

6. REMUNERATION PAID TO DIRECTORS

Remuneration Policy

The objective of the Remuneration Policy of the Company for Directors and Senior Management is to focus on enhancing the value, to attract, retain talent for achieving objectives of the Company and to place the Company in leading position. The Policy is guided by a reward framework and set of principles and objectives as more fully and particularly envisaged under Section 178 of the Companies Act 2013 and principles pertaining to qualifications, positive attributes, integrity and independence of Directors, etc.

While reviewing the Company’s remuneration policies and deciding on the remuneration for Directors, the Board and the Nomination and Remuneration Committee (Committee) considers the performance of the Company, the current trends in the industry, the qualifications of the appointee(s), their experience, past performance, responsibilities shouldered by them, the statutory provisions and other relevant factors.

The Non-Executive Chairman and Independent Directors are paid sitting fees and reimbursement of expenses incurred in attending the Board and Committee meetings. The Board determines the remuneration, if any, of Non-Executive Directors, subject to requisite approvals, if any.

At the 12th Annual General Meeting of the Company held on 21st July, 2011, the shareholders had approved revision in the terms of payment of commission in a manner that commission may be distributed without any sub-limits amongst and paid to such Directors in such proportions as the Board may decide from time to time for period of five years commencing 1st April, 2010. Accordingly, the Board at its meeting held on 30th April, 2015 has approved payment of commission for the year ended on 31st March, 2015.

Performance Evaluation

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, evaluation of every Director’s performance was done by Nomination and Remuneration Committee. The performance evaluation of Non-Independent Directors and the Board as a whole, Committees thereof, and Chairperson of the Company was carried out by the Independent Directors. Evaluation of Independent Directors was carried out by the entire Board of Directors, excluding the Director being evaluated. A structured questionnaire was prepared after circulating

the draft forms, covering various aspects of the evaluation such as adequacy of the size and composition of the Board with regard to skill, experience, independence, diversity, attendance and adequacy of time given by the Directors to discharge their duties; Corporate Governance practices etc. The Directors expressed their satisfaction with the evaluation process.

Criteria of making payments to NEDs

The Non-Executive Directors shall be entitled to receive remuneration by way of sitting fees, reimbursement of expenses for participation in the Board/Committee meetings and commission as detailed hereunder:

- A Non-Executive Director shall be entitled to receive sitting fees for each meeting of the Board or Committee of the Board attended by him of such sum as may be approved by the Board of Directors within the overall limits prescribed under the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014;
- A Non-Executive director will also be entitled to receive commission on an annual basis of such sum as may be approved by the Board on the recommendation of the Nomination & Remuneration Committee within the limits approved by the Shareholders in accordance with statutory provisions in this regard. The total commission payable to the Directors shall not exceed 1% of the net profit of the Company calculated in the prescribed manner;
- The Nomination & Remuneration Committee may recommend a higher commission for the Chairman of the Board of Directors taking into consideration his overall responsibility;
- The Nomination & Remuneration Committee in determining the quantum of commission payable to the Directors, shall make its recommendation after taking into consideration the remuneration policy of the Company;
- The Commission shall be payable on prorata basis to those Directors who occupy office for part of the year.
- As per provisions of the Companies Act, 2013, henceforth the Independent Directors will not be entitled to fresh grant of any Stock Options.

Detailed information of Directors' remuneration for the year 2014-15 is set forth below:

(₹ in lakhs)						
Name of the Director	Status	Sitting Fees (Note a)	Commission (Note f)	Salary, Performance Pay and Perquisites	Aggregate of Company's contributions to Superannuation & Provident Fund	Total
Mr. Arun Nanda, Chairman	Non-Executive Non Independent	7.05	100.00	Nil	Nil	107.05

(₹ in lakhs)						
Name of the Director	Status	Sitting Fees (Note a)	Commission (Note f)	Salary, Performance Pay and Perquisites	Aggregate of Company's contributions to Superannuation & Provident Fund	Total
Mr. Uday Y Phadke	Non-Executive Non Independent	Nil	Nil	Nil	Nil	Nil
Mr. Sanjiv Kapoor	Non-Executive Independent	7.70	10.00	Nil	Nil	17.70
Mr. Shailesh Haribhakti	Non-Executive Independent	7.40	10.00	Nil	Nil	17.40
Mr. Anil Harish*	Non-Executive Independent	7.70	10.00	Nil	Nil	17.70
Dr. Prakash Hebalkar	Non-Executive Independent	6.30	10.00	Nil	Nil	16.30
Ms. Anita Arjundas (Note b)	Executive (Managing Director & Chief Executive Officer)	N.A.	Nil	192.62	26.49	219.11

* Mr. Anil Harish resigned from the Board of Directors of the Company w.e.f. 16th June, 2015.

Notes:

- Non-Executive Non-Independent Chairman and Non-Executive Independent Directors were paid sitting fees for attending meetings of Board and various committees as under :

Meeting	Fees upto June, 2014 (₹)	Revised Fees (₹)	effective from
Board	20,000	1,00,000	31 st July 2014
Audit Committee	20,000	30,000	1 st August, 2014
Stakeholders Relationship Committee	5,000	30,000	31 st July 2014
Large Format Development Committee	5,000	30,000	31 st July 2014
Share Transfer & Allotment Committee	5,000	5,000	1 st August, 2014
Corporate Social Responsibility (CSR) Committee*	Nil	Nil	N.A.
All other Committees	5,000	30,000	1 st August, 2014

* The members of the CSR Committee have voluntarily waived their entitlement for sitting fees for attending meetings of CSR Committees.

Ms. Anita Arjundas, Managing Director & Chief Executive Officer and Mr. Uday Y. Phadke, Non-Executive Non-Independent Director do not receive sitting fees for attending meetings of the Board/Committees of the Board of Directors of the Company.

- b. (i) Ms. Arjundas prior to her appointment as Managing Director & Chief Executive Officer in the Company, in her capacity as an employee of the Company, is in receipt of 50,000 Stock Options under Employee Stock Options Scheme-2006 (ESOS-2006) granted to her on 25th April, 2008 of which she has exercised 1,000 options. In her capacity as MD & CEO, she is in receipt of 10,000 Stock Options under Employee Stock Options Scheme-2012 (ESOS-2012) granted on 4th August, 2012 of which she has exercised 2,000 options and will continue to hold balance options in terms of the Grant. She shall be eligible for additional Stock Options/Grants, as and when the event happens.
- (ii) Salary to Ms. Anita Arjundas, Managing Director & Chief Executive Officer includes:
- Salary and Allowances of ₹ 142.17 lakhs
 - Perquisites of ₹ 12.77 lakhs
 - Performance pay of ₹ 37.68 lakhs.

The nature of employment of the Managing Director & Chief Executive Officer with the Company is contractual and can be terminated by giving three months' notice from either party. The contract does not provide for any severance fees.

- c. The Company has not advanced any loan to any Director.
- d. The Company has granted Stock Options under ESOS-2006 to the following Directors during the year 2008-09 and 2012-13:

Name of the Director	No. of Stock Options Granted on 25 th April, 2008 which are vested and to be exercised on or before 24 th April, 2017. (Exercise Price ₹ 428/- per Stock Option)	No. of Stock Options Granted on 4 th August, 2012. Vesting in four equal instalments of 25% each from date of grant. To be exercised on or before 3 rd August, 2021. (Exercise Price ₹325/- per Stock Option)	No. of Stock Options Exercised as on 31 st March, 2015*
Mr. Arun Nanda, Chairman	200,000	-	1,30,000
Mr. Uday Y Phadke	10,000	-	2,500
Mr. Sanjiv Kapoor	10,000	-	-
Mr. Shailesh Haribhakti	10,000	-	10,000
Mr. Anil Harish**	10,000	-	-
Dr. Prakash Hebalkar	-	10,000	5,000
Ms. Anita Arjundas	50,000	-	1,000
Total	2,90,000	10,000	1,48,500

- * As of 31st March, 2015, a total of 1,72,750 Stock Options have been exercised by the grantees, out of which 1,48,500 Stock Options have been exercised by the above Directors and 24,250 Stock Options have been exercised by other grantees under ESOS-2006.

- ** Mr. Anil Harish has resigned from Board of Directors of the Company w.e.f. 16th June, 2015.

- e. **ESOS-2012:** As of 31st March, 2015, a total of 25,800 Stock Options have been exercised by the grantees at an exercise price of ₹10 per Stock Option, out of which 2,000 Stock Options have been exercised by Ms. Anita Arjundas, Managing Director & CEO and 23,800 Stock Options have been exercised by other grantees under ESOS-2012. Ms. Anita Arjundas, Managing Director & CEO is in receipt of 10,000 Stock Option under Employee Stock Options Scheme - 2012 (ESOS-2012). None of the other Director are in receipt of any Stock Options under ESOS-2012.

Details of Vesting period are given below:

Year	Entitlement	Vesting Schedule
1	20%	12 months from the date of grant
2	20%	24 months from the date of grant
3	30%	36 months from the date of grant
4	30%	48 months from the date of grant

The Options are to be exercised within a period of five years from the respective date of vesting. Besides Stock Option, in case of MD & CEO, the Performance pay and in case of other Directors, payment of commission are the only components of Director's remuneration that are variable. All other components are fixed.

- g. As per provisions of the Companies Act, 2013 and other applicable regulations, henceforth the Independent Directors will not be entitled to fresh grant of any Stock Options.

Shares and Convertible Instruments held by Directors

The details of the Stock Options granted to Directors is given under Note (b)(i), (d) and (e) of the previous section on Remuneration Policy.

As on 31st March, 2015:

- Mr. Arun Nanda holds 1,30,114 equity shares and his spouse jointly with Mr. Arun Nanda holds 600 equity shares in the Company. Mr. Uday Nanda, son of Mr. Arun Nanda holds 350 equity shares jointly with Mrs. Neerja Nanda and Mr. Arun Nanda.
- Mr. Anil Harish's son and daughter hold 3,500 equity shares each of the Company jointly with Mr. Anil Harish, aggregating 7,000 equity shares.
- Ms. Anita Arjundas holds 3,000 equity shares in the Company.
- Dr. Prakash Hebalkar holds 5,000 equity shares in the Company.
- Mr. Sanjiv Kapoor, and Mr. Uday Y. Phadke do not hold any shares in the Company either on their own or for any other person on a beneficial basis.

7. COMMITTEES OF THE BOARD

Audit Committee

The Audit Committee of the Company comprises of three Independent Directors, namely Mr. Sanjiv Kapoor, Mr. Shailesh Haribhakti, Mr. Anil Harish and one Non-Executive Non-Independent Director, Mr. Uday Y. Phadke. Mr. Sanjiv Kapoor is the Chairman of the Committee. Mr. Anil Harish resigned from the Board of Directors of the Company w.e.f. 16th June, 2015. All members of the Audit Committee possess strong knowledge of accounting and financial management.

The terms of reference of the Committee were enhanced in the Board meeting held on 26th March, 2014 pursuant to Section 177 of the Companies Act, 2013, which inter-alia includes:

- Review and monitor the auditor's independence and performance, and effectiveness of audit process;
- Approval or any subsequent modification of transactions of the company with related parties;
- Scrutiny of inter-corporate loans and investments;
- Valuation of undertakings or assets of the company, wherever it is necessary;
- Evaluation of internal financial controls and risk management systems;
- Monitoring the end use of funds raised through public offers and related matters.

The terms of reference of the Committee are also in accordance with the requirements of Clause 49 of the Listing Agreement. The Audit Committee has been granted powers as prescribed under Clause 49 III (C) of the Listing Agreement. Generally, all items listed in Clause 49 III (D) are covered in the terms of reference and inter-alia include:

- Overview of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the Statutory Auditor and the fixation of their fees;
- Approval of payment of fees to Statutory Auditors for any other services rendered by the Statutory Auditors;
- Review of the internal control systems with the management, Internal Auditors and Statutory Auditors;
- Review with the management, the annual financial statements before submission to the Board for approval, with special emphasis on accounting policies and practices, compliance and other legal requirements concerning financial statements;
- Review the adequacy of internal audit function, significant internal audit findings and follow-ups thereon;

- Review Management Discussion and Analysis;
- Review Material Individual Transactions with related parties not in normal course of business or which are not on an arm's length basis;
- Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate;
- Review financial statements and investment of unlisted subsidiary companies.

During the year under review, 1st April, 2014 to 31st March, 2015, six meetings of the Committee were held on following dates: 22nd April, 2014; 31st July, 2014; 11th September, 2014; 17th October, 2014; 30th January, 2015, and 23rd March, 2015. The maximum gap between any two meetings did not exceed four months.

All members attended each of the meetings except Mr. Shailesh Haribhakti who attended five meetings. Mr. Sanjiv Kapoor, Chairman of the Audit Committee, was present at the Annual General Meeting of the Company held on 7th August, 2014. The Chairman, the Managing Director & Chief Executive Officer, Chief Financial Officer, the Internal Auditors and Statutory Auditors are regularly invited to attend the Audit Committee Meetings. The Company Secretary is the Secretary to the Committee.

The Company has established a vigil mechanism by adopting a Whistle Blower Policy for Directors and employees to report genuine concerns in the prescribed manner. The vigil mechanism is overseen by the Audit Committee and provides adequate safeguards against victimization of employees and Directors. Whistle Blower Policy is a mechanism to address any complaint(s) related to fraudulent transactions or reporting intentional non-compliance with the Company's policies and procedures and any other questionable accounting/operational process followed. It provides a mechanism for employees to approach the Chairman of Audit Committee or Chairman of the Company or the Corporate Governance Cell. During the year, no such incidence was reported and no personnel were denied access to the Chairman of the Audit Committee or Chairman of the Company or the Corporate Governance Cell. The Boards' Report also has details on the Whistle Blower Policy of the Company and the Policy is available at web link: <http://www.mahindralifespaces.com/pdf/mldl-whistleblowerpolicy.pdf>

Stakeholder's Relationship Committee

The Stakeholders Relationship Committee of the Company comprises of one Non-Executive Non-Independent Director, Mr. Arun Nanda and one Non-Executive Independent Director, Dr. Prakash Hebalkar. Mr. Arun Nanda is the Chairman of the Committee.

The Committee's objective is to attend to investors' complaints pertaining to transfers/transmission of shares, non-receipt of dividend/interest, and any other related matter.

During the year under review the Committee met once on 31st July, 2014. Mr. Arun Nanda and Dr. Prakash Hebalkar attended the meeting.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee of the Company comprises three Independent Directors, Mr. Sanjiv Kapoor, Mr. Shailesh Haribhakti and Mr. Anil Harish, and one Non-Executive Non-Independent Director, Mr. Arun Nanda. Mr. Sanjiv Kapoor is the Chairman of the Committee. Mr. Anil Harish resigned from the Board of Directors of the Company w.e.f. 16th June, 2015.

During the year under review, the Committee met four times on 22nd April, 2014, 31st July, 2014, 17th October, 2014 and 23rd March, 2015. All members of the Committee attended the meetings. Mr. Sanjiv Kapoor, Chairman of the Nomination and Remuneration Committee, was present at the Annual General Meeting of the Company held on 7th August, 2014.

The role of the Nomination and Remuneration Committee inter-alia, includes:

- i) to consider appointment, re-appointment, determination of the fixation of the remuneration, revision in the remuneration payable to the managing director/whole-time director of the Company from time to time;
- ii) to formulate and administer the Employee Stock Option Scheme (the "Scheme");
- iii) Formulating the criteria for determining qualifications, positive attributes and independence of a Director;
- iv) Recommending to the Board a Policy, relating to the remuneration for the Directors, Key Managerial Personnel and other employees;
- v) To identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance;
- vi) To formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees;
- vii) To attend to such other matters and functions as may be prescribed from time to time;
- viii) Formulation of criteria for evaluation of Independent Directors and the Board;

ix) Devising a policy on Board Diversity.

Loans & Investment Committee

The Loans & Investment Committee of the Board of the Company comprises of three Non-Executive Directors, Mr. Arun Nanda, Mr. Uday Y. Phadke and Mr. Anil Harish, an Independent Director. Mr. Anil Harish resigned from the Board of Directors of the Company w.e.f. 16th June, 2015 and the Board at its meeting held on 19th June, 2015 nominated Dr. Prakash Hebalkar, a Non-executive Independent Director on the Loans & Investment Committee. The Committee's objective is to finalise within the parameters set by the Board, the terms on which the borrowings/investments would be made by the Company from time to time.

Mr. Arun Nanda is the Chairman of the Committee.

Share Transfer and Allotment Committee (earlier known as Share Allotment Committee)

The Board at its meeting held on 31st July, 2014 changed the nomenclature of the existing "Share Allotment Committee" to "Share Transfer and Allotment Committee". The role of the Committee covers:

- a) to issue duplicate share certificates in lieu of original certificates, which are lost or misplaced against an Indemnity Bond;
- b) to issue duplicate share certificates in lieu of original certificates, which are lost or misplaced against an Indemnity Bond without insisting on an advertisement or notification being published in the newspaper/Maharashtra Government Gazette, if the face value of shares involved is not more than ₹10,000/- and the market value is not more than ₹5,00,000/-;
- c) to approve in physical mode transfers in excess of 5,000 equity shares per transfer;
- d) to approve transmission in physical mode of equity shares of a market value exceeding ₹5,00,000/-;
- e) to allot Equity Shares arising out of exercise of Stock Options pursuant to the Employee Stock Option Scheme 2006 (ESOS- 2006) and Employee Stock Option Scheme 2012 (ESOS 2012), or any other Employee Stock Option Scheme that may be in vogue from time to time, and allot equity/preference shares/securities/convertible instruments as per the terms of any other Issue of shares/securities/convertible instruments as may be approved by the Board/shareholders from time to time.

The Committee comprises of Mr. Arun Nanda, Mr. Uday Y. Phadke and Ms. Anita Arjundas.

During the year under review, the Committee met twice: 23rd June, 2014 and 11th September, 2014. Mr. Arun Nanda attended one meeting and Mr. Uday Y. Phadke and Ms. Anita Arjundas attended both the meetings. During the year, the Committee also approved issue of duplicate

share certificates through circular resolutions.

Committee for Residential Projects in Joint Venture

The Committee for Residential Projects in Joint Venture comprises of Mr. Arun Nanda, Mr. Shailesh Haribhakti and Ms. Anita Arjundas. The objective of the Committee is to evaluate business plans and investments in Residential projects to be undertaken in Joint Venture.

Committee for Large Format Developments

The Committee for Large Format Developments comprises of Mr. Arun Nanda, Dr. Prakash Hebalkar and Ms. Anita Arjundas. The objective of the Committee is to evaluate business plans and investments in large format development projects.

During the year under review, the Committee met twice on 31st July, 2014 and 29th January, 2015. All members attended the meetings.

Qualified Institutional Placement Committee

The Committee comprises of Mr. Arun Nanda, Mr. Uday. Y. Phadke, Mr. Shailesh Haribhakti and Ms. Anita Arjundas. The objective of the Committee is to finalise the terms of issue of equity shares to Qualified Institutional Buyers, and to finalise and approve the Preliminary Placement Document/Placement Document etc.

Corporate Social Responsibility Committee

The Committee comprises of Mr. Arun Nanda, Mr. Anil Harish and Ms. Anita Arjundas. Mr. Anil Harish resigned from the Board of Directors of the Company w.e.f. 16th June, 2015 and the Board at its meeting held on 19th June, 2015 nominated Mr. Shailesh Haribhakti, a Non-executive Independent Director on the Corporate Social Responsibility Committee.

During the year under review, the Committee met twice on 31st July, 2014 and 30th January, 2015. All members attended the meetings.

Risk Management Committee comprising Directors and Executives of the Company

The Company already has in place the procedure to inform the Board about the risk assessment and minimization procedures. The Board has constituted Risk Management Committee comprising of Directors and Executives of the Company.

The Committee comprises of Mr. Shailesh Haribhakti, Independent Director, Ms. Anita Arjundas, Managing Director & CEO and Mr. Jayant Manmadkar, Chief Financial Officer of the Company. Mr. Shailesh Haribhakti is the Chairman of the Committee.

The role of the Committee is to monitor and review the risk assessment, mitigation and risk management plan for the Company from time to time.

8. GENERAL SHAREHOLDER INFORMATION

Sixteenth Annual General Meeting

Day/Date: Friday, 31st July, 2015

Time: 3:00 p.m.

Venue : Walchand Hirachand Hall, 4th Floor,
Indian Merchant Chamber Building,
IMC Marg, Churchgate,
Mumbai 400 020

Details of Annual/Extraordinary General Meetings held during past three years

Year	Date	Time	Venue
2012	21 st July, 2012 13 th AGM	3:00 p.m.	Y B Chavan Centre, Mumbai
2013	24 th July, 2013 14 th AGM	3:00 p.m.	Y B Chavan Centre, Mumbai
2014	7 th August, 2014 15 th AGM	3:00 p.m.	Y B Chavan Centre, Mumbai

Details of special resolutions passed in Annual/Extraordinary General Meetings held during past three years

13 th AGM	
	<ul style="list-style-type: none"> Revision in Remuneration payable to Managing Director & Chief Executive Officer
21 st July, 2012	<ul style="list-style-type: none"> New Employee Stock Option Scheme - 2012 for the benefit of the Employees/ Directors of the Company
	<ul style="list-style-type: none"> Extending the benefit of the New Employee Stock Option Scheme- 2012 to the employees of subsidiary companies
	<ul style="list-style-type: none"> Alteration of Articles of Association to provide for Video Conference facility for Board/ General meeting
14 th AGM	
24 th July, 2013	<ul style="list-style-type: none"> Increase in limit for investment by FIIs from 30% to 49% of the Company's paid up equity share capital
15 th AGM,	
7 th August, 2014	<ul style="list-style-type: none"> Appointment and Remuneration of Managing Director & CEO
	<ul style="list-style-type: none"> Borrowing Limits under Section 180(1)(c) of Companies Act, 2013
	<ul style="list-style-type: none"> Maintenance of the Register of Members and related books at a place other than the Registered Office of the Company
	<ul style="list-style-type: none"> Private Placement of Non-Convertible Debentures and /or other Debt Securities upto an aggregate amount of ₹ 7,50,00,00,000 (Rupees Seven Hundred Fifty crores Only)

No Extraordinary General Meeting (EGM) was held during last three years.

During the financial year, Special Resolution was passed by Postal Ballot on 7th August, 2014 for fixing the limit

for creation of charge over the assets of the Company pursuant to Section 180(1)(a) of the Companies Act, 2013 w.r.t. borrowings of the Company. The Voting pattern for the same was as follows:

Votes cast in favour		Votes cast against		Date of declaration of results
No. of votes	%	No. of votes	%	
27577434	99.99	334	0.01	07/08/2014

M/s. Martinho Ferrao & Associates, Practising Company Secretaries, Mumbai was appointed as the Scrutinizer for conducting the postal ballot process in a fair and transparent manner and to ascertain majority.

Procedure for postal ballot:

In compliance with Clause 35B of the Listing Agreement and Sections 108, 110 and other applicable provisions of the Companies Act, 2013, read with the related Rules, the Company provides electronic voting facility to all its members, to enable them to cast their votes electronically. The Company engages the services of NSDL for the purpose of providing e-voting facility to all its members. The members have the option to vote either by physical ballot or e-voting. The Company dispatches the postal ballot notices and forms along with postage prepaid business reply envelopes to its members whose names appear on the register of members/list of beneficiaries as on a cut-off date. The postal ballot notice is sent to members in electronic form to the email addresses registered with their depository participants (in case of electronic shareholding)/ the Company's registrar and share transfer agents (in case of physical shareholding). The Company also publishes a notice in the newspaper declaring the details of completion of dispatch and other requirements as mandated under the Act and applicable Rules.

Voting rights are reckoned on the paid-up value of the shares registered in the names of the members as on the cut-off date. Members desiring to exercise their votes by physical postal ballot forms are requested to return the forms duly completed and signed, to the Scrutinizer on or before the close of voting period. Members desiring to exercise their votes by electronic mode are requested to vote before close of business hours on the last date of e-voting. The Scrutinizer submits his report to the Chairman, after the completion of scrutiny, and the consolidated results of the voting by postal ballot are then announced by the Chairman/authorized officer. The results are also displayed on the website of the Company, www.mahindralifespaces.com, besides being communicated to the stock exchanges, depository and registrar and share transfer agent. The date of declaration of the results by the Company is deemed to be the date of passing of the resolutions.

Dates of Book Closure

Friday, 24th July, 2015 to Friday, 31st July, 2015 (both days inclusive)

Final Dividend Payment Date

Final Dividend, if declared, will be credited/dispatched between 1st August, 2015 and 5th August, 2015.

Financial Year

The financial year covers the period from

1st April to 31st March.

Financial reporting for 2015-16 (Tentative)

For Quarter ending- 30 th June, 2015	By end of July, 2015
For Half Year ending - 30 th September, 2015	By end of October, 2015
For Quarter ending - 31 st December, 2015	By end of January, 2016
For year ending - 31 st March, 2016	By end of April, 2016

Listing on Stock Exchanges

The equity shares of the Company are listed on Bombay Stock Exchange Limited and National Stock Exchange of India Limited. Listing fees have been paid to the Stock Exchanges for the period up to 31st March, 2016.

Mahindra Lifespace Developers Limited's (MLDL) Stock Exchange Codes

BSE 532313

NSE MAHLIFE

Demat International Security Identification Number (ISIN) in NSDL and CDSL for Equity Shares - INE813A01018

Demat International Security Identification Number (ISIN) in NSDL and CDSL for Secured Listed Rated Redeemable 10.78% YTM, Non-Convertible Debentures:

Series I - INE813A07049

Series II - INE813A07056

Series III - INE813A07031

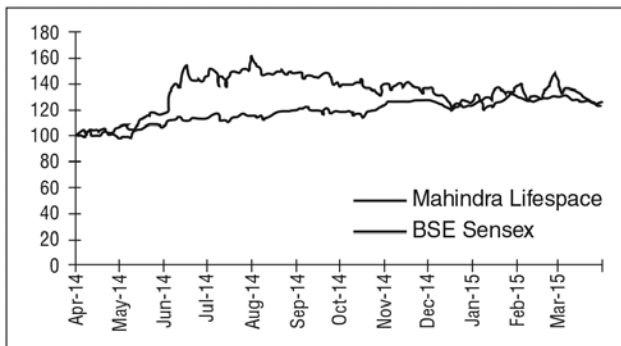
BSE and NSE - Monthly High/Low and Volumes

Year	Month	BSE			NSE		
		High (₹)	Low (₹)	Monthly Volume	High (₹)	Low (₹)	Monthly Volume
2014	April	406.20	362.00	58,137	407.85	362.10	507,714
2014	May	455.00	385.05	106,486	450.00	386.05	587,032
2014	June	603.00	425.50	397,310	604.00	427.00	1,294,115
2014	July	659.00	505.00	361,622	664.35	503.35	1,452,301
2014	August	599.00	540.00	158,021	599.50	540.55	740,087
2014	September	566.00	458.00	122,904	565.00	456.00	538,498
2014	October	549.90	485.00	89,864	554.00	481.25	367,329
2014	November	543.60	481.50	75,960	543.00	485.00	279,839
2014	December	521.50	435.05	79,283	521.70	436.15	325,946
2015	January	534.00	465.75	167,834	535.00	466.35	498,392
2015	February	580.00	460.65	152,001	581.20	458.10	723,939
2015	March	525.60	455.00	101,231	526.60	458.00	435,108

Performance in comparison to BSE - Sensex, NSE Nifty, BSE 500 Index and BSE Realty Index

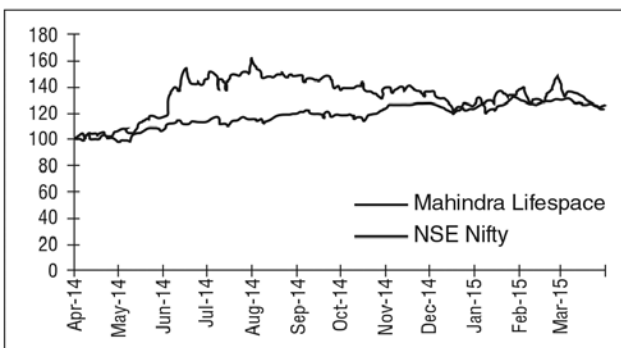
Year	Month	Closing Price on Last Trading Day of the Month				
		MLDL at BSE	BSE Sensex	NSE Nifty	BSE 500	BSE Realty
2014	April	392.55	22,417.80	6,696.40	8,342.15	1,396.79
2014	May	429.15	24,217.34	7,229.95	9,206.01	1,894.34
2014	June	543.60	25,413.78	7,611.35	9,791.34	2,077.13
2014	July	603.95	25,894.97	7,721.30	9,831.51	1,893.03
2014	August	550.25	26,638.11	7,954.35	10,096.08	1,727.44
2014	September	514.25	26,630.51	7,964.80	10,173.26	1,581.27
2014	October	511.85	27,865.83	8,322.20	10,594.89	1,553.42
2014	November	506.40	28,693.99	8,588.25	10,956.16	1,683.06
2014	December	471.80	27,499.42	8,282.70	10,721.62	1,555.07
2015	January	513.05	29,182.95	8,808.90	11,346.24	1,811.36
2015	February	512.15	29,361.50	8,901.85	11,454.35	1,821.92
2015	March	468.75	27,957.49	8,491.00	11,048.75	1,664.51

Chart A: Mahindra Lifespaces' Share Performance versus BSE Sensex



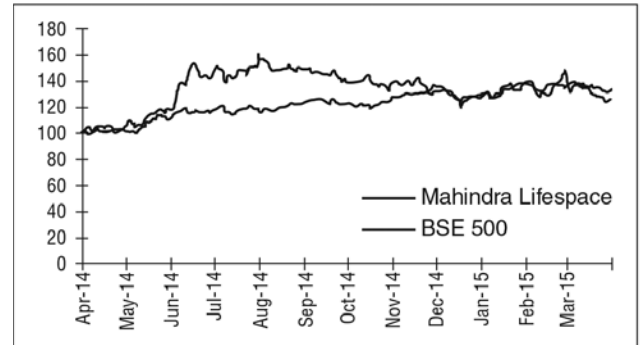
Note: Share price of Mahindra Lifespaces and BSE Sensex have been indexed to 100 on 1st April, 2014

Chart B: Mahindra Lifespaces' Share Performance versus NSE NIFTY



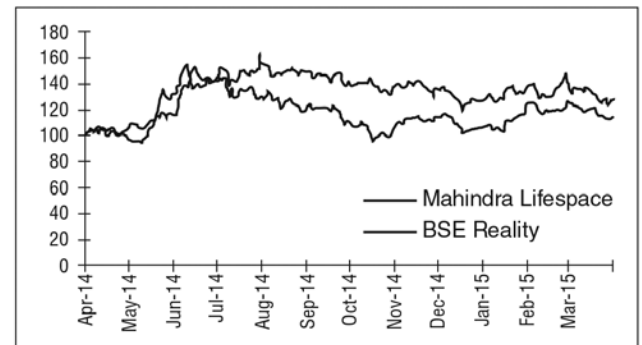
Note: Share price of Mahindra Lifespaces and NSE NIFTY have been indexed to 100 on 1st April, 2014

Chart C: Mahindra Lifespaces' Share Performance versus BSE 500



Note: Share price of Mahindra Lifespaces and BSE 500 have been indexed to 100 on 1st April, 2014

Chart D: Mahindra Lifespaces' Share Performance versus BSE Realty



Note: Share price of Mahindra Lifespaces and BSE Realty have been indexed to 100 on 1st April, 2014

Registrar and Share Transfer Agents

Sharepro Services (India) Private Limited

Registered Office

13 AB Samhita Warehousing Complex,
Sakinaka Telephone Exchange Lane,
Off. Andheri - Kurla Road, Sakinaka,
Andheri (E), Mumbai-400 072
Tel: 022-67720300, 67720400
Fax: 022-28591568, 28508927
E-mail: sharepro@shareproservices.com
Website: www.shareproservices.com

Investor Relation Centre

Sharepro Services (India) Pvt. Limited
912, Raheja Centre,
Free Press Journal Road,
Nariman Point, Mumbai - 400 021
Tel: 022-66134700

Contact details of Debenture Trustees:

Axis Trustees Services Limited
 Axis House, 2nd Floor
 Bombay Dyeing Mills Compound
 Pandurang Budhkar Marg
 Worli, Mumbai - 400 025
 Phone: 022 -24252525

Share Transfer System

Shares sent for transfer in physical form are registered and returned within a period of fifteen days from the date of receipt of documents, provided that, documents are valid and complete in all respects. With a view to expedite the process of share transfers, Ms. Anita Arjundas, Managing Director & Chief Executive Officer, Mr. Suhas Kulkarni, Sr. Vice President - Legal & Company Secretary and Ms. Arti Shinde, DGM- Secretarial & Legal have been severally authorised by the Board to approve the transfer of shares in physical form, not exceeding 5,000 equity shares per transfer, provided that, the transferee does not hold 100,000 or more equity shares. As of date, there are no pending share transfers pertaining to the year under review.

Distribution of Shareholding as on 31st March, 2015

No. of Equity Shares	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Shareholding
1 - 100	58,257	90.38	13,07,946	3.19
101 - 200	2,930	4.54	4,37,795	1.07
201 - 300	1,068	1.66	2,73,125	0.66
301 - 400	516	0.80	1,83,890	0.45
401 - 500	459	0.71	2,18,108	0.53
501 - 1,000	619	0.96	4,65,725	1.13
1,001 - 2,000	289	0.45	4,13,733	1.01
2,001 - 3,000	98	0.15	2,49,127	0.61
3,001 - 4,000	45	0.07	1,59,464	0.39
4,001 - 5,000	31	0.05	1,46,728	0.36
5,001- 10,000	58	0.09	4,13,479	1.01
10,001 & above	89	0.14	3,67,43,080	89.59
Total	64,459	100.00	4,10,12,200	100.00

Shareholding Pattern

Category	As on 31 st March, 2015		As on 31 st March, 2014	
	No. of Equity Shares Held	% of Shareholding	No. of Equity Shares Held	% of Shareholding
Promoter's and Promoter Group	2,08,46,126	50.83	2,08,46,126	51.03
Insurance Companies, Banks and Financial Institutions	16,127	0.04	67,711	0.16
UTI and Mutual Funds	5,34,121	1.30	7,08,233	1.73
FIs	1,18,22,364	28.83	1,22,99,068	30.11

Category	As on 31 st March, 2015		As on 31 st March, 2014	
	No. of Equity Shares Held	% of Shareholding	No. of Equity Shares Held	% of Shareholding
NRIs/OBC	4,69,670	1.15	3,75,966	0.92
Bank of New York Mellon (for GDR Holders)	44,810	0.11	47,310	0.12
Domestic Companies	22,27,097	5.43	20,64,212	5.05
Trust	13,139	0.03	24,648	0.06
Resident Individuals	50,38,746	12.28	44,15,076	10.82
Total	4,10,12,200	100.00	4,08,48,350	100.00

Dematerialisation of Shares

As of 31st March, 2015, 4,04,02,031 shares (98.51%) of total paid-up equity capital were held in electronic form with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The Company's equity shares are traded in the electronic form. Requests for dematerialisation of shares are generally processed and confirmed within 7 days.

Outstanding GDRs/ ADRs /Warrants or any convertible instruments, conversion date and likely impact on equity

As of 31st March, 2015 outstanding GDR's represent 44,810 equity shares. Since the underlying equity shares represented by GDRs have been allotted in full, the outstanding GDRs have no impact on the equity share capital of the Company.

Mahindra Litespace Developers Limited - Unclaimed Suspense Account

As per the provisions of Clause 5A(1)(g) of the Listing Agreement the unclaimed/undelivered shares lying in the possession of the Company are required to be dematerialized and transferred into a "Unclaimed Suspense Account" held by the Company. In compliance with the said provision, the Company had sent three reminder letters to such shareholders whose share certificates are returned undelivered and hence remained unclaimed, by requesting them to update correct details viz. postal addresses, PAN details etc. registered with the Company in order to avoid transfer of such unclaimed shares to the "Unclaimed Suspense Account." The Company has in March 2014 transferred 49,854 such unclaimed shares to the "Mahindra Litespace Developers Limited - Unclaimed Suspense Account". These shares are being credited to the aforesaid Suspense Account. Any corporate benefits in terms of securities accruing on such shares viz. bonus shares, split etc., shall also be credited to such Demat Suspense Account. The Suspense Account shall be held by the Company on behalf of the allottees who are entitled for the shares and the shares held in such Suspense Account shall not be transferred in any manner whatsoever except for the purpose of allotting/delivering the shares as and when the shareholders approach

the Company. The voting rights on such shares shall remain frozen till the rightful owner claims the shares. As and when the allottee approaches the Company, the Company shall credit the shares lying in the Suspense Account to the demat account of the allottee to the extent of the allottee's entitlement, after proper verification of the identity of the allottee.

Details as of 31st March, 2015.

1	Aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year (Shares being credited to the Suspense Account);	Number of shareholders : 3,170 Outstanding shares : 49,854
2	Number of shareholders who approached issuer for transfer of shares from suspense account during the year;	No. of requests : 12 No. of shares : 171
3	Number of shareholders to whom shares were transferred from suspense account during the year;	No. of requests : 12 No. of shares : 171
4	Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year (Shares being credited to the Suspense Account);	Number of shareholders : 3,158 Outstanding shares : 49,683

Offices of the Company

Registered Office & Corporate Office

5th Floor, Mahindra Towers,
Worli, Mumbai - 400 018
Tel: 022- 67478600/67478601

Mumbai Office

Chemtex House, Ground Floor, Main Street Road,
Hiranandani Gardens, Powai, Mumbai 400 076
Tel: 022- 66793191/66793190
301, 3rd floor, Building 1, Nirmal Galaxy Avior,
LBS Marg, Mulund (W),
Mumbai - 400 080
Tel: 022-65301520

Delhi Office

Mahindra Towers, 2A, Bhikaiji Cama Place,
New Delhi -110 066
Tel: 011-26173787/26194977

Gurgaon office

Khasra No 12/19/2, 21/2 22/2 18/6
At Village Behrampur, Sector 59
Gurgaon, Haryana 122 001

Chennai Office

The Canopy, II Floor, Unit.No-II
Mahindra World City, Special Economic Zone,
Natham Sub P.O., Near Paralur Rly Station,
Chengelpet-603 002, Tamil Nadu
Tel: 044-67454060/47410000

Pune Office

CTS 6017, Pimpri-Nehru Nagar Road,
Next to Dr. Beck Company,
Pimpri, Pune 411 018. Maharashtra
Tel: 020-65103374

Hyderabad Office

Survey No. 78/2 & 78 /3
Next to Indu Fortune Fields,
Kukatpally, Hyderabad - 500 072
Tel: 040 - 64600944

Bangalore Office

37/2A, Opp. To TBL Software
Bannerghatta Road, Arakere Village,
Bangalore 560 076

Shareholders may correspond with the Company at its Registered Office and/or with the Registrars and Share Transfer Agent, Sharepro Services (India) Pvt. Limited.

Compliance Officer

Mr. Suhas Kulkarni
Company Secretary
Mahindra Lifespace Developers Limited
5th Floor, Mahindra Towers,
Worli, Mumbai - 400 018
Tel: 022-67478600/67478601
Fax: 022-24975084
E-mail: kulkarni.suhas2@mahindra.com
Company's investor email ID
investor.mldl@mahindra.com
Company's website
www.mahindralifespaces.com

Status of Investors Complaints received during the period 1st April, 2014 to 31st March, 2015

1	Number of complaints received from the investors comprising non-receipt of dividend, non-receipt of shares lodged for transfer, non-receipt of Annual Report, etc	2
2	Number of complaints resolved	2
3	Complaints pending as at 31 st March, 2015	Nil
4	Number of share transfers pending for approval as at 31 st March, 2015	Nil

9. Disclosure of Accounting Treatment

The financial statements are prepared in accordance with Generally Accepted Accounting Principles in India, the

Accounting Standards issued by The Institute of Chartered Accountants of India and the provisions of the Companies Act, 2013 and the Rules framed thereunder.

10. Related Party Transactions

The Company has formulated a policy on materiality of Related Party Transactions and also on dealing with Related Party Transactions. The policy has been uploaded on the website of the Company and is available at the link: http://www.mahindralifespaces.com/pdf/policy_on_materiality_of_and_dealing_with_related_party_transactions-website.pdf

All related party transactions are entered into with prior approval of the Audit Committee.

During the financial year 2014-15, there were no materially significant related party transactions entered into between the Company and its Promoters, Directors or Key Managerial Personnel, the Senior Management, or their relatives, subsidiaries etc. that may have potential conflict with the interests of the Company at large. Details of Related Party transactions are presented in Note No. 39 to Annual Accounts of the Annual Report.

11. Compliance with Clause 49 Mandatory Requirements

As of 31st March, 2015, the Company was fully compliant with all applicable mandatory requirements of the revised Clause 49.

Non-Mandatory Requirements

The status of compliance with non-mandatory recommendations of the Clause 49 of the Listing Agreement with Stock Exchanges is provided below:

- Non-Executive Chairman's Office: The Company shares the expenses of maintaining office of the non-executive Chairman of the Company and reimbursement expenses incurred in performance of his duties.
- Shareholders' Rights: As the quarterly and half yearly financial performance are published in the newspapers and are also posted on the Company's website, the same are not being sent to the shareholders.
- Audit Qualifications: The Company's financial statement for the financial year 2015 does not contain any audit qualification.
- Separate posts of Chairman and CEO: The Chairman of the Board is a Non-executive Director and his position is separate from that of the Managing Director & CEO.
- Reporting of Internal Auditor: The Internal Auditor reports to the Audit Committee.

12. Management Discussion and Analysis Report

Management Discussion and Analysis Report (MDA) has been attached to the Directors' Report and forms part of this Annual Report.

13. Corporate Governance Voluntary Guidelines 2009

In December, 2009 the Government of India, Ministry of Corporate Affairs ("MCA") had issued Corporate Governance Voluntary Guidelines 2009. MCA has clarified that the Guidelines were prepared and disseminated for consideration and adoption by Corporates and may be voluntarily adopted by public companies with the objective to enhance not only the economic value of the enterprise but also the value for every stakeholder who has contributed in the success of the enterprise and set a global benchmark for good Corporate Governance. MCA after taking into account the experience of adoption of these guidelines by Corporates and after consideration of the feedback received from them would review these guidelines for further improvements. The Company has been a strong believer in good corporate governance and has been adopting the best practices that have evolved over the last decade.

As of 31st March, 2015, the Company is compliant with some of the Voluntary Guidelines to the extent that they are consistent with provision of Clause 49 of Listing Agreement.

14. Other Disclosures

Details of Non-compliance Relating to Capital Markets

The Company has complied with all requirements of regulatory authorities. No penalties/strictures were imposed on the Company by Stock Exchanges or SEBI or any statutory authority on any matter related to capital market since the listing of the Company's equity shares.

Code for Prevention of Insider Trading Practices

In compliance with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 on prevention of insider trading, the Company has adopted a comprehensive Code of Conduct for Prevention of Insider Trading in the securities of the Company for designated persons. The Code lays down guidelines, which advise them on procedures to be followed and disclosures to be made while dealing with shares of the Company and caution them of the consequences of violations.

In compliance with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, the Company has on 30th April, 2015 approved the "Code for Prohibition of Insider Trading and to regulate, monitor and report trading by Insiders and designated persons" and "Code for Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information (U PSI)" to become effective from 15th May, 2015. These Codes supersede the Code of Conduct for Prevention of Insider Trading in shares of Mahindra Lifespace Developers Limited formulated under the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992.

Risk Assessment and Minimization procedures are in existence and are reviewed periodically. The Risk

Management Committee monitors and reviews the risk assessment, mitigation and risk management plan for the Company from time to time.

Material Non-listed Indian Subsidiary Company

As of 31st March, 2015, one of the subsidiary company, “Mahindra Residential Developers Limited” was a ‘Material Non-listed Indian Subsidiary Company’ under Clause 49(V) of the Listing Agreements with the Stock Exchanges.

The Audit Committee of the Company periodically reviews the financial statements of subsidiary companies and in particular, the investments made by the unlisted subsidiary company. The management periodically brings to the attention of the Board of Directors of the Company, a statement of all significant transactions and arrangements, if any, entered into by the unlisted subsidiary company.

Pursuant to Clause 49(V)(D) of the Listing Agreement, the Company has formulated a “Policy for determining

Material Subsidiaries” and such policy is uploaded on the company’s website and a web link for the same is: <http://www.mahindralifespaces.com/pdf/policy> for determining material subsidiaries.pdf

Means of Communication

The quarterly, half-yearly and yearly results are published in daily English and daily Marathi newspapers within prescribed timelines. The Company also informs stock exchanges in a prompt manner, about all price sensitive information or such other matters which in its opinion, are material and relevant to the shareholders and subsequently issues a press release on the said matters. Further, the Company has also been complying with the listing requirement for filing of its financial results with BSE and NSE. The Company’s results, earnings call transcripts, corporate & investor presentations, news and press releases are displayed on the Company’s website www.mahindralifespaces.com

Annexure -1 Declaration on Codes of Conduct

As required by Clause 49 of the Listing Agreement the Declaration for Codes of Conduct is given below:

To
The Members of
Mahindra Lifespace Developers Limited

- I. Anita Arjundas, Managing Director & Chief Executive Officer of the Company declare that all Board Members and Senior Management Employees of the Company have affirmed compliance with the Codes of Conduct.

For and on behalf of the Board,
For **Mahindra Lifespace Developers Limited**

Anita Arjundas
Managing Director & CEO
DIN: 00243215

Mumbai, 19th June, 2015

Annexure -2 MD & CEO - CFO Certificate

To
The Board of Directors
Mahindra Lifespace Developers Limited

- A. We have reviewed the financial statements and the cash flow statement of Mahindra Lifespace Developers Limited for the year ended 31st March 2015 and that to the best of our knowledge and belief, we state that;
1. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 2. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- D. We have indicated to the Auditors and the Audit Committee:
1. significant changes in internal control over financial reporting during the year;
 2. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 3. instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

For and on behalf of the Board,

Jayant Manmadkar
Chief Financial Officer

Anita Arjundas
Managing Director &
Chief Executive Officer
(DIN :00243215)

Mumbai, 19th June, 2015

Auditor's Certificate on Corporate Governance

To
The Members of
Mahindra Lifespace Developers Limited

We have examined the compliance of the conditions of Corporate Governance by Mahindra Lifespace Developers Limited ('the Company') for the year ended on 31st March, 2015 as stipulated in Clause 49 of the Listing Agreements of the said Company with the National Stock Exchange Limited and BSE Limited.

The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreements.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For B. K. Khare & Co.

**Chartered Accountants
Firm's Registration Number
105102W**

Padmini Khare Kaicker
Partner
Membership Number 44784

Mumbai, 19th June, 2015

INDEPENDENT AUDITOR'S REPORT To the Members of Mahindra Lifespace Developers Limited

Report on the Standalone Financial Statements

1. We have audited the accompanying standalone financial statements of Mahindra Lifespace Developers Limited ("the Company"), which comprise the balance sheet as at 31st March, 2015, and the statements of profit and loss and cash flow for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these standalone financial statements based on our audit.
4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making

those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at 31st March, 2015, and its profit and cash flows for the year ended on that date.

Emphasis of matter

9. We draw attention to Note 19(#) of the financial statements and our reliance on management representation, in respect of the realisability of project advance of ₹ 10,000 lakhs where commencement of the project has been delayed and which is being settled by the parties out of court.

Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

10. As required by the Companies (Auditor's Report) Order, 2015, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
11. As required by Section 143(3) of the Act, we report that:
 - a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

- c. the Balance Sheet, the Statement of Profit and Loss and Cash Flow dealt with by this Report are in agreement with the books of account;
- d. in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);
- e. on the basis of written representations received from the directors as on 31st March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015, from being appointed as a director in terms of Section 164(2) of the Act.
- f. with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements Refer Note 34 to the financial statements.
 - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any on long-term contracts. The Company did not have any derivative contracts.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For **B. K. Khare & Co.**
Chartered Accountants
Firm's Registration Number 105102W

Padmini Khare Kaicker
Partner
Membership Number: 44784

Mumbai
Dated: 30th April, 2015

ANNEXURE TO THE AUDITOR'S REPORT

Referred to in paragraph 10 of our report of even date on the accounts of Mahindra Lifespace Developers Limited ended 31st March, 2015

1. (i) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (ii) Fixed assets have been physically verified by the management during the year and no material discrepancies were noted on such verification.
2. (i) The management has conducted physical verification of inventory at reasonable intervals during the year.
- (ii) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (iii) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification
3. According to the information and explanations given to us the Company has granted unsecured loans, to 6 companies covered in the register maintained under section 189 of the Companies Act, 2013 aggregating ₹ 258.94 crores at 31st March, 2015.
 - (i) The above mentioned loans are given for tenure of 5 years repayable on 31st March, 2019 with certain repayment options available to the parties. These options have not been exercised by the parties upto 31st March, 2015. There are no specific terms mentioned for payment of interest.
 - (ii) In view of above, there is no overdue of principal and interest in respect of such loans.
4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchases of inventory, fixed assets and for the sale of goods and services. In our opinion and according to the information and explanations given to us, there is no continuing failure to correct major weaknesses in internal control system.
5. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of section 73 to 76 the Companies Act, 2013, and the rules framed thereunder.
6. As informed to us, the maintenance of cost records has been prescribed by the Central Government under section 148(1) of the Companies Act, 2013, in respect of

the activities carried on by the Company. We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the company pursuant to the Rules made by the Central Government for the maintenance of cost records under section and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained.

7. (i) According to the records of the Company, the Company is generally regular in depositing with the appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, value added tax, and other statutory dues applicable to it. The provisions of Excise Duty are not applicable to the operations of the Company.
- (ii) According to the information and explanations given to us, there are no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty and Value Added Tax that were outstanding, at the year end for a period of more than six months from the date they became payable.
- (iii) According to the information and explanations given to us, dues of income-tax, sales tax, service tax, customs duty and work contract tax:

Sr. No.	Assessment Year	Nature of Dues	Amount ₹ in lakh	Forum where case is pending
1	2003-04	Income Tax	162.96	Commissioner of Income tax (Appeals)
2	2005-06	Income Tax - Penalty	28.74	Income tax Appellate tribunal
3	2011-12	Income Tax	62.17	Commissioner of Income Tax (Appeals)
4	2010-11	Service Tax	4.61	Hyd IV Comm.
5	2006-07	Service Tax	67.70	Chennai III Comm.

8. The Company does not have any accumulated losses at the end of the financial year and it has not incurred any cash losses in the current year and in the immediately preceding financial year.
9. According to the information and explanations given to us and based on the documents and records produced before us, the Company has not defaulted in repayment of dues to a financial institution, banks or debenture holders.
10. In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
11. To the best of our knowledge and belief and according to the information and explanations given to us, the Company has not obtained any term loans during the year ended 31st March, 2015.
12. Based on the audit procedures performed and as per the information and explanations given to us by management, no fraud on or by the Company has been noticed or reported during the year.

For B. K. Khare & Co
Chartered Accountants
Firm Registration No. 105102W

Padmini Khare Kaicker
Partner
Membership No. 44784

Mumbai
Dated: 30th April, 2015

BALANCE SHEET AS AT 31ST MARCH, 2015

	Notes	Current Year ₹ in lakh	Previous Year ₹ in lakh
EQUITY & LIABILITIES			
Shareholders' Funds			
Share Capital	2	4,101.22	4,084.84
Reserves & Surplus	3	1,28,212.27	1,09,646.41
		<u>1,32,313.49</u>	<u>1,13,731.25</u>
Non Current Liabilities			
Long-Term Borrowings	4	50,000.00	55,000.00
Deferred Tax Liability (Net)	5	44.53	–
Long-Term Provisions	6	10,454.18	10,387.36
		<u>60,498.71</u>	<u>65,387.36</u>
Current Liabilities			
Short-Term Borrowings	7	–	4,565.63
Trade Payables	8	16,312.32	12,961.19
Other Current Liabilities	9	10,455.63	16,177.83
Short-Term Provisions	10	3,819.33	4,325.86
		<u>30,587.28</u>	<u>38,030.51</u>
TOTAL		<u><u>2,23,399.48</u></u>	<u><u>2,17,149.12</u></u>
ASSETS			
Non Current Assets			
Fixed Assets			
Tangible Assets	11	2,980.20	2,856.77
Non-Current Investments	12	57,339.79	65,690.41
Deferred Tax Assets (Net)	5	–	259.41
Long-Term Loans & Advances	13	25,631.56	21,429.56
Other Non-Current Assets	14	111.44	93.34
		<u>86,062.99</u>	<u>90,329.49</u>
Current Assets			
Current Investments	15	–	9,336.44
Inventories	16	78,932.66	65,490.33
Trade Receivables	17	1,552.42	2,630.66
Cash & Bank Balances	18	4,165.27	3,462.05
Short-term loans and advances.....	19	30,270.70	32,092.61
Other Current Assets	20	22,415.44	13,807.54
		<u>1,37,336.49</u>	<u>1,26,819.63</u>
TOTAL		<u><u>2,23,399.48</u></u>	<u><u>2,17,149.12</u></u>
Summary of significant accounting policies	1		
The accompanying notes are an integral part of these financial statements.			

As per our Report attached hereto

For and on behalf of

B. K. Khare & Co.

Chartered Accountants

Firm Registration No. 105102W

Padmini Khare Kaicker

Partner

Membership No.: 44784

Mumbai: 30th April, 2015

Suhas Kulkarni

Jayant Manmadkar

Company Secretary

Chief Financial Officer

Mumbai: 30th April, 2015

For and on behalf of the Board

Arun Nanda

Uday Y. Phadke

Sanjiv Kapoor

Shailesh Haribhakti

Anil Harish

Anita Arjundas

Chairman

Director

Director

Director

Director

Managing Director & CEO

Mumbai: 30th April, 2015

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH, 2015

	Notes	Current Year ₹ lakh	Previous Year ₹ in lakh
INCOME			
Income from Operations	21	62,401.30	30,706.52
Other Income	22	13,602.41	11,426.25
Total Income		76,003.71	42,132.77
EXPENDITURE			
Operating Expenses	23	29,894.15	21,878.91
Employee Remuneration & Benefits	24	4,518.20	3,038.69
Administration & Other Expenses	25	5,364.29	2,908.92
Finance Costs	26	2,181.66	3,934.88
Depreciation & Amortization Expenses	11	274.40	231.95
		42,232.70	31,993.35
Profit before taxation		33,771.01	10,139.42
Less: Provision for Current Taxation		10,134.38	2,467.70
Less: Provision for Deferred Taxation		307.06	(101.29)
Profit after Tax		23,329.57	7,773.01
Earnings per equity Share of face value of ₹ 10 each			
Basic Earnings Per Share	41	56.94	19.03
Diluted Earnings Per Share		56.70	19.03
Summary of significant accounting policies	1		

The accompanying notes are an integral part of these financial statements.

As per our Report attached hereto

For and on behalf of

B. K. Khare & Co.

Chartered Accountants

Firm Registration No. 105102W

Padmini Khare Kaicker

Partner

Membership No.: 44784

Mumbai: 30th April, 2015

Suhas Kulkarni

Jayant Manmadkar

Company Secretary

Chief Financial Officer

Mumbai: 30th April, 2015

For and on behalf of the Board

Arun Nanda

Uday Y. Phadke

Sanjiv Kapoor

Shailesh Haribhakti

Anil Harish

Anita Arjundas

Chairman

Director

Director

Director

Director

Managing Director & CEO

Mumbai: 30th April, 2015

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2015

	Current Year ₹ in lakh	Previous Year ₹ in lakh
A. Cash flow from operating activities		
Net Profit Before Tax	33,771.01	10,139.42
Adjustments for:		
Depreciation	274.40	231.95
Provision for diminution in value of investments	1,850.63	-
Provision for Doubtful debts	483.99	55.00
Amortisation of expenses	117.69	93.12
Provision for Losses Write Back	(1,552.04)	-
Profit on sale of current investments	33.13	2.20
Interest Income	(8,752.09)	(8,393.15)
Interest Expenses	2,181.66	6,576.79
Dividend Income	(2,638.69)	(2,331.06)
(Profit)/Loss on sale of Fixed assets (net)	11.39	11.06
Operating Profit Before Working Capital Changes	25,781.08	6,385.33
Adjustments for:		
Trade and Other Receivables	(2,967.46)	(5,743.81)
Inventories	(13,442.33)	(7,379.50)
Trade Payables and Other Liabilities	6,825.24	(3,571.40)
Cash Generated from Operations	16,196.53	(10,309.38)
Income taxes (paid)/received	(9,260.51)	(2,908.27)
Net Cash (used in)/from operating activities	6,936.02	(13,217.65)
B. Cash flow from investing activities		
Purchase of Fixed Assets	(432.02)	(552.46)
Proceeds from sale of Fixed Assets	13.87	8.93
Proceeds/(Investments) in others (Net)	9,336.44	1,764.66
Proceeds/(Investment) in subsidiaries	8,350.62	(33,672.11)
Interest received	4,243.37	4,855.79
Dividend received	2,638.69	2,331.06
Deposits/Advances with Companies.....	(3,935.70)	10,523.50
Net Cash (used in)/from investing activities	20,215.27	(14,740.63)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2015 (Contd.)

	Current Year ₹ in lakh	Previous Year ₹ in lakh
C. Cash flow from financing activities		
Increase in borrowings	–	53,843.04
Repayment of Loan	(19,565.63)	(25,000.00)
Interest paid	(2,360.38)	(3,755.81)
Dividend Paid.....	(5,380.47)	(2,866.82)
Issue of share capital.....	16.38	0.87
Share Premium Proceeds	565.86	7.87
Net Cash (used in)/from financing activities	(26,724.24)	22,229.15
Net Increase/(Decrease) in Cash and Cash Equivalents.....	427.05	(5,729.13)
Cash and Cash Equivalents (Opening).....	3,067.65	8,796.78
Cash and Cash Equivalents (Closing)	3,494.70	3,067.65

As per our Report attached hereto

For and on behalf of

B. K. Khare & Co.

Chartered Accountants

Firm Registration No. 105102W

Padmini Khare Kaicker
Partner

Membership No.: 44784

Mumbai: 30th April, 2015

Suhas Kulkarni Company Secretary
Jayant Manmadkar Chief Financial Officer

Mumbai: 30th April, 2015

For and on behalf of the Board

Arun Nanda
Uday Y. Phadke
Sanjiv Kapoor
Shailesh Haribhakti
Anil Harish
Anita Arjundas

Chairman
Director
Director
Director
Director
Managing Director & CEO

Mumbai: 30th April, 2015

Notes to the Financial Statements as at and for the year ended 31st March, 2015

1) SIGNIFICANT ACCOUNTING POLICIES:

a) Basis of Preparation:

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards applicable under Section 133 of the Companies Act, 2013, read with Paragraph 7 of the Companies (Accounts) Rules, 2014 (as amended) and the relevant provisions of the Companies Act, 2013 ("the 2013 Act") as applicable. The financial statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

b) Presentation and Disclosure of Financial Statements

Assets & liabilities have been classified as current & non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III of the Companies Act, 2013. Based on the nature of activity carried out by the company and the period between the procurement and realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 5 years for the purpose of Current-Non Current classification of assets & liabilities.

c) Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported balances of assets and liabilities as of the date of the financial statements and reported amounts of income and expenses during the period. Management believes that the estimates used in the preparation of financial statements are prudent and reasonable. Actual results could differ from those estimates.

d) Fixed Assets:

Fixed assets are stated at cost of acquisition or construction less accumulated depreciation. Cost includes all incidental expenses related to acquisition and installation, other pre operation expenses and interest in case of construction.

The carrying amount of cash generating units/assets is reviewed at the balance sheet date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount is estimated as the net selling price or value in use, whichever is higher. Impairment loss, if any, is recognized whenever carrying amount exceeds the recoverable amount.

Depreciation on tangible fixed assets has been provided on prorata basis, on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 or except for certain assets as indicated below Lease hold improvements are amortised over the period of lease/estimated period of lease.

Plant and Machinery includes Plant and Machinery used in civil construction-others and amortised over a period of 5 years.

Vehicles used by employees are depreciated over the period of 48 months considering this period as the useful life of the vehicle for the Company.

Sales office and the sample flat/show unit cost at site is amortised over 5 years or the duration of the project (as estimated by management) whichever is lower.

e) Intangible Assets:

All Intangible Assets are initially measured at cost and amortised so as to reflect the pattern in which the assets' economic benefits are consumed.

Software expenses are treated as an intangible asset and amortised over the useful life of the asset. The maximum period for such amortization is 36 months.

f) Investments:

Investments are classified into Non Current and Current Investments.

Non current investments are carried at cost less diminution other than temporary. Provision for diminution, if any, in the value of each long-term investment is made to recognize a decline, other than of a temporary nature.

Current Investments are carried individually at lower of cost and fair value and the resultant decline, if any, is charged to revenue.

g) Inventories:

Inventories are stated at lower of cost and net realisable value. The cost of construction material is determined on the basis of weighted average method. Construction Work-in-Progress includes cost of land, premium for development rights, construction costs and allocated interest and expenses incidental to the projects undertaken by the Company.

h) Revenue Recognition:

Income from Projects

Income from real estate sales is recognised on the transfer of all significant risks and rewards of ownership to the buyers and it is not unreasonable to expect ultimate collection and no significant uncertainty exists regarding the amount of consideration. However if, at the time of transfer substantial acts are yet to be performed under the contract, revenue is recognised on proportionate basis as the acts are performed, i.e. on the percentage of completion basis. Up to 31st March 2012, revenue from real estate projects are recognized only when actual project cost incurred is atleast 25% of the total estimated project costs including land and when atleast 10% of the sales consideration is received.

In accordance with the Guidance Note on Accounting for Real Estate Transactions (Revised 2012) issued by the Institute of Chartered Accountants of India, in case of projects commencing on or after 1st April 2012 or in case of projects which have already commenced but where revenue is being recognised for the first time on or after 1st April 2012, revenues will be recognized from these real estate projects only when

- i. the actual construction and development cost incurred is at least 25% of the total construction and development cost (without considering land cost) and
- ii. when at least 10% of the sales consideration is realised and
- iii. where 25% of the total saleable area of the project is secured by contracts of agreement with buyers.

Income from long term contracting assignments is also recognised on the percentage of completion basis. As the long term contracts necessarily extend beyond one year, revision in costs and revenues estimated during the course of the contract are reflected in the accounting period in which the facts requiring the revision become known. Any expected loss on a project is recognised in the year in which costs incurred together with the balance costs to completion are likely to be in excess of the estimated revenues from project. Unbilled costs are carried as construction work-in-progress.

Determination of revenues under the percentage of completion method necessarily involves making estimates by the Company, some of which are of a technical nature, concerning, where relevant, the percentages of completion, costs to completion, the expected revenues from the project/activity and the foreseeable losses to completion.

Income from sale of land and other rights

Revenue from sale of land and other rights are considered upon transfer of all significant risks and rewards of ownership of such real estate/property as per the terms of the contract entered into with the buyers, which generally with the firmity of the sale contracts/agreements.

Income from Project Management

Project Management Fees receivable on fixed period contracts is accounted over the tenure of the contract/agreement. Where the fee is linked to the input costs, revenue is recognised as a proportion of the work completed based on progress claims submitted. Where the management fee is linked to the revenue generation from the project, revenue is recognised on the percentage of completion basis.

Income from operation of commercial complexes is recognised over the tenure of the lease/service agreement.

Interest and dividend income

Interest income is accounted on an accrual basis at contracted rates except where there is uncertainty of ultimate collection.

Dividend income is recognised when the right to receive the same is established.

i) Employee benefits:

(i) Defined contribution Plans

Company's contributions paid/payable during the year to Provident Fund and Superannuation Fund are recognised in the Statement of Profit and Loss.

(ii) Defined Benefit Plan

Company's liabilities towards gratuity and leave encashment are determined on actuarial basis using the projected unit credit method, which consider each period of service as giving rise to an additional unit of benefit and measures each unit separately to build up the final obligation. Past services are recognised on straight-line basis over the average period until the amended benefits become vested. Actuarial gain and losses are recognised immediately in the Statement of Profit and Loss Account as income or expense. Obligation is measured at the present value of estimated future cash flow using a discount rate that is determined by reference to market yields at the Balance Sheet date on government bonds where the currency and terms of the government bonds are consistent with the currency and estimated terms of the defined benefit obligation.

(iii) In view of the past trends of leave availed, the amount of employee benefit in the form of compensated absences, being in the nature of short term benefit, is accounted for on accrual basis at an undiscounted value.

j) Borrowing Costs:

Borrowing costs that are directly attributable to long-term project management and development activities are capitalised as part of project cost. Other borrowing costs are recognised as expense in the period in which they are incurred.

Borrowing costs are capitalised as part of project cost when the activities that are necessary to prepare the asset for its intended use or sale are in progress. Borrowing costs are suspended from capitalisation on the project when development work on the project is interrupted for extended periods.

k) Provision for taxation:

Tax expense comprises both current and deferred tax.

Current tax is measured at the amount expected to be paid to the tax authorities, using the applicable tax rates and tax laws.

Deferred tax assets and liabilities are recognised for future tax consequences attributable to the timing differences between taxable income and accounting income that are capable of reversal in one or more subsequent periods and are measured using tax rates enacted or substantively enacted as at the Balance Sheet date. Deferred Tax assets are not recognised unless, in the management judgment, there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized except in case of deferred tax asset arising from unabsorbed depreciation, brought forward tax losses and items relating to capital losses wherein deferred tax asset is only recognized when there is virtual certainty. The carrying amount of deferred tax is reviewed at each balance sheet date.

l) Segment Information:

The Company operates in two main segments; namely "Projects, Project Management and Development activities" and "Operating of commercial complexes". The segments have been identified and reported taking into account the differing risks and returns and the internal business reporting systems. Revenues and expenses have been identified to the segments based on their relationship to the business activity of the segment. Income/expenses relating to the enterprise as a whole and not allocable on a reasonable basis to business segments are reflected as unallocated corporate income/expenses.

m) Provisions and Contingent Liabilities:

Provisions are recognised in the financial statements in respect of a present obligation arising from a past event, the amount of which can be reliably estimated.

Contingent liabilities are disclosed in respect of possible obligations that arise from past events but their existence is confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

n) Employee stock compensation costs

Measurement and disclosure of the employee share-based payment plans is done in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on Accounting for Employee Share-based Payments, issued by ICAI. The company measures compensation cost relating to employee stock options using the intrinsic value method. Compensation expense is amortized over the vesting period of the option on a straight line basis.

2) Share Capital:

	Current Year ₹ in lakh	Previous Year ₹ in lakh
Authorised		
11,50,00,000 (Previous year 11,50,00,000) Equity Shares of ₹ 10 each	11,500.00	11,500.00
60,00,000 (Previous year 60,00,000) Unclassified Shares of ₹ 10 each	600.00	600.00
	12,100.00	12,100.00
Issued		
4,10,53,051 (Previous year 4,08,89,201) Equity Shares of ₹ 10 each	4,105.31	4,088.92
	4,105.31	4,088.92
Subscribed and Paid-up		
4,10,12,200 (Previous year 4,08,48,350) Equity Shares of ₹ 10 each fully paid up	4,101.22	4,084.84
	4,101.22	4,084.84

a) Reconciliation of number of shares

	Current Year		Previous Year	
	No. of Shares	₹ in lakh	No. of Shares	₹ in lakh
Equity Shares				
Balance as at the beginning of the year	4,08,48,350	4,084.84	4,08,39,650	4,083.97
Add: Shares Issued (earlier kept in abeyance)	-	-	-	-
Add: Stock Options exercised during the year	163,850	16.38	8,700	0.87
Balance as at the end of the year	4,10,12,200	4,101.22	4,08,48,350	4,084.84

b) Equity Shares: The Company has issued one class of equity shares having a par value of ₹ 10 per share. Each shareholder is eligible for one vote per share.

c) Shares held by holding company

	Current Year		Previous Year	
	No. of Shares	% holding	No. of Shares	% holding
Mahindra & Mahindra Limited	2,08,46,126	50.83%	2,08,46,126	51.03%

other than the above shares, no shares are held by any subsidiaries or associates of the holding Company.

d) Details of shares held by shareholders including Holding Company, holding more than 5% of the aggregate shares in the Company

	Current Year		Previous Year	
	No. of Shares	% holding	No. of Shares	% holding
Equity Shares				
Mahindra & Mahindra Limited (Holding Company).....	2,08,46,126	50.83%	2,08,46,126	51.03%
Amansa Investments Limited.....	25,05,170	6.11%	25,05,170	6.13%
Small Cap World Fund, INC....	21,57,380	5.26%	21,57,380	5.28%

e) Shares reserved for issue under options

The Company has 5,58,430 (Previous Year 6,12,656) equity shares of ₹ 10/- each reserved for issue under options [Refer Note 25(b)].

f) The allotment of 40,851 (Previous Year 40,851) equity shares of the Company has been kept in abeyance in accordance with Section 206A of the Companies Act, 1956 (Section 126 of the Companies Act 2013), till such time as the title of the bonafide owner of the shares is certified by the concerned Stock Exchange or the Special Court (Trial of Offences relating to Transactions in Securities).

3) Reserves & Surplus

	Current Year ₹ in lakhs	Previous Year ₹ in lakhs
Capital Redemption Reserve		
Balance as at the beginning of the year	7,353.58	7,353.58
Add:- Transfer from Profit & Loss Account....	-	-
Balance as at the end of the year	7,353.58	7,353.58

Debenture Redemption Reserve

Balance as at the beginning of the year	3,135.42	-
Add:- Transfer from Profit & Loss Account....	3,135.41	3,135.42
Balance as at the end of the year	6,270.83	3,135.42

Share Premium Account

Balance as at the beginning of the year	57,428.01	67,664.79
Add: Premium on shares issued during the year.....	684.17	7.87
Less: Premium for Redemption of Debentures	-	(10,244.65)
Balance as at the end of the year	58,112.18	57,428.01

General Reserve

Balance as at the beginning of the year	4,966.53	4,189.23
Add:- Transfer from Profit & Loss Account....	2,332.96	777.30
Balance as at the end of the year	7,299.49	4,966.53

Share options outstanding account

A) Employee Stock Option Outstanding:		
Balance as at the beginning of the year	541.98	424.30
Add: Grant of options during the year	136.65	117.68
Less: Amount transferred to Securities premium/Options Lapsed	(118.31)	-
Balance as at the end of the year	560.32	541.98
Less:		
B) Deferred Employee Compensation Expenses :		
Balance as at the beginning of the year	298.60	274.04
Add: Grant of options during the year	136.65	117.68

Current Year
₹ in lakhs

Previous Year
₹ in lakhs

Less: Transfer to Employee Benefits Expenses / Options Lapsed

	(151.21)	(93.12)
Balance as at the end of the year	284.04	298.60
Balance as at the end of the year	276.28	243.38

Surplus in Statement of Profit and Loss

Balance as at the beginning of the year	36,519.49	35,526.63
Profit for the year	23,329.57	7,773.01
Less: Appropriations		
Proposed Dividend on Equity Shares	2,469.61	2,450.90
Tax on proposed dividend.....	502.46	416.53
Depreciation adjustment (Net of Deferred Tax Adj)	6.05	-
Interim Dividend On Equity Shares	2,459.78	-
Tax on Interim Dividend.....	42.88	-
Transfer to Debenture Redemption Reserve...	3,135.41	3,135.42
Transfer to General Reserve.....	2,332.96	777.30
Balance as at the end of the year	48,899.91	36,519.49
	1,28,212.27	1,09,646.41

The Company has during the year ended 31st March 2014, issued Non Convertible Debentures (NCDs) aggregating ₹ 50,000 lakhs which are redeemable at a premium. The total premium on redemption of ₹ 10,244.65 lakhs has been adjusted against the securities premium during the previous financial year as permitted under section 78 of the Companies Act, 1956.

4) Long Term Borrowings

	Current Year ₹ in lakhs	Previous Year ₹ in lakhs
Secured Loans		
Term Loans		
From Banks Secured*	-	5,000.00
Non Convertible Debentures Secured#	50,000.00	50,000.00
	50,000.00	55,000.00

* Term Loan from Bank was repaid on 10th June 2014. The loan was secured by a pari-passu charge on immovable properties of the Company and were also secured by pari-passu charge on specified movable and current assets of the Company, both present and future.

Non Convertible Debentures

The terms and conditions of the Secured Non Convertible Debentures issued by the Company are summarised below:-

Series	I	II	III
Face Value of Debentures (₹ lakhs)	12,500	17,500	20,000
Total Redemption Amount (₹ lakhs)	4,498.71	2,290.30	3,455.65
Rate of Interest Payable Annually	8%	8%	8%
Maturity Date	3 rd April 2016	3 rd April 2017	3 rd April 2018

The above debentures are secured by an exclusive charge over all assets, including Land & building as identified by the Company from time to time.

At present the identified assets are land owned by the Company which is accounted as a part of Construction Work in Progress and land owned by its Subsidiary Mahindra Integrated Township Limited.

5) Deferred Tax Asset/Liability (Net)

	Current Year ₹ in lakhs	Previous Year ₹ in lakhs
Deferred Tax Liability		
Relating to :		
Difference between book and tax depreciation	614.15	638.59
Less: Transition Adjustment	(3.12)	-
	<u>611.03</u>	<u>638.59</u>
Deferred Tax Asset		
Relating to :		
Provision for impairment in asset value	-	526.90
Expenses allowable on actual payment	566.50	371.10
	<u>566.50</u>	<u>898.00</u>
Deferred Tax Liability(Net)	<u>44.53</u>	<u>-</u>
Deferred Tax Asset(Net)	<u>-</u>	<u>259.41</u>

6) Long Term Provisions

	Current Year ₹ in lakhs	Previous Year ₹ in lakhs
Provision for Employee benefits		
- Gratuity (Refer note no. 24a)	121.64	27.16
- Compensated absences	87.89	115.55
Provision for Premium on redemption of debentures (Refer note no.3)	10,244.65	10,244.65
	<u>10,454.18</u>	<u>10,387.36</u>

7) Short Term Borrowings

	Current Year ₹ in lakhs	Previous Year ₹ in lakhs
Secured Loans		
From Bank*	-	4,565.63
	<u>-</u>	<u>4,565.63</u>
Secured Loan		

* Previous year amount is cash credit from Bank was repaid on 10th June 2014. The loan was secured by a pari-passu charge on immovable properties of the Company and were also secured by pari-passu charge on specified movable and current assets of the Company, both present and future.

8) Trade Payables

	Current Year ₹ in lakhs	Previous Year ₹ in lakhs
Trade Payables - Others	16,312.32	12,961.19
	<u>16,312.32</u>	<u>12,961.19</u>

Based on the information available with the Company there are no dues outstanding in respect of Micro, Small and Medium Enterprises as of Balance Sheet date.

9) Other Current Liabilities

	Current Year ₹ in lakhs	Previous Year ₹ in lakhs
Current Maturity of Long Term Borrowings	-	10,000.00
Advances and Deposits	5,001.15	1,084.58
Unclaimed Dividends	103.24	75.30
Interest accrued but not due	2,975.34	3,154.06
Other Liabilities	2,375.90	1,863.89
	<u>10,455.63</u>	<u>16,177.83</u>

a) There are no amounts due and outstanding to be credited to the Investor Education and Protection Fund.

10) Short Term Provisions

	Current Year ₹ in lakhs	Previous Year ₹ in lakhs
Provision for Employee benefits		
- Gratuity (Refer note 24 a)	37.24	27.28
- Compensated absences	286.17	68.64
Others		
Defect Liabilities / Warranties@	534.23	339.51
Proposed Dividend	2,460.73	2,450.90
Provision for tax on Proposed Dividend	500.96	416.53
Provision for Losses to project Completion (Refer note 16#)	-	1,023.00
	<u>3,819.33</u>	<u>4,325.86</u>

@ The movement in provisions for defect liability is as follows:

	Current Year ₹ in lakhs	Previous Year ₹ in lakhs
Balance as on 1 st April	339.51	448.90
Add: Provision made during the year...	209.56	151.56
Less: Provision written back	-	250.00
Less: Utilisation during the year	14.84	10.95
Balance as on 31 st March	<u>534.23</u>	<u>339.51</u>

11) Fixed Assets

₹ in lakhs

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK		
	As at 31 st March, 2014	Additions	Deductions/ Adjustments	As at 31 st March, 2015	Up to 31 st March, 2014	Deductions/ Adjustments	Depreciation Adjustment *	For the Year	Up to 31 st March, 2015	As at 31 st March, 2015	As at 31 st March, 2014
Tangible Assets:											
Land	44.27	–	–	44.27	–	–	–	–	–	44.27	44.27
Buildings											
– Owned	164.06	189.55	–	353.61	24.55	–	–	58.90	83.45	270.16	139.50
– Given Under Operating Lease	2,955.17	–	–	2,955.17	1,012.13	–	–	12.22	1,024.35	1,930.82	1,943.04
Furniture & Fixtures	116.14	2.55	–	118.69	60.21	–	–	5.79	66.00	52.69	55.93
Plant & Machinery	176.04	10.67	–	186.71	141.82	–	–	13.67	155.49	31.22	34.59
Computers	414.85	96.09	3.30	507.64	268.41	3.55	9.16	100.55	374.57	133.07	145.94
Vehicles	352.98	70.48	49.44	374.02	96.21	24.15	–	55.56	127.62	246.40	256.91
Leasehold improvements	389.40	62.69	–	452.09	152.81	–	–	27.71	180.52	271.57	236.59
SUB TOTAL	4,612.91	432.03	52.74	4,992.20	1,756.14	27.70	9.16	274.40	2,012.00	2,980.20	2,856.77
<i>Previous Year</i>	4,093.48	634.34	114.91	4,612.91	1,618.81	94.62	–	231.95	1,756.14	2,856.77	2,474.69
Intangible assets:											
Software	289.52	–	–	289.52	289.52	–	–	–	289.52	–	–
SUB TOTAL	289.52	–	–	289.52	289.52	–	–	–	289.52	–	–
<i>Previous Year</i>	289.52	–	–	289.52	289.52	–	–	–	289.52	–	–
Total	4,902.43	432.03	52.74	5,281.72	2,045.66	27.70	9.16	274.40	2,301.52	2,980.20	2,856.77
<i>Previous year total</i>	4,383.00	634.34	114.91	4,902.43	1,908.33	94.62	–	231.95	2,045.66	2,856.77	2,474.69
Capital Work In Progress										–	–
										2,980.20	2,856.77

* Depreciation adjustment is due to change in useful life as prescribed in Schedule II to the Companies Act, 2013

- a) There is debit to retained earnings of ₹ 6.05 lakhs (net of deferred tax) for the asset whose remaining life on 1st April, 2014 is reduced to NIL, in accordance with revised life as considered by management.
- b) The depreciation charge for the year ended 31st March 2015 is higher by ₹ 45.45 lakhs.

Fixed Assets (Previous Year)

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 31 st March, 2013	Additions	Deductions	As at 31 st March, 2014	Up to 31 st March, 2013	Deductions	For the Year	Up to 31 st March, 2014	As at 31 st March, 2014	As at 31 st March, 2013
Tangible Assets:										
Land	44.27	–	–	44.27	–	–	–	–	44.27	44.26
Building										
– Owned	99.51	64.56	–	164.07	15.81	–	8.76	24.57	139.50	83.70
– Given Under Operating Lease	2,955.17	–	–	2,955.17	963.95	–	48.18	1,012.13	1,943.04	1,991.22
Furniture & Fixtures	97.69	28.49	10.04	116.14	54.38	7.48	13.31	60.21	55.93	43.31
Plant & Machinery	162.85	23.18	9.41	176.62	139.39	8.68	11.32	142.03	34.59	23.47
Computers	402.40	64.49	52.63	414.26	275.60	52.33	45.05	268.32	145.94	126.81
Vehicles	228.05	165.57	40.64	352.98	79.02	24.48	41.53	96.07	256.91	149.04
Leasehold improvements	103.54	288.05	2.19	389.40	90.66	1.65	63.80	152.81	236.59	12.88
SUB TOTAL	4,093.48	634.34	114.91	4,612.91	1,618.81	94.62	231.95	1,756.14	2,856.77	2,474.69
<i>Previous Year</i>	4,476.72	197.13	580.35	4,093.50	1,569.67	127.90	177.04	1,618.81	2,474.69	2,907.05
Intangible assets:										
Software	289.52	–	–	289.52	289.52	–	–	289.52	–	–
SUB TOTAL	289.52	–	–	289.52	289.52	–	–	289.52	–	–
<i>Previous Year</i>	289.52	–	–	289.52	289.52	–	–	289.52	–	–
Total	4,383.00	634.34	114.91	4,902.43	1,908.33	94.62	231.95	2,045.66	2,856.77	2,474.69
<i>Previous year total</i>	4,766.24	197.13	580.35	4,383.02	1,859.19	127.90	177.04	1,908.33	2,474.69	2,907.05
Capital Work In Progress									–	81.87
									2,856.77	2,556.56

12) Non Current Investments

	Face Value ₹	Number of shares	Current Year ₹ in lakhs	Previous Year ₹ in lakhs
Trade, Unquoted (At Cost)				
Equity Shares				
In Subsidiary Companies				
Mahindra Infrastructure Developers Limited	10	1,80,00,000	1,800.00	1,800.00
Mahindra World City Developers Limited	10	1,77,99,999	3,886.54	3,886.54
Mahindra World City (Jaipur) Limited	10	11,10,00,000	11,100.00	11,100.00
Mahindra World City (Maharashtra) Limited	10	11,70,400	117.04	117.04
Mahindra Integrated Township Limited	10	3,70,00,000	3,700.00	3,700.00
Knowledge Township Limited	10	2,10,00,000	2,100.00	2,100.00
Mahindra Bebanco Developers Limited	10	35,000	3.50	3.50
Industrial Township (Maharashtra) Limited	10	50,00,000	500.00	500.00
Industrial Cluster Private Limited (Earlier Known as Mahindra Housing Private Limited)	10	50,000	5.00	5.00
Raigad Business and Industrial Park limited	10	1,10,000	11.00	11.00
Anthurium Developers Limited	10	50,000	5.00	5.00
In Joint Venture				
Mahindra Homes Private Limited Company (Earlier Known as Watsonia Developers Private Limited and before that Watsonia Developers Limited)				
Class A Equity Shares	10	2,05,628	20.56	20.56
Class C Equity Shares	10	389	0.04	0.04
			<u>23,248.68</u>	<u>23,248.68</u>
In Associates				
Topical Builders Private Limited	10	175	0.02	0.02
Kismat Developers Private Limited	10	15	0.00	0.00
			<u>0.02</u>	<u>0.02</u>
In Others				
Deepmangal Developers Private Limited	100	177	284.61	284.61
New Tirupur Area Development Corporation Limited	10	5,00,000	50.63	50.63
Mahindra Knowledge Park (Mohali) Limited	10	6	0.00	0.00
			<u>335.24</u>	<u>335.24</u>
Preference Shares				
In Subsidiary Companies				
Mahindra World City Developers Limited (8.5% Cumulative Redeemable Preference Shares (Redeemed during the year)	100	65,00,000	–	6,500.00
Mahindra World City Jaipur Limited (8% Redeemable Cumulative Preference Shares)	10	3,70,00,000	3,700.00	3,700.00
			<u>3,700.00</u>	<u>10,200.00</u>
In Joint Venture				
Mahindra Homes Private Limited (Earlier Known as Watsonia Developers Private Limited and before that Watsonia Developers Limited) (0.01% Optionally Convertible Redeemable Preference Shares)	10	1	0.00	0.00
			<u>0.00</u>	<u>0.00</u>
In Associates				
Topical Builders Private Limited (8.5% Non-cumulative Redeemable Preference Shares)	10	4,825	0.48	0.48
Kismat Developers Private Limited (8.5% Non-cumulative Redeemable Preference Shares)	10	4,985	0.50	0.50

	Face Value ₹	Number of shares	Current Year ₹ in lakhs	Previous Year ₹ in lakhs
			0.98	0.98
In Others				
Mahindra Knowledge Park (Mohali) Limited (7% Non Cumulative Redeemable Participating Optionally Convertible Preference Shares)	-	-	0.00	0.00
Moonshine Construction Private Limited 7% Non-Cumulative Redeemable Participating Optionally Convertible Preference Shares)	10	5,000	0.50	0.50
			0.50	0.50
Debentures				
In Joint Venture				
Mahindra Homes Private Limited (Earlier Known as Watsonia Developers Private Limited and before that Watsonia Developers Limited) (17.65% Optionally Convertible Debentures)	100	3,20,17,000	32,017.00	32,017.00
			32,017.00	32,017.00
			59,302.42	65,802.41
Less : Provision for diminution in value of investments			(1,962.63)	(112.00)
			57,339.79	65,690.41

a) The Company's investment in the equity shares of New Tirpur Area Development Corporation Limited ("NTADCL") aggregates ₹ 1,550.63 lakhs comprising ₹ 50.63 lakhs invested directly by the Company and ₹ 1,500 lakhs by its wholly owned subsidiary Mahindra Infrastructure Developers Limited ("MIDL"). Other than the investment in NTADCL, MIDL has no other operations. The net worth of NTADCL and MIDL is substantially eroded.

NTADCL was exploring the option of supplying industrial water to a textile park proposed to be set up by the state government of Karnataka which would have contributed substantially to its revenues. Consequent, to the finalization of the financial statements for the year ended 31st March, 2014 it is expected that there are likely to be delays in setting up the same including the probability of the whole project being set up is significantly lower as compared to the previous year. As a result MIDL has made provision for diminution of its investment in NTADCL of ₹ 1,500 lakhs. The Company has also made a provision for diminution of its investment in MIDL of ₹ 1,800 lakhs and ₹ 50.63 lakhs of its investment in NTADCL.

13) Long Term Loans & advances

(Unsecured, considered good, unless otherwise stated)	Current Year ₹ in lakhs	Previous Year ₹ in lakhs
Loans and advances to related parties		
- Considered good*	25,631.56	21,429.56
- Considered doubtful	-	-
Less: Allowance for doubtful loans and advances	-	-
	25,631.56	21,429.56

The long term loans and advances comprise entirely of unsecured loans to related parties for business purpose:

***Loans to subsidiaries**

Name of the Company	Balance as on 31 st March 2015 (₹ in lakhs)	Maximum outstanding during the year (₹ in lakhs)
Knowledge Township Limited.....	1,897.00	1,897.00
Mahindra World City Developers Limited	16,200.00	16,200.00
Mahindra Babanco Developers limited.	1,764.56	1,764.56
Mahindra Integrated Township Limited	5,770.00	8,370.00
Total	25,631.56	28,231.56

14) Other Non Current Assets

	Current Year ₹ in lakhs	Previous Year ₹ in lakhs
Bank Balances		
Long Term Deposits with Banks having maturity more than 12 months.....	111.44	93.34
(Fixed deposit of ₹ 60.75 lakhs (Previous year- ₹ 62.33 lakhs) is against Margin Monies with banks for Bank Guarantee).....		
	111.44	93.34

15) Current Investments

	Number of units	Current Year ₹ in lakhs	Previous Year ₹ in lakhs
Unquoted, Non Trade (At lower of cost or fair value) In Units of Mutual Fund Redeemed during the year			
JP Morgan India Treasury Fund - Growth.....	(P.Y.) 2,43,34,955	-	4,089.20
HSBC Cash Fund - Growth	(P.Y.) 3,20,306	-	4,094.64
ICICI Prudential Liquid - Growth.....	(P.Y.) 6,08,077	-	1,152.60
		-	9,336.44

16) Inventories

(At lower of cost and net realizable value)

	Current Year ₹ in lakhs	Previous Year ₹ in lakhs
Raw material	2,170.11	1,362.74
Construction Work in Progress *#.....	76,762.55	64,127.59
	<u>78,932.66</u>	<u>65,490.33</u>

* Construction Work in Progress represents materials at site and unbilled costs on the projects. Based on projections and estimates by the Company of the expected revenues and costs to completion, provision for losses to completion and/ or write off of costs carried to inventory are made on projects where the expected revenues are lower than the estimated costs to completion. In the opinion of the management, the net realisable value of the construction work in progress will not be lower than the costs so included therein.

The Company has during the year entered into mutually agreed consent terms with a land-owner in respect of this project, commencement of which had been delayed and in accordance with the consent terms, the Company during the year has completed the sale of land in relation thereto. Accordingly, the provision for losses to project completion for ₹ 1023.00 lakhs in respect is no longer required and has been reversed during the year. Further, revenue from operations for the year ended 31st March 2015 includes ₹ 25,262.65 lakhs on sale thereof, net of the advances given and interest thereon. Operating expenses include ₹ 2,262.65 lakhs of costs incurred in relation thereto. Other income includes ₹ 1,550.15 lakhs pertaining to write back of the provision for the interest on the aforesaid advance no longer required.

Consequent to the above, construction work-in-progress of ₹ 765.87 lakhs and short term loans and advances and interest accrued on project advances included in other current assets of ₹ 4,205.26 lakhs and ₹ 2,174.98 lakhs, respectively, at 31st March 2014 have been realised during the year.

Specified land owned by the Company is given as security for debentures.(Refer Note 4).

17) Trade Receivables

	Current Year ₹ in lakhs	Previous Year ₹ in lakhs
Outstanding over six months		
Considered Good	481.98	250.81
Considered Doubtful	595.15	261.16
	<u>1,077.13</u>	<u>511.97</u>
Other debts		
Considered Good	1,070.44	2,379.85
Considered Doubtful	-	-
	<u>1,070.44</u>	<u>2,379.85</u>
Less: Provision for doubtful receivables.....	(595.15)	(261.16)
	<u>1,552.42</u>	<u>2,630.66</u>

18) Cash & Bank Balances

	Current Year ₹ in lakhs	Previous Year ₹ in lakhs
Cash in hand	1.55	1.01
Bank Balances		
- In Current Accounts	3,056.77	2,293.90
- In Deposit Accounts with Banks.....	1,106.95	1,167.14
(Fixed deposit of ₹ 443.75 lakhs (Previous year- ₹ 337.50 lakhs) is against Margin Monies with banks for Bank Guarantee)		
	<u>4,165.27</u>	<u>3,462.05</u>

(a) Cash and cash equivalents for the purposes of cash flow

	Current Year ₹ in lakhs	Previous Year ₹ in lakhs
Cash in hand	1.55	1.01
Bank Balances		
- In Current Accounts	3,056.77	2,293.90
- In Deposit Accounts with maturity upto 3 months	436.38	772.74
	<u>3,494.70</u>	<u>3,067.65</u>

(b) Balance with Banks includes Unclaimed Dividend of ₹ 103.24 lakhs (Previous year ₹ 75.30 lakhs)

19) Short Term Loans & Advances

	Current Year ₹ in lakhs	Previous Year ₹ in lakhs
(Unsecured, Considered good unless otherwise stated)		
- Loans and advances to related parties (considered good)	2,262.64	2,232.39
	<u>2,262.64</u>	<u>2,232.39</u>
Other Loans & Advances		
- Considered good *#	22,347.09	24,150.17
- Considered doubtful.....	271.25	121.25
	<u>22,618.34</u>	<u>24,271.42</u>
Less : Provision for doubtful loans & advances	(271.25)	(121.25)
	<u>22,347.09</u>	<u>24,150.17</u>
Advance payment of Income tax (net of Provision for tax ₹ 32,987.63 lakhs (Previous year) ₹ 22,869.66 lakhs)).....	1,730.65	2,604.52
Staff Loans and Advances	20.25	14.08
Deposits		
- Considered good	3,910.07	3,091.45
- Considered doubtful	-	-
Less : Provision for doubtful advances	-	-
	<u>30,270.70</u>	<u>32,092.61</u>

* Refer note no. 16(#)

Other Loans and advances include project advances of ₹ 10,000 lakhs pending for over 3 years relating to a project whose commencement has been delayed due to non performance with respect to the agreed condition precedents by Vendors. The Company has taken legal action against the vendors to protect the interest of the Company where in the H'ble High Court at Mumbai has given order restraining the vendors from creating any third party rights in respect of the suit property or part with possession thereof.

The short term loans and advances comprise entirely unsecured loans to related parties for business purpose:

Loans and advances to Holding Company (Mahindra & Mahindra Limited) ₹ 2,000 lakhs

Loans to Associate

Name of the Company	Balance as on 31 st March 2015 (₹ in lakhs)	Maximum outstanding during the year (₹ in lakhs)
Kismat Developers Private Limited.....	0.25	0.25
Topical Builders Private Limited.....	262.39	262.39
	<u>262.64</u>	<u>262.64</u>

20) Other Current Assets

(Unsecured, considered good, unless otherwise stated)

	Current Year ₹ in lakhs	Previous Year ₹ in lakhs
Interest accrued on Project advances*	-	4,070.32
Less: Provision for impairment in asset value	-	(1,550.15)
	-	2,520.17
Interest accrued - Others	11,731.27	4,702.38
(including ₹ 1,964.78 lakhs, (Previous year ₹ 1,047.12 lakhs) due from subsidiaries, ₹ 8,853.45 lakhs (Previous year ₹ 3,202.45 lakhs) due from Joint Venture and ₹ 32.65 lakhs (Previous year ₹ 3.51 lakhs) due from associates.		
Unbilled Revenue	10,684.17	6,584.99
	22,415.44	13,807.54

* Refer note no. 16 (#)

21) Income from Operations

	Current Year ₹ in lakhs	Previous Year ₹ in lakhs
Income from Projects*	58,837.65	27,730.30
Project Management Fees	1,583.12	1,345.06
Income from Operation of Commercial Complexes	1,980.53	1,631.16
	62,401.30	30,706.52

* Refer note no. 16 (#)

22) Other Income

	Current Year ₹ in lakhs	Previous Year ₹ in lakhs
Interest Income		
- On Inter Corporate Loans	2,724.48	3,776.67
- On Bank Deposits	237.66	1,079.72
- On Optionally Convertible Debentures	5,651.00	3,202.45
- Others	138.95	334.32
Dividend on Long Term Investments-Trade (Subsidiary)	2,207.47	1,471.44
Dividend on Current Investments-Non Trade	431.22	859.62
Profit on sale of Current investments-Non Trade	33.13	2.20
Profit on sale of Fixed assets	0.12	0.81
Write-back of provisions for losses to completion*	1,550.15	-
Miscellaneous Income	628.23	699.02
	13,602.41	11,426.25

* Refer note no. 16(#)

23) Operating expenses

	Current Year ₹ in lakhs	Previous Year ₹ in lakhs
Cost of Project		
Opening Stock		
- Work-in-progress	64,127.59	57,091.95
- Raw Material	1,362.74	1,018.88
	65,490.33	58,110.83
Add: Expenses incurred during the year : #		
Premium for Development Rights	5,566.04	3,805.84
Architect Fees	547.81	399.62
Preliminaries & Site Expenses	1,077.05	275.51
Civil, Electrical, Contracting etc	27,377.29	18,427.40
Overheads allocated	1,396.46	1,243.62
Interest allocated	1,714.98	2,641.91
Payment to Local Agencies	1,959.64	499.43
Insurance	26.87	22.29
Legal & Professional Fees	429.66	791.47
	40,095.80	28,107.09
	1,05,586.13	86,217.92

Less : Closing Stock		
Work-in-progress	76,762.55	64,127.59
Raw Material	2,170.11	1,362.74
	78,932.66	65,490.33

Rent, Rates & Taxes	175.19	50.66
Insurance	0.63	0.37
Repairs & Maintenance - Commercial Properties	138.81	192.60
Professional Fees#	533.53	173.17
Brokerage	200.60	51.45
Advertisement, Marketing & Business Development	1,006.33	456.91
Electricity	6.66	2.10
Other Operating Expenses	1,178.95	224.06
	29,894.15	21,878.91

Refer Note 16(#)

24) Employee Benefits Expenses

	Current Year ₹ in lakhs	Previous Year ₹ in lakhs
Salaries, Allowances & Bonus	5,080.81	3,725.47
Contribution to Provident & Other Funds	334.02	200.51
Expense on Employee Stock Option Scheme	117.69	93.12
Staff Welfare Expenses	382.15	263.21
	5,914.66	4,282.31
Less :- Allocated to projects	(1,396.46)	(1,243.62)
	4,518.20	3,038.69

a) Gratuity

The components of the net benefit expense recognized in the statement of profit and loss, the funded status and the amounts recognized in the balance sheet in respect of the Company's gratuity plan is summarized below

(1) Description of the Plan:

The Company has covered its gratuity liability by a Group Gratuity Policy named 'Employee Group Gratuity Assurance Scheme' issued by Life Insurance Corporation of India ('LIC'). Employee at retirement are eligible for benefit, which will be equal to 15 days salary for each completed year of service. The balance in the Employee Group Gratuity Assurance Scheme is the plan asset.

(2) Principal actuarial assumptions:

	Current Year ₹ in lakhs	Previous Year ₹ in lakhs
Discount rate	7.77%	9.19%
Rate of Return on Plan Assets	9.40%	9.50%
Attrition	5.00%	5.00%

(3) Reconciliation of Benefit Obligation:

	Current Year ₹ in lakhs	Previous Year ₹ in lakhs
Liability at the beginning of the year	203.36	121.66
Adjustment to the opening balance	3.84	(3.85)
Interest Cost	18.24	10.94
Current Service Cost	67.33	42.33
Benefit Paid	(17.38)	-
Unrecognised Past Service Cost		
Actuarial (Gain) / Loss on Obligations	5.13	32.28
Liability at the end of the year	280.52	203.36
Fair Value of Plan Assets at the end of the year	121.64	148.92
Amount recognised and disclosed under the head "Provisions for Gratuity"	158.88	54.44
Current Liability	37.24	27.28
Non - Current Liability	121.64	27.16

(4) Reconciliation of Fair value of Plan Assets:

	Current Year ₹ in lakhs	Previous Year ₹ in lakhs
Fair Value of Plan Assets at the beginning of the year	148.92	111.18
Adjustment to the opening balance	(27.28)	-
Expected Return on Plan Assets	11.56	11.70
Contributions	17.37	27.28
Benefit Paid	(17.27)	-
Actuarial Gain /(Loss) on Obligations	(11.56)	(1.25)
Fair Value of Plan Assets at the end of the year	121.64	148.92

(5) Actual Return on Plan Asset

	Current Year ₹ in lakhs	Previous Year ₹ in lakhs
Expected Return on Plan Assets	11.56	11.70
Actuarial Gain /(Loss) on Plan Assets	(11.56)	(1.25)
Actual Return on Plan Assets	-	10.45

(6) Expenses recognised in the Statement of Profit and Loss under the head "Employee Remuneration & Benefits":

	Current Year ₹ in lakhs	Previous Year ₹ in lakhs
Current Service Cost	67.33	42.33
Interest Cost	18.24	10.94
Unrecognised Past Service Cost	-	-
Expected Return on Plan Assets	(11.56)	(11.70)
Net Actuarial (Gain) / Loss recognised	16.68	-
Settlement Cost	-	33.52
Expenses recognised in Profit and Loss Account	90.70	75.09

(7) Experience Adjustments

	2015	2014	2013	2012	2011
Defined benefit obligation	280.52	207.20	121.66	119.20	109.60
Fair value of plan assets	121.64	148.92	111.18	68.92	68.92
Surplus / (Deficit)	158.88	(58.28)	(10.48)	(50.28)	(40.68)
Experience adjustment on plan liability [(Gain) / Loss]	5.13	32.27	-	9.08	(7.88)
Experience adjustment on plan assets [Gain / (Loss)]	(11.56)	(1.25)	-	(3.27)	0.04

(8) Amount expected to be contributed to fund in coming year is ₹ 37.24 lakh.

(9) The gratuity fund is entirely invested in a group gratuity policy with the Life Insurance Corporation of India. The information or the allocation of the fund into major asset classes and the expected return on major class is not readily available.

b) Employee Stock Option Scheme

 a) The Company had granted 678,359 Equity shares on 25th April, 2008 to the eligible employees under the Employee Stock Option Scheme 2006 (ESOS 2006) of the company.

The details of the Employee Stock Option Scheme are:

Particulars	Grant dated 25 th April, 2008
Type of Arrangement	Employee Share-Based Payment by issue of shares.
Number of Options Granted	678,359
Contractual life	Options will lapse if not exercised within 5 years from the date of individual vesting.
Exercise Price	₹ 428/- per share
Method of Settlement	By Issue of Shares at Exercise Price
Vesting Conditions	25 % On expiry of 12 months from the date of grant; 25 % On expiry of 24 months from the date of grant; 25 % On expiry of 36 months from the date of grant; 25 % On expiry of 48 months from the date of grant;

The company has adopted intrinsic value method for computing the compensation cost for the Options granted. The exercise price of the shares is based on the average of the daily high and low of the prices for the Company's Equity Shares quoted on the Bombay Stock Exchange Limited, during the 15 days preceding the grant of the Options. The Intrinsic value i.e. the difference

between the market price of the share and the exercise price is being amortised as employee compensation cost over the vesting period. The details of the same are given here under:

Particulars	Grant dated 25 th April, 2008
Total Amount amortized over the vesting period	₹ 100.42 lakhs
Charge to Profit & Loss Account for the year	NIL
Compensation in respect of lapsed cases	-
Unamortized Amount Carried Forward	NIL

The Fair Value has been calculated using the Black Scholes Options Pricing Model and the significant assumptions made in this regard are as follows:

Particulars	Grant dated 25 th April, 2008
Risk free interest rate	7.79% -8.15%
Expected life	3.5 -6.5 Years
Expected volatility	66.76%- 70.65%
Expected dividend yield	0.33%
Exercise price	₹ 428
Stock price	₹ 443.79

During the year, the Company modified the exercise period of the options granted under ESOS 2006 whereby the exercise period of the options granted was extended from 5 years from the date of vesting of the respective tranche of the option to the last date of the exercise period for the last tranche of the option granted under the said scheme.

- b) The Company had granted 10,000 Equity shares on 4th August, 2012 to the eligible employee under the Employee Stock Option Scheme 2006 (ESOS 2006) of the company.

The details of the Employee Stock Option Scheme are:

Particulars	Grant dated 4 th August, 2012
Type of Arrangement	Employee Share-Based Payment by issue of shares.
Number of Options Granted	10,000
Contractual life	Options will lapse if not exercised within 5 years from the date of individual vesting.
Exercise Price	₹ 325/- per share
Method of Settlement	By Issue of Shares at Exercise Price
Vesting Conditions	25% On expiry of 12 months from the date of grant; 25% On expiry of 24 months from the date of grant; 25% On expiry of 36 months from the date of grant; 25% On expiry of 48 months from the date of grant;

The company has adopted intrinsic value method for computing the compensation cost for the Options granted. The exercise price of the shares is based on the average of the daily high and low of the prices for the Company's Equity Shares quoted on the Bombay Stock Exchange Limited, during the 15 days preceding the grant of the Options. The Intrinsic value i.e. the difference between the market price of the share and the exercise price is being amortised as employee compensation cost over the vesting period. The details of the same are given here under:

Particulars	Grant dated 4 th August, 2012
Total Amount to be amortized over the vesting period	₹ (0.09) lakh
Charge to Statement of Profit & Loss for the year	₹ (0.02) lakh
Compensation in respect of lapsed cases	-
Unamortized Amount Carried Forward	₹ (0.05) lakh

The Fair Value has been calculated using the Black Scholes Options Pricing Model and the significant assumptions made in this regard are as follows:

Particulars	Grant dated 4 th August, 2012
Risk free interest rate	8.06% -8.20%
Expected life	3.5 -6.5 Years
Expected volatility	44.15%- 59.61%
Expected dividend yield	1.38%
Exercise price	₹ 325
Stock price	₹ 324.14

- c) The Company had granted 101,000 Equity shares on 4th August, 2012 to the eligible employees under the Employee Stock Option Scheme (ESOS 2012) of the company.

The details of the Employee Stock Option Scheme are:

Particulars	Grant dated 4 th August, 2012
Type of Arrangement	Employee Share-Based Payment by issue of shares.
Number of Options Granted	101,000
Contractual life	Options will lapse if not exercised within 5 years from the date of individual vesting.
Exercise Price	₹ 10 /- per share
Method of Settlement	By Issue of Shares at Exercise Price
Vesting Conditions	20% On expiry of 12 months from the date of grant; 20% On expiry of 24 months from the date of grant; 30% On expiry of 36 months from the date of grant; 30% On expiry of 48 months from the date of grant;

The company has adopted intrinsic value method for computing the compensation cost for the Options granted. The exercise price of the shares is ₹ 10/- per stock option. The Intrinsic value i.e. the difference between the market price of the share and the exercise price is being amortised as employee compensation cost over the vesting period. The details of the same are given here under:

Particulars	Grant dated 4 th August, 2012
Total Amount to be amortized over the vesting period	₹ 289.01 lakhs
Charge to Statement of Profit & Loss for the year	₹ 76.83 lakhs
Compensation in respect of lapsed cases	-
Unamortized Amount Carried Forward	₹ 96.34 lakhs

- d) The Company had granted 26,500 Equity shares on 24th July, 2013 to the eligible employees under the Employee Stock Option Scheme (ESOS 2012) of the company.

The details of the Employee Stock Option Scheme are:

Particulars	Grant dated 24 th July, 2013
Type of Arrangement	Employee Share-Based Payment by issue of shares.
Number of Options Granted	26,500
Contractual life	Options will lapse if not exercised within 5 years from the date of individual vesting.
Exercise Price	₹ 10 /- per share
Method of Settlement	By Issue of Shares at Exercise Price
Vesting Conditions	20% On expiry of 12 months from the date of grant; 20% On expiry of 24 months from the date of grant; 30% On expiry of 36 months from the date of grant; 30% On expiry of 48 months from the date of grant;

The company has adopted intrinsic value method for computing the compensation cost for the Options granted. The exercise price of the shares is ₹ 10/- per stock option. The Intrinsic value i.e. the difference

between the market price of the share and the exercise price is being amortised as employee compensation cost over the vesting period. The details of the same are given here under:

Particulars	Grant dated 24 th July, 2013
Total Amount to be amortized over the vesting period	₹ 111.02 lakhs
Charge to Statement of Profit & Loss for the year	₹ 26.65 lakhs
Compensation in respect of lapsed cases	–
Unamortized Amount Carried Forward	₹ 64.76 lakhs

The Fair Value has been calculated using the Black Scholes Options Pricing Model and the significant assumptions made in this regard are as follows:

Particulars	Grant dated 24 th July, 2013
Risk free interest rate	8.31% -8.39%
Expected life	6-9 Years
Expected volatility	47.63%
Expected dividend yield	1.31%
Exercise price	₹ 10.00
Stock price	₹ 454.09

- e) The Company had granted 27,000 Equity shares on 17th October, 2014 to the eligible employees under the Employee Stock Option Scheme (ESOS 2012) of the company.

The details of the Employee Stock Option Scheme are:

Particulars	Grant dated 17 th October, 2014
Type of Arrangement	Employee Share-Based Payment by issue of shares.
Number of Options Granted	27,000
Contractual life	Options will lapse if not exercised within 5 years from the date of individual vesting.
Exercise Price	₹ 10 /- per share
Method of Settlement	By Issue of Shares at Exercise Price
Vesting Conditions	20% On expiry of 12 months from the date of grant;
	20% On expiry of 24 months from the date of grant;
	30% On expiry of 36 months from the date of grant;
	30% On expiry of 48 months from the date of grant;

The company has adopted intrinsic value method for computing the compensation cost for the Options granted. The exercise price of the shares is ₹ 10/- per stock option. The Intrinsic value i.e. the difference between the market price of the share and the exercise price is being amortised as employee compensation cost over the vesting period. The details of the same are given here under:

Particulars	Grant dated 17 th October, 2014
Total Amount to be amortized over the vesting period	₹ 136.64 lakhs
Charge to Statement of Profit & Loss for the year	₹ 14.23 lakhs
Compensation in respect of lapsed cases	–
Unamortized Amount Carried Forward	₹ 122.41 lakhs

The Fair Value has been calculated using the Black Scholes Options Pricing Model and the significant assumptions made in this regard are as follows:

Particulars	Grant dated 17 th October, 2014
Risk free interest rate	8.49% -8.52%
Expected life	3.5 -6.5 Years
Expected volatility	26.68%- 43.74%
Expected dividend yield	2.28%
Exercise price	₹ 10
Stock price	₹ 516.08

Earnings Per Share as required by Accounting Standard 20 read with the Guidance Note on "Accounting for Employee share-based Payments" is as follows.

Particulars	Intrinsic Value Method		Fair Value Method	
	March 2015	March 2014	March 2015	March 2014
A Net Profit After Tax (₹ in lakhs)	23,329.57	7,773.01	23,338.47	7,791.19
Less Preference dividend	–	–	–	–
B Weighted Average number of Equity Shares of ₹ 10/- each (Basic)	40,967,118	40,841,051	40,967,118	40,841,051
C Weighted Average number of Equity Shares of ₹ 10/- each (Diluted)	41,142,517	40,841,051	41,142,517	40,841,051
D Basic Earning per Share (₹)	56.94	19.03	56.97	19.08
E Diluted Earning per Share (₹)	56.70	19.03	56.73	19.08

The compensation costs of stock options granted to employees are accounted by the Company using the intrinsic value method.

Summary of Stock Options	Current Year	Previous Year
Options outstanding on 1 st April	6,12,656	6,98,436
Options inadvertently cancelled during prior year, reinstated	84,249	–
Options granted during the year	27,000	26,500
Options lapsed during the year	1,625	–
Options cancelled during the year	–	1,03,580
Options exercised during the year	163,850	8,700
Options outstanding on 31 st March	5,58,430	6,12,656
Options vested but not exercised on 31 st March	4,51,530	5,07,856

During the year vesting period of ESOS 2006 was extended by one year hence the number of options cancelled during the year indicates the number of option cancelled netted of with the options revived as the result of such extension.

Information in respect of options outstanding as at 31st March, 2015:

Exercise price	No. of Options	Weighted average remaining life
₹ 428	4,35,230	30 months
₹ 325	5,000	48 months
₹ 10	68,300	36 months
₹ 10	22,900	48 months
₹ 10	27,000	60 months

25) Administration & Other Expenses

	Current Year ₹ in lakh	Previous Year ₹ in lakh
Rent, Rates and Taxes.....	467.63	538.84
Insurance	9.46	8.20
Repairs and Maintenance		
– Buildings	–	6.11
– Others.....	203.74	192.50
Electricity Charges.....	57.63	46.27
Travelling & Conveyance.....	624.64	418.07
Legal & Professional Fees.....	391.18	442.02
Printing & Stationery.....	69.50	63.98
Communication.....	117.82	123.70
Advertisement, Marketing & Business Development.....	319.30	353.99
Auditors Remuneration.....	54.30	43.04
Expenditure on Corporate Social Responsibility.....	264.17	70.52
Donation & Contribution*.....	–	200.00
Loss on Sale of Fixed Assets.....	11.51	11.87
Diminution In Value Of Long Term Investment#.....	1,850.63	–
Doubtful Debts Provided.....	483.99	55.00
Miscellaneous Expenses.....	438.79	334.81
	5,364.29	2,908.92

*Particulars of Donations and Contribution are given below:

	Current Year ₹ in lakh	Previous Year** ₹ in lakh
Bharatiya Janata Party, Rajasthan	–	100.00
All India Congress Committee	–	100.00

** In the previous year, these were included in Miscellaneous Expenses

#Diminution in value of long term investment - Refer Note 12(a)

Auditors' Remuneration (including service tax):

	Current Year ₹ in lakh	Previous Year ₹ in lakh
Audit Fees	27.81	25.00
Tax Audit Fees	1.55	1.55
Tax matters.....	12.86	5.70
Certification and Other Services	12.08	10.79
Total	54.30	43.04

26) Finance Cost

	Current Year ₹ in lakh	Previous Year ₹ in lakh
On Term Loan.....	3,896.64	6,576.79
Less: Allocated to projects.....	(1,714.98)	(2,641.91)
	2,181.66	3,934.88

27) Earnings in Foreign Currency:

	Current Year ₹ in lakh	Previous Year ₹ in lakh
Consideration received on sale of residential units.....	4.98	–
Total	4.98	–

28) Expenditure in Foreign Currency:

	Current Year ₹ in lakh	Previous Year ₹ in lakh
a) Other expenditure		
Travelling.....	26.93	17.18
Marketing expenses.....	15.37	7.57
Project expenses.....	30.19	50.95
Professional Fees.....	91.01	–
Others	17.89	13.71
Total	181.39	89.41
b) Value of Imported and Indigenous Consumption		
a. Imported.....	492.41	576.25
b. Indigenously obtained.....	4,199.42	2,575.01
Total	4,691.83	3,151.26
% Imported	10.50%	18.29%
% Indigenously obtained	89.50%	81.71%
	100%	100%

29) Forwards Contracts

The Company enters into foreign currency exposure contract for the purpose of hedging its currency risk. These contracts are not intended for trading or speculation.

Contract Type	Maturity Year	Currency	Amount	Average Rate
	Financial Year			
Forward	2015-16	USD	10,569 USD	62.96

30) Remittance in Foreign Currency on account of dividends to non-resident shareholders

Shareholders	Number of Equity Shares	Amount remitted ₹ in lakhs	Dividend relating to
2015-1	47,040	2.82	Year ended 31 st March, 2014 (Final Dividend)
2014-1	83,290	5.00	Year ended 31 st March, 2013 (Final Dividend)

31) Commitments

	Current Year ₹ in lakh	Previous Year ₹ in lakh
Capital Commitment: Estimated value of contracts remaining to be executed on capital account and not provided for (net of advances)	27.50	4.49

The disclosure of commitment is given only to the extent of capital commitment and other disclosure relating to commitment has not been given in order to avoid providing excessive details that may not assist users of Financial Statements.

32) In respect of real estate projects under long term contracts, determination of profits / losses and realisability of the construction work in progress & project advances necessarily involves making estimates by the Company, some of which are of a technical nature, concerning, where relevant, the percentage of completion, costs to completion and the projections of revenues expected from projects / activity and the foreseeable losses to completion. Profit from these contracts and valuation of construction work in progress is based on such estimates.

33) Leases:

The Company's significant leasing arrangements are in respect of operating leases for Commercial & Residential premises.

- a) Lease income from operating leases is recognised on a straight-line basis over the period of lease. The particulars of the premises given under operating leases are as under:

	Current Year ₹ in lakh	Previous Year ₹ in lakh
Gross Carrying Amount of premises ...	2,889.92	2,765.27
Accumulated Depreciation	896.92	852.13
Depreciation for the year	44.79	45.09
Future minimum lease payments under non-cancellable operating leases		
➤ Not later than 1 year	1,506.16	1,395.76
➤ Later than 1 year and not later than 5 years	7.08	88.29
➤ Later than 5 years	-	-

- b) Lease expenditure for operating leases is recognised on a straight-line basis over the period of lease. The particulars of the premises taken on operating leases are as under:

	Current Year ₹ in lakh	Previous Year ₹ in lakh
Future minimum lease payments under non-cancellable operating leases		
➤ Not later than 1 year	114.28	109.96
➤ Later than 1 year and not later than 5 years	-	-
➤ Later than 5 years	-	-
Lease payments recognized in Statement of Profit & Loss Account is ₹ 466.46 lakhs		

34) Contingent Liabilities

	Current Year ₹ in lakh	Previous Year ₹ in lakh
a) Claims against the Company not acknowledged as debts represent:		
i) Claims awarded by the Arbitrator to a civil contractor in respect of a project at Mumbai and the Company's appeal against the award has been admitted by the Mumbai High Court	93.89	93.89
ii) Demand from local authorities for transfer fees on transfer of property, disputed by the Company ...	123.99	123.99
iii) Demand from a local authority for energy dues disputed by the Company ...	2,164.04	2,164.04
iv) Claim from welfare association in connection with project work, disputed by the Company	4,500.00	4,500.00
b) Income tax matters under appeal		
In respect of certain business incomes re-classified by the Income tax Department as income from house property and other disallowances, the Company has partially succeeded in appeal and is pursuing the matter further with the higher appellate authorities ...	584.53	360.43
The liability net of Deferred Tax Asset/Deferred Tax Liability would be ₹ 584.53 lakhs (previous year ₹ 360.43 lakhs)		

35) Managerial Remuneration

	Current Year ₹ in lakh	Previous Year ₹ in lakh
Salaries and Allowances	179.85	162.02
Contribution to Provident, Gratuity and Superannuation Funds	26.49	23.04
Perquisites (estimated monetary value) ...	12.77	17.50
Total	219.11	202.56

36) Computation of Net Profit in accordance with Section 198 of the Companies Act, 2013:

	Current Year ₹ in lakh	Previous Year ₹ in lakh
Profit before Tax	33,771.01	10,139.42
Add:		
Depreciation as per accounts	274.40	231.95
Managerial remuneration	219.11	202.56
Director's fees	34.10	14.10
Commission to Directors (non executive Director)	140.00	134.05
Loss on disposal of fixed assets not allowable as per proviso to Section 198	11.51	11.87
	34,450.13	10,733.95
Less:		
Depreciation under Section 198	237.51	138.77
Loss on disposal of fixed assets allowable as per proviso to Section 198		11.87
Profit on sale of fixed assets not allowable as per proviso to Section 198	0.12	0.81
Net Profit as per Section 198 of the Companies Act, 2013	34,212.50	10,582.50
5% of Net Profit as computed above	1,710.63	529.13

37) Details of Loans Given, Investments made and Guarantee given covered u/s 186(4) of the Companies Act, 2013

Loans given and Investments made are given under the respective heads. Corporate Guarantees given by the Company in respect of loans as at 31st March, 2015 – Nil

38) Segmental Reporting

	Operating of Commercial Complexes	Projects, Project Management & Development	Business Centre	Consolidated
REVENUE				
External Revenue	1,980.53	60,420.78	–	62,401.30
<i>Previous Year</i>	<i>1,631.16</i>	<i>29,075.36</i>	–	<i>30,706.52</i>
Inter-segment Revenues	–	–	–	–
<i>Previous Year</i>	–	–	–	–
TOTAL REVENUE	1,980.53	60,420.78	–	62,401.30
<i>Previous Year</i>	<i>1,631.16</i>	<i>29,075.36</i>	–	<i>30,706.52</i>
SEGMENT RESULT	1,812.14	30,190.00	–	32,002.14
<i>Previous Year</i>	<i>1,443.53</i>	<i>7,453.02</i>	–	<i>8,896.55</i>
Unallocated Corporate Expenses (net)	–	–	–	(4,745.38)
<i>Previous Year</i>	–	–	–	<i>(2,922.44)</i>
Operating profit	–	–	–	27,256.75
<i>Previous Year</i>	–	–	–	<i>5,976.11</i>
Interest expense	–	–	–	(2,181.66)
<i>Previous Year</i>	–	–	–	<i>(3,934.89)</i>
Interest income	–	–	–	8,695.92
<i>Previous Year</i>	–	–	–	<i>8,098.47</i>
Income taxes	–	–	–	(10,441.44)
<i>Previous Year</i>	–	–	–	<i>(2,366.71)</i>
Net Profit	–	–	–	23,329.57
<i>Previous Year</i>	–	–	–	<i>7,773.01</i>
OTHER INFORMATION				
Segment Assets	1,981.39	1,71,081.15	0.60	1,73,063.14
<i>Previous Year</i>	<i>2,079.99</i>	<i>1,64,746.22</i>	<i>0.55</i>	<i>1,66,826.76</i>
Unallocated Corporate Assets				50,336.34
<i>Previous Year</i>				<i>50,322.36</i>
TOTAL ASSETS				2,23,399.48
<i>Previous Year</i>				<i>2,17,149.12</i>
Segment Liabilities	557.66	70,505.01	11.95	71,074.62
<i>Previous Year</i>	<i>603.04</i>	<i>93,791.88</i>	<i>24.78</i>	<i>94,419.09</i>
Unallocated Corporate Liabilities				20,011.36
<i>Previous Year</i>	–	–	–	<i>8,998.78</i>
TOTAL LIABILITIES	–	–	–	91,085.98
<i>Previous Year</i>	–	–	–	<i>1,03,417.87</i>
Capital Expenditure	–	174.39	–	432.03
<i>Previous Year</i>	–	<i>82.03</i>	–	<i>634.32</i>
Depreciation	50.07	22.33	–	274.40
<i>Previous Year</i>	<i>58.10</i>	<i>9.64</i>	–	<i>231.95</i>

Note:

The segment result for Projects, Project Management and Development activity is arrived at after considering an interest expense of ₹ 375.88 lakhs (Previous year ₹ 1,381.03 lakhs), as it formed part of the cost of projects according to the method of accounting followed by the Company.

39) Related Party Transactions

List of related parties

Enterprises Controlling the Company

Mahindra & Mahindra Limited:

Holding Company

Enterprises under the control of the Company

Mahindra Infrastructure Developers Limited

Mahindra Integrated Township Limited

Mahindra World City Developers Limited

Mahindra Residential Developers Limited

Mahindra World City (Jaipur) Limited

Industrial Township (Maharashtra) Limited

Knowledge Township Limited

Mahindra Bebanco Developers Limited

Mahindra World City (Maharashtra) Limited

Raigad Industrial & Business Park Limited

Anthurium Developers Limited

Industrial Cluster Private Limited (Earlier Known as Mahindra Housing Private Limited)

Mahindra Industrial Park Chennai Limited (w.e.f. 22nd December 2014)

Fellow Subsidiaries

Bristlecone India Limited

Mahindra Holidays & Resorts India Limited

Mahindra Consulting Engineers Limited

Mahindra Integrated Business Solutions Private Limited

NBS International Private Limited

Associates

Kismat Developers Private Limited
Topical Builders Private Limited

Joint Ventures

Mahindra Inframan Water Utilities Private Limited
Mahindra Water Utilities Private Limited
Mahindra Homes Private Limited (earlier known as Watsonia Developers Private Limited and before that Watsonia Developers Limited)

Key Management Personnel

Managing Director & Chief Executive Officer of the Company- Ms. Anita Arjundas
Chief Financial Officer - Mr. Jayant Manmadkar
Company Secretary - Mr. Suhas Kulkarni

Directors

Mr. Arun Nanda, Non-executive Non-Independent Chairman
Mr. Uday Y. Phadke, Non-executive Non-Independent Director
Mr. Sanjiv Kapoor, Non-executive Independent Director
Mr. Shailesh Haribhakti, Non-executive Independent Director
Mr. Anil Harish, Non-executive Independent Director
Dr. Prakash Hebalkar, Non-executive Independent Director
Enterprises over which Key Managerial Personnel are able to exercise significant influence: Nil

Transactions with related parties during the year and balance as on 31st March 2015:

Nature of Transactions	Enterprise controlling the Company	Enterprises under the control of the Company	Companies under common control including Fellow Subsidiaries	Joint Ventures/ Associates	Key Managerial Personnel/ Non-Executive Directors
Rendering of Services	2,094.05	1,480.34	-	361.58	-
<i>Previous Year</i>	<i>1,520.89</i>	<i>1,237.67</i>	-	<i>294.59</i>	-
Receiving of Services	374.02	484.89	68.33	-	-
<i>Previous Year</i>	<i>373.11</i>	<i>384.24</i>	<i>72.97</i>	-	-
Sale of Goods	749.24	-	-	-	-
<i>Previous Year</i>	-	-	-	-	-
Purchase of Fixed Assets	-	-	26.69	-	-
<i>Previous Year</i>	-	-	-	-	-
Remuneration to Key Managerial Personnel	-	-	-	-	392.51
<i>Previous Year</i>	-	-	-	-	<i>202.56</i>
Commission and Other Benefits to Non-Executive/ Independent Directors	-	-	-	-	176.15
<i>Previous Year</i>	-	-	-	-	<i>117.55</i>
Reimbursement made to parties	303.32	27.14	-	-	-
<i>Previous Year</i>	<i>290.83</i>	<i>0.70</i>	-	-	-
Reimbursement received by parties	68.49	-	-	-	-
<i>Previous Year</i>	-	<i>32.19</i>	-	<i>21.74</i>	-
Redemption of Preference Shares	-	6,500.00	-	-	-
<i>Previous Year</i>	-	-	-	-	-
Advance paid	-	19.00	-	2.00	-
<i>Previous Year</i>	-	-	-	-	-
Advance Refund	-	15.00	-	2.00	-
<i>Previous Year</i>	-	-	-	-	-
Finance given during the year	-	9,502.00	-	30.25	-
<i>Previous Year</i>	-	<i>16,070.00</i>	-	<i>65,875.00</i>	-
Purchase of Equity Shares	-	-	-	-	-
<i>Previous Year</i>	-	<i>1,643.03</i>	-	<i>15.62</i>	-
Purchase of Preference Shares	-	-	-	-	-
<i>Previous Year</i>	-	-	-	<i>0.98</i>	-
ICD refunded	-	5,300.00	-	-	-
<i>Previous Year</i>	-	<i>15,134.00</i>	-	<i>44,666.00</i>	-
Interest received	-	2,687.88	-	5,683.37	-
<i>Previous Year</i>	-	<i>2,406.08</i>	-	<i>1,366.69</i>	-
Dividend Paid	2,501.54	-	-	-	-
<i>Previous Year</i>	<i>1,250.77</i>	-	-	-	-
Dividend Income	-	2,207.47	-	-	-
<i>Previous Year</i>	-	<i>1,471.44</i>	-	-	-
Receivables	2,173.98	28,668.10	2.46	41,557.41	-
<i>Previous Year</i>	<i>2,017.68</i>	<i>23,247.82</i>	<i>2.46</i>	<i>35,239.16</i>	-
Payables	839.95	-	6.86	-	-
<i>Previous Year</i>	<i>2,202.19</i>	-	<i>9.10</i>	-	-

Current Remuneration to Key Managerial Personnel includes remuneration paid to Ms. Anita Arjundas (Managing Director & Chief Executive Officer), Mr Suhas Kulkarni (Company Secretary) and Mr Jayant Manmadkar (Chief Financial Officer).

The significant related party transactions are as under:

Nature of Transactions	Enterprises Controlling the Company	Amount (₹ in lakh)	Enterprises under the Control of the Company	Amount (₹ in lakh)	Enterprises under the Common control of the Company/Fellow Subsidiaries	Amount (₹ in lakh)	Joint Ventures/ Associates	Amount (₹ in lakh)	Key Management Personnel	Amount (₹ in lakh)
Rendering of services	Mahindra & Mahindra Limited	2,094.05	Mahindra Residential Development Limited	448.80			Mahindra Homes Private Limited*	361.58		
			Mahindra Bebanco Developers Limited	453.55						
			Mahindra Integrated Township Limited	568.80						
Receiving of services	Mahindra & Mahindra Limited	374.02	Mahindra Integrated Township Limited	435.75	Bristle Cone India Limited	22.89				
			Mahindra World City Developers Limited	49.14	Mahindra Integrated Business Solutions Private Limited	7.55				
					Mahindra Holidays & Resorts India Limited	37.89				
Sale of Goods	Mahindra & Mahindra Limited	749.24								
Purchased of Fixed Assets					NBS International Private Limited	26.69				
Remuneration									Anita Arjundas	219.11
									Suhas Kulkarni	92.49
									Jayant Manmadkar	80.91
Reimbursement made to parties	Mahindra & Mahindra Limited	303.32	Mahindra World City Developers Limited	5.97						
			Mahindra World City (Jaipur) Limited	20.16						
Reimbursement received by parties	Mahindra & Mahindra Limited	68.49								
Redemption of Preference Shares			Mahindra World City Developers Limited	6,500.00						
Finance given during the year			Mahindra World City Developers Limited	7,500.00			Topical Builders Private Limited	30.25		
			Mahindra World City (Jaipur) Limited	2,000.00						
Advance Refund			Mahindra World City Developers Limited	3.00			Mahindra Homes Private Limited*	2.00		
			Mahindra World City (Jaipur) Limited	2.00						
			Mahindra Bebanco Developers Limited	2.00						
			Industrial Cluster Private Limited	2.00						
			Mahindra Integrated Township Limited	2.00						

Nature of Transactions	Enterprises Controlling the Company	Amount (₹ in lakh)	Enterprises under the Control of the Company	Amount (₹ in lakh)	Enterprises under the Common control of the Company/Fellow Subsidiaries	Amount (₹ in lakh)	Joint Ventures/ Associates	Amount (₹ in lakh)	Key Management Personnel	Amount (₹ in lakh)
Advance Paid			Knowledge Township Limited	3.00			Mahindra Homes Private Limited*	2.00		
			Mahindra World City Developers Limited	3.00						
			Industrial Cluster Private Limited	2.00						
			Mahindra Integrated Township Limited	2.00						
			Mahindra Bebanco Developers Limited	2.00						
			Mahindra World City (Jaipur) Limited	2.00						
			Mahindra Infrastructure Developers Limited	2.00						
ICD refunded			Mahindra World City (Jaipur) Limited	2,000.00						
			Mahindra Integrated Township Limited	2,600.00						
Interest received			Mahindra World City Developers Limited	1,583.18			Mahindra Homes Private Limited*	5,651.00		
			Mahindra Integrated Township Limited	808.85						
Dividend paid during the year	Mahindra & Mahindra Limited	2,501.54								
Dividend received during the year			Mahindra World City Developers Limited	727.47						
			Mahindra World City (Jaipur) Limited	740.00						
			Mahindra Integrated Township Limited	740.00						
Receivables	Mahindra & Mahindra Limited	2,173.98	Mahindra World City Developers Limited	16,668.42	Mahindra Consulting Engineers Limited	2.46	Mahindra Homes Private Limited*	41,262.13		
			Mahindra Integrated Township Limited	6,653.19						
Payables	Mahindra & Mahindra Limited	839.95			Mahindra Integrated Busines Solutions Private Limited	1.82				
					Mahindra Consulting Engineers Limited	1.49				
					Bristle Cone India Limited	3.55				

* Mahindra Homes Private Limited (earlier known as Watsonia Developers Private Limited and before that Watsonia Developers Limited)

Commission and Other Benefits to Non-Executive/ Independent Directors

₹ in lakh

Name	Designation	Current Year	Previous Year
Mr. Arun Nanda	Non-executive Non-Independent Chairman	107.05	77.05
Mr. Sanjiv Kapoor	Non-executive Independent Director	17.70	10.20
Mr. Shailesh Haribhakti	Non-executive Independent Director	17.40	10.65
Mr. Anil Harish	Non-executive Independent Director	17.70	10.65
Dr. Prakash Hebalkar	Non-executive Independent Director	16.30	9.00

40) Information in respect of Jointly Controlled Operations and Joint Venture

a) Jointly Controlled operations

- i) Development of the following residential projects:
G. E. Gardens, Mumbai
Kukatpally, Hyderabad
- ii) Project for providing potable drinking water and sewerage facilities at Tirupur, Tamil Nadu.

b) Joint Venture

Sector 59, Gurgaon
Bannerghatta Road, Bangalore

c) Jointly controlled entities

Name	Country of Incorporation	Business Activity	Proportion of Ownership Interest
Mahindra Water Utilities Limited	India	O&M of water & sewerage facilities at Tirupur	50.00%
Mahindra Inframan Water Utilities Private Limited	India	O&M of water & sewerage facilities at Navi Mumbai	50.00%
Mahindra Homes Private Limited (earlier known as Watsonia Developers Private Limited and before that Watsonia Developers Limited)	India	Residential Development	50.00%

d) Interest in the Assets, Liabilities, Income and Expenses with respect to jointly controlled entities:

	Current Year ₹ in lakh	Previous Year ₹ in lakh
Current Assets	43,333.75	35,283.63
Non-current Assets	2,016.23	33.12
Total	45,349.98	35,316.75
Current Liabilities	11,544.74	1,851.56
Non-Current Liabilities	11,208.45	16,024.46
Total	22,753.19	17,876.02
Income	836.30	742.55
Expenses	1,142.88	455.13

41) Earnings per share

Calculation of Net Profit available for Equity Shareholders:

	Current Year ₹ in lakh	Previous Year ₹ in lakh
A. Net Profit After Tax	23,329.57	7,773.01
B. Less: Dividend on Non Cumulative Redeemable Preference Shares (including Tax on distributed Profits)	-	-
C. Profit available for Equity Shareholders	23,329.57	7,773.01
D. Weighted Average number of Equity Shares of ₹ 10/- each used for computing basic earnings per share	409.67	408.41
E. Weighted Average number of Equity Shares of ₹ 10/- each used for computing diluted earnings per share	411.43	408.41
F. Basic Earnings per Share (₹)	56.94	19.03
G. Diluted Earnings per Share (₹)	56.70	19.03

42) The figures for previous year have been regrouped wherever necessary to conform to current year's classification

As per our Report attached hereto

For and on behalf of
B. K. Khare & Co.
Chartered Accountants
Firm Registration No. 105102W

Padmini Khare Kaicker
Partner
Membership No.: 44784

Mumbai: 30th April, 2015

For and on behalf of the Board

Arun Nanda
Uday Y. Phadke
Sanjiv Kapoor
Shailesh Haribhakti
Anil Harish
Anita Arjundas

Chairman
Director
Director
Director
Director
Managing Director & CEO

Suhas Kulkarni
Company Secretary
Jayant Manmadkar
Chief Financial Officer

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors present their Fourteenth Report together with the audited accounts of your Company for the year ended 31st March, 2015.

FINANCIAL HIGHLIGHTS AND STATE OF COMPANY'S AFFAIRS

Particulars	(Amount in ₹)	
	For the year ended 31 st March, 2015	For the year ended 31 st March, 2014
Income	6,80,039	19,81,328
(Loss) before Depreciation and Taxation	(1,55,71,062)	(25,05,078)
Less: Depreciation	1,260	2,121
(Loss) before Taxation	(1,55,72,322)	(25,07,199)
Less: Provision for Taxation		
Current Tax	-	-
(Excess) provision for tax relating to prior years	-	-
Deferred Tax	(54,37,141)	97,987
(Loss) after Taxation	(16,01,35,181)	(26,05,186)
(Loss) brought forward from previous year	(5,96,023)	20,09,163
Balance carried to Balance Sheet	(16,07,31,204)	(5,96,023)
Net Worth	192.68	1,794.03

No material changes and commitments have occurred after the closure of the year under review till the date of this report which would affect the financial position of the Company.

OPERATIONS

During the year under review, your Company's income has decreased to ₹ 6.80 lakhs as compared to ₹ 19.81 lakhs in the previous year.

Your Company has been in several discussions with Tirumala Tirupati Devasthanam (TTD) post termination of the Agreement and is hopeful of a suitable resolution in this regard. Your Company is looking out for other lines of business opportunities in the future.

DIVIDEND

In view of the losses, your Directors do not recommend dividend for the year under review.

SHARE CAPITAL

The paid up Equity Share Capital as on 31st March, 2015 was Rupees Eighteen Crores. During the year under review the Company has not issued any shares or any convertible instruments.

JOINT VENTURE/ASSOCIATE

As on 31st March, 2015 your Company has two Joint Ventures viz; Mahindra Water Utilities Limited ('MWUL') and Mahindra Inframan Water Utilities Private Limited ('MIWUPL').

During the year under review MWUL earned revenue of ₹ 1671.93 lakhs (previous year ₹ 1384.22 lakhs) & recorded a profit of ₹ 173.77 lakhs (previous year ₹ 448.67 lakhs) and MIWUPL earned revenue of ₹ 65,571 (previous year ₹ 63,418) and recorded a profit of ₹ 27,301 (previous year ₹ 27,107).

BOARD OF DIRECTORS

Mr. Vijay Khetan (DIN: 00465161) and Mr. Sanjay Jain (DIN: 06446899) who, in the opinion of the Board, are persons with integrity and possess relevant expertise and experience,

and who have given declarations to the effect that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013, were appointed as Independent Directors with effect from 31st March, 2015 at the Extra-ordinary General Meeting of the Company held on 31st March, 2015 for a period of five consecutive years and they shall not be liable to retire by rotation.

Ms. Anita Arjundas (DIN: 00243215) retires by rotation at the forthcoming Annual General Meeting of the Company and being eligible, offer herself for re-appointment at the forthcoming Annual General Meeting.

Mr. A. K. Nanda (DIN: 0001029) and Mr. B. Suresh (DIN: 01479827) have ceased to be Directors of your Company with effect from 17th April, 2014 and 27th April, 2015 respectively. The Board places on record its sincere appreciation for the valuable services rendered by Mr. A. K. Nanda and Mr. B. Suresh during their tenure as Directors of the Company.

Mr. Vijay Khetan (DIN: 00465161) and Mr. Sanjay Jain (DIN: 06446899), Independent Directors of your Company have furnished declarations that they meet the criteria of independence as provided under Section 149 of the Companies Act, 2013.

MEETINGS

The Board of Directors met five times during the year under review viz., on 17th April, 2014, 30th July, 2014, 14th October, 2014, 13th January, 2015, 16th March, 2015.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(3)(c) of the Companies Act, 2013, your Directors based on the representation received from the Operating Management and after due enquiry, confirm that:

- in the preparation of the annual accounts, the applicable accounting standards had been followed;

- (b) that such accounting policies have been selected and applied consistently and judgments and estimates made are reasonable and prudent, so as to give a true and fair view of the state of affairs of the company as at 31st March, 2015 and of the loss of the Company for the financial year ended on that date;
- (c) that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) that the annual accounts have been prepared on a going concern basis; and
- (e) that proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

CODES OF CONDUCT

Your Company has in place Codes of Conduct for Corporate Governance (“the Codes”) for its Directors and Senior Management Personnel and Employees. These Codes enunciate the underlying principles governing the conduct of your Company’s business and seek to reiterate the fundamental precept that good governance must and would always be an integral part of your Company’s ethos.

Your Company has for the year under review, received declarations under the Codes from the Directors, Senior Management Personnel and Employees affirming compliance with the respective Codes.

AUDIT COMMITTEE

The Audit Committee comprises of Mr. Sundaram Venkatraman (Chairman) (DIN: 00077193), Mr. Vijay Khetan (DIN: 00465161) & Mr. Sanjay Jain (DIN: 06446899) as its Members. Pursuant to Section 177 of Companies Act, 2013, read with Companies (Meetings of Board and its Powers) Rules, 2014, the Audit Committee was re-constituted with the induction of Mr. Vijay Khetan (DIN: 00465161) & Mr. Sanjay Jain (DIN: 06446899) and withdrawal of nomination of Ms. Anita Arjundas (DIN: 00243215) & Mr. B. Suresh (DIN: 01479827) as Members of the Committee with effect from 31st March, 2015.

The Audit Committee met four times during the year under review viz., on 17th April, 2014, 30th July, 2014, 14th October, 2014 and 13th January, 2015.

NOMINATION AND REMUNERATION COMMITTEE

Your Company has constituted a Nomination and Remuneration Committee and have adopted the terms of reference pursuant to provisions of Section 178 of Companies Act, 2013. The Nomination and Remuneration Committee comprises of Mr. Vijay Khetan (DIN: 00465161) (Chairman), Mr. Sanjay Jain (DIN: 06446899) and Ms. Anita Arjundas (DIN: 00243215) as its Members. Pursuant to Section 178 of Companies Act, 2013, read with Companies (Meetings of Board and its Powers) Rules, 2014, the Nomination and Remuneration Committee of your Company was re-constituted with the induction of Mr. Vijay Khetan (DIN: 00465161) and Mr. Sanjay Jain (DIN: 06446899) and withdrawal of nomination of Mr. Sundaram Venkatraman (DIN: 00077193) and Mr. B. Suresh (DIN: 01479827) as Members of the Committee with effect from 31st March, 2015. The Nomination and Remuneration Committee carried out an

evaluation of the performance of individual directors through a structured questionnaire process covering various aspects such as skills, performance, attendance, knowledge etc.

The Nomination and Remuneration Committee met once during the year under review viz., on 16th March, 2015.

RISK MANAGEMENT POLICY

Your Company has formulated a Risk Management Policy including identification therein of the elements of risk which in the opinion of Board may threaten the existence of the Company. Your Company’s risk management policy sets out the objectives and elements of risk management within the organization and helps to promote risk awareness amongst employees and to integrate risk management within the corporate culture.

Implementation of the risk Management Policy is expected to be helpful in managing the risks associated with the business of the Company.

POLICY FOR REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES AND CRITERIA FOR APPOINTMENT/REMOVAL OF DIRECTORS AND SENIOR MANAGEMENT PERSONNEL

In line with the principles of transparency and consistency and upon recommendation of the Nomination and Remuneration Committee, your Board has approved:

- Policy on the appointment/removal of directors and senior management personnel, together with the criteria for determining qualifications, positive attributes and independence of directors.
- Policy on the remuneration of directors, key managerial personnel and other employees.

These policies are provided as **Annexure I** and forms part of this Report.

KEY MANAGERIAL PERSONNEL

Pursuant to provisions of Section 2 (51) and Section 203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, your Company has appointed Mr. Santosh Gupta as Chief Executive Officer, Ms. Simly Venu as Chief Financial Officer and Ms. Kinjal Vyas as Company Secretary of the Company with effect from 16th March, 2015.

STATUTORY AUDITORS

M/s. Deloitte Haskins & Sells, Chartered Accountants, Mumbai (Firm Registration Number: 117365W) retire as Auditors of the Company at the conclusion of the forthcoming Annual General Meeting (AGM).

As required by the provisions of Section 139 read with Section 141 of the Companies Act, 2013, your Company has received a written consent and certificate from M/s. Deloitte Haskins & Sells, Chartered Accountants, Mumbai to the effect that their reappointment, if made, would be in conformity with the conditions and criteria specified in the said sections.

The members are requested to appoint Auditors to hold office from the conclusion of forthcoming AGM till the conclusion of next AGM and fix their remuneration.

The Auditor’s Report does not contain any qualification, reservation or adverse remark.

COST AUDITORS

M/s. Shilpa & Co., Cost Accountants, Nashik (Firm Registration No. 100558) were appointed as Cost Auditors of your Company to audit the cost accounts for the year ending 31st March, 2015.

For the year ended 31st March 2014, the due date of filing the Cost Audit Report was 27th September, 2014. The Cost Audit Report, accordingly, was filed on 25th September 2014 in XBRL format.

As per the Notification No: 1/40/2013 dated 31st December, 2014, your Company no longer falls under the class of companies to which cost audit is applicable.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars relating to the energy conservation, technology absorption and foreign exchange earnings and outgo, as required under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is furnished as **Annexure II** and forms part of this Report.

PARTICULARS OF PUBLIC DEPOSITS, LOANS, GUARANTEES OR INVESTMENTS

Your Company has not accepted any deposits from the public, or its employees, within the meaning of Section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014 during the year under review.

The Company has not made any loans and advances of the nature which are required to be disclosed in the annual accounts of the Company pursuant to Clause 32 of the Listing Agreement with the parent company Mahindra Lifespace Developers Limited and ultimate parent company Mahindra & Mahindra Limited listed with the Stock Exchanges.

The particulars of Loans given, Investments made and Guarantees and securities provided are given under notes to financial statements and same form part of this Report.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES

All transactions with Related Parties during the year under review were in the Ordinary Course of Business and on Arm's Length basis.

Particulars of material contracts or arrangements or transactions with related parties referred to under sub-section (1) of Section 188 of the Companies Act, 2013 are furnished in Form AOC 2 as **Annexure III** and the same forms part of this Report.

EXTRACT OF ANNUAL RETURN

Pursuant to Section 92(3) of the Companies Act, 2013 read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return in **Form MGT 9** is provided as **Annexure IV** which forms part of this Report.

INTERNAL CONTROLS

Your Company has an adequate system of internal controls and monitoring procedures as well as adequate internal financial controls on financial statements commensurate with the size and the nature of its business. Besides the Company regularly conducts reviews to assess the adequacy of financial

and operating controls for various businesses of the Company. Significant issues, if any, are brought to the attention of the Audit Committee.

SAFETY, HEALTH AND ENVIRONMENTAL PERFORMANCE

Your Company's commitment towards safety, health and environment is being continuously enhanced and persons working are given adequate training on safety and health. The requirements relating to various environmental legislations and environment protection have been duly complied with by your Company.

SUSTAINABILITY

Your Company continues with its journey on sustainable development with conscious efforts to minimize the environmental impact caused by its operations and simultaneously taking responsibility to enable communities to Rise without losing focus on economic performance.

THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

During the year under review no complaints were received under the The Sexual Harassment of Women at Workplace (Prevention, Prohibition And Redressal) Act, 2013 and rules framed thereunder.

GENERAL DISCLOSURES

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions/events on these items during the year under review:

1. Issue of equity shares with differential rights as to dividend, voting or otherwise.
2. Details relating to deposits covered under Chapter V of the Companies Act, 2013.
3. Issue of Shares (Including Sweat Equity Shares) to employees of the Company under any Scheme.
4. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and the Company's operations in future.
5. There were no Shares having voting rights not exercised directly by the employees and for the purchase of which or subscription to which loan was given by the Company.
6. Since your Company is not a listed company the provisions of Section 197(12) of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is not applicable.

ACKNOWLEDGEMENTS

Your Directors are pleased to take this opportunity to thank all the stakeholders for their co-operation to the Company during the year under review.

For and on behalf of the Board

Anita Arjundas
Chairperson

Mumbai, 27th April, 2015

ANNEXURE I TO THE DIRECTORS' REPORT

POLICY ON APPOINTMENT/REMOVAL OF DIRECTORS AND SENIOR MANAGEMENT PERSONNEL

I. APPOINTMENT OF DIRECTORS

- The Nomination and Remuneration Committee (NRC) of the Board of Directors (Board) of the Company reviews and assesses Board composition and recommends the appointment of new Directors. In evaluating the suitability of individual Board member, the NRC shall take into account the following criteria regarding qualifications, positive attributes and also independence of director when Independent Director is to be appointed:
 1. All Board appointments will be based on merit, in the context of the skills, experience, diversity, and knowledge, for the Board as a whole to be effective.
 2. Ability of the candidates to devote sufficient time and attention to his/her professional obligations as Director for informed and balanced decision making.
 3. Adherence to the applicable Code of Conduct and highest level of Corporate Governance in letter and in spirit by the Directors.
- Based on recommendation of the NRC, the Board will evaluate the candidate(s) and decide on the selection of the appropriate member. The Board through the Chairman or Director will interact with the new member to obtain his/her consent for joining the Board. Upon receipt of the consent, the new Director will be co-opted by the Board in accordance with the applicable provisions of the Companies Act, 2013 and Rules made thereunder.

REMOVAL OF DIRECTORS

If a Director is attracted with any disqualification as mentioned in any of the applicable Act, Rules and Regulations thereunder or due to non-adherence to the applicable policies of the Company, the NRC may recommend to the Board with reasons recorded in writing, removal of a Director subject to the compliance of the applicable statutory provisions.

SENIOR MANAGEMENT PERSONNEL

The NRC shall identify persons based on merit, experience and knowledge who may be appointed in senior management team.

Senior Management personnel are appointed or promoted and removed/relieved with the authority of Managing Director & CEO based on the business need and the suitability of the candidate. The details of the appointment made and the personnel removed one level below the Key Managerial Personnel during a quarter shall be presented to the Board.

POLICY ON THE REMUNERATION OF THE DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES

a. Policy for Remuneration of the Directors

Purpose

This Policy sets out the approach to Compensation of Directors in Mahindra Infrastructure Developers Limited.

Policy Statement

We have a well-defined Compensation policy for Directors including the Chairman of the Company. The overall compensation philosophy which guides us is that in order to achieve global leadership and dominance in domestic markets, we need to attract and retain high performers by compensating them at levels that are broadly comparable with the median of the comparator basket while differentiating people on the basis of performance, potential and criticality for achieving competitive advantage in the business.

In order to effectively implement this, we have built our Compensation structure by a regular annual benchmarking over the years with relevant players across the industry we operate in.

NON-EXECUTIVE INCLUDING INDEPENDENT DIRECTORS:

The Nomination and Remuneration Committee (NRC) shall decide the basis for determining the compensation, both fixed and variable, to the Non Executive Directors, including Independent Directors, whether as commission or otherwise. The NRC shall take into consideration various factors such as director's participation in Board and Committee meetings during the year, other responsibilities undertaken, such as membership or Chairmanship of committees, time spent in carrying out their duties, role and functions as envisaged in Schedule IV of the Companies Act 2013 and such other factors as the NRC may consider deem fit for determining the compensation. The Board shall determine the compensation to Non-Executive Directors within the overall limits specified in the Shareholders resolution.

Executive Directors:

The remuneration to Executive Director(s) shall be recommended by NRC to the Board. The remuneration consists of both fixed compensation and variable compensation and shall be paid as salary, commission, performance bonus, stock options (where applicable), perquisites and fringe benefits as approved by the Board and within the overall limits specified in the Shareholders resolution. While the fixed compensation is determined at the time of their appointment, the variable compensation will be determined annually/half yearly by the NRC based on their performance.

The remuneration involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

The Company may also grant Stock Options to the Directors (other than Independent Directors and Promoter) in accordance with the ESOP Scheme of the Company, if any, and subject to the compliance of the applicable statutes and regulations.

b. Policy on Remuneration of Key Managerial Personnel and Employees

This Policy shall be effective from the financial year 2014-15.

Objective

To establish guidelines for remunerating employees fairly and in keeping with Statutes.

Standards

- All employees, irrespective of contract, are to be remunerated fairly and the remuneration is to be externally competitive and internally equitable. The remuneration will be paid in accordance with the laid down Statutes.
- Remuneration for on-roll employees will include a fixed or guaranteed component payable monthly; and a variable component which is based on performance and paid annually in the month of July following the fiscal.
- The fixed component of remuneration will have a flexible component with a bouquet of allowances to enable an employee to choose the allowances as well as the quantum based on laid down limits as per Company policy. The flexible component can be varied only once annually in the month of July i.e. after the salary increment exercise.
- The variable component of the remuneration will be a function of the employee's grade.

- The actual pay-out of variable component of the remuneration will be a function of individual performance as well as business performance. Business performance is evaluated using a Balanced Score Card (BSC) while individual performance is evaluated on Key Result Areas (KRA). Both the BSC and KRAs are evaluated at the end of the fiscal to arrive at the BSC rating of the business and PPS rating of the individual.
- An annual compensation survey is carried out to ensure that the Company's compensation is externally competitive. Based on the findings of the survey and the business performance, the Sector Talent Council decides:
 - a) The increment that needs to be paid for different performance ratings as well as grades.
 - b) The increment for promotions and the total maximum increment.
 - c) The maximum increase in compensation cost in % and absolute.
- Compensation corrections are made in a few cases where it is outside the band or to keep it tune with the market.

For and on behalf of the Board

Anita Arjundas
Chairperson

Mumbai, 27th April, 2015

ANNEXURE II TO THE DIRECTORS' REPORT

PARTICULARS AS PER RULE 8(3) OF THE COMPANIES (ACCOUNTS) RULES, 2014

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE OUTGO:

(A) Conservation of energy-

(i) the steps taken or impact on conservation of energy:

The operations of your Company are not energy-intensive. However, adequate measures have been taken to reduce energy consumption.

(ii) the steps taken by the company for utilizing alternate sources of energy:

Not Applicable

(iii) the capital investment on energy conservation equipment: Nil

(B) Technology absorption:

(i) the efforts made towards technology absorption: None

(ii) the benefits derived like product improvement, cost reduction, product development or import substitution: Not Applicable

(iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year: Not Applicable

(iv) the expenditure incurred on Research and Development: Nil

(C) Foreign exchange earnings and Outgo

The Foreign Exchange earned in terms of actual inflows during the year: Nil

The Foreign Exchange outgo during the year in terms of actual outflows: Nil

For and on behalf of the Board

Anita Arjundas
Chairperson

Mumbai, 27th April, 2015

ANNEXURE III TO THE DIRECTORS' REPORT**FORM NO. AOC.2**

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto.

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

1. Details of contracts or arrangements or transactions not at arm's length basis: NIL

2. Details of material contracts or arrangement or transactions at arm's length basis:

Sr. No.	Nature of contracts/ transactions	Name of the related party	Nature of relationship	Duration of contracts	Salient terms of contracts/ transactions	Amount
1.	Sale of Fertilisers	Mahindra Consulting Engineers Limited	Fellow Subsidiary	Event based	At Market rates	1,85,500/-
2.	Services availed	Mahindra & Mahindra Limited	Ultimate Holding Company	01.04.2014 to 31.03.2015	At Market rates	2,67,918/-

Note: for the purpose of materiality, the following criteria have been considered.

- 10% of turnover of the Company or Rs. one hundred crore, whichever is lower is considered as material for the purpose of disclosure in respect of Contracts/transactions/arrangements for sale, purchase, or supply of any goods or materials.
- 10% of net worth of the Company or Rs. one hundred crore, whichever is lower is considered as material for the purpose of disclosure in respect of Contracts/transactions/arrangements for selling or otherwise disposing of or buying property of any kind.
- 10% of the net worth of the Company or 10% of turnover of the Company or Rs. one hundred crore, whichever is lower is considered as material for the purpose of disclosure in respect of Contracts/transactions/arrangements for leasing of property of any kind.
- 10% of turnover of the Company or Rs. fifty crores, whichever is lower is considered as material for the purpose of disclosure in respect of Contracts/transactions/arrangements for rendering of services.

For and on behalf of the Board

Anita Arjundas
Chairperson

Mumbai, 27th April, 2015

ANNEXURE IV TO THE DIRECTORS' REPORT

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31st March, 2015

[Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014

I. REGISTRATION AND OTHER DETAILS:

i)	CIN:-	U45201MH2001PLC131942
ii)	Registration Date	10/05/2001
iii)	Name of the Company	MAHINDRA INFRASTRUCTURE DEVELOPERS LIMITED
iv)	Category/Sub-Category of the Company	Company Limited By Shares (Indian Non-Government Company)
v)	Address of the Registered office and contact details	Mahindra Towers, Worli Mumbai - 400 018, Maharashtra, India Tel: +91 22-24905633 Fax: +91 22-24900833
vi)	Whether listed Company (Yes/No)	No
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	Not Applicable

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main product/services	NIC Code of the Product/service	% to total turnover of the company
1	-	-	-

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/Subsidiary/ Associate	% of Shares Held	Applicable Section
1	Mahindra Lifespace Developers Limited. Mahindra Towers, 5 th Floor, Worli, Mumbai - 400 018.	L45200MH1999PLC118949	Holding Company	100%	2(46)
2	Mahindra and Mahindra Ltd. Gateway Building, Apollo Bunder, Mumbai 400 001	L65990MH1945PLC004558	Ultimate Holding Company	-	2(46)
3	Mahindra Water Utilities Limited. Gateway Building, Apollo Bunder, Mumbai 400 001	U45205MH1999PLC121235	Associate	50%	2(6)
4	Mahindra Inframan Water Utilities Private Limited. Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400 018.	U90000MH2004PTC144079	Associate	50%	2(6)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	-	-	-	-	-	-	-	-	-
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt.	-	-	-	-	-	-	-	-	-

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
d) Bodies Corp.	–	1,80,00,000*	1,80,00,000*	100%	–	1,80,00,000*	1,80,00,000*	100%	–
e) Banks/FI	–	–	–	–	–	–	–	–	–
f) Any Other...	–	–	–	–	–	–	–	–	–
Sub-total (A)(1):-	–	1,80,00,000*	1,80,00,000*	100%	–	1,80,00,000*	1,80,00,000*	100%	–
(2) Foreign									
a) NRIs – Individuals	–	–	–	–	–	–	–	–	–
b) Other- Individuals	–	–	–	–	–	–	–	–	–
c) Bodies Corp.	–	–	–	–	–	–	–	–	–
d) Banks/FI	–	–	–	–	–	–	–	–	–
e) Any Other	–	–	–	–	–	–	–	–	–
Sub-total (A)(2):-	–	–	–	–	–	–	–	–	–
Total shareholding of Promoter (A)=(A)(1) + (A)(2)	–	1,80,00,000	1,80,00,000	100%	–	1,80,00,000	1,80,00,000	100%	–
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	–	–	–	–	–	–	–	–	–
b) Banks/FI	–	–	–	–	–	–	–	–	–
c) Central Govt.	–	–	–	–	–	–	–	–	–
d) State Govt(s)	–	–	–	–	–	–	–	–	–
e) Venture Capital Funds	–	–	–	–	–	–	–	–	–
f) Insurance Companies	–	–	–	–	–	–	–	–	–
g) FIs	–	–	–	–	–	–	–	–	–
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
i) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(1):-	–	–	–	–	–	–	–	–	–
2. Non- Institutions									
a) Body Corp.	–	–	–	–	–	–	–	–	–
(i) Indian	–	–	–	–	–	–	–	–	–
(ii) Overseas	–	–	–	–	–	–	–	–	–
b) Individual	–	–	–	–	–	–	–	–	–
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	–	–	–	–	–	–	–	–	–
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	–	–	–	–	–	–	–	–	–
c) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(2):-	–	–	–	–	–	–	–	–	–
Total Public Shareholding (B)=(B)(1) + (B)(2)	–	–	–	–	–	–	–	–	–
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	–	1,80,00,000	1,80,00,000	100%	–	1,80,00,000	1,80,00,000	100%	–

* Includes 6 shares held by nominees of Mahindra Lifespace Developers Limited jointly with Mahindra Lifespace Developers Limited.

(ii) Shareholding of Promoters:

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% of change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	
1.	Mahindra Lifespace Developers Limited	1,79,99,994	100%	–	1,79,99,994	100%	–	0%
2.	Mahindra Lifespace Developers Limited jointly with Mr. Roshan Gandhi**	1	0%	–	1	0%	–	0%
3.	Mahindra Lifespace Developers Limited jointly with Ulhas Bhosale**	1	0%	–	1	0%	–	0%
4.	Mahindra Lifespace Developers Limited jointly with Mr. Suhas Kulkarni **	1	0%	–	1	0%	–	0%
5.	Mahindra Lifespace Developers Limited jointly with Mr. Basant Jain **	1	0%	–	1	0%	–	0%
6.	Mahindra Lifespace Developers Limited jointly with Ms. Anita Arjundas **	1	0%	–	1	0%	–	0%
7.	Mahindra Lifespace Developers Limited jointly with Mr. Narayan Shankar **	1	0%	–	1	0%	–	0%
	Total	1,80,00,000	100%	–	1,80,00,000	100%	–	0%

** Jointly held with Mahindra Lifespace Developers Limited to comply with the statutory provisions of Companies Act with regard to minimum number of members.

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
	At the beginning of the year	1,80,00,000	100%	1,80,00,000	100%
	Date wise Increase/Decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):	No Change		No Change	
	At the end of the year	1,80,00,000	100%	1,80,00,000	100%

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
	Not Applicable				

(v) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
	At the beginning of the year				
1	Ms. Anita Arjundas ***	1	0%	1	0%
	Date wise Increase/Decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):	No Change			
	At the end of the year	1	0%	1	0%

*** Shares held as nominee of Mahindra Lifespace Developers Limited jointly with Mahindra Lifespace Developers Limited.

V. INDEBTEDNESS
Indebtedness of the Company including interest outstanding/accrued but not due for payment

PARTICULARS	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	Nil	Nil	Nil	Nil
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	Nil	Nil	Nil	Nil
Total (i+ii+iii)				
Change in Indebtedness during the financial year				
financial year				
• Addition	Nil	Nil	Nil	Nil
• Reduction	Nil	Nil	Nil	Nil
Net change				
Indebtedness at the end of the financial year				
i) Principal Amount	Nil	Nil	Nil	Nil
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	Nil	Nil	Nil	Nil
Total (i+ii+iii)	Nil	Nil	Nil	Nil

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL
A. Remuneration to Managing Director, Whole-Time Directors and/or Manager: Not Applicable

Sl. No.	Particulars of Remuneration	Name of MD/WTD/Manager	Total Amount
	Gross Salary		
1.	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	–	–
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	–	–
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	–	–
2.	Stock Option	–	–
3.	Sweat Equity	–	–
4.	Commission	–	–

Sl. No.	Particulars of Remuneration	Name of MD/WTD/Manager	Total Amount
	– As % of Profit		
	– Others, specify...		
5.	Others, please specify	–	–
	Total (A)		
	Ceiling as per the Act	–	–

B. Remuneration of other directors:

Particulars of Remuneration	Name of Directors					Total Amount
	Mr. Sundaram Venkatraman	Mr. B. Suresh	Ms. Anita Arjundas	Mr. Vijay Khetan	Mr. Sanjay Jain	
3. Independent Directors						
• Fee for attending board/committee meetings	–	–	–	–	–	–
• Commission	–	–	–	–	–	–
• Others, please specify	–	–	–	–	–	–
Total (1)						
4. Other Non-Executive Directors	–	–	–	–	–	–
• Fee for attending board/committee meetings	–	–	–	–	–	–
• Commission	–	–	–	–	–	–
• Others, please specify	–	–	–	–	–	–
Total (2)						
Total B = (1+2)	Nil	Nil	Nil	Nil	Nil	Nil
Total Managerial Remuneration						
Ceiling as per the Act						–

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			Total
		Chief Executive Officer	Company Secretary	Chief Financial Officer	
		Mr. Santosh Gupta	Ms. Kinjal Vyas	Ms. Simly Venu	
1.	Gross Salary				
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	–	–	–	–
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	–	–	–	–
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	–	–	–	–
2.	Stock Option	–	–	–	–
3.	Sweat Equity	–	–	–	–
4.	Commission	–	–	–	–
	– As % of Profit	–	–	–	–
	– Others, specify...	–	–	–	–
5.	Others, please specify	–	–	–	–
	Total	Nil	Nil	Nil	Nil

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority (RD/ NCLT/court)	Appeal made, if any (give details)
A. COMPANY					
Penalty	–	Not applicable	Not applicable	Not applicable	Not applicable
Punishment	–	Not applicable	Not applicable	Not applicable	Not applicable
Compounding	–	Not applicable	Not applicable	Not applicable	Not applicable
B. DIRECTORS					
Penalty	–	Not applicable	Not applicable	Not applicable	Not applicable
Punishment	–	Not applicable	Not applicable	Not applicable	Not applicable
Compounding	–	Not applicable	Not applicable	Not applicable	Not applicable
C. OTHER OFFICERS IN DEFAULT					
Penalty	–	Not applicable	Not applicable	Not applicable	Not applicable
Punishment	–	Not applicable	Not applicable	Not applicable	Not applicable
Compounding	–	Not applicable	Not applicable	Not applicable	Not applicable

For and on behalf of the Board

Anita Arjundas
Chairperson

Mumbai, 27th April, 2015

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MAHINDRA INFRASTRUCTURE DEVELOPERS LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **MAHINDRA INFRASTRUCTURE DEVELOPERS LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2015, and its loss and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of the written representations received from the directors as on 31st March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164(2) of the Act.
 - (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company does not have any pending litigations which would impact its financial position.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No. 117365W)

U. M. Neogi
Partner

Place: Mumbai
Date: 27th April 2015

(Membership No. 30235)

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) Having regard to the nature of the Company's business/ activities/results during the year, clauses (v), (vi), (ix), (x) and (xi) of the Order are not applicable to the Company.
- (ii) In respect of its fixed assets:
- (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
- (b) The Company has a program of verification of fixed assets once in every three years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. As explained to us, the fixed assets were physically verified during the year by the Management and no material discrepancies were noticed on physical verification.
- (iii) In respect of its inventories:
- (a) As explained to us, the inventories were physically verified during the year by the Management. In our opinion the frequency of verification is reasonable.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- (iv) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.
- (v) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to the sale of goods. There are no purchases of inventory and fixed assets and sales of services during the year. During the course of our audit, we have not observed any major weakness in such internal control system.
- (vi) According to the information and explanations given to us in respect of statutory dues:
- (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Service Tax, Cess and other material statutory dues applicable to it with the appropriate authorities.
- (b) No undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and any other statutory dues were in arrears as at 31st March, 2015 for a period of more than six months from the date they became payable.
- (c) According to the records of the Company, there are no dues of Income-tax, Sales Tax, Wealth Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax and Cess which have not been deposited as at 31st March, 2015 on account of any dispute.
- (d) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
- (vii) The accumulated losses of the Company at the end of the financial year are not less than fifty percent of its net worth and the Company has incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (viii) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
 (Firm's Registration No. 117365W)

U. M. Neogi
Partner

(Membership No. 30235)

Place: Mumbai
Date: 27th April 2015

BALANCE SHEET AS AT 31ST MARCH 2015

Particulars	Note No.	As at	
		31 st March 2015	31 st March 2014
		₹	₹
A EQUITY AND LIABILITIES			
1 Shareholders' Funds:			
(a) Share capital	3	18,00,00,000	18,00,00,000
(b) Reserves and surplus	4	(16,07,31,204)	(5,96,023)
		1,92,68,796	17,94,03,977
2 Non-current liabilities:			
(a) Deferred tax liabilities	22	1,006	5,438,147
3 Current liabilities:			
(a) Trade payables	5	1,18,66,810	1,07,87,408
(b) Other current liabilities.....	6	10,80,987	8,69,884
(c) Short-term provisions	7	–	70,95,171
		1,29,47,797	1,87,52,463
TOTAL.....		3,22,17,599	20,35,94,587
B ASSETS			
1 Non-current assets:			
(a) Fixed assets			
Tangible assets	8	3,291	1,97,93,324
(b) Non-current investments	9	7,49,990	15,07,49,990
(c) Long-term loans and advances	10	24,20,381	23,70,621
		31,73,662	17,29,13,935
2 Current assets:			
(a) Inventories.....	11	3,71,004	13,52,517
(b) Trade receivables.....	12	2,21,13,421	2,21,13,421
(c) Cash and cash equivalents.....	13	55,20,794	31,90,821
(d) Short-term loans and advances	10	8,04,508	39,36,840
(e) Other current assets	14	2,34,210	87,053
		29,03,937	3,06,80,652
TOTAL.....		3,22,17,599	20,35,94,587

See accompanying notes forming part of the financial statements

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm's Registration No.
117365W)

U. M. Neogi
Partner
(Membership No. 30235)
Place: Mumbai
Date: 27th April 2015

Santosh J. Gupta
Chief Executive Officer

Simly Venu
Chief Financial Officer

Kinjal Vyas
Company Secretary

For and on behalf of the Board of Directors
Anita Arjundas Chairperson

S. Venkatraman Director
Mr. Vijay Khetan Director
Mr. Sanjay Jain Director

Place: Mumbai
Date: 27th April 2015

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2015

Particulars	Note No.	For the year ended 31 st March 2015 ₹	For the year ended 31 st March 2014 ₹
A CONTINUING OPERATIONS:			
1 Revenue from operations (gross).....		-	-
Less: Excise duty		-	-
Revenue from operations (net).....		-	-
2 Other income.....	15	4,92,839	17,15,328
3 Total revenue (1+2)		4,92,839	17,15,328
4 EXPENSES			
(a) Employee benefits expense	16	10,56,943	8,95,164
(b) Depreciation expense	8	1,260	2,121
(c) Other expenses.....	17	12,52,285	7,32,085
Total expenses		23,10,488	16,29,370
5 Profit/(Loss) before exceptional item and taxation (3-4)		(18,17,649)	85,958
6 EXCEPTIONAL ITEM:			
Diminution in the value of long-term investment.....	25	15,00,00,000	-
7 Profit/(Loss) before taxation (5-6).....		(15,18,17,649)	85,958
8 Tax expense:			
(a) Current tax		-	-
(c) Deferred tax.....	22	(373)	8,469
		(373)	8,469
9 Profit/(Loss) from continuing operations (7-8).....		(15,18,17,276)	77,489
B DISCONTINUING OPERATIONS:			
10 (i) Loss from discontinuing operations (before tax)	23	(1,37,54,673)	(25,93,157)
(ii) Tax expense of discontinuing operations - deferred tax....	22	(54,36,768)	89,518
11 Loss from discontinuing operations [10(i)-10(ii)]		(83,17,905)	(26,82,675)
C TOTAL OPERATIONS			
12 (Loss) for the year (9+11).....		(16,01,35,181)	(26,05,186)
13 Earnings per share (of ₹ 10 each)	21		
Basic/diluted:			
(i) Continuing operations.....		(8.4343)	0.0043
(ii) Total operations.....		(8.8964)	(0.1447)

See accompanying notes forming part of the financial statements

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm's Registration No.
117365W)

U. M. Neogi
Partner
(Membership No. 30235)
Place: Mumbai
Date: 27th April 2015

Santosh J. Gupta
Chief Executive Officer

Simly Venu
Chief Financial Officer

Kinjal Vyas
Company Secretary

For and on behalf of the Board of Directors
Anita Arjundas Chairperson

S. Venkatraman Director
Mr. Vijay Khetan Director
Mr. Sanjay Jain Director

Place: Mumbai
Date: 27th April 2015

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2015

Particulars	For the year ended 31 st March 2015 ₹	For the year ended 31 st March 2014 ₹
A Cash flow from operating activities:		
Net profit/(loss) before taxation	(15,18,17,649)	85,958
Adjustments to reconcile net profit/(loss) to net cash flow from operating activities:		
Depreciation expense	1,260	2,121
Provision for diminution in the value of investments	15,00,00,000	-
Sundry balances written off	1,10,417	-
Provision no longer required written back	-	(11,92,500)
Interest income	(4,92,839)	(5,21,696)
Operating loss from continuing operations before working capital changes Changes in	(21,98,811)	(16,26,117)
Trade and other receivables	-	-
Trade and other payables	13,14,937	9,26,278
Cash generated from continuing operations	(8,83,874)	(6,99,839)
Income taxes (paid)	(49,760)	(53,304)
Net cash flow used in continuing operations	(9,33,634)	(7,53,143)
Net cash flow used in discontinued operations	(1,08,445)	(3,83,507)
Net cash flow used in operating activities	(10,42,079)	(11,36,650)
B Cash flows from investing activities:		
Refund of inter-corporate deposit given	30,00,000	-
Interest received	3,72,052	8,09,381
Proceeds from sale of long-term investment	-	11,92,500
Bank balance not considered as Cash and cash equivalents (Net)	(37,971)	(37,510)
Net cash flow from continuing operations	33,34,081	19,64,371
Net cash flow from discontinued operations	-	-
Net cash flow from investing activities	33,34,081	19,64,371
C Cash flows from financing activities:		
Net cash flow from continuing operations	-	-
Net cash flow from discontinued operations	-	-
Net cash flow from financing activities	-	-
Net increase in cash and cash equivalents (A+B+C)	22,92,002	8,27,721
Cash and cash equivalents at the beginning of the year	28,42,254	20,14,533
Cash and cash equivalents at the end of the year	51,34,256	28,42,254
Reconciliation of Cash and cash equivalents with Balance Sheet:		
Cash and cash equivalents as per Balance Sheet (Note 13)	55,20,794	31,90,821
Less: Bank balance not considered as Cash and cash equivalents In earmarked account balance held as margin money	3,86,538	3,48,567
Cash and cash equivalents at the end of the year	51,34,256	28,42,254
See accompanying notes forming part of the financial statements		

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm's Registration No.
117365W)

Simly Venu
Chief Financial Officer

For and on behalf of the Board of Directors
Anita Arjundas Chairperson

U. M. Neogi
Partner
(Membership No. 30235)
Place: Mumbai
Date: 27th April 2015

Santosh J. Gupta
Chief Executive Officer

Kinjal Vyas
Company Secretary

S. Venkatraman Director
Mr. Vijay Khetan Director
Mr. Sanjay Jain Director

Place: Mumbai
Date: 27th April 2015

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

Note 1 Corporate Information

Mahindra Infrastructure Developers Limited ("the Company") is a public company incorporated in India on 10 May, 2001 under the provisions of the Companies Act, 1956. The Company is in the business of development of infrastructure projects and infrastructure related services.

Note 2 Significant accounting policies

a) Basis of preparation

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act"). The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

b) Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known/materialise.

c) Fixed Assets (Tangible)

(i) All Fixed Assets are carried at cost less accumulated depreciation. Cost includes financing cost relating to borrowed funds attributable to the construction or acquisition of qualifying assets upto the date the asset is ready for use.

When an asset is scrapped or otherwise disposed off, the cost and related depreciation are removed from the books of account and resultant profit (including capital profit) or loss, if any, is reflected in the statement of Profit and Loss.

(ii) Depreciation on an asset (other than impaired assets) is calculated on Straight Line Method at the rate 11.31% p.a. which is based on useful life of 9 years determined on the basis of technical evaluation by the Management of the Company and is different from the useful life of 15 years indicated in part C of schedule II to the 2013 Act. (Refer note 23)

d) Impairment of assets

The carrying values of assets/cash generating units at each balance sheet date are reviewed for impairment if any indication of impairment exists. If the carrying amount of the assets exceed the estimated recoverable amount, an impairment is recognised for such excess amount. The impairment loss is recognised as an expense in the Statement of Profit and Loss. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, to the extent the amount was previously charged to the Statement of Profit and Loss.

e) Cash and cash equivalents (for purposes of Cash Flow Statement)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

f) Cash flow statement

Cash flows are reported using the indirect method, whereby profit/(loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

g) Investments

Long-term investments are valued at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of investments.

h) Inventories

Inventories are stated at cost and net realisable value, whichever is lower. Cost is arrived at on first-in first-out basis and includes overheads on absorption basis, where appropriate.

i) Revenue Recognition

Revenue on account of sale of services is recognised under the Completed Service Contract Method to the extent it is probable that the economic benefit will flow to the Company and the revenue can be reliably measured.

Sales are recognised, net of returns and trade discounts, on transfer of significant risks and rewards of ownership to the buyer, which generally coincides with the delivery of goods to customers.

Dividend income is recognised in the Statement of Profit and Loss when the right to receive payment is established.

Interest Income is accounted for on time proportion basis.

j) Income Taxes

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 and other applicable tax laws. Deferred tax is recognised, subject to consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets arising on account of unabsorbed depreciation and carry forward of losses and items relating to capital losses are recognised only to the extent that there is virtual certainty supported by convincing evidence that sufficient future tax income will be available against which such deferred tax assets can be realised.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax against which the MAT paid will be adjusted.

k) Segment reporting

The Company has a single reportable segment namely development of infrastructure projects and infrastructure related services for the purpose of Accounting Standard 17 on Segment Reporting.

Note 3 Share capital

Particulars	As at 31 st March 2015		As at 31 st March 2014	
	Number of shares	₹	Number of shares	₹
(a) Authorised				
Equity shares of ₹ 10 each with voting rights	2,00,00,000	20,00,00,000	2,00,00,000	20,00,00,000
	<u>2,00,00,000</u>	<u>20,00,00,000</u>	<u>2,00,00,000</u>	<u>20,00,00,000</u>
(b) Issued, subscribed and fully paid-up shares				
Equity shares of ₹ 10 each	1,80,00,000	18,00,00,000	1,80,00,000	18,00,00,000
	<u>1,80,00,000</u>	<u>18,00,00,000</u>	<u>1,80,00,000</u>	<u>18,00,00,000</u>
Notes (i) to (iv) below				

(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

Particulars	As at 31 st March 2015		As at 31 st March 2014	
	Number of shares	₹	Number of shares	₹
Opening balance	1,80,00,000	18,00,00,000	1,80,00,000	18,00,00,000
Add: Issued during the year	-	-	-	-
Closing balance	<u>1,80,00,000</u>	<u>18,00,00,000</u>	<u>1,80,00,000</u>	<u>18,00,00,000</u>

The company has not allotted any equity shares for consideration other than cash, bonus shares, nor have any shares been bought back during the period of five years immediately preceding the Balance Sheet date.

(ii) Terms/rights attached to equity shares:

The Company is having only one class of equity shares having par value of ₹ 10 each. Each holder of equity share is entitled to one vote per share.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the amount paid up on equity shares held by the shareholders.

(iii) Details of shares held by the holding company:

Particulars	As at	
	31 st March 2015	31 st March 2014
Mahindra Lifespace Developers Limited, the holding company, including 6 shares jointly held with its nominee	1,80,00,000	1,80,00,000

(iv) Details of shares held by each shareholder holding more than 5% shares:

Particulars	As at 31 st March 2015		As at 31 st March 2014	
	Number of shares	% holding	Number of shares	% holding
Mahindra Lifespace Developers Limited, the holding company, including 6 shares jointly held with its nominee	1,80,00,000	100%	1,80,00,000	100%

Note 4 Reserves and surplus

Particulars	As at	
	31 st March 2015	31 st March 2014
(Deficit)/Surplus in the Statement of Profit and Loss	₹	₹
Opening balance	(5,96,023)	20,09,163
Add: Loss for the year	(16,01,35,181)	(26,05,186)
Closing balance	(16,07,31,204)	(5,96,023)

Note 8 Fixed assets

	Gross Block			Accumulated Depreciation and impairment				Net Block
	Balance as at 1 st April 2014	Addition	Balance as at 31 st March 2015	Balance as at 1 st April 2014	Depreciation expense for the year (Note 23)	losses (Note 23)	Balance as at 31 st March 2015	Balance as at 31 st March 2015
Tangible assets	₹	₹	₹	₹	₹	₹	₹	₹
(a) Building	31,58,995	–	31,58,995	3,14,363	–	28,44,632	31,58,995	–
	(31,58,995)	(–)	(31,58,995)	(3,14,363)	(–)	(–)	(3,14,363)	(28,44,632)
(b) Plant and equipment	1,94,82,323	–	1,94,82,323	25,96,298	1,260	1,68,81,474	1,94,79,032	3,291
	(1,94,82,323)	(–)	(1,94,82,323)	(25,95,038)	(1,260)	(–)	(25,96,298)	(1,68,86,025)
(c) Furniture and fixtures	28,189	–	28,189	17,933	–	10,256	28,189	–
	(28,189)	(–)	(28,189)	(17,933)	(–)	(–)	(17,933)	(10,256)
(d) Vehicles	96,000	–	96,000	48,371	–	47,629	96,000	–
	(96,000)	(–)	(96,000)	(48,371)	(–)	(–)	(48,371)	(47,629)
(e) Office equipment	9,500	–	9,500	9,500	–	–	9,500	–
	(9,500)	(–)	(9,500)	(9,500)	(–)	(–)	(9,500)	(–)
(f) Computer	1,35,277	–	1,35,277	1,30,495	–	4,782	1,35,277	–
	(1,35,277)	(–)	(1,35,277)	(1,29,634)	(861)	(–)	(1,30,495)	(4,782)
Total	2,29,10,284	–	2,29,10,284	31,16,960	1,260	1,97,88,773	2,29,06,993	3,291
<i>Previous year</i>	<i>(2,29,10,284)</i>	<i>(–)</i>	<i>(2,29,10,284)</i>	<i>(31,14,839)</i>	<i>(2,121)</i>	<i>(–)</i>	<i>(31,16,960)</i>	<i>(1,97,93,324)</i>

Previous year's figures are in brackets and italics.

Note 5 Trade payables

Particulars	As at	
	31 st March 2015	31 st March 2014
(a) Total outstanding dues of micro and small enterprises (Note 19)	–	–
(b) Total outstanding dues of other than micro and small enterprises	1,18,66,810	1,07,87,408
	1,18,66,810	1,07,87,408

Note 6 Other current liabilities

Particulars	As at	
	31 st March 2015	31 st March 2014
(a) Other payables	₹	₹
(i) Statutory remittances (Contributions to PF and ESIC, Withholding Taxes, Service Tax, etc.)	8,80,987	8,69,884
(ii) Deposit refundable (Note 20)*	2,00,000	–
	10,80,987	8,69,884

* Deposit received from Mahindra Lifespace Developers Limited pursuant to Section 160(1) of the 2013 Act.

Note 7 Short term provisions

Particulars	As at	
	31 st March 2015	31 st March 2014
(a) Provision – Others	₹	₹
Provision for diminution in the value of business unit (Note 23)	–	70,95,171
	–	70,95,171

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015
Note 9 Non-current investments

Particulars	As at 31 st March 2015		As at 31 st March 2014	
	Number of shares	₹	Number of shares	₹
Long-term Investments (At cost, unless otherwise specified):				
Non-trade and fully paid-up unless otherwise specified				
(a) Investment in equity instruments - unquoted of joint ventures				
₹ 10 per share in Mahindra Inframan Water Utilities Private Limited	24,999	2,49,990	24,999	2,49,990
₹ 10 per share in Mahindra Water Utilities Limited	50,000	5,00,000	50,000	5,00,000
of associates				
₹ 10 per share in Rathna Bhoomi Enterprises Private Limited	500	5,000	500	5,000
of other entity				
₹ 10 per share in New Tirupur Area Development Corporation Limited (Note 25)	1,50,00,000	15,00,00,000	1,50,00,000	15,00,00,000
		15,07,54,990		15,07,54,990
Less: Provision for diminution in value of investments		15,00,05,000		5,000
Sub total		7,49,990		15,07,49,990
(b) Investment in preference shares - unquoted of associates				
₹ 10 per share in Rathna Bhoomi Enterprises Private Limited	1,19,250	11,92,500	1,19,250	11,92,500
Less: Provision for diminution in value of investment		11,92,500		11,92,500
Sub total		-		-
Total		7,49,990		15,07,49,990
Aggregate amount of unquoted investments (net of provisions)		7,49,990		15,07,49,990

Note 10 Loans and advances

Particulars	Non-current		Current	
	As at 31 st March 2015	As at 31 st March 2014	As at 31 st March 2015	As at 31 st March 2014
	₹	₹	₹	₹
Unsecured, considered good				
(a) Security deposits	1,26,200	1,26,200	-	-
(b) Loans and advances to related party				
Inter-corporate deposits (including interest receivable)	-	-	-	30,26,370
(c) Advance income tax including fringe benefit tax (net of provision)	22,94,181	22,44,421	-	-
(d) Prepaid expenses	-	-	15,690	11,235
(e) Balance with government authorities (service tax credit receivable)	-	-	7,88,818	8,99,235
	24,20,381	23,70,621	8,04,508	39,36,840

Note 11 Inventories

Particulars	As at 31 st March 2015	As at 31 st March 2014
	₹	₹
At lower of cost and net realisable value (Note 23)		
(a) Finished goods.....	3,71,004	12,74,622
(b) Packing materials.....	-	77,895
	3,71,004	13,52,517

Note 12 Trade receivables

Particulars	As at 31 st March 2015	As at 31 st March 2014
	₹	₹
Unsecured, considered good		
(a) Trade receivables outstanding for a period exceeding six months from the date they are due for payment.....	2,21,13,421	2,21,13,421
	2,21,13,421	2,21,13,421

Note 13 Cash and cash equivalents

Particulars	As at 31 st March 2015	As at 31 st March 2014
	₹	₹
(a) Balances with banks		
in current accounts.....	2,52,479	3,99,597
in term deposit accounts.....	48,81,777	24,42,657
in earmarked account		
balance held as margin money.....	3,86,538	3,48,567
	55,20,794	31,90,821

Of the above, the balances that meet the definition of Cash and cash equivalents as per AS 3 Cash Flow Statements is

51,34,256 28,42,254

Note 14 Other current assets

Particulars	As at 31 st March 2015	As at 31 st March 2014
	₹	₹
(a) Interest accrued but not due on term deposit accounts.....	2,34,210	87,053
	2,34,210	87,053
For the year ended 31st March 2015		For the year ended 31st March 2014
	₹	₹

Note 15 Other income

Particulars	As at 31 st March 2015	As at 31 st March 2014
	₹	₹
(a) Interest income on		
Bank deposits.....	4,44,634	1,76,699
Interest on inter-corporate deposits.....	48,205	3,44,997
(b) Other non-operating income		
Provision for diminution in value of investment written back.....	-	11,92,500
Miscellaneous income.....	-	1,132
	4,92,839	17,15,328

Note 16 Employee benefits expenses

Particulars	As at 31 st March 2015	As at 31 st March 2014
	₹	₹
(a) Secondment Charges (including service tax).....	10,33,299	8,68,318
(b) Staff welfare.....	23,644	26,846
	10,56,943	8,95,164

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

Note 17 Other expenses

Particulars	For the year ended	For the year ended
	31 st March 2015	31 st March 2014
	₹	₹
(a) Professional charges	3,95,321	1,59,019
(b) Stamp and filing fees.....	25,400	2,210
(c) Sundry balances written off.....	1,10,417	29,392
Less: Provision held	-	(29,392)
	1,10,417	-
(d) Payment to auditors (Note below)	7,05,433	5,62,838
(e) General and miscellaneous expenses.....	15,714	8,018
	12,52,285	7,32,085
Note		
Payment to auditors (including service tax)		
For audit	3,65,170	3,65,170
For other service	3,37,080	1,96,630
Reimbursement of expenses	3,183	1,038
	7,05,433	5,62,838

Note 18 Contingent liabilities (to the extent not provided for)

Guarantee/Counter Guarantee given by the Company:

Amount in ₹

	Amount of Guarantee outstanding		Maximum liability of the Company	
	2015	2014	2015	2014
For Joint Venture Company	18,00,00,000	18,00,00,000	9,00,00,000	9,00,00,000

Note 19 Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

No Companies have been identified under the Micro, Small and Medium Enterprises Development Act, 2006 as on 31 March, 2015 and hence the disclosure as required by Notification No. G.S.R. 719 (E), dated 16 November, 2007 issued by the Ministry of Corporate Affairs is not applicable.

Note 20 Related party transactions

The Company has given the following relevant disclosures in pursuance of the Accounting Standard 18 "Related Party Disclosures"

Enterprises Controlling the Company

1	Mahindra & Mahindra Limited	Ultimate Holding Company
2	Mahindra Lifespace Developers Limited	Holding Company

Fellow Subsidiary

1	Mahindra Consulting Engineers Limited
---	---------------------------------------

Joint Ventures

1	Mahindra Water Utilities Limited
2	Mahindra Inframan Water Utilities Private Limited

Key Management Personnel (KMP)

Mr. Santosh Gupta (Chief Executive Officer) (w.e.f. 16 March 2015).
--

Details of transactions with related parties during the year and balance as at 31 March 2015

Amount in ₹

Transactions with related parties during the year

Nature of transactions	Enterprises controlling the Company		Fellow Subsidiary	Joint Venture (Mahindra Water Utilities Limited)
	Ultimate Holding Company	Holding Company	Mahindra Consulting Engineers Limited	
Interest income on inter-corporate deposit	-	-	-	48,205
	(-)	(-)	(-)	(3,44,997)
Sale of goods	-	-	1,85,500	-
	(-)	(-)	(2,66,000)	(-)
Deposit refundable	-	2,00,000	-	-
	(-)	(-)	(-)	(-)
Professional charges	2,67,918	-	-	-
	(-)	(-)	(-)	(-)
Secondment Charges (including service tax)	-	10,33,299	-	-
	(-)	(8,68,318)	(-)	(-)
Refund of inter-corporate deposit given	-	-	-	30,00,000
	(-)	(-)	(-)	(-)

Balance as at 31st March 2015

Nature of transactions	Enterprises controlling the Company		Fellow Subsidiary	Joint Venture (Mahindra Water Utilities Limited)
	Ultimate Holding Company	Holding Company	Mahindra Consulting Engineers Limited	
Maximum liability to the Company in respect of guarantee outstanding	-	-	-	9,00,00,000
	(-)	(-)	(-)	(9,00,00,000)
Receivables	-	-	-	2,19,13,260
	(-)	(-)	(-)	(2,19,13,260)
Payables	12,21,230	85,40,671	-	-
	(9,46,989)	(73,99,335)	(-)	(-)
Inter-corporate deposits (including interest receivable)	-	-	-	-
	(-)	(-)	(-)	(30,26,370)

1. Previous year's figures are in brackets and italics.
2. During the year, there were no amounts required to be written off or written back in respect of debts due from or to related parties.
3. Related parties have been identified by the Management.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015
Note 21 Computation of "Earnings Per Share"

The computation of the "Earnings per share" in line with Accounting Standard 20 is as under:

Particulars	For the year ended 31 st March 2015	For the year ended 31 st March 2014
(a) Net profit/(loss) after tax from continuing operations available for equity shareholders (₹)	(15,18,17,276)	77,489
(b) Net loss after tax from total operations available for equity shareholders (₹)	(16,01,35,181)	(26,05,186)
(c) Nominal value per share (₹)	10	10
(d) Weighted average number of equity shares (No.)	1,80,00,000	1,80,00,000
(e) Basic/Diluted earnings per share (Re.)		
Continuing operations	(8.4343)	0.0043
Total operations	(8.8964)	(0.1447)

Note 22 Deferred tax liabilities

Particulars	As at 31 st March 2015	As at 31 st March 2014
	₹	₹
Deferred tax liabilities		
Difference between book depreciation and tax depreciation	1,006	54,38,147
Deferred tax liabilities	1,006	54,38,147

Note 23 Discontinuing Operations:

Solid Waste Treatment Agreement ("the Agreement") executed on 17 January, 2003 with Tirumala Tirupati Devasthanams (TTD) for operating a solid waste treatment plant ("the project") at Tirumala, has been terminated by the Company with effect from 19 June, 2009. Discussions are on with TTD for resolving all the pending issues post termination in accordance with the terms of the Agreement. The project has not been operating since the termination date. The Company has a right to claim the written down value of the fixed assets as of the termination date and an appropriate compensation from TTD in terms of the Agreement. Accordingly, no depreciation on the fixed assets of the project has been provided after the date of termination. The particulars of the project as on the date of termination to be transferred to TTD on acceptance of the termination by them are given below:

Amount in ₹

Description of assets	Written down value of the assets
Building	28,44,632
Plant & Machinery and Office equipment	1,68,81,474
Computer	4,782
Furniture and fixtures	10,256
Vehicles	47,629
Total	<u>1,97,88,773</u>

The carrying amount of long-term loans and advances, current assets and current liabilities pertaining to the above discontinuing operation are Rs.1,26,200 (as at 31.03.2014: ₹ 1,26,200), ₹ 5,86,855 (as at 31.03.2014: ₹ 15,63,913) and ₹ 19,39,137 (as at 31.03.2014: ₹ 90,58,740) respectively.

The following statement shows the revenue and expenses of the continuing and the above discontinuing operation of the Company

Amount in ₹

Particulars	Continuing operations		Discontinuing operations		Total	
	For the year ended 31 March 2015	For the year ended 31 March 2014	For the year ended 31 March 2015	For the year ended 31 March 2014	For the year ended 31 March 2015	For the year ended 31 March 2014
Revenue from Operations	-	-	1,85,500	2,66,000	1,85,500	2,66,000
Other Income	4,92,839	17,15,328	561	-	4,93,400	17,15,328
Total Revenue	4,92,839	17,15,328	1,86,061	2,66,000	6,78,900	19,81,328
Changes in inventories*	-	-	(9,81,513)	(1,86,200)	(9,81,513)	(1,86,200)
Employee Benefits Expense	(10,56,943)	(8,95,164)	(1,68,074)	(2,44,548)	(12,25,017)	(11,39,712)
Depreciation Expense	(1,260)	(2,121)	-	-	(1,260)	(2,121)
Diminution in the value of business unit	-	-	-	(21,50,810)	-	(21,50,810)
Impairment of fixed assets*	-	-	(1,26,93,602)	-	(1,26,93,602)	-
Other Expenses	(12,52,285)	(7,32,085)	(97,545)	(2,77,599)	(13,49,830)	(10,09,684)
Total Expenses	(23,10,488)	(16,29,370)	(1,39,40,734)	(28,59,157)	(1,62,51,222)	(44,88,527)
Profit/(Loss) before exceptional item and taxation	(18,17,649)	85,958	(1,37,54,673)	(25,93,157)	(1,55,72,322)	(25,07,199)
Exceptional item: Diminution in the value of long-term investment (Note 25)	(15,00,000)	-	-	-	(15,00,000)	-
Profit/(Loss) before taxation	(15,18,17,649)	85,958	(1,37,54,673)	(25,93,157)	(1,65,72,322)	(25,07,199)
Current tax	-	-	-	-	-	-
Deferred tax expense/(benefit)	(373)	8,469	(54,36,768)	89,518	(54,37,141)	97,987
Profit/(Loss) after taxation	(15,18,17,276)	77,489	(83,17,905)	(26,82,675)	(1,60,135,181)	(26,05,186)

* During the year, the Management made impairment of fixed assets and write down of inventories as the discussions with TTD has not been very fruitful and encouraging.

The provision made for diminution in the value of the business unit in earlier years of ₹ 70,95,171 has been adjusted against the said impairment of fixed assets.

Note 24 Information pertaining to Joint Ventures

The Company's share of the assets, liabilities, income and expenses of the jointly controlled entities for the year ended 31 March 2015 are as follows:

Amount in ₹

	2015	2014	2015	2014
Name of Joint Venture	Mahindra Water Utilities Limited		Mahindra Inframan Water Utilities Private Limited	
	Unaudited	Audited	Audited	Audited
% of interest	50%	50%	50%	50%
Country of incorporation	India	India	India	India
Non-current liabilities	20,43,485	15,96,099	-	-
Current liabilities	3,57,14,096	3,74,10,831	10,207	10,208
Non-current assets	14,71,75,999	16,59,06,261	39,057	38,734
Current assets	11,31,56,370	8,75,47,861	3,82,725	3,69,398
Revenue	8,35,96,963	6,92,10,982	32,786	31,709
Employee benefits expense	2,40,90,909	2,07,40,015	-	-
Finance costs	4,95,775	6,54,399	-	-
Depreciation expense	6,87,058	5,50,132	-	-
Other expenses	4,53,78,434	1,39,37,068	13,031	12,094
Profit before tax	1,29,44,788	3,33,29,368	19,754	19,615
Income tax expense	42,56,289	1,08,95,746	6,104	6,061
Profit after tax	86,88,499	2,24,33,622	13,650	13,554

Note 25 The Capital of New Tirupur Area Development Corporation Limited (NTADCL) as on 31 March 2014 has been almost fully eroded by past losses. It was exploring the option of supplying substantial volume of industrial water to a textile park proposed to be set up by the State Government which would have contributed substantially to its topline. Information forthcoming in the last few months suggest that there are likely to be delays and the possibility of recovering the past losses of the company does not seem very promising. In view of this, the Company has provided for its entire investment of ₹ 15,00,00,000 in the equity shares of NTADCL during the year.

Note 26 The Company has only made provisions in respect of its investments in NTADCL and the assets of the project. There is no intention of disposing off these investments and assets. Also the Company can continue its current operations with its own cash resources for a period of at least one year. Hence the accounts of the Company for the year ended 31st March 2015 have been prepared on the basis of going concern.

Note 27 Previous year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosure.

For and on behalf of the Board of Directors

Simly Venu
Chief Financial Officer

Anita Arjundas *Chairperson*

S. Venkatraman *Director*

Kinjal Vyas
Company Secretary

Mr. Vijay Khetan *Director*

Mr. Sanjay Jain *Director*

Santosh J. Gupta
Chief Executive Officer

Place: Mumbai

Date: 27th April 2015

Form AOC-I

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)
Statement containing salient features of the financial statement of subsidiaries/associate Companies/Joint Ventures

Part "A": Subsidiaries - Nil

Part "B": Associates and Joint Ventures

Amount in Rupees

	Latest Audited Balance Sheet Date	Shares of Joint Venture held by the Company on the year end		Extent of Holding	Description of how there is significant influence	Reason why the associate/joint venture is not consolidated	Networth attributable to Shareholding as per latest audited Balance sheet	Profit/Loss for the year	
		No.	Amount of investment in Associates/ Joint Venture					Considered in Consolidation	Not Considered in Consolidation
JOINT VENTURES									
Mahindra Inframan Water Utilities Private Limited	31 st March 2015	24,999	249,990	50.00%	Note A	NA	4.12	0.14	0.14
Mahindra Water Utilities Private Limited	31 st March 2015	50,000	500,000	50.00%	Note A	NA	2,225.75	86.88	86.88

Note A: There is significant influence due to percentage (%) of Share Capital

For and on behalf of the Board of Directors

Simly Venu
Chief Financial Officer

Anita Arjundas *Chairperson*

Kinjal Vyas
Company Secretary

S. Venkatraman *Director*

Mr. Vijay Khetan *Director*

Santosh J. Gupta
Chief Executive Officer

Mr. Sanjay Jain *Director*

Place: Mumbai
Date: 27th April 2015

DIRECTORS' REPORT TO THE MEMBERS

Your Directors present their Eighteenth report together with the Audited Financial Statements of your Company for the year ended 31st March, 2015.

FINANCIAL HIGHLIGHTS:(Stand-alone)

Particulars	(₹ in Lakhs)	
	For the year ended 31 st March, 2015	For the year ended 31 st March, 2014
Total Income	6421.83	4787.21
Profit/(Loss) Before Depreciation, Interest and Taxation	6311.82	4960.92
Less : Depreciation	291.78	196.50
Profit/(Loss) Before Interest and Taxation	6020.05	4764.43
Less :Interest.....	3894.80	3417.05
Profit/(Loss) Before Taxation.....	2125.25	1347.38
Less : Provision for Taxation	699.64	457.55
Profit/(Loss) for the year after Taxation.....	1425.61	889.83
Add : Balance of Profit/(Loss) for earlier years.....	8485.75	8479.85
Less : Depreciation on transition to Schedule II of the Companies Act, 2013 on tangible fixed assets with Nil remaining useful life	8.02	-
Amount available for appropriation	9903.34	9369.68
Proposed Dividend on Equity Shares (including tax on distributed profits).....	240.72	233.99
Proposed Dividend on Preference Shares (including tax on distributed profits)	-	327.63
Dividend paid on redemption of Preference shares (Including tax on distributed profits).....	315.23	322.31
Transferred to General Reserve	-	-
Transferred to Capital Redemption Reserve	6500.00	-
Balance carried forward to the Balance Sheet.....	2847.39	8485.75

Dividend

Your Directors have recommended an equity dividend of Rs.1 per share on 20,000,000 equity shares of face value of Rs.10 per share of the Company for the Financial year 2014-2015. The total Equity dividend recommended (including tax on distributed profits) for the year amounts to Rs. 240.72 Lacs.

Dividend has been paid on redemption of preference shares of Rs. 65 Crores @ 8.5% for the period from April 1, 2014 to September 25, 2014 (including tax on distributed profits) for the year amounting to Rs. 315.23 Lacs.

The dividend distribution shall be made out of profits for the year 2014-15.

Reserves

Profit for the year after appropriation has been carried forward to P & L account and no amount has been transferred to Reserves.

Operations/State of the company's affairs

During the year, your Company added two MNCs to the portfolio, taking the total to 64 industrial customers – of which 27 are in the SEZ and 37 are in the DTA. Currently, 50 companies operate out of Mahindra World City, Chennai of which one started operations in the DTA during the year. During the year,

employment in Mahindra World City increased from 33,000 to around 37,000. Exports also increased from Rs. 7,200 crores in 2013-14 to over Rs. 7,800 crores during 2014-15.

With greater stabilisation in the business zone, the focus is now in developing the residential and social infrastructure. Mahindra World City, Chennai, has allocated ~285 acres for the development of residential and social infrastructure that will cater to the requirements of over 6,000 families. With handing over of units in phases of Aqualily and Iris Court during the year, the city has three operational residential projects which together have ~500 families living there.

On the retail and social infrastructure front, considerable progress was made during the year. The MWC Club – a Sports and leisure Club, the 1st on GST corridor was inaugurated in March 2015. JSP Hospitals started the first phase operations during the year which includes out-patient consultation, diagnostic facilities, a pharmacy and ambulance services. SSBM Realty and Hospitality started construction of the Phase I of the hostel for working professionals which will comprise ~200 rooms. During the year, MWCDL signed an agreement with SPI Cinemas to set up a Multiplex, the development plans for which are currently underway. Also, expansion plans were finalised for Mahindra World School which has been successfully operating in the city since 2008-09.

During the year, Mahindra World School received its second ISA Award from the British Council, which recognizes schools with notable global element in their curriculum.

Your Company continued to build on its community development and engagement initiatives during the year. This included fresh editions of its flagship programmes: The MWC run in aid of 'Nanhi Kali' which had over 1,200 participants, 'MWC Champions Trophy' the inter-company sports tournament that had 38 teams, 4th edition of 'Mind Quest' – the annual MWC Quiz. In addition, the Company launched 'Courtyard Performances', - The Community Building initiative which features music, theatre, dance and other forms of performing arts. These initiatives were received well by the employees of companies, residents and other participants.

Share Capital

Authorised share capital of your company is Rs. 95 crores and Paid-up share capital of the company is Rs. 20 crores.

During the year under review, the Company redeemed 6,500,000-8.50% Cumulative preference shares amounting to Rs. 65 Crores subscribed by Mahindra Lifespace Developers Limited (MLDL) on 26th September, 2014.

During the year, the Company has not issued any equity shares with differential rights or any sweat equity shares. The Company does not have any Employee Stock Option Scheme and therefore the requirement of disclosures in respect of voting rights not exercised directly by the employees are not applicable to your Company.

Non-Convertible Debentures

During the year, Company has not issued/allotted any non-convertible debentures.

Network

The net worth of the Company at the close of the previous financial year (FY 2013–14) and at the close of the current financial year (FY 2014–15) was Rs. 173.31 Crores and Rs. 116.92 crores respectively.

Holding Company

Your Company continues to be a subsidiary of Mahindra Lifespace Developers Ltd (MLDL) and consequently a subsidiary of the ultimate holding company, viz. Mahindra & Mahindra Limited.

Subsidiaries, Joint Ventures and Associate companies

A report on the performance and financial position of each of the subsidiaries, associates and joint venture companies as per the Companies Act, 2013 is provided as Annexure A to the Consolidated Financial Statement and hence not repeated here for the sake of brevity.

During the year under review, Mahindra Industrial Park Chennai Limited became a wholly owned subsidiary of Mahindra World City Developers Limited and hence also became a 89% subsidiary of Mahindra Lifespace Developers Limited. This company shall be developing an industrial park in North

Chennai, Tamil Nadu, spanning an area of approximately 300 acres. This company is exploring the possibility of tie-up with a strategic investor in this space.

During the year, except Mahindra Industrial Park Chennai Limited which became a subsidiary of the Company, no other company became or ceased to be a Subsidiary/Associate/Joint Venture company of the Company.

Corporate Social Responsibility (CSR)

The Company's guiding principle for CSR is to build its relationship with stakeholders and the community at large, and contribute to their long term social good and welfare.

The Company, in every financial year commencing from 1st April, 2014, in line with the new Companies Act, 2013, pledges to spend, two per cent of the average net profits made during the three immediately preceding financial years specifically towards CSR initiatives.

The Company has constituted Corporate Social Responsibility Committee comprising of Mr. V. Balaraman-Independent Director, Ms. Anita Arjundas-Non Independent director and Ms. Sangeeta Prasad-Non Independent director. The Role of the Committee is to formulate and recommend a CSR policy to the Board, to recommend amount of expenditure to be incurred on CSR activities, to monitor the CSR policy of the Company from time to time and to institute a transparent monitoring mechanism for implementation of the CSR projects or programs or activities undertaken by the Company.

The Company's CSR Policy lays out the vision, objectives and implementation mechanisms. The Company's CSR policy is available on the Company's website: www.mahindraworldcity.com

The Company's CSR activities have traditionally focussed on education, skill development, health, environment and promoting sustainable practices.

The objective of the CSR policy is to:

- Promote a unified approach to CSR to incorporate under one umbrella the diverse range of the Company's philanthropic activities, thus enabling maximum impact of the CSR initiatives.
- Ensure an increased commitment at all levels in the organisation, to operate in an economically, socially and environmentally responsible manner while recognising the interests of all its stakeholders.
- Encourage employees to participate actively in the Company's CSR and give back to the society in an organised manner through the employee volunteering programme called ESOPs.

The Company has spent Rs. 74.63 lakh as against the required CSR expenditure of Rs. 74.58 lakh calculated in the manner prescribed in the Companies Act, 2013. The annual report on the CSR activities in the prescribed format is at Annexure 1 to this Report.

Directors

Pursuant to Section 152 of the Companies Act, 2013, Ms. Anita Arjundas (DIN: 00243215) a Non-executive and Non-independent Director retires by rotation at the 18th Annual General Meeting of the Company and being eligible has offered herself for re-appointment. Ms. Anita Arjundas is not disqualified from being re-appointed as a Director by virtue of the provisions of Section 164 of the Companies Act, 2013.

During the year, Mr. Hans Raj Verma (DIN : 00130877) resigned as Director of the company with effect from June 18, 2014. The Board places on record its deep appreciation of the valuable services rendered by Mr. Hans Raj Verma during his tenure as Director of the company.

The following policies of the Company are attached herewith and marked as Annexure 2, Annexure 3A and Annexure 3B to this report.

1. Policy on appointment of Directors and Senior Management (Annexure 2)
2. Policy on remuneration of Directors (Annexure 3A)
3. Policy on Remuneration of Key Managerial Personnel and Employees (Annexure 3B)

Key Managerial Personnel

During the year under review, the Company has appointed following persons as Key Managerial Personnel under the Companies Act, 2013.

During the year CSR Committee meeting was convened and held on 10th October 2014 and 21st January, 2015.

The details of the number of meetings of the Board and the Committees attended by the respective members of the Board/ Committees are given below :

Sr. no.	Name of the Director	No of Board meetings attended	No. of Audit Committee meetings attended	No. of Nomination & Remuneration Committee meetings attended	No. of CSR Committee meetings attended
1.	Mr. N. Vaghul	4	4	1	NA
2.	Mr. A. K. Nanda	3	NA	NA	NA
3.	Mr. V. Balaraman	4	4	1	2
4.	Mr. Sanjiv Kapoor	3	3	NA	NA
5.	Mr. Uday Phadke	4	4	NA	NA
6.	Ms. Anita Arjundas	4	NA	1	2
7.	Ms. Sangeeta Prasad	4	NA	NA	1
8.	Mr. Hans Raj Verma (Resigned w.e.f. 18 th June, 2014)	1	1	NA	NA

Directors' Responsibility Statement

Pursuant to Section 134(3)(c) of the Companies Act, 2013 the Directors, based on the representations received from the operating management and after due enquiry, confirm that:

- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) they had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end

Sr. no.	Name of the person	Designation
1.	Mr. S. Chandru	Manager
2.	Mr. T. S. Krishnan	Chief Financial Officer

Code of Conduct

The Company had adopted Code of Conduct (“the Code/s”) for its Directors, Independent Directors, Senior Management and employees. These Codes enunciate the underlying principles governing the conduct of the Company’s business and seek to reiterate the fundamental precept that good governance must and would always be an integral part of the Company’s ethos.

The Company has for the year under review, received declarations under the Codes from the Board members, Independent Directors and employees of the Company affirming compliance with the respective Codes.

Meetings

During the financial year four Board Meetings were convened and held on the following dates:

18th April, 2014, 22nd July, 2014, 10th October, 2014 and 21st January, 2015

During the year four Audit Committee meetings were convened and held on the following dates :

18th April, 2014, 22nd July, 2014, 10th October, 2014 and 21st January, 2015

During the year Nomination & Remuneration Committee meeting was convened and held on 22nd July, 2014.

of the financial year 31st March, 2015 and of the profit of the Company for that period;

- (c) they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) they had prepared the annual accounts on a going concern basis; and
- (e) They had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Internal Financial Controls

The Company has in place adequate internal financial controls with reference to the financial statements. The Audit Committee of the Board periodically reviews the internal control systems with the management and auditors.

Composition of Audit Committee

During the year, the Audit Committee was reconstituted and the terms of reference of the Committee were enhanced in the Board meeting held on 18th April 2014 pursuant to Section 177 of the Companies Act, 2013. The present members of the Committee comprises of three independent Directors, namely Mr. Sanjiv Kapoor (Chairman), Mr. N. Vaghul and Mr. V. Balaraman and one Non-Executive Non-Independent Director, Mr. Uday Y. Phadke. All members of the Audit Committee possess strong knowledge of accounting and financial management. The Chief Financial Officer, Internal Auditor and Statutory Auditors are regularly invited to attend the Audit Committee Meetings. The Company Secretary is the Secretary to the Committee.

The committee met four times during the year. The Board has accepted all recommendations of the Audit Committee made from time to time.

Vigil Mechanism

The Company has established a vigil mechanism by adopting a Whistle Blower Policy for Directors and employees to report genuine concerns in the prescribed manner. The vigil mechanism is overseen by the Audit Committee and provides adequate safeguards against victimisation of employees and Directors. Whistle Blower Policy is a mechanism to address any complaint(s) related to fraudulent transactions or reporting intentional non-compliance with the Company's policies and procedures and any other questionable accounting/operational process followed. It provides a mechanism for employees to approach the Chairman of Audit Committee or Chairman of the Company or the Corporate Governance Cell. During the year, no such incidence was reported and no personnel were denied access to the Chairman of the Audit Committee or Chairman of the Company or the Corporate Governance Cell. The Whistle Blower Policy of the Company is placed on the website of the company at www.mahindraworldcity.com

Risk Management

The Company already has in place the procedure to inform the Board about the risk assessment and minimization procedures. Your Company has appropriate risk management systems in place for identification and assessment of risks, measures to mitigate them, and mechanisms for their proper and timely monitoring and reporting. The Board periodically reviews implementation and monitoring of the risk management plan for the Company.

Auditors

M/s. A.F. Ferguson & Co., Chartered Accountants, Chennai, retire as Auditors at the forthcoming Annual General Meeting. The members are requested to appoint Auditors from the conclusion of the forthcoming Annual General Meeting until the conclusion of next Annual General Meeting and fix their remuneration.

As required by the provisions of section 139 and 141 of

Companies Act, 2013 the Company has received written consent and certificate from M/s. A.F. Ferguson & Co, Chartered Accountant, (ICAI Firm Registration Number 112066W), proposed to be re-appointed as Auditors for one year i.e. up to conclusion of the 19th Annual General Meeting of the Company to the effect that their appointment, if made, would be in conformity with the limits specified in that Section.

The Board has recommended to the shareholders for approval re-appointment of M/s. A. F. Ferguson & Co., Chartered Accountants, Chennai, as the Statutory Auditors to hold office from the ensuing Annual General Meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.

The Auditor's Report does not contain any qualification, reservation or adverse remark and therefore does not call for any further comments.

The requirements of having Cost auditor is presently not applicable to your Company.

Secretarial Auditor

The Board has appointed Ms. M. Kavitha Surana of M/s. M. K. Surana & Co. practising Company Secretary, to conduct the secretarial audit for the financial year 2014-15. The Secretarial Audit report for the financial year ended March 31, 2015 is annexed herewith and marked as Annexure 4 to this Report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

Particulars of loans, guarantees or investments under Section 186 of the Companies Act, 2013

As your Company is engaged in the business of providing Infrastructural facilities, the provisions of Section 186 of the Companies Act, 2013 related to loans made, guarantees given or securities provided are not applicable to the Company.

The particulars of investment made under 186 of the Companies Act, 2013 are provided in the financial statement at Note no. 13.

Contracts and Arrangements with Related Parties

All contracts/arrangements/transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on an arm's length basis. During the year, the Company had not entered into any contract/ arrangement/transaction with related parties which could be considered material under the Companies Act, 2013. Therefore, the form AOC-2 is not applicable to the Company. Your Directors draw attention to Note no. 27.4 to the financial statement which sets out details of transactions with related parties.

Deposits, Loans and Advances

Your Company has not accepted any deposits from the public or its employees during the year under review.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

Your Company has Conservation of Energy initiatives but does not have, Technology Absorption and Foreign Exchange Earnings and Outgo as per Section 134(3)(m) of the Companies

Act, 2013 read with the Rule 8(3) of the Companies (Accounts) Rules, 2014 during the year under review. To this effect the annexure in the prescribed format is attached as Annexure 5 to this report.

Employee Remuneration

The Company had one employee, who was employed throughout the financial year under review and was in receipt of remuneration from the Company of not less than Rs. Sixty lacs per annum or was employed for a part of the financial year and was in receipt of remuneration from the Company of not less than Rs. Five lacs per month during any part of the financial year ended on 31st March, 2015. Therefore the

statement containing particulars of employees as required under Section 197 (12) of the Companies Act, 2013 read with Rule 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is disclosed below. None of the employees is a relative of any Director of the Company. None of the employees hold (by himself/herself or along with his/her spouse and dependent children) more than 2% of the Equity shares of the Company.

Particulars of Employees as required under Section 197 (12) of the Companies Act, 2013 read with Rule 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and forming part of the Directors' Report for the year ended 31st March, 2015

Name of the Employee	Designation/ Nature of Duties	Qualification	Remuneration (Subject to tax) (Rs. Lacs)	Age (years)	Experience (yrs)	Date of Commencement of employment	Last employment held (Designation/ Organisation)
Mr. S. Chandru	Manager & Chief Operating Officer	ACA, ACS, ACMA	73.22	58	34	1 st October 2007 to 15 th April 2013 - Chief Financial Officer From 16 th April 2013 - Manager & Chief Operating Officer	Chief Financial Officer - Mahindra Holidays & Resorts India Limited

Notes:

1. Nature of employment is contractual, subject to termination at three months' notice from either side.
2. The above employee is/are not related to any other Director of the Company.
3. The employee does not hold by himself or along with his/her spouse and dependent children 2% or more of the equity shares of the Company.
4. Terms and Conditions of employment are as per Company's rules/contract.
5. Gross remuneration received as shown in the statement includes Salary, Bonus, House Rent Allowance or value of perquisites for accommodation, employer's contribution to Provident fund and Superannuation scheme including group insurance premium, leave travel facility, Reimbursement of medical expenses and all allowances/perquisites and terminal benefits as applicable.

Extract of Annual Return

The details forming part of the Extract of the Annual Return in Form MGT-9, as required under Section 92 of the Companies Act, 2013 is included in this Report as **Annexure 6** and forms part of this Report.

General

During the year under review, no revision was made in the financial statement of the Company.

During the year ended March 31, 2015, there were no cases filed/reported pursuant to the Sexual Harassment of women at workplace (Prevention, Prohibition and Redressal) Act, 2013.

No penalties/strictures were imposed on the Company by any statutory authority on any matter. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operation in future.

Cautionary statement

Certain statements in the Directors' Report describing the Company's objectives, projections, estimates, expectations or predictions may be forward-looking statements within the meaning of applicable securities laws and regulations. Actual results could differ from those expressed or implied. Important factors that could make a difference to the Company's operations include labour and material availability, and prices, cyclical demand and pricing in the Company's principal markets, changes in government regulations, tax regimes, economic development within India and other incidental factors.

Acknowledgment

The Directors would like to thank all shareholders, customers, bankers, contractors, suppliers, joint venture partners and associates of your Company for the support received from them during the year. The Directors would also like to place on record their appreciation of the dedicated efforts put in by the employees of the Company.

For and on behalf of the Board,

N. Vaghul

Chairman

DIN : 00002014

Chennai, 18th April, 2015

ANNEXURE 1 TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2015
THE ANNUAL REPORT ON CSR ACTIVITIES

1. A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.

- a) The Company's CSR initiatives are focussed in the areas of education, public health and environment. This is in line with the Mahindra Group's 'Core Purpose' to "challenge conventional thinking and innovatively use all our resources to drive positive change in the lives of our stakeholders and communities across the world, to enable them to Rise". The Company endeavours to enable inclusive development at all its project locations so as to help the communities around these projects to prosper in all walks of life.
- b) The Company has formed a CSR policy which is available on the website of the company.
- c) The Company has planned the following projects in the identified areas:
 Sponsoring girl child education – Nanhi Kali – Education
 Cleanliness drive – Swachh Bharat – Public health& Sanitation
 Health Check-up camps in Eye care and cataract surgery – Public Health
 Tree Plantation – Project Haryali – Environment and
 Renovation of schools in surrounding areas of Mahindra World City Chennai – Education
 Skill development in surrounding areas of Mahindra World City Chennai – Education

2. The composition of the CSR Committee of the Board of Directors is as under:

- Mr. V. Balaraman – Independent Director
- Ms. Anita Arjundas – Non Executive Non-Independent Director
- Ms. Sangeeta Prasad – Non Executive Non-Independent Director

3. Average net profit of the Company for the last three financial years: Rs. 3729 Lacs

4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above): Rs. 74.58 Lacs

5. Details of CSR spent during the financial year

- a. Total amount to be spent for the financial year: Rs. 74.58 Lacs
- b. Amount unspent (if any) : Nil
- c. Manner in which the amount spent during the financial year was utilised is detailed below

(All amounts are in Rs. Lakhs)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sr. No.	CSR project or activity identified	Sector in which the project is covered	Projects or Programmes (1) Local area or other (2) Specify the State and district where project or programme was undertaken	Amount outlay (budget) project or programme wise	Amount spent on the project/ programme Subheads: (1) Direct expenditure on project (2) Overheads	Cumulative spend up to the reporting period	Amount spent: Direct or through implementing agency
1.	Contribution to Nanhi Khali	Education of the girl child 2(d)	Pan India where the Company has existing projects	37.20	Direct expenditure – 37.20	37.20	Implementing Agency: K. C. Mahindra Education Trust
2.	Renovation of Government Primary School in Veerapuram Village	Promotion of Education 2(a)	Mahindra World City Chennai, Kancheepuram District, Tamilnadu	6.61	Direct expenditure – 6.61	6.61	NGO: Irula Tribal Women Welfare Society

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sr. No.	CSR project or activity identified	Sector in which the project is covered	Projects or Programmes (1) Local area or other (2) Specify the State and district where project or programme was undertaken	Amount outlay (budget) project or programme wise	Amount spent on the project/ programme Subheads: (1) Direct expenditure on project (2) Overheads	Cumulative spend up to the reporting period	Amount spent: Direct or through implementing agency
3.	Painting work in Govt. Middle School, Paranur	Education 2(a)	Mahindra World City Chennai, Kancheepuram District, Tamilnadu	2.40	Direct expenditure – 2.40	2.40	NGO: World Vision India
4.	Basic Employability skills Training courses	Employment enhancing vocation skills especially among children, women & disabled & livelihood enhancement projects	Villages and Community around Mahindra World City Chennai, Kancheepuram District, Tamilnadu	3.25	Direct expenditure – 3.25	3.25	NGO: Cap Foundation
5.	Tree Plantation (Hariyali Campaign) in villages & Govt approved forest areas	Environment 4(a) & (b)	Villages and Community around Mahindra World City Chennai, Kancheepuram District, Tamilnadu	3.40	Direct expenditure – 3.40	3.40	NGO: Irula Tribal Women Welfare Society
6.	Swach Bharat – Public Convenience in Veerapuram Village	Health – sanitation	Mahindra World City Chennai, Veerapuram Village Kancheepuram District, Tamilnadu	4.08	Direct expenditure – 4.08	4.08	NGO – Appasaheb Apte Smriti Pratishtan
7.	Cataract Check-up and Surgery Camp	Healthcare including preventive health care	Mahindra World City Chennai, Kancheepuram District, Tamilnadu	6.48	Direct expenditure – 6.48	6.48	NGO – Medical Research Foundation
8.	Swach Bharat – Public Convenience in Paranur Village	Health – sanitation	Mahindra World City Chennai, Paranur Village Kancheepuram District, Tamilnadu	4.08	Direct expenditure – 4.08	4.08	NGO – Appasaheb Apte Smriti Pratishtan
9.	Renovation work and donation of Freezer Box for Govt. Rehabilitation Centre.	Healthcare including preventive health care	Mahindra World City Chennai, Paranur Village Kancheepuram District, Tamilnadu	3.40	Direct expenditure – 3.40	3.40	NGO: World Vision India
10.	Safe Drinking Water Facility in Paranur Village	Health – Supply of safe drinking water	Mahindra World City Chennai, Paranur Village Kancheepuram District, Tamilnadu	2.50	Direct expenditure – 2.50	2.50	NGO: World Vision India

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sr. No.	CSR project or activity identified	Sector in which the project is covered	Projects or Programmes (1) Local area or other (2) Specify the State and district where project or programme was undertaken	Amount outlay (budget) project or programme wise	Amount spent on the project/ programme Subheads: (1) Direct expenditure on project (2) Overheads	Cumulative spend up to the reporting period	Amount spent: Direct or through implementing agency
11.	School Children Eye Health camp	Healthcare including preventive health care	Mahindra World City Chennai, Surrounding Villages Kancheepuram District, Tamilnadu	1.06	Direct expenditure – 1.06	1.06	NGO – Medical Research Foundation
12.	Physiotherapy Bed, Bed Pans and Physiotherapy ball for a mentally retarded home CSR Good service Trust	Gender Equality/ Old age & Day care homes	Mahindra World City Chennai, Surrounding Community Kancheepuram District, Tamilnadu	0.12	Direct expenditure – 0.12	0.12	Direct contribution
13.	Armed Forces Flag day Fund	Welfare of the armed forces	Not applicable	0.05	Direct expenditure – 0.05	0.05	Direct contribution
			Total	74.63		74.63	

6. In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board report.

The Company has spent all the amounts reserved for CSR activities i.e. 2% of average net profit for the last three financial years.

7. The implementation and monitoring of CSR policy is in compliance with CSR objectives and Policy of the Company.

Sd

V. Balaraman

Chairman CSR Committee

DIN : **00267829**

Chennai, 18th April, 2015

Sd

Ms. Sangeeta Prasad

Director

DIN : **02791944**

Chennai, 18th April, 2015

ANNEXURE 2 TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2015**Policy on appointment of Directors and Senior Management****DEFINITIONS**

The definitions of some of the key terms used in this Policy are given below.

“**Board**” means Board of Directors of the Company.

“**Company**” means Mahindra Lifespace Developers Limited.

“**Committee(s)**” means Committees of the Board for the time being in force.

“**Employee**” means employee of the Company whether employed in India or outside India including employees in the Senior Management Team of the Company.

“**HR**” means the Human Resource department of the Company.

“**Key Managerial Personnel**” (KMP) refers to key managerial personnel as defined under the Companies Act, 2013 and includes:

- (i) Managing Director (MD), or Chief Executive Officer (CEO); or Manager; or Whole time Director (WTD)
- (ii) Chief Financial Officer (CFO); and
- (iii) Company Secretary (CS).

“**Nomination and Remuneration Committee**” (NRC) means Nomination and Remuneration Committee of Board of Directors of the Company for the time being in force.

“**Senior Management**” means personnel of the Company who are members of its Core Management Team/Executive Council excluding Board of Directors comprising of all members of management one level below the executive directors including the functional heads.

I. APPOINTMENT OF DIRECTORS

- The NRC reviews and assesses Board composition and recommends the appointment of new Directors. In evaluating the suitability of individual Board member, the NRC shall take into account the following criteria regarding qualifications, positive attributes and also independence of director when ID is to be appointed:
1. All Board appointments will be based on merit, in the context of the skills, experience, diversity, and knowledge, for the Board as a whole to be effective.

2. Ability of the candidates to devote sufficient time and attention to his/her professional obligations as Director for informed and balanced decision making.
 3. Adherence to the applicable Code of Conduct and highest level of Corporate Governance in letter and in spirit by the Directors.
- Based on recommendation of the NRC, the Board will evaluate the candidate(s) and decide on the selection of the appropriate member. The Board through the Chairman will interact with the new member to obtain his/her consent for joining the Board. Upon receipt of the consent, the new Director will be co-opted by the Board in accordance with the applicable provisions of the Companies Act 2013 and Rules made thereunder.

REMOVAL OF DIRECTORS

If a Director is attracted with any disqualification as mentioned in any of the applicable Act, rules and regulations thereunder or due to non - adherence to the applicable policies of the Company, the NRC may recommend to the Board with reasons recorded in writing, removal of a Director subject to the compliance of the applicable statutory provisions.

SENIOR MANAGEMENT PERSONNEL

The NRC shall identify persons based on merit, experience and knowledge who may be appointed in senior management team.

Senior Management personnel are appointed or promoted and removed/relieved with the authority of Manager based on the business need and the suitability of the candidate. The details of the appointment made and the personnel removed one level below the Key Managerial Personnel during a quarter shall be presented to the Board.

N. Vaghul

Chairman

DIN: 00002014

Chennai, 18th April, 2015

ANNEXURE 3A TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2015

Policy on remuneration of Directors

Purpose

This Policy sets out the approach to Compensation of Directors, in Mahindra World city Developers Limited.

Policy Statement

We have a well-defined Compensation policy for Directors, including the Chairman of the Company. The overall compensation philosophy which guides us to focus on enhancing the value, to attract, to retain and motivate Directors for achieving objectives of the Company and to become a major player in Indian Real Estate Sector, to maintain the pioneer status in the Integrated Business City format, to be the most trusted brand in the business we operate in and focus on customer centricity through transparency, quality and on-time delivery, to be a thought leader and establish industry benchmarks in Sustainable Development.

In order to effectively implement this, we have built our Compensation structure by a regular annual benchmarking over the years with relevant players across the industry we operate in.

NON-EXECUTIVE INCLUDING INDEPENDENT DIRECTORS:

The Nomination and Remuneration Committee (NRC) shall decide the basis for determining the compensation, both Fixed and variable, to the Non-Executive Directors, including Independent Directors, whether as commission or otherwise. The NRC shall take into consideration various factors such as director's participation in Board and Committee meetings during the year, other responsibilities undertaken, such as membership or Chairmanship of committees, time spent in carrying out their duties, role and functions as envisaged in Schedule IV of the Companies Act 2013 and such other factors as the NRC may consider deem fit for determining the compensation. The Board shall determine the compensation to Non-Executive Directors within the overall limits specified in the Shareholders resolution.

Manager

Remuneration of the Manager reflects the overall remuneration philosophy and guiding principle of the Company. While considering the appointment and remuneration of Manager, the NRC shall consider the industry benchmarks, merit and seniority of the person and shall ensure that the remuneration proposed to be paid is commensurate with the remuneration packages paid to similar senior level counterpart(s) in other companies. The policy aims at a balance between fixed and variable pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

The remuneration to the Manager shall be recommended by NRC to the Board. The remuneration consists of both fixed compensation and variable compensation and shall be paid as salary, commission, performance bonus, stock options (where applicable), perquisites and fringe benefits as per the policy of the Company from time to time and as approved by the Board and within the overall limits specified in the Shareholders resolution. While the fixed compensation is determined at the time of appointment, the variable compensation will be determined annually by the NRC based on the performance of Manager.

The term of office and remuneration of Manager is subject to the approval of the Board of Directors, shareholders, and Central Government, as may be required and within the statutory limits laid down in this regard from time to time.

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay, subject to the requisite approvals, remuneration to its Manager in accordance with the provisions of Schedule V of the Companies Act, 2013.

If a Manager draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Companies Act, 2013 or without the prior sanction of the Central Government, where required, he/she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

Remuneration for Manager is designed subject to the limits laid down under the Companies Act, 2013 to remunerate him/her fairly and responsibly. The remuneration to the Manager comprises of salary, perquisites and benefits as per policy of the Company and performance based incentive apart from retirement benefits like P.F., Superannuation, Gratuity, Leave Encashment, etc. as per Rules of the Company. Salary is paid within the range approved by the Shareholders. Increments are effective annually, as recommended/approved by the Remuneration Committee/Board.

Directors

The Non-Executive Chairman and Independent Directors receive sitting fees for attending the meeting of the Board and the Committees thereof, as fixed by the Board of Directors from time to time subject to statutory provisions. The Non-Executive Chairman and Independent Directors would be entitled to the remuneration under the Companies Act, 2013. A Non-Executive Non-Independent Director who receives remuneration from the holding company or any other group company is not paid any sitting fees or any remuneration. In addition to the above the Directors are entitled for reimbursement of expenses incurred in discharge of their duties.

The Company may also grant Stock Options to the eligible employees and Directors (other than Independent Directors) in accordance with the ESOP Schemes of the Company from time to time and subject to the compliance of the applicable statutes and regulations.

Disclosures

Information on the total remuneration of members of the Company's Board of Directors, Manager and KMP/senior management personnel may be disclosed in the Board's report and the Company's annual report/website as per statutory requirements in this regard.

N. Vaghul

Chairman

DIN: 00002014

Chennai, 18th April, 2015

ANNEXURE 3B TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2015**Policy on Remuneration of Key Managerial Personnel and Employees**

This Policy shall be effective from the financial year 2014 – 15.

Objective

To establish guidelines for remunerating employees fairly and in keeping with Statutes.

Standards

- All employees, irrespective of contract, are to be remunerated fairly and the remuneration is to be externally competitive and internally equitable. The remuneration will be paid in accordance with the laid down Statutes.
 - Remuneration for on-roll employees will include a fixed or guaranteed component payable monthly; and a variable component which is based on performance and paid annually in the month of July following the fiscal.
 - The fixed component of remuneration will have a flexible component with a bouquet of allowances to enable an employee to choose the allowances as well as the quantum based on laid down limits as per Company policy. The flexible component can be varied only once annually in the month of July i.e. after the salary increment exercise.
 - The variable component of the remuneration will vary from 10% to 25% of the Cost-to-Company (CTC) and will be a function of the employee's grade.
- The actual pay-out of variable component of the remuneration will be a function of individual performance as well as business performance. Business performance is evaluated using a Balanced Score Card (BSC) while individual performance is evaluated on Key Result Areas (KRA). Both the BSC and KRAs are evaluated at the end of the fiscal to arrive at the BSC rating of the business and PPS rating of the individual.
 - An annual compensation survey is carried out to ensure that the Company's compensation is externally competitive and is around 60th percentile. Based on the findings of the survey and the business performance, the Sector Talent Council decides:
 - a) The increment that needs to be paid for different performance ratings as well as grades.
 - b) The increment for promotions and the total maximum increment.
 - c) The maximum increase in compensation cost in % and absolute.
 - Compensation corrections are made in a few cases where it is outside the band or to keep it in tune with the market.

For and on behalf of the Board,

N. Vaghul

Chairman

DIN : 00002014

Chennai, 18th April, 2015

ANNEXURE 4 TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2015

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2015

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No. 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

**To,
The Members
M/s. Mahindra World City Developers Limited
Chennai**

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **M/s. Mahindra World City Developers Limited** (hereinafter called the company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Mahindra World City Developers Limited's books, papers, minutes books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31.03.2015, adequately complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minutes books, forms and returns filed and other records maintained by Mahindra World City Developers Limited for the financial year ended on 31.03.2015, according to the provisions of The Companies Act, 2013 (the Act) and the rules made there under and we report that the Company has generally complied with the provisions of the Act, the Rules made thereunder and the Memorandum and Articles of Association of the Company with regard to:

- (i) Constitution of the Board of Directors, Committees of Directors and appointment, retirement and reappointment of Directors including Managing Directors and Executive Directors;
- (ii) Payment of remuneration to Directors and Executive Directors;
- (iii) Appointment and remuneration of Statutory Auditors and maintenance of various statutory registers and documents and making necessary entries therein;
- (iv) Closure of Register of Members;
- (v) Forms, returns, documents and resolutions required to be filed with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities;

- (vi) Service of documents by the Company on its Members, Auditors and the Registrar of Companies;
- (vii) Notice of Board and various Committee meetings of Directors;
- (viii) Meetings of Directors and all the Committees of Directors and passing of circular resolutions;
- (ix) Notice and convening of Annual General Meeting held on 22.07.2014;
- (x) Minutes of the proceedings of the Board Meetings, Committee Meetings and General Meetings;
- (xi) Approvals of the Board of Directors, Committee of Directors, Members and government authorities, wherever required;
- (xii) Auditors;
- (xiii) Declaration and payment of dividend;
- (xiv) Borrowings and registration of charges;
- (xv) Report of the Board of Directors;
- (xvi) Investment of the Company's funds including inter corporate loans and investments;
- (xvii) Generally, all other applicable provisions of the Act and the Rules thereunder

We have also examined the compliances of the provisions of the following other laws applicable specifically to the company wherein we have also relied on the compliance certificates issued by the head of the respective departments in addition to the checks carried out by us:

- (i) The Right to Fair Compensation & Transparency in Land Acquisition, Rehabilitation & Resettlement Act, 2013.
- (ii) The Building & Other Construction Workers (Regulation of employment and conditions of service) Act, 1996.
- (iii) The Building & Other Construction Workers (Regulation of employment and conditions of service) Welfare Cess Act 1996.
- (iv) Town & Country Planning Acts and Development Control Regulations & Building Bye Laws as applicable at various locations
- (v) The Air (Prevention and Control of Pollution) Act, 1981
- (vi) The Competition Act, 2002

- (vii) The Central Sales Tax, 1956
- (viii) The Central Excise Act at various locations as applicable
- (ix) The Consumer Protection Act, 1986
- (x) The Environment Protection Act, 1986
- (xi) The Public Liability Insurance Act, 1991
- (xii) The Registration Act, 1908
- (xiii) The Special Economic Zone Act, 2005 and rules there under
- (xiv) The Water (Prevention and Control of Pollution) Act, 1974
- (xv) The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and rules there under.
- (xvi) The Child Labour (Prohibition & Regulation) Act, 1986
- (xvii) The Contract Labour (Regulation & Abolition) Act, 1970
- (xviii) The Employee's Compensation Act, 1923
- (xix) The Employees' Provident Funds and Miscellaneous Provision Act, 1952
- (xx) The Employees State Insurance Act, 1948
- (xxi) The Employers' Liability Act, 1938
- (xxii) The Equal Remuneration Act, 1855
- (xxiii) The Indian Fatal Accidents Act, 1855
- (xxiv) The Industrial Disputes Act, 1947
- (xxv) The inter State Migrant Workmen (Regulation of Employment & Condition of Services) Act, 1979
- (xxvi) The Maternity Benefit Act, 1961
- (xxvii) The Minimum Wages Act, 1948
- (xxviii) The payment of Bonus Act, 1965
- (xxix) The payment of Gratuity Act, 1972
- (xxx) The payment of Wages Act, 1936
- (xxxi) The Personal Injuries (Compensation Insurance) Act, 1963
- (xxxii) The Private Security Agency (Regulation) Act, 2005
- (xxxiii) Town & Country Planning Acts and Development Control Regulation & Building Bye Laws as applicable at various locations.
- (xxxiv) The Stamp Acts as applicable at various locations.
- (xxxv) The Co-operative Societies Act, as applicable at various locations
- (xxxvi) Shops & Establishment Act, as applicable at various locations.
- (xxxvii) The Consumer Protection Act, 1986
- (xxxviii) The Income Tax Act, 1961 and Rules thereunder
- (xxxix) The Information Technology Act, 2000
- (xl) The Negotiable Instruments Act, 1881
- (xli) The Prevention of Corruption Act, 1988
- (xlii) The Prevention of Money Laundering Act, 2002
- (xliiii) The Public Liability Insurance Act, 1991
- (xliv) The Service Tax (Chapter V of Finance Act, 1994) and Rules
- (xlv) The Wealth Tax Act, 1956
- During the Audit Period, the below mentioned laws **are not applicable** to the Company as the Company is not listed on any of the Stock Exchanges:
- (i) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (ii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iii) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings is also not applicable to the Company during the Audit Period.

We have also examined compliance with the applicable clauses of Secretarial Standards issued by The Institute of Company Secretaries of India, though not mandatory for the period under review, but have been generally followed by the company.

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Composition of the Board of Directors is as follows as on 31st March 2015:

Mr. Sanjiv Kapoor	Independent Director & Chairman of Audit Committee
Mr. Narayanan Vaghul	Independent Director & Chairman of the Board of Directors
Mr. V. Balaraman	Independent Director & Chairman of NRC
Mr. Uday Y Phadke	Additional director (Non-Executive and Non-Independent)
Mr. Arun Kumar Nanda	Nominee director (Non-Executive and Non-Independent)
Ms. Anita Arjundas	Director
Ms. Sangeeta Prasad	Director
Mr. S. Chandru	Manager & Company Secretary
Mr. T. S. Krishnan	Chief Financial Officer

Adequate notice were given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decisions were carried through while the dissenting members' views were captured and recorded as part of the minutes.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

The Company has constituted the following Committees -

- **Corporate Social Responsibility Committee (CSR Committee)** comprising of the following Members – Mr. V. Balaraman – Chairman & Independent Director, Ms. Anita Arjundas – Director, Ms. Sangeeta Prasad - Director
- The CSR Committee is constituted for the purpose of giving effect to the provisions of Section 135 and relevant Rules of the Companies Act, 2013.

- **Audit Committee** comprising of the following members – Mr. Sanjiv Kapoor – Chairman of Audit Committee and Independent Director, Mr. N. Vaghul – Chairman of the Board and Independent Director, Mr. V. Balaraman – Member and Independent Director, Mr. Uday Y Phadke – Member and Non-Executive Director

The Audit Committee is constituted for the purpose of giving effect to the provisions of Section 177(4) of the new Companies Act, 2013.

- **Remuneration Committee which was renamed as Nomination and Remuneration Committee** of the Board (“the NRC”) currently consist of the following Members:

Mr. V. Balaraman – Chairman of the Committee and Independent Director

Mr. N.Vaghul – Chairman of the Board and Independent Director

Ms. Anita Arjundas – Member and Director

NRC is in conformity with the requirements of Section 178 of the Companies Act, 2013 and Rules thereunder as may be applicable from time to time.

We further report that during the audit period, the following specific events/actions having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above has taken place-

- 8.5% 65,00,000 Redeemable Cumulative Preference Shares of Rs. 100/- each issued by the Company to Mahindra Lifespace Developers Limited on 28th September 2013 were redeemed on September 26, 2014 in accordance with the terms of the resolution passed in the Capital issue committee of the Board of directors of the company at their meeting held on September 28, 2013.
- The Company had decided for a Joint Venture with Sumitomo Corporation for Phase 1 of NH 5 Project. In accordance with the terms of the JVA, a Special Purpose Vehicle (SPV) in the name of M/s. Mahindra Industrial Park Chennai Limited had been incorporated on December 22, 2014 which is 100% subsidiary of the Company with an initial authorized and paid up capital of Rs. 5 lacs.
- Mr. T. S. Krishnan was appointed as the Chief Financial Officer at the Board Meeting held on July 22, 2014 and the necessary Forms were filed with ROC on November 18, 2014. The form was filed after 30 days with additional fees.
- Mr. Mario Nazareth, Head of CMS Department, Mahindra & Mahindra Ltd was appointed as Internal Auditors for FY 2014 – 15, pursuant to the provisions of Section 138 of the Companies Act 2013. The necessary form MGT-14 was filed with ROC in compliance with the provisions of the Act except that Form MGT-14 was filed after 30 days from the date of Board Meeting held on July 22, 2014 with additional fees.
- Mr. Hans Raj Verma IAS, Nominee Director of TIDCO resigned from the directorship of the company with effect

from June 18, 2014 and the necessary forms with regard to resignation (form DIR-12) was filed on July 17, 2014 with ROC.

- Nomination and Remuneration Committee also considered and approved the following:
 - 1) A Policy on Remuneration of KMPs, Senior Management and other employees effective 1st April, 2014.
 - 2) Performance Pay and Revision in CTC to Mr. S. Chandru, Manager and Chief Operating Officer.
- The Company had various related party transactions which had been carried out in the ordinary course of business at arm's length and has been recorded both at Board Meeting and Audit Committee Meeting.
- Pursuant to Sec 179(3) & 204 of Companies Act, 2013 read with rule 8, Mrs. M. Kavitha SURANA of M/s. M. K. Surana & Co., was appointed as the Secretarial Auditor of the Company for conducting the Secretarial Audit for the FY 2014 – 2015. The necessary form MGT-14 was filed with ROC in compliance with the provisions of the Act except that Form MGT-14 was filed after 30 days (additional fees paid on March 17, 2015) from the date of Board Meeting held on January 21, 2015.
- Vigil Mechanism was established by the Company as required by Section 177(9) of the Companies Act, 2013.

- The Company, as a Developer of the SEZ, had received a **Show Cause Notice** from the **Development Commissioner (DC) MEPZ** concerning perpetual Lease of Residential Units by Co Developers to people not connected with the SEZ and alleging violation of Instruction 65 and SEZ act and Rules. Reply to the show cause notice had been sent to Development Commissioner. Personal hearing was also given. Development Commissioner had asked for further information from co-developers. A Writ Petition was filed in Madras High Court to restrain DC from passing orders under the show cause notice. The Court was pleased to order status quo on the matter i.e., DC not to pass order on the Show cause notice. DC is yet to file the counter.
- **Show Cause Notice** had been received from **Service Tax Authorities** demanding about Rs. 40.86 Crores towards service tax on land lease premium and water charges and the reply has been furnished by the Company. Personal Hearing was given by the Commissioner of Service Tax and the orders are awaited.

Place: Chennai
Date: 18.04.2015

For M K Surana & Co.,
Company Secretaries

M. Kavitha SURANA
Proprietor
FCS No 5926, C P No. 5269

This report is to be read with our letter of even date which is annexed as **Annexure A** and forms an integral part of this report.

‘Annexure A’

To,
The Members
M/s. Mahindra World City Developers Limited
Chennai

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

for **M K Surana & Co.,**
Company Secretaries

M. Kavitha Surana
Proprietor
FCS No 5926, C P No. 5269

Place: Chennai
Date:18.04.2015

ANNEXURE 5 TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2015

A. CONSERVATION OF ENERGY:

(i)	the steps taken or impact on conservation of energy;	:	The operations of your Company are not energy intensive. However, as a part of sustainable development adequate measures have been initiated to reduce energy consumption like installation of Solar street lights.
(ii)	the steps taken by the company for utilising alternate sources of energy;	:	The first off-grid solar power plant in the state of Tamil Nadu was set up at Mahindra World City, Chennai in FY 11-12. Installed over 800 sq. mt. and equipped with a remote monitoring system, the 75 kW rooftop solar plant is expected to generate approximately 116,000 units (kWh) of clean electrical energy annually.
			Other initiatives to reduce energy consumption at MWC include use of energy efficient LED/Induction lighting. These LED/Induction lights, come with dimmable controllers which have a significant impact in maximising overall energy efficiency of the area. During the year, an MOU has been signed between World Resources India (WRI) and Mahindra World City Chennai (MWCC) to explore options for Green Energy Procurement to fulfil the peak demand of energy for customers within the city through Renewable sources
(iii)	the capital investment on energy conservation equipments	:	The above measures and the 75KW solar initiative has resulted in saving of around 2.58 lakh units of electricity this year.

B. TECHNOLOGY ABSORPTION

(i)	the efforts made towards technology absorption	:	Not applicable
(ii)	the benefits derived like product improvement, cost reduction, product development or import substitution	:	Not applicable
(iii)	in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)	:	Not applicable
(iv)	the expenditure incurred on Research and Development	:	Not applicable

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

There is no earnings from Foreign Exchange in terms of actual inflows during the year and the Foreign Exchange outgo during the year in terms of actual outflows are Nil.

For and on behalf of the Board,

N. Vaghul

Chairman

DIN : 00002014

Chennai, 18th April, 2015

ANNEXURE 6 TO THE DIRECTORS' REPORT**FORM NO. MGT - 9****EXTRACT OF ANNUAL RETURN**As on the financial year ended on 31ST March, 2015*(Pursuant to section 92(3) of the Companies (Management and Administration) Rules, 2014)***1. REGISTRATION AND OTHER DETAILS:**

1.	CIN	U92490TN1997PLC037551
2.	Registration Date	19 th February, 1997
3.	Name of the Company	Mahindra World City Developers Limited
4.	Category/Sub-Category of the Company	Company limited by shares/Indian Non-Government Company
5.	Address of the Registered office and contact details	Mahindra Towers, Ground Floor, No. 17/18 Patullos Road, Chennai 600 002
6.	Whether listed Company (Yes/No)	No
7.	Name, Address and Contact details of Registrar and Transfer Agent, if any	Not applicable

2. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sr. No.	Name and Description of Main Product/Services	NIC Code of the Product*	% to total turnover of the Company#
	Builders - Property Developers	0403	95

* As per National Industrial Classification – Ministry of Statistics and Programme Implementation

on the basis of Gross Turnover

3. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

Sr. No.	Name and Address of the Company	CIN/GIN	Holding/Subsidiary of the Company	% of shares held	Applicable Section
1	Mahindra and Mahindra Limited	L65990MH1945PLC004558	Ultimate Holding co. (Holding co. of Mahindra Lifespace Developers Limited)	Nil	2(46)
2	Mahindra Lifespace Developers Limited	L45200MH1999PLC118949	Holding	89.00	2(46)
3	Mahindra Integrated Township Limited	U45200TN2008PLC066292	Associate/Joint Venture	25.78	2(6)
4	Mahindra Industrial Park Chennai Limited	U45209TN2014PLC098543	Subsidiary	100	2(87)(ii)

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of total subscribed & paid up capital	Demat	Physical	Total	% of total subscribed & paid up capital	
A. Promoters									
(1) Indian									
a) Individual/HUF									
b) Central Govt									
c) State Govt(s)									
d) Bodies Corp.	–	20,000,000	20,000,000	100	–	20,000,000	20,000,000	100	Nil
e) Banks/FI									
f) Any Other...									
Sub-total (A) (1):-	–	20,000,000	20,000,000	100	–	20,000,000	20,000,000	100	Nil
(2) Foreign									
a) NRIs-Individuals									
b) Other -Individuals									
c) Bodies Corp.									
d) Banks/FI									
e) Any Other...									
Sub-total (A) (2):-	–	–	–	–	–	–	–	–	–
Total shareholding of Promoter (A) = (A)(1) + (A)(2)									
B. Public Shareholding									
1. Institutions									
a) Mutual Funds									
b) Banks/FI									
c) Central Govt									
d) State Govt(s)									
e) Venture Capital Funds									
f) Insurance Companies									
g) FIs									
h) Foreign Venture Capital Funds									
i) Others (specify)									
Sub-total (B)(1):-	–	–	–	–	–	–	–	–	–
2. Non-Institutions									
a) Bodies Corp.									
i) Indian									
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh									
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh									

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of total subscribed & paid up capital	Demat	Physical	Total	% of total subscribed & paid up capital	
c) Others (Non Resident Individuals)									
d) Others Trust									
Sub-total (B)(2):-	-	-	-	-	-	-	-	-	-
Total Public Shareholding (B)=(B)(1)+(B)(2)	-	-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	-	20,000,000	20,000,000	100%	-	20,000,000	20,000,000	100%	-

(ii) Shareholding of Promoters

Category of Shareholder	No. of Shares held at the beginning of the year			No. of Shares held at the end of the year			% Change during the year
	No. of shares	% of total shares of the company	% of Shares Pledged/encumbered to total shares	No. of shares	% of total shares of the company	% of Shares Pledged/encumbered to total shares	
Body Corporate – Mahindra Lifespace Developers Ltd	17,799,999	89	Nil	17,799,999	89	Nil	-
Body corporate – Tamilnadu Industrial Development Corporation Ltd	22,00,000	11	Nil	22,00,000	11	Nil	-

(iii) Change in Promoters' Shareholding (please specify, if there is no change):

There is no change in the Shareholding of Promoter Group.

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Promoters hold 100% of the share capital of the company.

Sr. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	At the beginning of the year				
2.	Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):				
3.	At the End of the year (or on the date of separation, if separated during the year)				

(v) Shareholding of Directors and Key Managerial Personnel:

Directors and KMP do not hold any shares in the company.

Sr. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	At the beginning of the year				
2.	Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):				
3.	At the End of the year (or on the date of separation, if separated during the year)				

Sr. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	At the beginning of the year				
2.	Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):				
3.	At the End of the year (or on the date of separation, if separated during the year)				
1.	At the beginning of the year				
2.	Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):				

I) INDEBTEDNESS

Indebtedness of the company including outstanding/accrued but not due for payment

(Rs. in Crs)

Particulars	Secured Loans Excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	173.75	107.50	-	281.25
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i + ii + iii)	173.75	107.50		281.25
Change in Indebtedness during the financial year				
• Addition	27.50	75		102.50
• Reduction		15		15.00
Net Change	27.50	60		87.50
Indebtedness at the end of the financial year				
i) Principal Amount	201.25	167.50		368.75
ii) Interest due but not paid	-	4.49	-	4.49
iii) Interest accrued but not due	-	-	-	-
Total (i + ii + iii)	201.25	171.99	-	373.24

II) REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-Time Directors and/or Manager:

Sr. No.	Particulars of Remuneration	Name of MD/WTD/MANAGER				Total Amt
		S. Chandru				
						(Rs. in Lakhs)
1.	Gross salary					
	a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	64.43				64.43
	b) Value of perquisites u/s 17(2) Income-tax Act, 1961	8.79				8.79
	c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-				
2.	Stock Option					

Sr. No.	Particulars of Remuneration	Name of MD/WTD/MANAGER				(Rs. in Lakhs)
		S. Chandru				Total Amt
3.	Sweat Equity					–
4.	Commission	–				
	- as % of profit					
	- others, specify...					
5.	Others, please specify					
	Total (A)	73.22				73.22
	Ceiling as per the Act					106.26

B. Remuneration of other directors:

Sr. No.	Particulars of Remuneration	Name of Directors			(Rs. in Lakhs)
		N. Vaghul	V. Balaraman	Sanjiv Kapoor	Total Amt
1	Independent Directors				
	• Fee for attending board/committee meetings	0.40	0.55	0.30	1.25
	• Commission	4	4	4	12.00
	• Others, please specify				
	Total (1)	4.40	4.55	4.30	13.25
2	Other Non-Executive Directors	A. K. Nanda	Hans Raj Verma (TIDCO Ltd)		
	• Fee for attending board/committee meetings	0.15	0.10		0.25
	• Commission	4	0.87		4.87
	• Others, please specify	–	–		
	Total (2)	4.15	0.97		5.12
	Total (B)=(1+2)	8.55	5.52	4.30	18.37
	Total (A)				73.22
	Total Managerial Remuneration				91.59
	Overall Ceiling as per the Act				233.78

C. Remuneration to Key Managerial Personnel Other Than MD/Manager/WTD.

Sr. No.	Particulars of Remuneration	Key Managerial Personnel				(Rs. in Lakhs)
		CEO	Company Secretary	CFO	Total	
1.	Gross salary					
	a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	–		17.37		17.37
	b) Value of perquisites u/s 17(2) Income-tax Act, 1961	–		0.28		0.28
	c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	–		–		
2.	Stock Option					–
3.	Sweat Equity					–
4.	Commission					–
	- as % of profit					–
	- others, specify...					–
5.	Others, please Specify					–
	Total	–	–	17.65		17.65

III) PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/ NCLT/COURT]	Appeal made, if any (give Details)
Penalty	None				
Punishment					
Compounding					

OTHER OFFICERS IN DEFAULT

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/ NCLT/COURT]	Appeal made, if any (give Details)
Penalty	None				
Punishment					
Compounding					

For and on behalf of the Board,

N. Vaghul
 Chairman
 DIN : 00002014
 Chennai, 18th April, 2015

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MAHINDRA WORLD CITY DEVELOPERS LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **MAHINDRA WORLD CITY DEVELOPERS LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the

accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2015, its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government in terms of Section 143 (11) of the Act, we give in the Annexure a statement on the matters specified in paragraph 3 and 4 of the Order.

As required by Section 143 (3) of the Act, we report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors as on 31st March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit & Auditors) Rule, 2014, in our opinion and to the best of our information and according to the explanation given to us :
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements. Refer note 26.1 to the financial statements.
 - ii. The Company did not have material foreseeable losses on long term contracts and there were no derivative contracts. Refer note 29 to the financial statements.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company. Refer note 29 to the financial statements.

For **A. F. Ferguson & Co.**
Chartered Accountants
(Firm's Registration No.: 112066W)

Geetha Suryanarayanan
Partner
(Membership No.: 29519)

CHENNAI, April 18, 2015

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

(Referred to under 'Report on Other Legal and Regulatory Requirements' section of our report to the members of Mahindra World City Developers Limited on the accounts for the year ended 31st March 2015)

- (i) Having regard to the nature of the Company's business/ activities/result, clause (v) of the Order are not applicable to the Company in the current year.
- (ii) In respect of its fixed assets:
- (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
- (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
- (iii) In respect of its inventory:
- (a) As explained to us, the saleable inventories were physically verified during the year by the Management at reasonable intervals.
- (b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- (iv) In our opinion and according to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the Register maintained under Section 189 of the Companies Act.
- (v) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and fixed assets and sale of inventories and services. During the course of our audit, we have not observed any continuing failure to correct major weakness in such internal control system.
- (vi) We have broadly reviewed the cost records maintained by the Company specified by the Central Government under sub-section (1) of Section 48 of the Companies Act, 2013 and are of the opinion that *prima facie* the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) According to the information and explanations given to us in respect of statutory dues:

- (a) The Company has been generally regular in depositing undisputed statutory dues including income tax, wealth tax, sales tax, service tax, value added tax, duty of customs, duty of excise, cess and other material statutory dues applicable to it with the appropriate authorities and there were no outstanding statutory dues as at the last day of the financial year for a period of more than six months from the date they became payable.
- (b) Details of dues of Income tax which have not been deposited as on March 31, 2015 on account of disputes are given below:

Statute	Nature of dues	Forum where dispute is pending	Period to which the amount relates	Amount involved (Rs. in lakhs)
Income Tax Act, 1961	Income Tax including interest	Commissioner (Appeals)	2009-10	174.91

- (c) There are no amounts required to be transferred to the Investor Education and Protection Fund by the Company during the year.
- (viii) There are no accumulated losses as at the end of the financial year and the Company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (ix) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues in respect of term loans.
- (x) In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xi) In our opinion and according to the information and explanations given to us, the term loans have been applied by the Company during the year for the purposes for which they were obtained.
- (xii) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

For **A. F. Ferguson & Co.**
Chartered Accountants
(Firm's Registration No.: 112066W)

Geetha Suryanarayanan
Partner
(Membership No.: 29519)

CHENNAI, April 18, 2015

BALANCE SHEET AS AT 31ST MARCH, 2015

Particulars	Note No.	As at	As at
		31 st March, 2015	31 st March, 2014
		₹	₹
EQUITY AND LIABILITIES			
Shareholders' funds			
(a) Share capital.....	3	200,000,000	850,000,000
(b) Reserves and surplus.....	4	969,239,171	883,074,877
		<u>1,169,239,171</u>	<u>1,733,074,877</u>
Non-current liabilities			
(a) Long-term borrowings.....	5	3,519,791,667	1,737,500,000
(b) Deferred tax liabilities (net)	27.7	390,690,777	321,139,815
(c) Other long-term liabilities	6	38,301,970	39,665,396
(d) Long-term provisions	7	3,825,189	—
		<u>3,952,609,603</u>	<u>2,098,305,211</u>
Current liabilities			
(a) Short-term borrowings	8	—	1,075,000,000
(b) Trade payables	9	24,167,235	28,419,297
(c) Other current liabilities	10	453,949,888	140,006,966
(d) Short-term provisions	11	25,383,910	61,322,700
		<u>503,501,033</u>	<u>1,304,748,963</u>
TOTAL		<u><u>5,625,349,807</u></u>	<u><u>5,136,129,051</u></u>
ASSETS			
Non-current assets			
(a) Fixed assets.....	12		
(i) Tangible assets.....		564,836,391	366,047,317
(ii) Intangible assets		356,875	1
(iii) Capital work-in-progress.....		949,716	46,905,632
(b) Non-current investments.....	13	130,500,000	130,000,000
(c) Long-term loans and advances.....	14	278,894,510	224,574,152
		<u>975,537,492</u>	<u>767,527,102</u>
Current assets			
(a) Inventories	15	4,087,710,715	3,828,377,624
(b) Trade receivables	16	13,558,123	17,627,172
(c) Cash and cash equivalents	17	15,929,253	7,223,815
(d) Short-term loans and advances.....	18	494,961,711	483,926,704
(e) Other current assets.....	19	37,652,513	31,446,634
		<u>4,649,812,315</u>	<u>4,368,601,949</u>
TOTAL		<u><u>5,625,349,807</u></u>	<u><u>5,136,129,051</u></u>

See accompanying notes forming part of the financial statements

In terms of our report attached.
For **A. F. Ferguson & Co**
Chartered Accountants
Firm's Registration No.: 112066W

Geetha Suryanarayanan
Partner
Membership No.: 29519

Place : Chennai
Date : 18th April, 2015

T. S. Krishnan
Chief Financial Officer
S. Chandru
Manager & Company Secretary

For and on behalf of the Board of Directors

N. Vaghul Chairman
Anita Arjundas }
Sangeeta Prasad } Directors

Place : Chennai
Date : 18th April, 2015

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2015

Particulars	Note No.	For the year ended 31 st March, 2015 ₹	For the year ended 31 st March, 2014 ₹
Revenue from operations.....	20	608,685,754	465,048,435
Other income	21	33,497,041	13,672,689
Total revenue		642,182,795	478,721,124
Expenses			
Cost of land and project development.....		12,313,960	86,098,867
Changes in inventories	22	(259,333,091)	(329,249,767)
Employee benefits expense.....	23	34,888,480	41,119,166
Finance costs	24	389,479,701	341,704,874
Depreciation and amortisation expense.....	12	29,177,715	19,649,461
Other expenses	25	223,131,124	184,660,868
Total expenses		429,657,889	343,983,469
Profit Before Tax.....		212,524,906	134,737,655
Tax expense:			
(a) Current tax expense.....		39,194,620	28,242,000
(b) (Less): MAT credit		(39,194,620)	(28,242,000)
Net current tax expenses		-	-
(c) Deferred tax.....		69,963,978	45,754,580
Net tax expenses		69,963,978	45,754,580
Profit for the year		142,560,928	88,983,075
Basic and diluted earnings per share		5.55	1.20

See accompanying notes forming part of the financial statements

In terms of our report attached.

For **A. F. Ferguson & Co**
Chartered Accountants
Firm's Registration No.: 112066W

Geetha Suryanarayanan
Partner
Membership No.: 29519

Place : Chennai
Date : 18th April, 2015

T. S. Krishnan
Chief Financial Officer
S. Chandru
Manager & Company Secretary

For and on behalf of the Board of Directors

N. Vaghul Chairman
Anita Arjundas }
Sangeeta Prasad } Directors

Place : Chennai
Date : 18th April, 2015

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2015

Particulars	For the year ended 31 st March, 2015 ₹	For the year ended 31 st March, 2014 ₹
A. Cash flow from operating activities		
Net Profit before tax	212,524,906	134,737,655
<u>Adjustments for:</u>		
Depreciation and amortisation	29,177,715	19,649,461
Loss on sale/write off of assets	155,918	979,184
Finance costs	389,479,701	341,704,874
Interest income	(7,162,419)	(13,566,689)
Dividend Income	(26,000,000)	-
Provision for Doubtful debts	467,763	-
Bad debts written off	209,237	-
Operating profit before working capital changes	598,852,821	483,504,485
<u>Changes in working capital:</u>		
Adjustments for (increase)/decrease in operating assets:		
Inventories	(269,391,719)	(329,249,767)
Trade receivables	3,392,049	16,488,919
Short-term loans and advances	(11,035,007)	(117,603,753)
Long-term loans and advances	(1,011,527)	4,500
	(278,046,204)	(430,360,101)
Adjustments for increase/(decrease) in operating liabilities:		
Trade payables	(4,252,062)	13,060,235
Other current liabilities	55,644,055	(23,629,459)
Other long-term liabilities	(1,363,426)	(39,574,821)
Short-term provisions	(3,848,783)	(1,523,429)
Long-term provisions	3,825,189	-
	50,004,973	(51,667,474)
Cash generated from operations	370,811,590	1,476,910
Net income tax (paid)/refunded	(62,150,364)	(22,763,070)
Net cash flow from/(used in) operating activities (A)	308,661,226	(21,286,160)
B. Cash flow from investing activities		
Investment in share capital of subsidiary company	(500,000)	-
Capital expenditure on fixed assets, including capital advances	(119,533,787)	(53,893,165)
Proceeds from sale of fixed assets	347,352	266,550
Inter-corporate deposits	-	73,300,000
Bank balances not considered as Cash and cash equivalents		
- Placed	(25,000)	-
Interest received		
- Joint ventures	-	6,499,920
- Others	956,540	752,921
Dividend Received	26,000,000	-
Net cash flow from investing activities (B)	(92,754,895)	26,926,226

Particulars	For the year ended 31 st March, 2015 ₹	For the year ended 31 st March, 2014 ₹
C. Cash flow from financing activities		
Proceeds from the issue of preference share capital.....	–	650,000,000
Redemption of preference shares	(650,000,000)	(650,000,000)
Borrowings from Related Parties (net)	1,675,000,000	425,000,000
Proceeds from long-term borrowings	275,000,000	350,000,000
Repayment of inter-corporate deposits.....	(1,075,000,000)	–
Repayment of current maturities of long term borrowings	–	(345,000,000)
Finance cost.....	(344,541,345)	(341,704,874)
Dividends paid including tax.....	(87,684,548)	(117,645,684)
Net cash flow (used in) financing activities (C).....	(207,225,893)	(29,350,558)
Net increase/(decrease) in Cash and cash equivalents (A+B+C)	8,680,438	(23,710,492)
Cash and cash equivalents at the beginning of the year	7,223,815	30,934,307
Cash and cash equivalents at the end of the year.....	15,904,253	7,223,815
 Cash and cash equivalents at the end of the year.....	 15,904,253	 7,223,815
Reconciliation of Cash and cash equivalents with the Balance Sheet:		
Cash and cash equivalents (Refer Note 17).....	15,929,253	7,223,815
Less: Bank balances not considered as Cash and cash equivalents as defined in AS 3 Cash Flow Statements: #.....	25,000	–
Net Cash and cash equivalents (as defined in AS 3 Cash Flow Statements) included in Note 17.....	15,904,253	7,223,815

See accompanying notes forming part of the financial statements

In terms of our report attached.

For **A. F. Ferguson & Co**

Chartered Accountants

Firm's Registration No.: 112066W

Geetha Suryanarayanan

Partner

Membership No.: 29519

Place : Chennai

Date : 18th April, 2015

T. S. Krishnan

Chief Financial Officer

S. Chandru

Manager & Company Secretary

For and on behalf of the Board of Directors

N. Vaghul

Chairman

Anita Arjundas
Sangeeta Prasad

} Directors

Place : Chennai

Date : 18th April, 2015

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2015

1 Corporate information

The Company is in the business of land development for industrial, commercial and residential use. The Company acquires land and incurs expenditure on its development and related infrastructure facilities for lease/sale. The Company also maintains the Industrial Park for which it collects operation and maintenance charges from the lessees.

2 Significant accounting policies

2.1 Basis of accounting and preparation of financial statements

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act")/Companies Act, 1956 ("the 1956 Act"), as applicable. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year except for change in the accounting policy for depreciation as more fully described in Note 2.6.

2.2 Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known/materialise.

2.3 Inventories

Inventories are valued at lower of cost and net realisable value. Cost represents cost of land and all expenditure incurred in connection with, or attributable to the project, and, being a long-term project, includes interest.

2.4 Cash and cash equivalents (for purposes of Cash Flow Statement)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

2.5 Cash flow statement

Cash flows are reported using the indirect method, whereby profit/(loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

2.6 Depreciation and amortisation

Depreciation is provided on straight line method from the date the assets are put to use in accordance with Schedule II to Companies Act, 2013 with effect from April 1, 2014. Accordingly estimated useful life of all tangible fixed assets has been revised and the Company has applied the transition provisions stated in Schedule II.

Intangible assets are amortised over their estimated useful life as follows:
Software expenditure incurred is amortised over three years.

The estimated useful life of the intangible assets and the amortisation period are reviewed at the end of each financial year and the amortisation method is revised to reflect the changed pattern.

2.7 Revenue recognition

- Land lease premium is recognised as income upon creation of leasehold rights in favour of the lessee or upon an agreement to create leasehold rights with handing over of possession.
- Property lease rentals, income from operation & maintenance charges and water charges are recognised on an accrual basis as per terms of the agreement with the lessees.

2.8 Other income

Interest income is accounted on time-proportion basis. Dividend income is accounted for, when the right to receive it is established.

2.9 Tangible fixed assets

Fixed assets, are carried at cost less accumulated depreciation and impairment losses, if any. The cost of fixed assets includes interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use and other incidental expenses incurred up to that date.

Fixed assets acquired and put to use for project purpose are capitalised and depreciation thereon is included in the project cost till commissioning of the project.

Capital work-in-progress:

Projects under which assets are not ready for their intended use and other capital work-in-progress are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

2.10 Intangible assets

Intangible assets are carried at cost less accumulated amortisation and impairment losses, if any. The cost of an intangible asset comprises its purchase price, including any import duties and other taxes (other than those subsequently recoverable from the taxing authorities), and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates. Subsequent expenditure on an intangible asset after its purchase/completion is recognised as an expense when incurred unless it is probable that such expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standards of performance and such expenditure can be measured and attributed to the asset reliably, in which case such expenditure is added to the cost of the asset.

2.11 Foreign currency transactions and translations

Foreign currency transactions are recorded at exchange rates prevailing on the date of transaction. Monetary assets/liabilities are translated at exchange rates prevailing on the date of settlement or at the year end as applicable, and gain/loss arising out of such translation is adjusted to the profit and loss account.

2.12 Government grants, subsidies and export incentives

Government grants and subsidies are recognised when there is reasonable assurance that the Company will comply with the conditions attached to them and the grants/subsidy will be received. Government grants whose primary condition is that the Company should purchase, construct or otherwise acquire capital assets are adjusted to the carrying value of the assets.

2.13 Investments

Long-term investments (excluding investment properties), are carried individually at cost less provision for diminution, other than temporary, in the value of such investments. Current investments are carried individually, at the lower of cost and fair value. Cost of investments include acquisition charges such as brokerage, fees and duties.

2.14 Employee benefits

Employee benefits include provident fund, superannuation fund, gratuity fund and compensated absences.

Defined contribution plans

The Company's contribution to provident fund and superannuation fund are considered as defined contribution plans and are charged as an expense as they fall due based on the amount of contribution required to be made as and when services are rendered by the employees.

Defined benefit plans

For defined benefit plans in the form of gratuity fund, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each Balance Sheet date. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2015

represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the schemes.

Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service. The cost of such compensated absences is accounted as under:

- in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and
- in case of non-accumulating compensated absences, when the absences occur.

Long-term employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the Balance Sheet date less the fair value of the plan assets out of which the obligations are expected to be settled. Long Service Awards are recognised as a liability at the present value of the defined benefit obligation as at the Balance Sheet date.

2.15 Borrowing costs

Borrowing costs include interest and amortisation of ancillary costs incurred. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan. Borrowing costs, allocated to and utilised for qualifying assets, pertaining to the period from commencement of activities relating to construction/development of the qualifying asset upto the date of capitalisation of such asset are added to the cost of the assets. Capitalisation of borrowing costs is suspended and charged to the Statement of Profit and Loss during extended periods when active development activity on the qualifying assets is interrupted.

2.16 Segment reporting

The company has a single reportable segment namely, lease of land and properties constructed thereon.

2.17 Earnings per share

Basic/Diluted earnings per share is computed by dividing the profit/(loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year.

2.18 Taxes on income

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantially enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognised only if there is virtual certainty that there will be sufficient future taxable income available to realise such assets. Deferred tax assets are recognised for timing differences of other items only to the extent that reasonable certainty exists that sufficient future taxable

income will be available against which these can be realised. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each Balance Sheet date for their realisability.

2.19 Impairment of assets

The carrying values of assets/cash generating units at each Balance Sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, except in case of revalued assets.

2.20 Provisions and contingencies

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes.

2.21 Service tax input credit

Service tax input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is no uncertainty in availing/utilising the credits.

3 Share capital

Particulars	As at 31 st March, 2015		As at 31 st March, 2014	
	Number of shares	₹	Number of shares	₹
(a) Authorised				
Equity shares of ₹10 each with voting rights	25,000,000	250,000,000	25,000,000	250,000,000
Unclassified shares of ₹10 each	5,000,000	50,000,000	5,000,000	50,000,000
Cumulative Redeemable preference shares of ₹100 each	6,500,000	650,000,000	6,500,000	650,000,000
Total		950,000,000		950,000,000
(b) Issued, Subscribed and fully paid up				
Equity shares of ₹10 each with voting rights (Refer Note i Below)	20,000,000	200,000,000	20,000,000	200,000,000
8.5% (previous year 8.5%) Cumulative Redeemable preference shares of ₹100 each (Refer Note ii Below)	—	—	6,500,000	650,000,000
Total		200,000,000		850,000,000

Notes:

(i) Terms/rights attached to Equity Shares

The company has only one class of Equity shares having a par value of ₹10/- per share. Each holder of Equity Shares is entitled to one vote per share.

The dividends proposed by the Board of Directors is subject to the approval of the shareholders at the Annual General Meeting.

Repayment of capital will be in proportion to the number of equity shares held.

(ii) Terms/rights attached to Preference Shares

8.5% Cumulative Preference Shares have been redeemed on September 26, 2014 at par and dividend of ₹26,943,836 paid for the period up to September 25, 2014.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2015
(iii) Details of Preference shares held by the holding company, the ultimate holding company, their subsidiaries and associates:

Particulars	As at 31 st March, 2015		As at 31 st March, 2014	
	Equity shares with voting rights	8.5% Cumulative Redeemable preference shares	Equity shares with voting rights	8.5% Cumulative Redeemable preference shares
	Number of shares		Number of shares	
Mahindra Lifespace Developers Limited, the holding company	17,799,999	–	17,799,999	6,500,000

(iv) Details of equity shares held by each shareholder holding more than 5% shares:

Class of shares/Name of shareholder	As at 31 st March, 2015		As at 31 st March, 2014	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Equity shares with voting rights –Mahindra Lifespace Developers Limited	17,799,999	89.00%	17,799,999	89.00%
–Tamil Nadu Industrial Development Corporation Limited	2,200,000	11.00%	2,200,000	11.00%

4 Reserves and surplus

	As at 31 st March, 2015	As at 31 st March, 2014
	₹	₹
(a) General reserve		
Opening balance.....	34,500,000	34,500,000
Addition during the year.....	–	–
Transfer from surplus in Statement of Profit and Loss.....	–	–
Closing balance.....	34,500,000	34,500,000
(b) Capital Redemption Reserve.....	650,000,000	–
(c) Surplus in Statement of Profit and Loss		
Opening balance.....	848,574,877	847,984,730
Less: Depreciation on transition to Schedule II of the Companies Act, 2013 on tangible fixed assets with Nil remaining useful life (Net of deferred tax) (Refer Note 28).....	802,093	–
Add: Profit for the year.....	142,560,928	88,983,075
Less:		
Dividends proposed to be distributed to equity shareholders (₹1.00 per share) (previous year - ₹1 per share).....	20,000,000	20,000,000
Dividends proposed to be distributed to preference shareholders - (previous year - ₹8.50 per share from September 28, 2013 upto March 31, 2014).....	–	28,003,425
Tax on proposed dividend.....	4,071,600	8,158,182
Dividend paid on redemption of preference shares @ 8.5% for the period from April 1, 2014 to September 25, 2014.....	26,943,836	27,549,315
Tax on dividend.....	4,579,105	4,682,006
Transferred to General reserve.....	–	–
Transferred to Capital Redemption Reserve.....	650,000,000	–
Closing balance.....	284,739,171	848,574,877
Total	969,239,171	883,074,877

5 Long-term borrowings

Term loans (Secured)		
From HDFC Limited.....	1,844,791,667	1,737,500,000
Loans From related parties (Unsecured)		
from Holding Company (Interest @ 12.50%).....	1,620,000,000	–
from Mahindra Residential Developers Limited (Interest @ 12.00%).....	55,000,000	–
Total	3,519,791,667	1,737,500,000

Notes:
Term loan from HDFC Ltd

(i) Term loan carries an interest @ 12.35% - Principal to be repaid in 12 equal quarterly instalments, commencing from March 31, 2016. The rate of interest is revised to 12.10% with effect from February 1, 2015.

(ii) Term loans are secured by equitable Mortgage of specified lands.

(iii) For current maturities of long term borrowings, refer Note No. 10 in Other current liabilities.

Loan from Related parties

(iv) Inter corporate deposits held with these parties as at the end of the previous year have been converted into term loans during the current year. Refer Note No. 8 (i). These loans are repayable by March 31, 2019.

	As at 31 st March, 2015	As at 31 st March, 2014
	₹	₹
6 Other long-term liabilities		
Security deposit received (From Lessees).....	38,301,970	39,665,396
Total	38,301,970	39,665,396
7 Long-term provisions		
(a) Provision for employee benefits:		
(i) Compensated absences.....	2,639,187	–
(ii) Gratuity.....	1,186,002	–
Total	3,825,189	–
8 Short-term provisions		
From related parties (Unsecured)		
Intercompany Deposit from Holding Company.....	–	920,000,000
Intercompany Deposit from Mahindra Residential Developers Limited.....	–	155,000,000
Total	–	1,075,000,000
8 (i) The above inter corporate deposits have been converted into term loans net of repayments made of ₹5 Crores in case of the holding company and ₹10 crore in respect of MRDL. Refer Note No. 5(iv)		
9 Trade payables		
Trade payables.....	24,167,235	28,419,297
Total	24,167,235	28,419,297
10 Other current liabilities		
Current maturities of long term loan HDFC Ltd (Refer note 10.1).....	167,708,333	–
Advance received from Ultimate Holding Company (towards club membership).....	122,500,000	90,000,000
Interest payable to related parties on borrowings... Statutory remittances (Contributions to PF, Withholding Taxes, VAT, Service Tax, etc.).....	44,938,356	–
Other payables.....	7,298,312	2,848,130
Payable on purchase of fixed assets.....	42,848,428	28,773,623
Earnest money deposit received.....	52,640,503	6,988,325
Advances from customers (refer note No. 10.(ii)....	1,339,300	822,600
Rental/other deposits from customers.....	5,352,937	1,173,632
Total	9,323,719	9,400,656
10. (i) Refer Note No. 5.(i) & (ii) for terms of repayment and interest		
10. (ii) Includes advance towards club membership Rs. 4,180,163/-		
	As at 31 st March, 2015	As at 31 st March, 2014
11 Short-term provisions		
(a) Provision for employee benefits:		
(i) Compensated absences.....	1,312,310	4,174,183
(ii) Gratuity.....	–	986,910
Total	1,312,310	5,161,093
(i) Proposed equity dividend.....	20,000,000	20,000,000
(ii) Proposed preference dividend.....	–	28,003,425
(iii) Tax on proposed dividends.....	4,071,600	8,158,182
Total	24,071,600	56,161,607
Total	25,383,910	61,322,700

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2015
12 Fixed Asset

Particulars	Gross block					Depreciation					Net block		
	As at 01.04.2014	Additions	Deletions	Adjustments	As at 31.03.2015	As at 01.04.2014	Transition Adjustment (Refer Note 1)	For the period (Refer Note 2)	Deletions	Adjustments	As at 31.03.2015	As at 31.03.2015	As at 31.03.2014
A. Tangible assets													
Land	10,779,777	10,058,628	-	-	20,838,405	-	-	-	-	-	-	20,838,405	10,779,777
(Previous year)	10,779,777	-	-	-	10,779,777	-	-	-	-	-	-	10,779,777	10,779,777
Buildings													
- Own use	112,097,794	118,156,491	-	-	230,254,285	26,150,260	-	3,688,977	-	-	29,839,237	200,415,048	85,947,534
(Previous year)	112,097,794	-	-	-	112,097,794	22,508,304	-	3,641,956	-	-	26,150,260	85,947,534	89,589,490
- Given under operating lease	116,977,826	-	-	-	116,977,826	24,796,988	-	3,886,861	-	-	28,683,849	88,293,977	92,180,838
(Previous year)	116,977,826	-	-	-	116,977,826	20,889,928	-	3,907,060	-	-	24,796,988	92,180,838	96,087,898
Plant and machinery	221,357,958	29,465,243	-	316,575	251,139,776	52,625,097	154,879	18,982,177	-	-	71,762,153	179,377,623	168,732,861
(Previous year)	221,357,958	-	-	-	221,357,958	42,084,911	-	10,540,186	-	-	52,625,097	168,732,861	179,273,047
Office equipment	1,651,328	8,253,841	-	(316,575)	9,588,594	887,110	629,150	696,423	-	-	2,212,683	7,375,911	764,218
(Previous year)	2,651,401	35,400	1,035,473	-	1,651,328	1,084,015	-	349,519	546,424	-	887,110	764,218	1,567,386
Furniture and fixtures	2,274,007	61,139,326	-	-	63,413,333	1,800,734	72,264	208,586	-	-	2,081,584	61,331,749	473,273
(Previous year)	3,465,561	-	1,191,554	-	2,274,007	2,742,528	-	107,165	1,048,959	-	1,800,734	473,273	723,033
Computers	1,726,668	2,611,313	-	-	4,337,981	717,238	358,816	646,646	-	-	1,722,700	2,615,281	1,009,430
(Previous year)	6,223,453	176,356	4,673,141	-	1,726,668	4,774,802	-	378,943	4,436,507	-	717,238	1,009,430	1,448,651
Vehicles	8,046,092	-	616,249	-	7,429,843	1,886,706	-	1,067,719	112,979	-	2,841,446	4,588,397	6,159,386
(Previous year)	6,782,645	3,007,367	1,743,920	-	8,046,092	2,528,538	-	724,632	1,366,464	-	1,886,706	6,159,386	4,254,107
Total	474,911,450	229,684,842	616,249	-	703,980,043	108,864,133	1,215,109	29,177,389	112,979	-	139,143,652	564,836,391	366,047,317
Total (Previous year)	480,336,415	3,219,123	8,644,088	-	474,911,450	96,613,026	-	19,649,461	7,398,354	-	108,864,133	366,047,317	383,723,389
B. Intangible assets													
Software	5,558,724	357,200	-	-	5,915,924	5,558,723	-	326	-	-	5,559,049	356,875	1
(Previous year)	5,558,724	-	-	-	5,558,724	5,558,723	-	-	-	-	5,558,723	1	1
Total	5,558,724	357,200	-	-	5,915,924	5,558,723	-	326	-	-	5,559,049	356,875	1
Total (Previous year)	5,558,724	-	-	-	5,558,724	5,558,723	-	-	-	-	5,558,723	1	1
Total (A+B)	480,470,174	230,042,042	616,249	-	709,895,967	114,422,856	1,215,109	29,177,715	112,979	-	144,702,701	565,193,266	366,047,318
Total (A+B) Previous year	485,895,139	3,219,123	8,644,088	-	480,470,174	102,171,749	-	19,649,461	7,398,354	-	114,422,856	366,047,318	383,723,390

13 Non-current investments	As at 31 st March, 2015		As at 31 st March, 2014	
	Nos:	₹	Nos:	₹
Investments (At cost):				
Unquoted, Trade				
<u>Long Term</u>				
Investment in equity instruments in Subsidiary company				
- Mahindra Industrial Park Chennai Limited	50,000	500,000	-	-
(50,000 Equity shares of Rs 10 each subscribed during the year at par)				
Investment in equity instruments in Joint venture company				
- Mahindra Integrated Township Limited	13,000,000	130,000,000	13,000,000	130,000,000
Total	13,050,000	130,500,000	13,000,000	130,000,000

14 Long-term loans and advances (Unsecured, Considered good)	As at 31 st March, 2015		As at 31 st March, 2014	
		₹		₹
Capital advances		219,192		9,060,725
Security deposits		4,414,887		3,403,360
Advance income tax (net of provisions)		138,723,811		115,768,067
MAT credit entitlement		135,536,620		96,342,000
Total		278,894,510		224,574,152

15 Inventories (at lower of cost and net realisable value)	As at 31 st March, 2015		As at 31 st March, 2014	
		₹		₹
Work-in-progress				
(representing cost of land and related expenditure)		4,084,203,280		3,828,377,624
Inventory procured for the Club		3,507,435		-
Total		4,087,710,715		3,828,377,624

16 Trade receivables (Unsecured)	As at 31 st March, 2015		As at 31 st March, 2014	
		₹		₹
Trade receivables outstanding for a period exceeding six months from the date they were due for payment				
Unsecured, considered Good		1,629,419		2,075,611
Doubtful		467,763		-
Less: Provision for doubtful trade receivables		467,763		-
Other Trade receivables		11,928,704		15,551,561
Total		13,558,123		17,627,172

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2015

	As at 31 st March, 2015	As at 31 st March, 2014	For the year ended 31 st March, 2015	For the year ended 31 st March, 2014
	₹	₹	₹	₹
17 Cash and cash equivalents				
(a) Cash on hand.....	57,273	15,435		
(b) Balances with banks				
In current accounts	15,846,980	7,208,380		
In earmarked deposits (Refer Note 17(i) ...	25,000	-		
Total.....	15,929,253	7,223,815		
Note : 17.(i) Fixed deposit of Rs. 25,000 has been given as security towards luxury tax registration for the club.				
	As at 31 st March, 2015	As at 31 st March, 2014		
	₹	₹		
18 Short-term loans and advances (Unsecured unless specifically stated, Considered good)				
(a) Security deposits.....	675,000	675,000		
(b) Loans and advances to employees.....	128,712	10,760		
(c) Prepaid expenses	3,158,976	2,550,775		
(d) Balances with government authorities Service Tax input credit	5,681,313	2,813,825		
(e) Advances for purchase of land				
Secured.....	473,263,192	473,263,192		
Unsecured	3,405,000	3,405,000		
(r) Other advances	8,649,518	1,208,152		
Total.....	494,961,711	483,926,704		
	As at 31 st March, 2015	As at 31 st March, 2014		
	₹	₹		
19 Other current assets				
Interest accrued on Advance for purchase of land	37,652,513	31,446,634		
Total.....	37,652,513	31,446,634		
	For the year ended 31 st March, 2015	For the year ended 31 st March, 2014		
	₹	₹		
20 Revenue from operations				
(a) Land Lease Premium/sale of land (Refer Note below)	369,040,460	250,625,000		
(b) Rental income.....	14,890,581	12,147,671		
(c) Operation and maintenance income.....	224,754,713	202,275,764		
Total.....	608,685,754	465,048,435		
Note: Revenue is net of reversal of land lease premium towards land surrendered by the lessee during the year.				
	For the year ended 31 st March, 2015	For the year ended 31 st March, 2014		
	₹	₹		
21 Other income				
Interest on Advance for purchase of land.....	6,912,556	7,066,769		
Interest on Intercompany Deposit.....	-	6,499,920		
Interest on Fixed deposits with bank	249,863	-		
Dividend income from shares	26,000,000	-		
Miscellaneous income	334,622	106,000		
Total.....	33,497,041	13,672,689		
22 Changes in inventories				
<u>Inventories at the end of the year:</u>				
Work-in-progress	4,084,203,280	3,828,377,624		
Inventory procured for the Club	3,507,435	-		
	4,087,710,715	3,828,377,624		
<u>Inventories at the beginning of the year:</u>				
Work-in-progress	3,828,377,624	3,499,127,857		
	3,828,377,624	3,499,127,857		
Net (increase)/decrease	(259,333,091)	(329,249,767)		
	For the year ended 31 st March, 2015	For the year ended 31 st March, 2014		
	₹	₹		
23 Employee benefits expense				
Salaries and wages.....	29,586,534	34,983,910		
Contributions to provident and other funds	1,725,236	1,762,585		
Commission to non-whole time directors.....	1,686,575	2,000,000		
Staff welfare expenses.....	1,890,135	2,372,671		
Total.....	34,888,480	41,119,166		
	For the year ended 31 st March, 2015	For the year ended 31 st March, 2014		
	₹	₹		
24 Finance costs				
(a) Interest expense on:				
(i) Term loan from HDFC Limited	223,117,993	222,080,286		
(ii) TLoan from Related parties.....	166,358,493	-		
(iii) Intercompany Deposit.....	-	119,624,588		
(iv) Delayed payment of service tax...	3,215	-		
Total.....	389,479,701	341,704,874		
	For the year ended 31 st March, 2015	For the year ended 31 st March, 2014		
	₹	₹		
25 Other expenses				
Power and fuel.....	29,673,587	27,722,764		
Rent including lease rentals	1,039,107	664,606		
Repairs and maintenance				
- Machinery.....	309,778	83,930		
- Others.....	888,889	2,881,411		
Insurance	1,748,469	2,050,533		
Rates and taxes	874,080	1,919,687		
Communication	3,347,796	1,611,054		
Travelling and conveyance.....	7,722,208	7,744,292		
Printing and stationery	767,596	1,441,540		
Sales commission	2,611,913	-		
Business promotion	13,514,209	8,656,640		
Legal and professional	25,036,702	19,923,735		
Directors sitting fees.....	150,000	105,000		
Payments to auditors	1,054,947	1,033,054		
Loss on Sale of Fixed Assets.....	155,918	979,184		
Operation and Maintenance Expenses.....	119,978,717	104,359,486		
Provision for Doubtful Trade Receivables	467,763	-		
Bad debts	209,237	-		
Corporate social Responsibility (CSR) activities ...	7,471,763	2,175,441		
Miscellaneous expenses	6,108,445	1,308,511		
Total.....	223,131,124	184,660,868		

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2015

	For the year ended 31 st March, 2015	For the year ended 31 st March, 2014
	₹	₹
(i) Payments to the auditors comprises (net of service tax input credit)		
Statutory audit.....	750,000	700,000
Other services.....	301,442	330,000
Reimbursement of expenses.....	3,505	3,054
Total	1,054,947	1,033,054

26 Additional information to the financial statements

	For the year ended 31 st March, 2015	For the year ended 31 st March, 2014
	₹	₹

26.1 Contingent liabilities and commitments
(i) Contingent liabilities

Income Tax matters disputed and not provided for - under appeal

Borrowing costs inventorised in books but claimed as expenditure under Income Tax and disputed by the department - ₹135,350,545 (for the years ended March 31, 2012 and March 31, 2011 is ₹75,743,139 and ₹59,607,406/- respectively. However even if this liability crystallizes, there would be future tax benefits available on account of timing difference except for interest and income tax rate differences.

Other Matters disputed.....	768,833	768,833
-----------------------------	---------	---------

Note : The above amount is based on demand raised, which the Company is contesting with the concerned authorities. Outflows, if any, arising out of this claim would depend on the outcome of the decision of the appellate authorities and Company's rights for future appeals. No reimbursements are expected.

(ii) Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for Tangible assets.....	-	53,029,878
---	---	------------

26.2 There are no dues to Micro and Small Enterprises and these have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

	For the year ended 31 st March, 2015	For the year ended 31 st March, 2014
	₹	₹
Expenditure in foreign currency		
Total.....	-	-

27 Disclosures under Accounting Standards

	For the year ended 31 st March, 2015	For the year ended 31 st March, 2014
	₹	₹
27.1 Details of borrowing costs inventorised		
Borrowing costs inventorised during the year	287,113,236	289,347,683

27.2 The Company has a single reportable segment namely, lease of land and properties constructed thereon.

27.3 Additional information to the financial statements - Employee benefits
1. Gratuity
a) Defined Contribution plans

The Company makes Provident fund contribution to defined contribution plans for the employees. Under the scheme, the company is required to contribute a specified percentage of the payroll cost to the fund the benefits. The Company recognized ₹ 1,178 (In 000's) (PY ₹ 1,484 (In 000's) for Provident fund contributions in the statement of profit and Loss. The contributions payable to these plans by the company are at rates specified in the rules of the scheme.

b) Defined Benefit Plans

The Company's obligation towards gratuity is defined benefit plan. The gratuity expense is included under 'Contributions to provident and other funds' in Note 23 Employee benefits expense. The details of actuarial valuation are given below:

	Gratuity (Funded)	
	2014-15	2013-14
	₹	₹
a. Net Asset/(Liability) recognized in the balance sheet		
Present Value of Defined Benefit Obligation	3,597,239	3,217,102
Fair Value of Plan assets.....	2,411,237	2,230,192
Liability recognised in the balance sheet	1,186,002	986,910
b. Expense recognized in the Statement of Profit & Loss		
Past service cost.....	-	-
Current Service cost.....	378,879	456,695
Interest cost.....	277,384	265,784
Expected return on plan assets.....	(172,172)	(192,012)
Actuarial (gains)/Losses	(103,250)	(434,430)
Total expenses	380,841	96,037
c. Change in present value of Defined Benefit obligation		
Present Value of the obligation at the beginning of the year	3,217,102	3,800,161
Past service cost.....	-	-
Current Service cost	378,879	456,695
Interest Cost	277,384	265,784
Actuarial (Gains)/Losses.....	61,720	(349,807)
Benefits Paid.....	(337,846)	(955,731)
Present value of the obligation as at the end of the year	3,597,239	3,217,102

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2015

	Gratuity (Funded)	
	2014-15	2013-14
	₹	₹
d. Change in fair value of plan assets		
Present value of plan assets as the beginning of the year.....	2,230,192	2,846,742
Expected return on plan assets.....	172,172	192,012
Contributions made.....	181,750	62,546
Benefits paid.....	(337,846)	(955,731)
Actuarial Gains/(Losses).....	164,969	84,623
Present value of plan assets at the end of the year...	2,411,237	2,230,192
e. Principal actuarial assumptions		
Discount Rate.....	7.80%	9.10%
Expected return on plan assets.....	8.00%	8.00%
Mortality.....	LIC (2006-08) Ultimate mortality tables	
f. Estimate of amount of contribution in the immediate next year.....	-	50,000
g. Estimates of future salary increases considered in actuarial valuation take account of inflation, seniority, promotions, increments and other relevant factors such as supply and demand in the employment market.		
h. Basis used to determine expected rate of return - The Gratuity Fund is managed by the Life Insurance Corporation of India and they have not made available the information on major categories of plan assets and the expected rate of return on each class of plan assets.		

i.	Experience adjustment as provided by actuary:	For the years:				
		2014-15	2013-14	2012-13	2011-12	2010-11
	Present value of DBO...	3,597,239	3,217,102	3,800,161	4,024,903	2,636,907
	Fair value of plan assets.....	2,411,237	2,230,192	2,846,742	1,177,668	2,022,143
	Experience gain/(loss) adjustments on plan liabilities.....	449,490	(29,123)	1,647,213	(1,646,523)	536,483
	Experience gain/(loss) adjustments on plan assets.....	164,969	84,623	(160,976)	(127,992)	(80,886)

Particulars	For the year ended 31 st March, 2015	For the year ended 31 st March, 2014
-------------	---	---

Actuarial assumptions for long-term compensated absences

Discount rate.....	7.80%	9.10%
Expected return on plan assets.....	0.00%	0.00%
Salary escalation.....	12.00%	12.00%
Attrition.....	5.00%	2.00%

The discount rate is based on the prevailing market yields of Government of India securities as at the balance sheet date for the estimated term of the obligations. The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factors.

27.3 Additional information to the financial statements - Employee benefits
2 Disclosures on Employee share based payments:

Under the following Employee Stock Option Schemes, Mahindra Lifespace Developers Limited, the parent company issued equity - settled options to the employees of the Company as per the following details:

ESOS Scheme	Date of grant	No. of options granted	Options vested	Options exercised	Options lapsed	Options outstanding as at	Amount ₹		
							March 31 2015	March 31 2014	Employee compensation cost incurred by the Parent company and not charged to the Company for the
							YE March 31 2015	YE March 31 2014	
ESOS 2008	25-Apr-08	31,050	26,450	-	4,600	26,450	29,626	-	-
ESOS 2012	4-Aug-12	9,000	3,600	3,600	-	5,400	9,000	7,06,809	7,06,809
Total charge for the year								7,06,809	7,06,809

Other terms

ESOS Scheme	ESOS 2008	ESOS 2012
Exercise price	₹ 428/share	₹ 10/share
Vesting Conditions	25 % each on expiry of 12, 24, 36 and 48 months from the date of grant	20 % each on expiry of 12 and 24 months and 30 % each on expiry of 36 and 48 months from the date of grant
Contractual life	5 years from the date of individual vesting.	

The Parent company has adopted intrinsic value method for computing the compensation cost for the Options granted. The Intrinsic value, i.e. the difference between the market price of the share and the exercise price is being amortised as employee compensation cost over the vesting period in the books of the parent company. The Parent company has also confirmed that there will be no recovery of the above ESOP cost from the Company.

Note: The above details are as provided by the parent company and the auditors have placed reliance on the same.

27.4 Related party transactions
27.4 a. Details of related parties:

Description of relationship	Names of related parties
Ultimate Holding Company	Mahindra & Mahindra Limited
Holding Company	Mahindra Lifespaces Developers Limited
Subsidiaries	Mahindra Industrial Park Chennai Ltd
Fellow Subsidiaries with whom transactions have been entered into during the year	Mahindra Residential Developers Limited (Subsidiary of MITL)
	Mahindra Consulting Engineers Limited
	Mahindra Integrated Business Solutions Private Ltd.
	Mahindra Holidays & Resorts (India) Ltd
Joint Venture	Mahindra Integrated Township Limited (MITL)
Key Management Personnel (KMP)	Mr. S Chandru, Manager and Chief Operating Officer
	Mr. T. S. Krishnan, Chief Financial Officer

Note: Related parties have been identified by the Management and relied upon by the auditors.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2015
27.4 b. Details of related party transactions during the year ended 31st March, 2015 and balances outstanding as at 31st March, 2015:

	Ultimate Holding Company	Holding Company	Subsidiary	Fellow Subsidiaries	Joint Venture	KMP
Transactions during the year						
Operation and maintenance Income	16,973,220 (15,430,200)	2,442,717 (2,539,708)			21,166,860 (19,689,000)	
- Mahindra Residential Developers Limited				6,298,644 (6,552,840)		
Water charges	7,340,630 (5,201,600)	-			6,829,507 (4,097,820)	
- Mahindra Residential Developers Limited				7,014,211 (6,728,520)		
Rent received		2,471,304 (2,337,719)				
Interest received					-	
Dividend income from shares					(6,499,920) 26,000,000	
Professional Charges	15,000 (42,000)				-	
- Mahindra Consulting Engineers Limited				9,394,000 (8,854,972)		
- Mahindra Integrated Business Solutions Pvt Ltd.				108,200 (108,000)		
Travelling Expenses						
- Mahindra Holidays and Resorts India Limited				1,098,155 (1,956,406)		
Rent Paid	687,177 (161,280)					
Interest Paid		158,318,493 (105,157,191)				
- Mahindra Residential Developers Limited				8,040,000 (14,467,396)		
Purchase of DG set	4,257,307 -					
Inter Corporate Deposit received		750,000,000 (410,000,000)				
- Mahindra Residential Developers Limited				10,000,000 (240,000,000)		
Inter Corporate Deposit repaid		50,000,000 (140,000,000)				
- Mahindra Residential Developers Limited				110,000,000 (85,000,000)		
Advances received	32,500,000 (50,000,000)					
Investment in share capital			500,000 -			
Incorporation Expenses Recoverable			59,608 -			
Managerial Remuneration*						9,610,811 (7,088,958)
Dividend Paid on Equity & Preference Shares		72,747,260 (95,343,654)				
Balance Outstanding as at the year end						
Receivables	801,680 (422,650)		59,608		-	
Payables	131,137,669 (95,288,966)	1,666,841,928 (923,414,098)			6,650,775 (6,650,775)	
- Mahindra Residential Developers Limited				57,306,889 (157,306,889)		
- Mahindra Holidays and Resorts India Limited				-		
- Mahindra Integrated Business Solutions Private Ltd.				(25,173) 10,053 -		

Note: Figures in bracket relates to the previous year

* Remuneration payable to Manager is approved by Nomination & Remuneration committee

27.5 The Company's leasing arrangements are in respect of commercial premises given under operating lease.

Lease income from operating leases is recognized on a straight-line basis over the period of lease. The particulars of the premises given under cancellable operating leases are as under:

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2015
27.5 Leases

	As at 31st March, 2015	As at 31st March, 2014
	₹	₹
Gross carrying amount of premises	116,977,826	116,977,826
Accumulated depreciation.....	28,683,849	24,796,988
Depreciation for the year.....	3,886,861	3,907,060

27.6 Earnings per share

	For the year ended 31st March, 2015	For the year ended 31st March, 2014
	₹	₹
Basic and diluted		
Net profit for the year	142,560,928	88,983,075
Less: Preference dividend and tax thereon	-	64,993,928
Less: Preference dividend and tax thereon paid on redemption	31,522,941	-
Net profit for the year attributable to the equity shareholders.....	111,037,987	23,989,147
Weighted average number of equity shares.....	20,000,000	20,000,000
Par value per share	10.00	10
Earnings per share - Basic and diluted...	5.55	1.20

27.7 Deferred tax (liability)/asset

Particulars	As at 31st March, 2015	As at 31st March, 2014
	₹	₹
Tax effect of items constituting deferred tax liability		
On difference between book balance and tax balance of fixed assets	(53,840,252)	(50,352,968)
Interest inventorised but claimed as allowable for tax purposes.....	(434,117,014)	(328,775,135)
Less: Transition Adjustment on depreciation (Refer Note 4 & 28).....	413,016	-
Tax effect of items constituting deferred tax liability	(487,544,250)	(379,128,103)
Tax effect of items constituting deferred tax assets		
Provision for compensated absences, gratuity and other employee benefits....	1,777,986	1,754,256
Brought forward business losses	94,913,604	56,234,032
Provision for Doubtful Debts	161,883	-
Tax effect of items constituting deferred tax assets	96,853,473	57,988,288
Net deferred tax (liability)/asset	(390,690,777)	(321,139,815)

Deferred tax reconciliation:

Deferred tax expense for the year based on the movement in net deferred tax liability as at the beginning and the end of the year as shown above	69,550,962	45,754,580
Add: Deferred tax impact netted off from depreciation on transition to Schedule II of the Companies Act, 2013 adjusted to opening surplus. Refer Note 4 and 28	413,016	-
Deferred tax impact in the Statement of Profit and Loss	69,963,978	45,754,580

27.8 Joint Venture Disclosures
i. Interest in Joint Ventures

Name of the Company	Country of Incorporation	Proportion of ownership interest
Mahindra Integrated Township Limited	India	25.78%

ii. Interest in assets, liabilities, income, expenses and capital commitment with respect to the Joint Ventures

Particulars	2014-15	2013-14
Tangible fixed assets	57,191	104,134
Non-current Investments	170,905,601	170,905,601
Long term loans and advances	17,850,223	8,852,674
Inventories.....	238,052,206	250,807,078
Trade receivables.....	33,208,962	33,470,328
Cash and cash equivalents.....	28,848,994	12,495,826
Short term loans and advances.....	23,834,579	14,925,191
Other Current Assets.....	49,357,212	2,829,146
Trade payables	71,603,490	44,526,579
Other Current Liabilities.....	79,480,301	97,698,087
Short term borrowings.....	69,594,528	238,941,211
Short term provisions	2,618,816	1,546,545
Long term Borrowings.....	148,726,083	-
Income	401,253,693	161,337,127
Expenses.....	293,008,298	174,637,065
Contingent liabilities	-	-
Capital commitments	-	-

28 During the year, pursuant to the notification of Schedule II to the Companies Act, 2013 with effect from April 1, 2014 the Company has revised the estimated useful life of some of its assets to align the useful life with those specified in Schedule II. The details of previously applied depreciation method, rates/useful life are as follows:

Asset	Previous depreciation rate/useful life (Based on SLM)	Revised useful life based on SLM (schedule 2 rates)
Buildings (other than Factory buildings)	1.63%/~60 years	30 years
Vehicles - Motor cars	9.5%/~10 years	8 years
General Plant and Machinery	4.75%/~20 years	15 years
General Furniture and Fittings	6.33%/~15 Years	10 Years

Pursuant to the transition provisions prescribed in Schedule II to the Companies Act, 2013, the Company has fully depreciated the carrying value of assets (determined after considering the revised useful life as prescribed by Schedule II) net of residual value, where the remaining useful life of the asset was determined to be Nil as on April 1, 2014, and has adjusted an amount of ₹802,093/- (net of deferred tax of ₹413,016/-) against the opening Surplus balance in the Statement of Profit and Loss under Reserves and Surplus. (refer note no. 4(C))

The depreciation expense in the Statement of Profit and Loss for the year is higher by ₹94,10,876/- consequent to the adoption of revised useful life as prescribed by schedule II of the Companies Act, 2013.

29 Other disclosures

29.1 The Company does not have material foreseeable losses on the long term contracts as on March 31, 2015.

29.2 The Company did not enter into any derivative contracts during the year.

29.3. There are no amounts required to be transferred to the Investor Education and Protection Fund by the Company during the year.

30 Previous year's figures

Previous year's figures have been regrouped/reclassified wherever necessary to conform with the current year's classification/disclosure.

See accompanying notes forming part of the financial statements

In terms of our report attached.

For **A. F. Ferguson & Co**

Chartered Accountants

Firm's Registration No.: 112066W

Geetha Suryanarayanan

Partner

Membership No.: 29519

Place : Chennai

Date : 18th April, 2015

T. S. Krishnan

Chief Financial Officer

S. Chandru

Manager & Company Secretary

For and on behalf of the Board of Directors

N. Vaghul

Chairman

Anita Arjundas

Sangeeta Prasad

} Directors

Place : Chennai

Date : 18th April, 2015

DIRECTOR'S REPORT

Directors' Report to the Members

Your Directors present their First Report together with the Audited Financial Statement of your Company for the period from 22nd December, 2014 (the date of incorporation) till the year ended on 31st March, 2015.

FINANCIAL HIGHLIGHTS (STAND-ALONE)

(Amount in ₹ lakhs)

Particulars	For the period from 22 nd December, 2014 till 31 st March, 2015
Total Income	-
Profit/(Loss) Before Depreciation, Interest and Taxation	(1.10)
Less: Depreciation	-
Profit/(Loss) Before Interest and Taxation	(1.10)
Less: Interest	-
Profit/(Loss) Before Taxation	(1.10)
Less: Provision for Taxation	-
Profit/(Loss) for the year after Taxation	(1.10)
Add: Balance of Profit/(Loss) for earlier years	-
Balance carried forward to the Balance Sheet	(1.10)

Dividend

Your Directors have not recommended any dividend as the company is yet to start its operations.

Reserves

Loss for the year has been carried forward and no amount has been transferred to Reserves as the company has not made any profits during the year.

Operations

Your Company was incorporated on December 22, 2014 as a public limited company for carrying on the business of land development for industrial, commercial and residential use. Your company is exploring the possibility of tie-up with a strategic investor in this space for developing an industrial park in North Chennai, Tamil Nadu, spanning an area of approximately 300 acres.

The company is yet to commence its operations.

Share Capital

Authorised share capital of your company is ₹ 5 Lacs and Paid-up share capital of the company is ₹ 5 Lacs. Presently, the entire paid-up share capital of your Company is held by Mahindra World City Developers Limited.

During the year, the Company has not issued any equity shares with differential rights or any sweat equity shares. The Company does not have any Employee Stock Option Scheme and therefore the requirement of disclosures in respect of voting rights not exercised directly by the employees are not applicable to your Company.

Networth

The networth of the Company at the close of the current financial year (FY 2014-15) was ₹ 3.90 Lacs.

Holding Company

Your Company is a wholly owned subsidiary of Mahindra World City Developers Ltd (MWCDL) and consequently is a subsidiary of Mahindra Lifespace Developers Limited and Mahindra & Mahindra Limited.

Corporate Social Responsibility (CSR)

As the Company does not meet any of the criteria prescribed under Section 135(1) of the Companies Act, 2013 the provisions with respect to CSR are currently not applicable to the Company.

Directors

The Board of Directors comprises of Ms. Anita Arjundas, Ms. Sangeeta Prasad and Mr. S. Chandru Pursuant to Section 152 of the Companies Act, 2013, Mr. S. Chandru (DIN: 00243025) a Non-executive and Non-independent Director retires by rotation at the First Annual General Meeting of the Company and being eligible has offered himself for re-appointment. Mr. S. Chandru is not disqualified from being re-appointed as a Director by virtue of the provisions of Section 164 of the Companies Act, 2013.

As the Company does not meet any of the criteria prescribed under Section 178 of the Companies Act, 2013 and Rules thereunder, the provisions with respect to Nomination & Remuneration Committee are currently not applicable to the Company.

Key Managerial Personnel

The Company presently does not meet any of the criteria for appointment of Key Managerial Personnel under the Companies Act, 2013 and hence has not appointed any Key Managerial Personnel.

Code of Conduct

The Company had adopted Code of Conduct ("the Code/s") for its Directors. These Codes enunciate the underlying principles governing the conduct of the Company's business and seek to reiterate the fundamental precept that good governance must and would always be an integral part of the Company's ethos.

The Company has for the year under review, received declarations under the Code of conduct from the Board members affirming compliance with the same.

Meetings

During the financial year Board Meeting was convened on 26th December, 2014 and 21st January, 2015. and the same was attended by all the board members.

There is no requirement to constitute Audit committee, Nomination and Remuneration committee and CSR committee at present as per the applicable provisions of the companies act, 2013 and hence the same has not been formed.

Directors' Responsibility Statement

Pursuant to Section 134(3)(c) of the Companies Act, 2013, the Directors, based on the representations received from the operating management and after due enquiry, confirm that:

- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) they had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year 31st March, 2015 and of the loss of the Company for that period;
- (c) they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safe guarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) they had prepared the annual accounts on a going concern basis; and
- (e) they had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Internal Financial Controls

The Company has in place adequate internal financial controls with reference to the financial statements.

Auditors

M/s. Deloitte Haskins and Sells LLP, Chartered Accountants, Chennai, have been appointed as the first Auditors of the company in the board meeting held on January 21, 2015. They retire at the first Annual General Meeting and the members are requested to appoint Auditors from the conclusion of the first Annual General Meeting until the conclusion of the Sixth Annual General Meeting and fix their remuneration.

As required by the provisions of section 139 and 141 of Companies Act, 2013 the Company has received written consent and certificate from M/s. Deloitte Haskins and Sells LLP, Chartered Accountants, (ICAI Firm Registration Number 117366W/W-100018), proposed to be re-appointed as Auditors for five years i.e upto conclusion of the 6th Annual General Meeting of the Company to the effect that their appointment, if made, would be in conformity with the limits specified in that Section.

The Board has recommended to the shareholders for approval re-appointment of M/s Deloitte Haskins and Sells LLP, Chartered Accountants as the Statutory Auditors to hold office from the conclusion of the First Annual General Meeting till the conclusion of the Sixth Annual General Meeting and to fix their remuneration.

The Auditor's Report does not contain any qualification, reservation or adverse remark and therefore does not call for any further comments.

The requirements of having Cost auditor, Internal Auditor and Secretarial Auditor are presently not applicable to your Company.

Particulars of loans, guarantees or investments under Section 186 of the Companies Act, 2013

The company has not made any loan/investment during the year.

Contracts and Arrangements with Related Parties

All contracts/arrangements/transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on an arm's length basis. During the year, the Company had not entered into any contract/arrangement/transaction with related parties which could be considered material under the Companies Act, 2013. Therefore, the form AOC-2 is not applicable to the Company. Your Directors draw attention to Note no. 8.1 to the financial statement which sets out details of transactions with related parties.

Deposits, Loans and Advances

Your Company has not accepted any deposits from the public during the year under review.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

Since the company has not commenced its operations, your Company does not have anything to report under Conservation of Energy, Technology Absorption and Foreign

Exchange Earnings and Outgo as per Section 134(3)(m) of the Companies Act, 2013 read with the Rule 8(3) of the Companies (Accounts) Rules, 2014 during the year under review. To this effect the annexure in the prescribed format is attached as **Annexure 1** to this report.

Employee Remuneration

There is no employees on the rolls of the company as on 31st March 2015 as the company is yet to commence its operations. Therefore the statement containing particulars of employees as required under Section 197 (12) of the Companies Act, 2013 read with Rule 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is not attached to this report.

Extract of Annual Return

The details forming part of the Extract of the Annual Return in Form MGT-9, as required under Section 92 of the Companies Act, 2013 is included in this Report as **Annexure 2** and forms part of this Report.

General

During the year under review, no revision was made in the financial statement of the Company.

During the year ended March 31, 2015, there were no cases filed/reported pursuant to the Sexual Harassment of women at workplace (Prevention, Prohibition and Redressal) Act, 2013.

No penalties/strictures were imposed on the Company by any statutory authority on any matter. No significant or material

orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operation in future.

Cautionary statement

Certain statements in the Directors' Report describing the Company's objectives, projections, estimates, expectations or predictions may be forward-looking statements within the meaning of applicable securities laws and regulations. Actual results could differ from those expressed or implied. Important factors that could make a difference to the Company's operations include labour and material availability, and prices, cyclical demand and pricing in the Company's principal markets, changes in government regulations, tax regimes, economic development within India and other incidental factors.

Acknowledgment

The Directors would like to thank the Holding company Mahindra World City Developers Ltd and HDFC Bank Limited for the support received from them during the year.

For and on behalf of the Board

Anita Arjundas
Chairperson
DIN: 243215

Chennai, 18th April, 2015

ANNEXURE 1 TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2015:

A. CONSERVATION OF ENERGY

(i)	the steps taken or impact on conservation of energy;	:	Not Applicable
(ii)	the steps taken by the company for utilising alternate sources of energy;	:	Not Applicable
(iii)	the capital investment on energy conservation equipments	:	Not Applicable

B. TECHNOLOGY ABSORPTION

(i)	the efforts made towards technology absorption	:	Not Applicable
(ii)	the benefits derived like product improvement, cost reduction, product development or import substitution	:	Not Applicable
(iii)	in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)	:	Not Applicable
(iv)	the expenditure incurred on Research and Development	:	Not Applicable

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year, there were no transactions involving Foreign Exchange earnings in terms of actual inflows and the Foreign Exchange outgo in terms of actual outflow.

For and on behalf of the Board

Anita Arjundas
Chairperson
DIN: 243215

Chennai, 18th April, 2015

ANNEXURE 2 TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2015

FORM NO. MGT - 9

EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31st March, 2015

(Pursuant to Section 92(3) of the Companies (Management and Administration) Rules, 2014)

1. REGISTRATION AND OTHER DETAILS

1.	CIN	U45209TN2014PLC098543
2.	Registration Date	22 nd December, 2014
3.	Name of the Company	Mahindra Industrial Park Chennai Limited
4.	Category/Sub-Category of the Company	Company limited by shares/Indian Non-Government Company
5.	Address of the Registered office and contact details	Mahindra Towers, Ground Floor, No. 17/18 Patullos Road, Chennai 600 002
6.	Whether listed Company (Yes/No)	No
7.	Name, Address and Contact details of Registrar and Transfer Agent, if any	Not applicable

2. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sr. No.	Name and Description of Main Product/Services	NIC Code of the Product*	% to total turnover of the Company#
	Builders – Property Developers	0403	The co. is yet to commence its operations.

*As per National Industrial Classification – Ministry of Statistics and Programme Implementation

on the basis of Gross Turnover

3. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

Sr. No.	Name and Address of the Company	CIN/GIN	Holding/Subsidiary of the Company	% of shares held	Applicable Section
1.	Mahindra World City Developers Limited	U92490TN1997PLC037551	Holding	100	2(46)

(i) Category-wise Share Holding

Category of Shareholder	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of total subscribed & paid up capital	Demat	Physical	Total	% of total subscribed & paid up capital	
A. Promoters									
(1) Indian									
a) Individual/HUF									
b) Central Govt.									
c) State Govt(s)									
d) Bodies Corp	–	–	–	–	–	50,000	50,000	100	100%
e) Banks/FI									
f) Any Other....									
Sub-total A(1):-	–	–	–	–	–	50,000	50,000	100	100%

Category of Shareholder	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of total subscribed & paid up capital	Demat	Physical	Total	% of total subscribed & paid up capital	
(2) Foreign									
a) NRIs-Individuals									
b) Other-Individuals									
c) Bodies Corp.									
d) Banks/FI									
e) Any Other....									
Sub-total (A)(2):-	-	-	-	-	-	-	-	-	-
Total shareholding of Promoter (A) = (A)(1) + (A)(2)	-	-	-	-	-	50,000	50,000	100	100%
B. Public Shareholding									
1. Institutions									
a) Mutual Funds									
b) Banks/FI									
c) Central Govt.									
d) State Govt(s)									
e) Venture Capital Funds									
f) Insurance Companies									
g) FIs									
h) Foreign Venture Capital Funds									
i) Others (specify)									
Sub-total (B)(1):-	-	-	-	-	-	-	-	-	-
2. Non-Institutions									
a) Bodies Corp.									
i) Indian									
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh									
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh									
c) Others (Non Resident Individuals)									
d) Others Trust									
Sub-total (B)(2):-	-	-	-	-	-	-	-	-	-
Total Public Shareholding (B) = (B)(1) + (B)(2)	-	-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	-	-	-	-	-	50,000	50,000	100%	100%

(ii) Shareholding of Promoters

Category of Shareholder	No. of Shares held at the beginning of the year			No. of Shares held at the end of the year			% Change during the year
	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	
Body Corporate – Mahindra World City Developers Limited	–	–	Nil	50,000	100	Nil	100%

(iii) Change in Promoters’ Shareholding (please specify, if there is no change):

There is no change in the Shareholding of Promoter Group from the date of subscription till 31st March, 2015.

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Promoters hold 100% of the share capital of the company.

(v) Shareholding of Directors and Key Managerial Personnel:

Ms. Anita Arjundas and Ms. Sangeeta Prasad Directors each hold 1 (one) share in the company as a nominee of the holding company M/s Mahindra World City Developers Ltd as on March 31, 2015.

I) INDEBTNESS

The company does not have any secured loans, Unsecured loans or Deposits at the beginning or end of the financial year.

II) REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-Time Directors and/or Manager:

The company has not appointed any Managing Director, Whole-Time Directors and/or Manager during the year and hence no remuneration is payable.

B. Remuneration of other directors:

The company has not paid any remuneration to the Directors during the year.

C. Remuneration to Key Managerial Personnel (KMP) other than MD/MANAGER/WTD

The company has not appointed any KMP during the year and hence no remuneration is payable.

III) PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/ NCLT/COURT]	Appeal made, if any (give Details)
Penalty					
Punishment					
Compounding					
NONE					

OTHER OFFICERS IN DEFAULT

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/ NCLT/ COURT]	Appeal made, if any (give Details)
Penalty	NONE				
Punishment					
Compounding					

For and on behalf of the Board

Anita Arjundas
 Chairperson
 DIN: 243215

Chennai, 18th April, 2015

INDEPENDENT AUDITORS' REPORT

To the Members of Mahindra Industrial Park Chennai Limited

Report on the Financial Statements

We have audited the accompanying standalone financial statements of **MAHINDRA INDUSTRIAL PARK CHENNAI LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss for the period from 22nd December, 2014 to 31st March, 2015 and the Cash Flow Statement for the period then ended and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2015, its loss for the period ended on that date.

Report on Other Legal and Regulatory Requirements

Since the Company was incorporated on 22nd December, 2014 and yet to commence its operations, none of the clauses of Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government in terms of Section 143 (11) of the Act, is presently applicable to the Company.

As required by Section 143 (3) of the Act, we report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors as on 31st March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit & Auditors) Rule, 2014, in our opinion and to the best of our information and according to the explanation given to us:
 - i. The Company does not have any pending litigations which would impact its financial position.
 - ii. The Company did not enter into long term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the period.

For Deloitte Haskins & Sells LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Geetha Suryanarayanan
Partner
(Membership No. 29519)

Chennai
Dated : 18th April 2015

BALANCE SHEET AS AT 31ST MARCH, 2015

Particulars	Note No.	As at 31 st March, 2015 ₹
EQUITY AND LIABILITIES		
Shareholders' funds		
Share capital	3	500,000
Reserves and surplus	4	(109,608)
		<u>390,392</u>
Current liabilities		
Trade payables	5	109,608
TOTAL		<u><u>500,000</u></u>
ASSETS		
Current assets		
Cash and cash equivalents	6	500,000
TOTAL		<u><u>500,000</u></u>

See accompanying notes forming part of the financial statements

In terms of our report attached.

For Deloitte Haskins & Sells LLP
Chartered Accountants

Geetha Suryanarayanan
Partner

Place : Chennai
Date : 18th April, 2015

For and on behalf of the Board of Directors

Sangeeta Prasad
Director

S. Chandru
Director

Place : Chennai
Date : 18th April, 2015

**STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED FROM
22ND DECEMBER, 2014 TO 31ST MARCH, 2015**

Particulars	Note No.	22nd December, 2014 to 31st March, 2015 ₹
Expenditure.....		—
Other expenses	7	109,608
Loss before tax		(109,608)
Tax expense		—
Loss for the period		(109,608)
Basic earnings per share – Not annualised		(2.19)

See accompanying notes forming part of the financial statements

In terms of our report attached.

For Deloitte Haskins & Sells LLP
Chartered Accountants

Geetha Suryanarayanan
Partner

Place : Chennai
Date : 18th April, 2015

For and on behalf of the Board of Directors

Sangeeta Prasad
Director

S. Chandru
Director

Place : Chennai
Date : 18th April, 2015

**CASH FLOW STATEMENT FOR THE PERIOD
FROM 22ND DECEMBER, 2014 TO 31ST MARCH, 2015**

Particulars	22nd December, 2014 to 31st March, 2015
	₹
A. Cash flow from operating activities	
Loss before tax	(109,608)
Operating profit before working capital changes	(109,608)
<i>Changes in working capital:</i>	
Adjustments for increase/(decrease) in operating liabilities:	
Trade payables	109,608
Net cash flow from/(used in) operating activities (A)	–
B. Cash flow from financing activities	
Proceeds from the issue of Equity share capital	500,000
Net cash flow (used in) financing activities (B)	500,000
Net increase/(decrease) in Cash and cash equivalents (A+B)	500,000
Cash and cash equivalents at the beginning of the period	–
Cash and cash equivalents at the end of the period	500,000

See accompanying notes forming part of the financial statements

In terms of our report attached.

For Deloitte Haskins & Sells LLP
Chartered Accountants

Geetha Suryanarayanan
Partner

Place : Chennai
Date : 18th April, 2015

For and on behalf of the Board of Directors

Sangeeta Prasad
Director

S. Chandru
Director

Place : Chennai
Date : 18th April, 2015

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST MARCH, 2015

Note Particulars

1 Corporate information

The Company was incorporated on 22nd December, 2014 by Mahindra World City Developers Ltd as a public limited company for carrying on the business of land development for industrial, commercial and residential use.

2 Basis of accounting and preparation of financial statements

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act")/Companies Act, 1956 ("the 1956 Act"), as applicable. The financial statements have been prepared on accrual basis under the historical cost convention.

Note 3 Share capital

Particulars	As at 31 st March, 2015	
	Number of shares	₹
(a) Authorised		
Equity shares of ₹ 10 each with voting rights	50,000	500,000
(b) Issued, Subscribed and fully paid up		
Equity shares of ₹ 10 each with voting rights (Refer Note i Below)	50,000	500,000
Total		500,000

Notes:

(i) Terms/rights attached to Equity Shares

The company has only one class of Equity shares having a par value of ₹ 10/- per share. Each holder of Equity Shares is entitled to one vote per share.

Repayment of capital will be in proportion to the number of equity shares held.

(ii) Details of equity shares held by each shareholder holding more than 5% shares:

Class of shares/Name of shareholder	As at 31 st March, 2015	
	Number of shares held	% holding in that class of shares
Equity shares with voting rights -Mahindra World City Developers Limited	50,000	100.00%

Note 4 Reserves and surplus

Particulars	As at 31 st March, 2015
(a) Surplus in Statement of Profit and Loss	
Loss for the year	(109,608)
Closing balance	(109,608)

Note 5 Trade payables

Particulars	As at 31 st March, 2015
Trade payables	109,608
Total	109,608

Note 6 Cash and cash equivalents

Particulars	As at 31 st March, 2015
Balances with banks in current accounts	500,000
Total	500,000

Note 7 Other expenses

Particulars	22 nd December, 2014 to 31 st March, 2015
Legal and professional (Incorporation expenses).....	59,608
Remuneration to auditors	50,000
Total	109,608

8 Related party transactions

a Details of related parties:

Description of relationship	Names of related parties
Ultimate Holding Company	Mahindra & Mahindra Limited
Parent of the Holding Company	Mahindra Lifespace Developers Limited
Holding Company	Mahindra World City Developers Limited

b. Details of related party transactions during the period ended 31st March, 2015 and balances outstanding as at 31st March, 2015:

	Holding Company
Transactions during the year	
Incorporation expenses incurred by Mahindra World City Developers Limited.....	59,608
Balance outstanding as at the year end	
Payables	59,608

8.2

Earnings per share

Basic and diluted	2014 - 2015
Net profit for the year ₹	(109,608)
Weighted average number of equity shares (No's)	50,000
Par value per share ₹	10
Earnings per share - Basic - not annualised (₹) ...	(2.19)

9 Previous year's figures

The company was incorporated on 22nd December, 2014 and this is the first financial statement of the Company and hence there are no comparative figures.

For and on behalf of the Board of Directors

Place : Chennai
Date : 18th April, 2015

Sangeeta Prasad
Director

S. Chandru
Director

DIRECTORS' REPORT TO THE MEMBERS

Your Directors present their Tenth Report together with the audited financial statements of your Company for the year ended 31st March, 2015.

Financial Highlights

	(Amount in Rupees)	
	2015	2014
Total Income.....	1,342,826,130	1,021,668,877
Profit before Tax.....	561,535,313	370,343,072
Provision for Taxation		
– Net Current Tax.....	137,267,500	99,800,000
– Deferred Tax.....	44,377,765	26,070,122
Profit after Tax.....	379,890,048	244,472,950
Add: Profit brought forward from previous year	5,645,332	37,542,382
Appropriations:		
Less: Adjustment of depreciation (refer note 32 of accounts)	876,444	–
Transferred to Debenture Redemption Reserve.....	242,708,333	159,375,000
Proposed Dividend (including tax on distributed profits)	102,304,000	116,995,000
Transfer to General Reserve.....	–	–
Profit Carried to Balance Sheet	39,646,603	5,645,332

Brief description of the Company's working during the year/State of the Company's affair.

During the year, your Company added thirteen (13) customers (5 in SEZ and 7 in DTA and 1 both in SEZ and DTA), taking the total number of customers in Mahindra World City, Jaipur (MWCJ) to Sixty Four (64). Five (5) existing customers also increased their footprint during the year. The total land leased out during the year is 58.52 acres (SEZ 16.47 acres and DTA 42.05 acres) and include companies across diverse industry segments. Some of the companies to whom land was leased during the year are Gaston Energy, Chokhi Dhani Resorts Pvt Ltd, Manu Yantralaya, Rajendra and Ursula Joshi Food Industries Pvt. Ltd., Ranka Paper Converters, Rexam HTW Beverage Can (India) Limited.

Five (5) customers (Kirat Craft, Appirio Cloud Solutions, Poly Medicare Private limited, JCB, Dynamic Powertech Private Limited) became operational during the year, taking the total number of operational customers to twenty four (24). During the year, seven (7) customers started their development activities for their respective campus/factories. The total development at eVolve is currently is 0.430 Million square feet rentable area comprising of 4 buildings. Out of the total rentable area of 0.430 Million square feet, an area of 0.394 Million square feet has been leased. The customers at eVolve include DBOI Global Services Pvt Ltd, Metlife, Genpact, EXL Services SEZ BPO Solution Pvt Ltd, Systweak, Phone Support Private Ltd and Appirio India Cloud Solutions Pvt Ltd.

The cumulative direct employment created by the companies at Mahindra World City, Jaipur was around 6836 and the total direct plus indirect employment generated was of 9512 persons. Exports by MWCJ clients grew by 3.91% to reach Rs. 1,119.24 Cr. in 2014-15 compared to Rs. 1,077.16 Cr.

during the previous year. Your Company and the customers based at MWCJ have together invested Rs. 2,377.11 crores in the project till March 31, 2015.

Your Company currently has 5 sector Specific Special Economic Zones (SEZs), viz. 2 in IT/ITeS, and 1 each in Handicrafts, Engineering & Related Industries and Gems & Jewellery. The project also comprises a Domestic Tariff Area. The area currently notified, under the SEZs, is 1462.50 acres and the DTA comprises 500 acres.

During the year, 3 editions of the customer engagement platform, Coalesce have been conducted to discuss operational matters in the project and collaborate on new initiatives and infrastructure needs. This initiative has been received well by the customers.

Your company stays committed to sustainable development. Some of the achievements are below:

1. The IT building names as B2 in eVolve® received IGBC LEED Gold under category core and shell.
2. The Company became the first pre-certified Gold Green SEZ by IGBC.
3. The Company achieved the stage 2 certification by the C40 world leaders in sustainability and become the first project in India and 6th in Asia which has reached this stage.

Reserve

From the profit for the year 2014-15, an amount of Rs. 242,708,333 (previous year Rs. 159,375,000) has been transferred to Debenture Redemption Reserve and the balance has been carried forward to P&L account and no amount has been transferred to General Reserve.

Dividend

Your Directors have recommended a preference dividend of Rs. 0.80 per Share i.e. 8 per cent of the face value of Rs. 10 on 50,000,000 Cumulative Redeemable Preference shares of the Company for the year 2014-15. Your Directors have also recommended an equity dividend of Rs. 0.30 per share i.e. 3 per cent of the face value of Rs. 10 on 150,000,000 equity shares of the Company for the year 2014-15.

The total dividend payment for the year (including tax on distributed profits) amounts to Rs. 102,304,000 /-.

Change in the nature of business, if any

NIL

Material changes and commitments, if any, affecting the financial position of the Company which have occurred between the end of the financial year of the company to which the financial statements relate and the date of the report.

There have been no material changes and commitments affecting the financial position of the Company between the end of the financial year and the date of the report.

Details of significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future

No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operation in future.

Deposit/Advances

Your Company has not accepted any deposits from the public or its employees during the year under review.

Statutory Auditors

M/s Deloitte Haskins & Sells, Chartered Accountants, Chennai were appointed as Auditors of the Company in the 9th Annual General Meeting held on 19th September, 2014 in terms of Section 139 of the Companies Act, 2013. The Auditors shall hold office till the conclusion of the ensuing Annual General Meeting. The members will be required to appoint the Statutory Auditors in terms of relevant provisions of the Companies Act, 2013 and fix their remuneration.

As required by the provisions of section 139 and 141 of Companies Act, 2013, the Company has received written consent and certificate from M/s Deloitte Haskins & Sells, Chartered Accountant, (ICAI Firm Registration Number 008072S), proposing to be re-appointed as Auditors for one year i.e upto conclusion of the 11th Annual General Meeting of the Company to the effect that their appointment, if made, would be in conformity with the limits specified in that section.

The report of the auditors along with Notes on Accounts are self-explanatory and do not require any explanation.

Secretarial Auditors

As per section 204 of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial

Personnel) Rules, 2014 M/s JPS & Associates were appointed as Secretarial Auditors of the Company for 2015-16 for the fees as approved by the Board.

Statutory Auditors' Report

NIL as no qualification, reservation or adverse remark or disclaimer was made by the auditor in his report.

Secretarial Audit Report

The Secretarial Audit was conducted by M/s JPS & Associates, a firm of company secretary in practice. The Secretarial Audit Report for the period ended on 31.03.2015 is enclosed herewith as Annexure- 1.

Further there is no qualification, reservation or adverse remark made by the auditors in its report.

Share Capital

The Authorized and paid-up Share Capital of the Company comprises of 150,000,000 equity shares of Rs. 10/- each aggregating Rs. 1,500,000,000/- and 50,000,000 8% Redeemable Cumulative Preference shares of Rs. 10/- each aggregating Rs. 500,000,000/- held by MLDL and RIICO in the ratio of 74:26.

During the year, the Company has not issued any equity shares with differential rights or any sweat equity shares. The Company does not have any Employee Stock Option Scheme and therefore the requirement of disclosures in respect of voting rights not exercised directly by the employees are not applicable to your Company.

Your Company continues to be a subsidiary Company of MLDL and consequently, a subsidiary company of the ultimate holding company, viz. Mahindra & Mahindra Limited.

Non-Convertible Debentures

During the year, Company issued/allotted non-convertible debentures of Rs. 65 Crores.

Networth

The networth of the Company at the close of the previous financial year (FY 2013-14) and at the close of the current financial year (FY 2014-15) was Rs. 23,244 Lacs and Rs. 26,550 Lacs respectively.

Holding Company

Your Company is a subsidiary company of Mahindra Lifespace Developers Limited and consequently a subsidiary company of the ultimate holding company Mahindra & Mahindra Limited.

During the year, no company has become/ceased to be subsidiary/associate or joint venture company of your Company. Therefore the requirements of consolidated financial statement are not applicable to your Company.

Extract of the annual return

The details forming part of the Extract of the Annual Return in Form MGT-9, as required under Section 92 of the Companies Act, 2013 is included in this Report as Annexure-2 and forms part of this Report.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

Your Company does not have any Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo as per Section 134(3)(m) of the Companies Act, 2013 read with the Rule 8(3) of the Companies (Accounts) Rules, 2014 during the year under review. To this effect the annexure in the prescribed format is attached as Annexure-3 to this report.

Employee Remuneration

Being unlisted company, provision of Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable to your Company.

Sustainable Development

Your Company’s aspirations of sustaining and enhancing its long term growth plans are well balanced by its conscious commitments to society and in its principles of conducting business in a fully compliant manner. Your Company partakes in letter and spirit its intention of being a responsible corporate citizen and is committed to contribute positively in all activities pertaining to environmental protection, health, safety, energy conservation and societal commitments while at the same time continuing to protect and enhance all stakeholders’ interests.

Corporate Social Responsibility

CSR forms an integral part of the Company. The Company believes that its initiatives and high ethical standards will definitely encourage a positive impact on everyone involved in the project directly or indirectly. During the year, the Company also re-constituted the CSR Committee consisting of three Directors by inducting one Independent Director. With a view to achieve inclusive social development, the Company has taken initiatives of organizing various training programs for school dropouts / unemployed youth and Women Empowerment, who are part of the local community around project area through a well-recognized NGO - Technology Business Incubator.

- Vocational Skill Development Training – Since its inception a total of 660 candidates have been trained. **In FY 14-15, the training was given to 230 candidates.**
- Formation of Women SHG’s – Since its inception 80 SHG’s have been formed with 810 women. **In FY 14-15, 5 new SHG’s with 23 women have been added.** In addition, **50 women** have been given advance training from the existing groups.
- The Company also conducted four medical camps in the neighboring villages around the project office of the Company.
- The Company also planted **5000 trees** in the neighboring villages around the project office of the Company including government schools.
- Under the Clean India Campaign, the Company took the initiative to **clean the Wildlife Zoo**. The Company plans to continue this activity by adopting the Wildlife Zoo so that this cleanliness drive can be undertaken on a regular and sustainable basis.

By virtue of these initiative and employee participation, the Company received the Skoch Order of Merit for CSR activities and also received Mahindra Group Silver category award for Star Performance and Esops award for CSR activities in non-factory locations.

100% of the planned CSR budget has been spent for FY 14-15.

The CSR Committee and the Board has approved the Corporate Social Responsibility Policy and the Company has posted the same on its website.

The disclosures as per Rule 9 of Companies (Corporate Social Responsibility Policy) Rules, 2014 is enclosed herewith as per Annexure 4 .

Directors & Manager

A) Changes in Directors and Key Managerial Personnel

During the year following directors ceased to the directors of the company-

S. No.	Name of the director	Director Identification Number	Date of Cessation
1.	Shri Abhay Kumar	02389148	16/04/2014
2.	Shri Devendra Bhushan Gupta	00225916	18/07/2014
3.	Shri Uday Yeshwant Phadke	00030191	19/09/2014
4.	Shri Raghunath Murti	00082761	19/01/2015

Pursuant to the provisions of Articles of Association, three directors shall retire by rotations:

- (1) Shri C.S Rajan (DIN_00126063)
- (2) Ms. Anita Arjundas (DIN_00243215)
- (3) Ms. Sangeeta Prasad (DIN_02791944)

All the three are eligible for reappointment and all three have offered himself/herself for reappointment.

The Company has also appointed two independent directors during the year namely Shri Maheswar Sahu (DIN No. 00034051) and Shri Salil Singhal (DIN No. 00006629).

In the 47th Board meeting, the company has also appointed Mr. Sanjay Jain as Chief Financial Officer. The Board also appointed Ms. Prashi Jain as Company Secretary from the date of her joining to the Company.

B) Declaration by an Independent Director(s) and re-appointment, if any

In the 47th Board Meeting of the Company held on 26th March, 2015, a declaration has been received from the independent directors namely Shri Maheswar Sahu (DIN No. 00034051) and Shri Salil Singhal (DIN No. 00006629).

The Section 149 (6) of the Companies Act, 2013 states that- An independent director in relation to a company, means a director other than a managing director or a whole-time director or a nominee director,—

- (a) who, in the opinion of the Board, is a person of integrity and possesses relevant expertise and experience;

- (b) (i) who is or was not a promoter of the company or its holding, subsidiary or associate company;
- (ii) who is not related to promoters or directors in the company, its holding, subsidiary or associate Company;
- (c) who has or had no pecuniary relationship with the company, its holding, subsidiary or associate company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial year;
- (d) none of whose relatives has or had pecuniary relationship or transaction with the company, its holding, subsidiary or associate company, or their promoters, or directors, amounting to two per cent. or more of its gross turnover or total income or fifty lakh rupees or such higher amount as may be prescribed, whichever is lower, during the two immediately preceding financial years or during the current financial year;
- (e) who, neither himself nor any of his relatives—
 - (i) holds or has held the position of a key managerial personnel or is or has been employee of the company or its holding, subsidiary or associate company in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed;
 - (ii) is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed, of—
 - (A) a firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company; or
 - (B) any legal or a consulting firm that has or had any transaction with the Company, its holding, subsidiary or associate company amounting to ten per cent. or more of the gross turnover of such firm;
 - (iii) holds together with his relatives two per cent. or more of the total voting power of the Company; or
 - (iv) is a Chief Executive or director, by whatever name called, of any nonprofit organization that receives twenty-five per cent. or more of its receipts from the company, any of its promoters, directors or its holding, subsidiary or associate company or that holds two per cent. or more of the total voting power of the company; or
- (f) who possesses such other qualifications as may be prescribed.

A declaration has been received from the independent directors under section 149 (6) of the Companies Act, 2013.

C) Policy on appointment of directors and senior management and succession planning for orderly succession to the Board and the senior management

As per the section 178(2) of the Companies Act, 2013, the Nomination and Remuneration Committee shall identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every Director's performance.

Accordingly, "Policy on appointment of Directors and senior management and succession planning for orderly succession to the board and the senior management" has been adopted by the Company.

The following policies of the Company are attached herewith and marked as Annexure – 5 and Annexure – 6 to this report.

1. Policy on appointment of Directors and Senior Management and succession planning for orderly succession to the Board and the Senior Management.
2. Policy on remuneration of Directors

D) Formal Annual Evaluation

Evaluation Policy has been prepared by the company and was duly approved by the Board of Directors of the company in its meeting.

Number of meetings of the Board of Directors

During the year under review, five meetings of the Board of Directors of the company were held on 16th April, 2014, 18th July, 2014, 8th October, 2014, 19th January, 2015 and 26th March, 2015. Further, one meeting was also conducted on 19th December, 2014 for issuance of Non- Convertible Debentures by a Committee of two Directors.

Committee Meetings

Audit Committee

The terms of reference of the Audit Committee was enhanced in the Board meeting held on 16th April, 2014, pursuant to Section 177 of the Companies Act, 2013 and Rules made thereunder.

During the year, the Audit Committee was reconstituted by inducting the independent directors in the Board meeting held on 26th March'15. The Audit Committee comprises of three Directors, namely, Shri Maheswar Sahu (DIN No. 00034051), Shri Salil Singhal (DIN No. 00006629) and Ms. Veenu Gupta (DIN No. 02170999). Presently, Shri Maheswar Sahu is the Chairman of the Audit Committee. The Company Secretary is the Secretary to the Committee.

During the year under review, 4 meetings of the Audit Committee were held on 16th April, 2014, 18th July, 2014, 8th October, 2014 and 18th January, 2015.

Details of establishment of vigil mechanism for directors and employees

The Company has adopted the Whistle Blower policy in respect of the vigil mechanism for directors and employees and the same has been posted on the website of the Company.

Nomination and Remuneration Committee (earlier known as Remuneration Committee)

Pursuant to Section 178 of the Companies Act, 2013, the Board of Directors in its meeting held on 16th April, 2014, renamed the Remuneration Committee as Nomination and Remuneration Committee and enhanced the terms of reference. The Committee is also authorized to formulate a policy, inter alia, with regard to the criteria for determining qualifications, positive attributes and independence of a Director, and shall ensure that the remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goal. Company has considered and approved Remuneration Policy for Key Managerial Personnel and Employees.

During the year the Nomination and Remuneration Committee was reconstituted by inducting the Independent directors on 26th March'15. The Nomination and Remuneration Committee comprises four Directors, namely Shri Maheswar Sahu (DIN No. 00034051), Shri Salil Singhal (DIN No. 00006629), Ms. Veenu Gupta (DIN No. 02170999), and Ms. Anita Arjundas (DIN No. 00243215). Shri Maheswar Sahu is the Chairman of the Nomination and Remuneration Committee.

During the year under review, two meetings of the Committee was held on 18th July, 2014 and 8th October, 2014.

Corporate Social Responsibility (CSR) Committee

During the year, Corporate Social Responsibility Committee of the Board was reconstituted by inducting independent director Shri Maheswar Sahu (DIN No. 00034051). The CSR Committee comprises of three Directors, namely Shri Maheswar Sahu (DIN No. 00034051), Ms. Veenu Gupta (DIN No. 02170999) and Ms. Sangeeta Prasad (DIN No. 02791944). Shri Maheswar Sahu is the Chairman of the CSR Committee.

The Committee recommended the roadmap for the year in terms of focus areas and the CSR policy to the Board for its approval. The Committee, based on the 3 years average profit, recommended a CSR budget of the Company for 2015-16 Rs 50.19 lacs was considered and approved accordingly company has carried out their CSR activities.

During the year under review, three meetings of the Committee were held on 16th April, 2014, 2nd September, 2014 and 26th March, 2015.

Other Committees

The Company has also constituted other committees namely Capital Issue Committee, Land Lease Committee, Contract Committee and Loans & Investments Committee, in order to facilitate smooth and proper functioning of the Company.

Codes of Conduct

The Company adopted Codes of Conduct ("the Codes") for its Directors and Senior Management personnel and Employees. These Codes enunciate the underlying principles governing the conduct of the Company's business and seek to reiterate the fundamental precept that good governance must and would always be an integral part of the Company's ethos.

The Company has for the year under review, received declarations under the Codes from the Board Members and senior management employees affirming compliance with the respective Codes.

Particulars of loans, guarantees or investments under section 186 of the Companies Act, 2013.

As your Company is engaged in the business of providing Infrastructural facilities, the provisions of Section 186 of the Companies Act, 2013 related to loans made, guarantees given or securities provided are not applicable to the Company.

Particulars of contracts or arrangements with related parties:

All contracts/arrangements/transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on an arm's length basis. During the year, the Company had not entered into any contract/arrangement/transaction with related parties which could be considered material. Therefore, the form AOC-2 is not applicable to the Company. Your Directors draw attention to Note no. 35 to the financial statement which sets out details of transactions with related parties.

Risk management policy & Internal Control over financial reporting (ICFR)

The Company has started internal control by way of introducing a financial review system wherein company has prepared the risk control matrix of major functional areas. The finance team carried out the review of various major functions performed during the financial year 2014-15 like sales, contract, O&M, procurement and budgeting.

Your Company has appropriate risk management systems in place for identification and assessment of risks, measures to mitigate them, and mechanisms for their proper and timely monitoring and reporting. The Board periodically reviews implementation and monitoring of the risk management plan for the Company.

Directors' Responsibility Statement

Pursuant to Section 134(3)(c) of the Companies Act, 2013, the Directors, based on the representations received from the operating management and after due enquiry, confirm that:

- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) they had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year 31st March, 2015 and of the profit of the Company for that period;
- (c) they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

- (d) they had prepared the annual accounts on a going concern basis;
- (e) the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and.
- (f) they had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

During the year under review, no complaints were received under the Sexual Harassment of Women at work place (Prevention, Prohibition and Redressal) Act, 2013, for prevention of sexual harassment.

General

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions/ events on these items during the year under review:

- Issue of equity shares with differential rights as to dividend, voting or otherwise.
- No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and the Company's operations in future.
- There were no Shares having voting rights not exercised directly by the employees and for the purchase of which or subscription to which loan was given by the Company.

Cautionary statement:

Certain statements in the Directors' Report describing the Company's objectives, projections, estimates, expectations

or predictions may be forward-looking statements within the meaning of applicable securities laws and regulations. Actual results could differ from those expressed or implied. Important factors that could make a difference to the Company's operations include labour and material availability, and prices, cyclical demand and pricing in the Company's principal markets, changes in government regulations, tax regimes, economic development within India and other incidental factors.

Acknowledgements

The Board of Directors thank and wish to place on record its appreciation to the Ministry of Commerce & Industry, Board of Approvals (SEZ), Development Commissioner, Noida Special Economic Zone, Development Commissioner SEZs, Government of Rajasthan, and all the agencies and Departments of the State Government, Bankers – State Bank of India, HDFC Bank, Kotak Mahindra Bank, Axis Trustee our valuable customers and the employees of the Company at all levels, for their continued co-operation and unstinted support.

The Directors also express their sincere thanks to the shareholders for the continued support and trust they have shown in the Management.

**For and on behalf of the Board of Director
Mahindra World City (Jaipur) Limited**

Ms. Anita Arjundas
Director (DIN 00243215)

Ms. Sangeeta Prasad
Director (DIN 02791944)

Jaipur, 28th April, 2015

ANNEXURE 1 TO THE DIRECTORS' REPORT

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR 2014-15

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
Mahindra World City (Jaipur) Limited,
4th Floor, 411, Neelkanth Tower,
Bhawani Singh Road, C Scheme,
Jaipur - 302001.

(I) We have conducted the secretarial audit of the compliance of applicable statutory provisions and adherence to good corporate practices by **Mahindra World City (Jaipur) Limited** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts and statutory compliance and expressing our opinion thereon.

(II) Based on our verification of the Company's statutory registers and records, minutes books, forms and returns filed with various authorities and other records maintained by the Company and also the information and explanation provided by the Company, its officers, agents and authorised representatives during the conduct of Secretarial Audit, We hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2015 complied with various provisions or statutory enactments listed hereunder at clause (III) and that the Company has proper Board processes and compliance mechanism in place to the extent and in the manner and subject to the reporting made hereinafter.

(III) We have examined the Statutory Registers, Minutes books of the General Meetings, Board Meetings and Committee Meetings, Forms and Returns filed with various Authorities and other records maintained by the Company for the financial year ended on March 31, 2015, according to the provisions of:

- I The Companies Act, 2013 and the Rules made thereunder;
2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;
3. The Depositories Act, 1996 and the Regulation and Bye-laws framed thereunder;
4. The Indian Stamp Act, 1899
5. The Income Tax act, 1961.
6. The Customs Act, 1962;
7. Service Tax Laws;
8. The Central Sales Tax Act, 1956;
9. The Rajasthan Value Added Tax Act, 2003

10. The Special Economic Zones Act, 2005;
 11. Employees Provident Fund and Miscellaneous Provisions Act, 1952;
 12. Employers Liability Act, 1938;
 13. The Payment of Gratuity Act, 1972
 14. The Contract Labour (Regulation and Abolition) Act, 1970;
 15. Employment Exchange (Compulsory Notification of Vacancies) Act, 1959
 16. The Environment (Protection) Act, 1986;
 17. The Water (Prevention and Control of Pollution) Act, 1974
 - 18 The Air (Prevention and Control of Pollution) Act, 1974
- (IV) Since the company did not receive any Foreign Direct Investment and/or External Commercial Borrowings and did not make any Overseas Direct Investment, the provisions of Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder relating thereto were not applicable to the company during the year under review.
- (V) Since the company is an unlisted company, the Securities and Exchange Board of India Act. 1992 ('SEBI Act') and the Rules, Regulations and guidelines made there under are not applicable to the company during the year under review.
- (VI) We have also examined the compliance with applicable clauses of the Secretarial Standards issued by The Institute of Company Secretaries of India.
- (VII) Based on our above mentioned examination and verification of records and information and explanation provided to us by the management, officer, employee and staff of the company, we report that during the financial year under review the Company has complied with the provisions or the Acts, Rules, Regulations, Guidelines, Standards etc. mentioned above.
- (VIII) We further report that having regard to the size and nature of the company the Board of Directors or the Company is duly constituted with proper balance of Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the year under review were carried out in compliance with the provisions of the Act.

- (IX) We further report that keeping in view the size and nature of the company, in our opinion adequate notices were given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent in advance and system exists for seeking and obtaining further, information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- (X) We further report that decisions were observed to be carried out by majority, however, we do not come across or explained with any instance of dissenting members, whose views need to be separately recorded in the minutes books as such.
- (XI) We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.
- (XII) We further report that during the financial year under review the Company has issued Non Convertible debentures on private placement and complied With necessary provisions of the Act in this regard.
- (XIII) We further report that during the audit period, there were no instances of:
- (i) Public/Rights/Preferential issue of shares/sweat equity;
 - (ii) Redemption/buy-back of securities;
 - (iii) Merger/amalgamation/reconstruction etc.;
 - (iv) Foreign technical collaborations.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices we followed, provide a reasonable basis for our opinion;
3. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company;
4. Wherever required, we have obtained the Management Representation, in writing as well as verbal, about the compliance of laws, rules and regulations and happening of events etc.;
5. The Compliance of the provisions or the Corporate and other applicable laws, rules, regulations, standards etc. is the responsibility of the management. Our examination was limited to the verification of the procedures on test basis;
6. The secretarial audit report, is neither an assurance as to the future viability of the Company nor of the efficacy or the effectiveness with which the management has conducted the affairs of the company.
7. The compilation of the Secretarial Audit Report and the above mentioned contents are without any bias and/or prejudice.
- For JPS & Associates**
Company Secretaries

Our above report is subject to the following:

1. Maintenance of Secretarial Records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records, based on our audit;

Jai Prakash Sharma
Partner
(C.P. No. 5161)

Jaipur, 24th April, 2015

ANNEXURE 2 TO THE DIRECTORS' REPORT

Form No. MGT-9

EXTRACT OF ANNUAL RETURN
As on financial year ended on 31.03.2015

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company
(Management & Administration) Rules, 2014

I. REGISTRATION AND OTHER DETAILS:

1.	CIN	U45209RJ2005PLC021207
2.	Registration Date	26/08/2005
3.	Name of the Company	Mahindra World City (Jaipur) Limited
4.	Category/Sub-category of the Company	Category: Company Limited by Shares Sub Category: Indian Non Government Company
5.	Address of the Registered office & contact details	4 th Floor, 411, Neelkanth Tower, Bhawani Singh Road, C-Scheme, Jaipur, Rajasthan- 302001 Email: JAIN.SANJAY@mahindra.com Tel. No. 91-141-3003461 Fax No. 91-141-2243060
6.	Whether listed company	No
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Not Applicable for equity and preference shares. (Name:-Mr. Nilesh Bhandari Representative of Sharepro Services (India) Private Limited Address: 13 AB, 2 nd Floor, Samhita Warehousing Complex, Sakinaka Telephone Exchange Lane, Off Andheri Kurla Road, Sakinaka, Andheri (East) Mumbai - 400 072 Contact No.: 67720386/67720354; 09833515383 We have appointed the above mentioned Registrar and Transfer agent for the issuance of Non Convertible Debentures.)

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY (All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

Sr. No.	Name and Description of main products/services	NIC Code of the Product/service	% to total turnover of the company
1	Other specialized constructions activities [Development, Operation and Maintenance of Special Economic zone (SEZ) and Domestic Tariff Area (DTA)]	439	100%

III. Particulars of Holding, subsidiary and associate Companies

Sr. No.	Name and Address of company	Country	CIN/GLN	Holding/ Subsidiary/ Associate	% holding as at 31.03.2015	Applicable Section
1	Mahindra Lifespace Developers Limited Mahindra Towers 5th Floor Road No 13, Worli, Mumbai- 400018	India	L45200MH1999PLC118949	Holding	74%	Section 2(87)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)
a) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2014]				No. of Shares held at the end of the year [As on 31-March-2015]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	-	-	-	-	-	-	-	-	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	15,00,00,000	15,00,00,000	100%	-	15,00,00,000	15,00,00,000	100%	-
e) Banks/FI	-	-	-	-	-	-	-	-	-
f) Any Other	-	-	-	-	-	-	-	-	-
Total shareholding of Promoter (A)	-	15,00,00,000	15,00,00,000	100%	-	15,00,00,000	15,00,00,000	100%	-
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks/FI	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-Total (B)(1):-	-	-	-	-	-	-	-	-	-
2. Non-Institutions									
a) Bodies Corp.	-	-	-	-	-	-	-	-	-
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	-	-	-	-	-	-	-	-	-
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	-	-	-	-	-	-	-	-	-
c. Others (specify)	-	-	-	-	-	-	-	-	-
Non Resident Indians	-	-	-	-	-	-	-	-	-
Overseas Corporate Bodies	-	-	-	-	-	-	-	-	-
Foreign Nationals	-	-	-	-	-	-	-	-	-
Clearing Members	-	-	-	-	-	-	-	-	-
Trusts	-	-	-	-	-	-	-	-	-
Foreign Bodies - D R	-	-	-	-	-	-	-	-	-
Sub-Total (B)(2):-	-	-	-	-	-	-	-	-	-
Total Public Shareholding (B)=(B)(1)+(B)(2)	-	-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	-	15,00,00,000	15,00,00,000	100%	-	15,00,00,000	15,00,00,000	100%	-

b) Shareholding of Promoter-

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change In shareholding during the year
		No. of Shares*	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	
1	Mahindra Lifespace Developers Ltd.	11,09,99,940	73.99%	–	11,09,99,940	73.99%	–	–
2	Mahindra Lifespace Developers Ltd. & Narayan Shankar	10	0.000005%	–	10	0.000005%	–	–
3	Mahindra Lifespace Developers Ltd & Arun Nanda	10	0.000005%	–	10	0.000005%	–	–
4	Rajasthan State Industrial Development & Investment Corporation Ltd. (RIICO)	3,90,00,000	26%	–	3,90,00,000	26%	–	–
5	Mahindra Lifespace Developers Ltd. & Sanjay Srivastava	10	0.000005%	–	10	0.000005%	–	–
6	Mahindra Lifespace Developers Ltd. & Suhas Kulkarni	10	0.000005%	–	10	0.000005%	–	–
7	Mahindra Lifespace Developers Ltd. & Anita Arjundas	10	0.000005%	–	10	0.000005%	–	–
8	Mahindra Lifespace Developers Ltd & Sangeeta Prasad	10	0.000005%	–	10	0.000005%	–	–
	Total	15,00,00,000	100.00	–	15,00,00,000	100.00	–	–

c) Change in Promoters' Shareholding (please specify, if there is no change): No Change

Sr. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year				
	Mahindra Lifespace Developers Limited (60 shares are held in joint name.)	11,10,00,000	74	11,10,00,000	74
	Rajasthan State Industrial Development and Investment Corporation Limited	3,90,00,000	26	3,90,00,000	26
	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment /transfer/bonus/ sweat equity etc.):	–	–	–	–
	At the end of the year				
	Mahindra Lifespace Developers Limited (60 shares are held in joint name.)	11,10,00,000	74	11,10,00,000	74
	Rajasthan State Industrial Development and Investment Corporation Limited	3,90,00,000	26	3,90,00,000	26
	Total	15,00,00,000	100	15,00,00,000	100

d) Shareholding Pattern of top ten Shareholders: Nil

(Other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	–	–	–	–
	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment/transfer/bonus/ sweat equity etc):	–	–	–	–
	At the end of the year	–	–	–	–

e) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year				
	Mahindra Lifespace Developers Ltd. And Arun Nanda	10	0.000005	10	0.000005
	Mahindra Lifespace Developers Ltd. And Sanjay Srivastava	10	0.000005	10	0.000005
	Mahindra Lifespace Developers Ltd. And Anita Arjundas	10	0.000005	10	0.000005
	Mahindra Lifespace Developers Ltd. And Sangeeta Prasad	10	0.000005	10	0.000005
	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment/transfer/bonus/ sweat equity etc):	–	–	–	–
	At the end of the year	40	0.000020	40	0.000020

f) INDEBTEDNESS - Indebtedness of the Company including interest outstanding/accrued but not due for payment.

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year	–	–	–	–
i) Principal Amount	3,16,10,00,000	–	–	3,16,10,00,000
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	30,62,52,091	–	–	30,62,52,091
Total (i + ii + iii)	3,46,72,52,091	–	–	3,46,72,52,091
Change in Indebtedness during the financial year				
* Addition	74,73,75,653	–	–	74,73,75,653
* Reduction	(66,80,91,941)	–	–	(66,80,91,941)
Net Change	7,92,83,712	–	–	7,92,83,712
Indebtedness at the end of the financial year				
i) Principal Amount	3,15,76,95,835	–	–	3,15,76,95,835
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	38,88,39,968	–	–	38,88,39,968
Total (i + ii + iii)	3,54,65,35,803	–	–	3,54,65,35,803

XI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Sr. No.	Particulars of Remuneration	Name of MD/WTD/Manager				Total Amount
		Manager	—	—	—	
1.	Gross salary					
	a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	9271324	—	—	—	9271324
	b) Value of perquisites u/s 17(2) Income-tax Act, 1961	32400	—	—	—	32400
	c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	—	—	—	—	—
2.	Stock Option	—	—	—	—	—
3.	Sweat Equity	—	—	—	—	—
4.	Commission — as % of profit — others, specify...	—	—	—	—	—
5.	Others, please specify SAR's	—	—	—	—	—
	Total (A)	9303724	—	—	—	9303724
	Ceiling as per the Act					

* The amount of salary of Mr. Sanjay Srivastava debited in the financials for the year ended 31st March, 2015 is Rs. 9,968,046/- which is as per the Companies Act, 2013.

B. Remuneration to other directors: Nil (Since there was no remuneration paid to directors during the financial year)

Sr. No.	Particulars of Remuneration	Name of Directors				Total Amount
		—	—	—	—	
1	Independent Directors					
	Fee for attending board committee meetings	—	—	—	—	—
	Commission	—	—	—	—	—
	Others, please specify	—	—	—	—	—
	Total (1)	—	—	—	—	—
2	Other Non-Executive Directors					
	Fee for attending board committee meetings	—	—	—	—	—
	Commission	—	—	—	—	—
	Others, please specify	—	—	—	—	—
	Total (2)	—	—	—	—	—
	Total (B)=(1 + 2)	—	—	—	—	—
	Total Managerial Remuneration	—	—	—	—	—
	Overall Ceiling as per the Act					

C. Remuneration to key managerial personnel other than MD/Manager/WTD:

Sr. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	CS*	CFO*	Total
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	—	4075788.87	—	4075788.87
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	—	452770.68	—	452770.68
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	—	—	—	—
2	Stock Option	—	—	—	—
3	Sweat Equity	—	—	—	—

Sr. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	CS*	CFO*	Total
4	Commission	-	-	-	-
	- as % of profit	-	-	-	-
	others, specify...	-	-	-	-
5	Others, please specify	-	-	-	-
	Total	-	4528559.55	-	4528559.55

* Mr. Sanjay Jain has worked as Company Secretary cum GM Accounts till 25th March, 2015 and thereafter he has started working as Chief Financial Officer.

XII. PENALTIES/PUNISHMENT/ COMPOUNDING OF OFFENCES:

There was no penalties/ punishments/ compounding of offences for the year ending 31.03.2015

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/ NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
B. DIRECTORS					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
C. OTHER OFFICERS IN DEFAULT					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

For and on behalf of the Board of Directors
Mahindra World City (Jaipur) Limited

Anita Arjundas
Director
DIN: 00243215

Sangeeta Prasad
Director
DIN: 02791944

Jaipur, 28th April, 2015

ANNEXURE – 3 TO THE DIRECTORS' REPORT

PARTICULARS AS PER THE COMPANIES (ACCOUNTS) RULES ,2014 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2015.

A. CONSERVATION OF ENERGY

a) Energy conservation measures taken :

The Company is regularly pursuing the initiatives taken for energy conservation which include introduction of LED lighting, use of re-cycled water, plantation etc.

b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy:

The Company has been working with Mahindra EPC for use of solar power.

c) Impact of the measures taken/to be taken at (a) & (b) above for reduction of energy consumption and consequent impact on the cost of production of goods: Energy saving of 30% due to use of LED street lights.

d) Total energy consumption and energy consumption per unit of production as per Form-A of the Annexure to the Rules in respect of Industries specified in the Schedule: Not applicable

B. TECHNOLOGY ABSORPTION

Research & Development (R&D)

- | | |
|---|--|
| 1. Areas in which R & D is carried out: | The Company has not carried out any specific R&D activities during the year. |
| 2. Benefits derived as a result of the above efforts: | Not Applicable. |
| 3. Future Plan of action: | Further quality improvement |
| 4. Expenditure on R & D: | Nil |
| 5. Technology absorption, adaptation and innovation: | Nil |
| 6. Imported Technology for the last 5 years: | Nil |

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

Your Company has incurred expenditure in foreign exchange to the extent of Rs. 5,27,938/- during the year under review. Foreign exchange earnings during the year was Nil.

For and on behalf of the Board

Ms. Anita Arjundas
Director (DIN 00243215)

Ms. Sangeeta Prasad
Director (DIN 02791944)

Jaipur, 28th April, 2015

ANNEXURE 4 TO THE DIRECTORS' REPORT

Form CSR

Annual Report on CSR Activities as a part of the Board's Report.

1. A brief outline of the company CSR Policy, including overview of projects or programs proposed to be taken and a reference to the Web link to the CSR Policy and projects or programs.

CSR forms an integral part of the Company. The Company believes that its initiatives and high ethical standards will definitely encourage a positive impact on everyone involved in the project directly or indirectly. During the year, the Company has also re-constituted the CSR Committee consisting of three Directors. With a view to achieve inclusive social development, the Company has taken initiatives of organizing various training programs for school dropouts/unemployed youth and Women Empowerment, who are part of the local community around project area through a well-recognized NGO - Technology Business Incubator.

- Vocational Skill Development Training – Since its inception a total of 1070 candidates have been trained. In FY 14-15 training was given to 230 candidates.
- Formation of Women SHG's – Since its inception 80 SHG's have been formed with 810 women. In FY 14-15 we added 5 new SHG's with 23 women. In addition, 50 women have been given advance training from the existing groups.
- Four medical camps also conducted in the neighbouring villages around the project site of the Company.
- The Company planted 5000 trees in the neighbouring villages around the project office of the company including government schools.

- c. Manner in which the amount spent during the financial year is detailed below:

Sr. No.	CSR project or activity identified	Sector in which the project is covered	Projects or programs (1) Local Area or other (2) Specify the State and district where projects or programmes was taken.	Amount outlay (budget) project or program wise.	Amount spent on the projects or programme sub-heads: (1) Direct expenditure on projects or programme (2 overheads)	Cumulative expenditure upto to the reporting period.	Amount spent: Direct or through implementary agency.
1.	Skill Development Activity	Education	Jaipur/Rajasthan	800000	800000	800000	0
2.	Skill Development Activity	Education	Jaipur/Rajasthan	450000	450000	1250000	0
3.	Making safe drinking water available	Education	Jaipur/Rajasthan	50000	38000	1288000	0
4.	Book Fair, Youth awareness camp, Faculty Development Programme	Education	Jaipur/Rajasthan	23000	40566	1328566	0

- Under the Clean India Campaign, the Company took the initiative to clean the Wildlife Zoo. The Company plans to continue this activity by adopting the Wildlife Zoo so that this cleanliness drive can be undertaken on a regular and sustainable basis.

By virtue of these initiative and employee participation, in the same year, the Company received the Skoch Order of Merit for CSR activities and also received Mahindra Group Silver category award for Star Performance and Esops award for CSR activities in non-factory locations.

A details report of all activities in attached for reference. We are happy to inform that 100% of the CSR budget has been consumed for FY 14-15.

The disclosures as per Rule 9 of Companies (Corporate Social Responsibility Policy) Rules, 2014 shall be made.

2. The Composition of the CSR Committee.

The Corporate Social Responsibility (CSR) Committee of your Company presently comprises of three Directors, namely Mr Maheswar Sahu, Ms Veenu Gupta and Ms Sangeeta Prasad.

3. Average Net profit of the company for the last three financial years (Before tax).

Rs. 2513.40

4. Prescribed CSR Expenditure (two percent of the amount as in item no. 3).

Rs. 50.27

5. Details of CSR spent during the financial year.

- a. Total amount to be spent for the financial year;
- b. Amount unspent, if any;

Sr. No.	CSR project or activity identified	Sector in which the project is covered	Projects or programs (1) Local Area or other (2) Specify the State and district where projects or programmes was taken.	Amount outlay (budget) project or program wise.	Amount spent on the projects or programme sub-heads: (1) Direct expenditure on projects or programme (2 overheads)	Cumulative expenditure upto to the reporting period.	Amount spent: Direct or through implementary agency.
5.	Class Room Construction	Education	Jaipur/Rajasthan	300000	308343	1636909	0
6.	Education of the girl child	Education	Jaipur/Rajasthan	1200000	1200000	2836909	0
7.	Education of the girl child Amount spent through implementary agency.	Education	Chennai	810000	810000	3646909	0
8.	Education of the girl child Amount through implementary agency.	Education	Chennai	499000	499000	4145909	0
9.	Providing Hygenic Sanitation facility for female students	Education	Jaipur/Rajasthan	187000	318228	4464137	0
10.	Make a Wish	Education	Jaipur/Rajasthan	0	95650	4559787	0
11.	Mid Day Meal Contribution	Health	Jaipur/Rajasthan	200000	174400	4734187	0
12.	Dental Camp	Health	Jaipur/Rajasthan	50000	32814	4767001	0
13.	Eye Camp	Health	Jaipur/Rajasthan	50000	45144	4812145	0
14.	Clean India Campaign (Animal Welfare) Jaipur Zoo	Environment	Jaipur/Rajasthan	200000	77126	4889271	0
15.	Tree Plantation Drive	Environment	Jaipur/Rajasthan	200000	137236	5026507	0

Give Details of implementary agency:

TECHNOLOGY BUSINESS INCUBATOR-KIET is jointly promoted by Department of Science & Technology, Govt. of India & Krishna Institute of Engineering & Technology, Ghaziabad . TBI-KIET is registered under Society Registration Act 1860 initiated by DST support to demonstrate a model of creating knowledge based enterprise & creation of job opportunities through innovation & entrepreneurship and also market oriented skilled trained rural personnel to meet out the requirement of industries thereby uplifting the economics status & livelihood of the people.

The K. C. MAHINDRA EDUCATION TRUST in the year 1953, with an objective of promoting literacy and higher learning in the country. It is registered as a public Charitable Trust under the Bombay Public Trusts Act, 1950. Over the years, the Trust has undertaken a number of education initiatives, which make a difference in the lives of deserving and needy students. The trust has provided more than Rs. 440.34 million (8.81 million \$) in the form of grants, scholarships and loans. These funds are derived from the trusts investment portfolio, the main donor of which is the Mahindra group of companies. Since its inception, the trust has promoted education mainly by way of scholarships and grants to deserving and needy students.

- In case the company has failed to spend the two percent of average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board Report.
- A responsibility statement of the CSR committee that the implementation and monitoring of CSR policy, is in compliance with the CSR objectives and policy of the company.

The implementation and monitoring of CSR Policy is in compliance with CSR objectives and policy of the Company.

For Mahindra World City (Jaipur) Limited

Ms. Anita Arjundas
Director
(DIN 0243215)

Ms. Sangeeta Prasad
Director
(DIN02791944)

Jaipur, 28th April, 2015

ANNEXURE 5 TO THE DIRECTORS' REPORT

POLICY ON APPOINTMENT OF DIRECTORS AND SENIOR MANAGEMENT AND SUCCESSION PLANNING FOR ORDERLY SUCCESSION TO THE BOARD AND THE SENIOR MANAGEMENT

DEFINITIONS

The definitions of some of the key terms used in this Policy are given below.

“**Board**” means Board of Directors of the Company.

“**Company**” means Mahindra World City (Jaipur) Limited.

“**Committee(s)**” means Committees of the Board for the time being in force.

“**Employee**” means employee of the Company whether employed in India or outside India including employees in the Senior Management Team of the Company.

“**HR**” means the Human Resource department of the Company.

“**Key Managerial Personnel**” (**KMP**) refers to key managerial personnel as defined under the Companies Act, 2013 and includes:

- (i) Managing Director (MD), or Chief Executive Officer (CEO); or Manager; or Whole time Director (WTD)
- (ii) Chief Financial Officer (CFO); and
- (iii) Company Secretary (CS).

“**Nomination and Remuneration Committee**” (NRC) means Nomination and Remuneration Committee of Board of Directors of the Company for the time being in force.

“**Senior Management**” means personnel of the Company who are members of its Core Management Team / Executive Council excluding Board of Directors comprising of all members of management one level below the executive directors including the functional heads.

I. APPOINTMENT OF DIRECTORS

The NRC reviews and assesses Board composition and recommends the appointment of new Directors. In evaluating the suitability of individual Board member, the NRC shall take into account the following criteria regarding qualifications, positive attributes and also independence of director when ID is to be appointed :

1. All Board appointments will be based on merit, in the context of the skills, experience, diversity, and knowledge, for the Board as a whole to be effective.
2. Ability of the candidates to devote sufficient time and attention to his / her professional obligations as Director for informed and balanced decision making.
3. Adherence to the applicable Code of Conduct and highest level of Corporate Governance in letter and in spirit by the Directors.

Based on recommendation of the NRC, the Board will evaluate the candidate(s) and decide on the selection of the appropriate member. The Board through the Chairman or Director will interact with the new member to obtain his/her consent for joining the Board. Upon receipt of the consent, the new Director will be co-opted by the Board in accordance with the applicable provisions of the Companies Act, 2013 and Rules made thereunder.

REMOVAL OF DIRECTORS

If a Director is attracted with any disqualification as mentioned in any of the applicable Act, Rules and Regulations thereunder or due to non - adherence to the applicable policies of the Company, the NRC may recommend to the Board with reasons recorded in writing, removal of a Director subject to the compliance of the applicable statutory provisions.

SENIOR MANAGEMENT PERSONNEL

The NRC shall identify persons based on merit, experience and knowledge who may be appointed in senior management team.

Senior Management personnel are appointed or promoted and removed/relieved with the authority of Managing Director & CEO based on the business need and the suitability of the candidate. The details of the appointment made and the personnel removed one level below the Key Managerial Personnel during a quarter shall be presented to the Board.

II. SUCCESSION PLANNING:

Purpose

The Talent Management Policy sets out the approach to the development and management of talent in the Company to ensure effective conduct of Company's business and implementation of the strategic business plans of the Company.

Board:

The successors for the Independent Directors shall be identified by the NRC atleast one quarter before expiry of the scheduled term. In case of separation of Independent Directors due to resignation or otherwise, successor will be appointed at the earliest but not later than the immediate next Board meeting or three months from the date of such vacancy, whichever is later.

The successors for the Executive Director(s) shall be identified by the NRC from among the Senior Management or through external source as the Board may deem fit. If the office of any whole-time key managerial personnel is vacated, the resulting vacancy shall be filled-up by the Board at a meeting of the Board within a period of six months from the date of such vacancy.

The NRC will accord due consideration for the expertise and other criteria required for the successor. Subject to the applicable statutory provisions, the Board may also

decide not to fill the vacancy caused at its discretion.

Senior Management Personnel:

A good succession-planning program aims to identify high growth individuals, train them and feed the pipelines with new talent. It will ensure replacements for key job incumbents in KMPs and senior management positions in the organization.

Significantly, we have a process of identifying Hi-pots and critical positions. Successors are mapped for these positions at the following levels:

1. Emergency successor
2. Ready now
3. Ready in 1 to 2 years
4. Ready in 2 to 5 years
5. Ready in more than 5 years

In order to ensure talent readiness as per a laddered approach.

Policy Statement

The Talent Management framework of the Company has been created to address three basic issues:

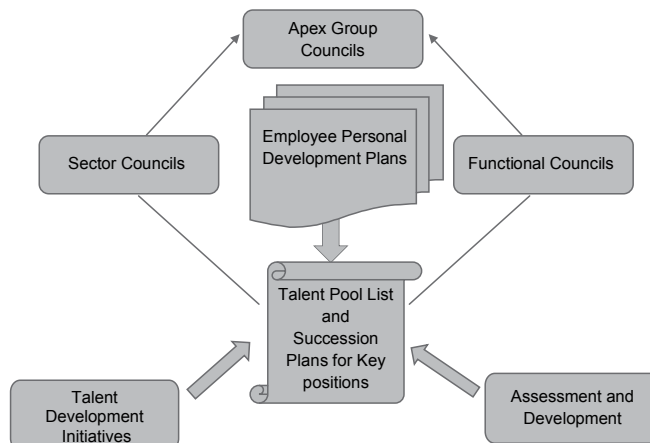
- 1) Given the strategic business plans, do we have the skills and competencies required to implement them? If not, how do we create them – by developing them internally or through lateral induction from outside?
- 2) For critical positions, what is the succession pipeline?
- 3) What are the individual development plans for individuals both in the succession pipeline as well as others?

The framework lays down an architecture and processes to address these questions using the 3E approach:

- a) Experience i.e. both long and short-term assignments. This has 70% weightage
- b) Exposure i.e. coaching and mentoring – 20% weightage
- c) Education i.e. learning and development initiatives – 10% weightage

The Talent Management process is applicable to all employees. Over the years, the Talent Management framework has become a well-structured and process-oriented system which is driven by an interactive and collaborative network of Talent Councils at the Mahindra Group and Real Estate Sector. These Talent Councils, which consist mainly of Senior Business Leaders supported by HR, are a mix of Real Estate Sector and Functional Councils coordinated by an Apex Talent Council of Mahindra Group. The Apex Talent Council of Mahindra Group reviews the work done by the Talent Councils and facilitates movement of talent across Sectors. The Real Estate Sector / Real Estate Functional Councils meet regularly throughout the year and the Mahindra Group Apex Talent Council interacts with each one of them separately once a year, and in addition conducts an integrated meeting where the Chairpersons of all the Councils are present.

The Talent Management process can be represented pictorially as under:



The talent pipeline is maintained and developed so as to ensure that there is a seamless flow of talent. An important part of this exercise is drawing up and implementing IDAPs (Individual Development Action Plans) for every Executive concerned using the 3E approach mentioned above.

ANNEXURE 6 TO THE DIRECTORS' REPORT

POLICY FOR REMUNERATION OF THE DIRECTORS

Purpose

This Policy sets out the approach to Compensation of Directors, in Mahindra World City (Jaipur) Limited.

Policy Statement

We have a well-defined Compensation policy for Directors, of the Company. The overall compensation philosophy which guides us to focus on enhancing the value, to attract, to retain and motivate Directors for achieving objectives of the Company and to maintain the pioneer status in the Integrated Business City format, to be the most trusted brand in the business we operate in and focus on customer centricity through transparency, quality and on-time delivery, to be a thought leader and establish industry benchmarks in Sustainable Development.

In order to effectively implement this, we have built our Compensation structure by a regular annual benchmarking over the years with relevant players across the industry we operate in.

NON-EXECUTIVE INCLUDING INDEPENDENT DIRECTORS:

The Nomination and Remuneration Committee (NRC) shall decide the basis for determining the compensation, both Fixed and variable, to the Non-Executive Directors, including

Independent Directors, whether as commission or otherwise. The NRC shall take into consideration various factors such as director's participation in Board and Committee meetings during the year, other responsibilities undertaken, such as membership or Chairmanship of committees, time spent in carrying out their duties, role and functions as envisaged in Schedule IV of the Companies Act 2013 and such other factors as the NRC may consider deem fit for determining the compensation. The Board shall determine the compensation to Non-Executive Directors within the overall limits specified in the Shareholders resolution.

Directors

The Chief Operating Officer is an executive of the Company and draws remuneration from the Company. Independent Directors receive sitting fees for attending the meeting of the Board and the Committees thereof, as fixed by the Board of Directors from time to time subject to statutory provisions.

Disclosures

Information on the total remuneration of members of the Company's Board of Directors, Chief Operating Officer and KMP/senior management personnel may be disclosed in the Board's report and the Company's annual report/website as per statutory requirements in this regard.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF
MAHINDRA WORLD CITY (JAIPUR) LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **MAHINDRA WORLD CITY (JAIPUR) LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March 2015, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134 (5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on these financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2015, its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government in terms of Section 143 (11) of the Act, we give in the Annexure a statement on the matters specified in paragraph 3 and 4 of the Order.

As required by Section 143 (3) of the Act, we report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors as on 31st March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit & Auditors) Rule, 2014, in our opinion and to the best of our information and according to the explanation given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements. Refer note 28 to the financial statements.
 - ii. The Company did not have material foreseeable losses on long term contracts and there were no derivative contracts. Refer note 38 to the financial statements.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No. 008072S)

Geetha Suryanarayanan
Partner
(Membership No. 29519)

Place: Jaipur
Date: 28th April, 2015

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

(Referred to under 'Report on Other Legal and Regulatory Requirements' section of our report to the members of Mahindra World City (Jaipur) Limited on the accounts for the year ended 31st March 2015)

- (i) Having regard to the nature of the Company's business/ activities/result, clause (v) of the Order is not applicable to the Company in the current year.
- (ii) In respect of its fixed assets:
- (a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
- (iii) In respect of its inventory:
- (a) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals.
- (b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- (iv) In our opinion and according to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the Register maintained under Section 189 of the Companies Act.
- (v) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases and the sale of inventory. During the course of our audit, we have not observed any continuing failure to correct major weakness in such internal control system.
- (vi) We have broadly reviewed the cost records maintained by the Company specified by the Central Government under sub-section (1) of Section 48 of the Companies Act, 2013 and are of the opinion that prima facie the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) According to the information and explanations given to us in respect of statutory dues:
- (a) The Company has been generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, wealth

tax, sales tax, service tax, value added tax, duty of customs, duty of excise, cess and other material statutory dues applicable to it with the appropriate authorities and there were no outstanding statutory dues as at the last day of the financial year for a period of more than six months from the date they became payable.

- (b) Details of dues of Income Tax and Entry tax which have not been deposited as on March 31, 2015 on account of disputes are given below:

Statute	Nature of dues	Forum where dispute is pending	Financial Year	Amount involved (₹ in lakhs)
Income Tax Act, 1961	Income Tax including interest	Income Tax Appellate Tribunal	2008-09	6.79
		Commissioner of Income Tax - (Appeals)	2010-11	30.73
Rajasthan Entry Tax Act, 1999	Rajasthan entry tax	High court of Rajasthan	2010-11 to 2014-15	42.93

- (c) There are no amounts required to be transferred to the Investor Education and Protection Fund by the Company during the year.
- (viii) There are no accumulated losses at the end of the financial year and the Company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (ix) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues in respect of term loans.
- (x) In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xi) In our opinion and according to the information and explanations given to us, the term loans have been applied by the Company during the year for the purposes for which they were obtained.
- (xii) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No. 008072S)

Geetha Suryanarayana
Partner
(Membership No. 29519)

Place: Jaipur
Date: 28th April, 2015

BALANCE SHEET AS AT MARCH 31, 2015

Particulars	Note No.	As at	
		March 31, 2015	March 31, 2014
		₹	₹
A EQUITY AND LIABILITIES			
1 Shareholder's funds			
(a) Share capital	3	2,000,000,000	2,000,000,000
(b) Reserves & Surplus.....	4	601,104,936	324,395,332
		<u>2,601,104,936</u>	<u>2,324,395,332</u>
2 Non-Current liabilities			
(a) Long term Borrowings	5	2,400,000,000	3,058,100,000
(b) Deferred tax liabilities (Net).....	6	178,273,043	134,346,578
(c) Other long term liabilities.....	7	44,542,026	34,958,373
(d) Long term provisions	8	140,686,719	122,416,085
		<u>2,763,501,788</u>	<u>3,349,821,036</u>
3 Current liabilities			
(a) Short term Borrowings.....	9	7,695,835	–
(b) Trade payables.....	10	86,035,110	63,089,893
(c) Other current liabilities	11	1,340,341,991	789,916,045
(d) Short term provisions.....	12	102,966,831	117,501,578
		<u>1,537,039,767</u>	<u>970,507,516</u>
TOTAL.....		<u>6,901,646,491</u>	<u>6,644,723,884</u>
B ASSETS			
1 Non-Current assets			
(a) Fixed Assets			
(i) Tangible assets.....	13	1,590,618,913	1,510,127,131
(ii) Intangible assets	14	1	1
(iii) Capital work in progress.....		65,396,914	103,146,856
		<u>1,656,015,828</u>	<u>1,613,273,988</u>
(b) Long term loans and advances	15	157,428,379	155,714,667
		<u>1,813,444,207</u>	<u>1,768,988,655</u>
2 Current assets			
(a) Current Investments	16	586,379,798	295,472,347
(b) Inventories	17	4,369,752,207	4,369,974,693
(c) Trade receivables	18	62,242,370	100,594,995
(d) Cash and cash equivalents	19	51,720,495	67,763,259
(e) Short term loans and advances	20	8,490,665	25,058,952
(f) Other current assets.....	21	9,616,749	16,870,983
		<u>5,088,202,284</u>	<u>4,875,735,229</u>
TOTAL.....		<u>6,901,646,491</u>	<u>6,644,723,884</u>

See accompanying notes forming part of the Financial Statements
In terms of our report attached

For and on behalf of the Board of Directors

For **Deloitte Haskins & Sells**
Chartered Accountants

Sanjay Srivastava
Manager & COO

Maheswar Sahu
Anita Arjundas

} Directors

Geetha Suryanarayanan
Partner

Sanjay Jain
Chief Financial Officer

Place : Jaipur
Date : April 28, 2015

Prashi Jain
Company Secretary

Place : Jaipur
Date : April 28, 2015

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2015

	Note No.	For the year ended March 31, 2015	For the year ended March 31, 2014
		₹	₹
INCOME			
1	Revenue from operations	22 1,316,208,689	983,579,758
2	Other income	23 26,617,441	38,089,119
3	Total Revenue	1,342,826,130	1,021,668,877
4 EXPENDITURE			
	Cost of land and Project development.....	64,874,951	176,051,475
	Changes in Inventories of Work in Progress	24 222,486	(174,381,362)
	Employee benefits expense	25 60,899,143	51,129,283
	Finance costs.....	26 412,291,682	402,712,255
	Depreciation and amortization expense	13 65,989,323	55,585,511
	Other expenses.....	27 184,917,218	144,428,165
		789,194,803	655,525,327
	Less : Capitalized	(7,903,986)	(4,199,522)
		781,290,817	651,325,805
5	Profit before tax	561,535,313	370,343,072
6	Tax expense:		
	(a) Current tax.....	137,267,500	99,800,000
	(b) Deferred tax.....	44,377,765	26,070,122
7	Profit for the year	379,890,048	244,472,950
	Basic and diluted earnings per share	2.21	1.32

See accompanying notes forming part of the Financial Statements
In terms of our report attached

For and on behalf of the Board of Directors

For **Deloitte Haskins & Sells**
Chartered Accountants

Sanjay Srivastava
Manager & COO

Maheswar Sahu
Anita Arjundas

} *Directors*

Geetha Suryanarayanan
Partner

Sanjay Jain
Chief Financial Officer

Place : Jaipur
Date : April 28, 2015

Prashi Jain
Company Secretary

Place : Jaipur
Date : April 28, 2015

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2015

Particulars	For the year ended March 31, 2015	For the year ended March 31, 2014
	₹	₹
A. Cash flow from operating activities		
Net Profit before tax	561,535,313	370,343,072
Adjustments for:		
Depreciation and Amortization	65,989,323	55,585,511
Finance costs	412,291,682	402,712,255
Loss on sale of fixed assets (net)	-	559,867
Gain on redemption of Mutual Fund Investments	(20,973,762)	(27,431,814)
Interest income.....	(5,625,022)	(9,739,952)
Operating profit before working capital changes	1,013,217,534	792,028,939
Changes in working capital:		
<i>Adjustments for (Increase)/decrease in operating assets</i>		
Inventories	(1,832,768)	(174,381,362)
Trade receivables	38,352,625	(5,065,921)
Short Term Loans and advances.....	16,568,287	7,885,191
Long term Loans and advances.....	(3,739,562)	(14,899,960)
Other Current Assets.....	4,039,338	1,639,393
<i>Adjustments for Increase/(Decrease) in operating liabilities</i>		
Trade Payables.....	22,945,217	15,931,868
Other Current Liabilities	(77,790,748)	(19,718,075)
Other Long term Liabilities.....	9,583,653	31,819,078
Short Term Provisions	(52,729,251)	(980,879)
Long Term Provision	(4,021,529)	(288,526)
Cash generated from Operations.....	964,592,796	633,969,746
Income Tax paid.....	(141,011,150)	(108,641,363)
Net cash flow from operating activities (A)	823,581,646	525,328,383
B. Cash flow from investing activities		
Capital expenditure on fixed assets, including capital advances	(134,018,806)	(157,566,586)
Proceeds from sale of fixed assets	-	40,693
Net movement in deposits not considered as Cash and cash equivalents.....	12,486,522	137,196,583
Interest received.....	8,839,919	9,614,435
Gain on redemption of Mutual Fund Investments.....	20,973,762	27,431,814
Net cash flow from/(used) in Investing activities (B).....	(91,718,603)	16,716,939
C. Cash flow from financing activities		
Proceeds from long-term borrowings	650,000,000	60,000,000
Repayment of long-term borrowings.....	(661,000,000)	(57,900,000)
Proceeds/(Repayment) of working capital borrowings	7,695,835	(21,850,598)
Dividend including dividend distribution tax paid.....	(116,995,000)	(81,896,500)
Finance costs	(324,212,669)	(333,122,028)
Net cash flow (used) in financing activities (C).....	(444,511,834)	(434,769,126)
Net increase/(decrease) in Cash and cash equivalents (A+B+C)	287,351,209	107,276,196
Cash and cash equivalents at the beginning of the period.....	314,182,189	206,905,993
Cash and cash equivalents at the end of the period.....	601,533,398	314,182,189

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2015

Particulars	For the year ended March 31, 2015	For the year ended March 31, 2014
	₹	₹
Reconciliation of Cash and cash equivalents with the Balance Sheet:		
Cash and cash equivalents as per Balance Sheet (Refer Note 19)	51,720,495	67,763,259
Less: Bank balances not considered as Cash and cash equivalents		
(i) in deposit accounts maturing after 3 months.....	12,536,404	-
(ii) in earmarked accounts (Refer Note 19)	24,030,491	49,053,417
Net Cash and cash equivalents.....	15,153,600	18,709,842
Add: Current investments considered as part of Cash and cash equivalents		
Investment in units of Mutual Funds (Refer Note 16)	586,379,798	295,472,347
	601,533,398	314,182,189
Cash and cash equivalents at the end of the period*		
* Comprises:		
(a) Cash on hand.....	62,035	43,055
(b) Balances with banks		
(i) In current accounts.....	15,091,565	18,666,787
(c) Current investments considered as part of Cash and cash equivalents (Refer Note 16).....	586,379,798	295,472,347
	601,533,398	314,182,189

See accompanying notes forming part of the Financial Statements
In terms of our report attached

For and on behalf of the Board of Directors

For **Deloitte Haskins & Sells**
Chartered Accountants

Sanjay Srivastava
Manager & COO

Maheswar Sahu
Anita Arjundas

} Directors

Geetha Suryanarayanan
Partner

Sanjay Jain
Chief Financial Officer

Place : Jaipur
Date : April 28, 2015

Prashi Jain
Company Secretary

Place : Jaipur
Date : April 28, 2015

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

Note 1. Corporate information

The Company is engaged in the business of development of an Industrial park with a multi product Special Economic Zone (SEZ) and a Domestic Tariff Area (DTA). The Company acquires land under lease, incurs expenditure on its development and related infrastructure facilities and gives them on a long term lease for industrial, commercial and residential use. The Company also maintains the Industrial Park for which it collects operation and maintenance charges from the lessees.

Note 2. Significant accounting policies

2.1 Basis of accounting and preparation of financial statements

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act")/Companies Act, 1956 ("the 1956 Act"), as applicable. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year except for change in the accounting policy for depreciation as more fully described in Note 2.6.

2.2 Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the period. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognized in the periods in which the results are known/materialize.

2.3 Inventories

Inventories are valued at the lower of cost and the net realisable value after providing for obsolescence and other losses, where considered necessary. Cost represents cost of land and all expenditure incurred in connection with, or attributable to the project, and, being a long-term project, includes interest.

2.4 Cash and cash equivalents (for purposes of Cash Flow Statement)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

2.5 Cash flow statement

Cash flows are reported using the indirect method, whereby profit/(loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

2.6 Depreciation and amortization

Depreciation is provided on straight line method from the date the assets are put to use in accordance with Schedule II to Companies Act, 2013 with effect from April 1, 2014. Accordingly estimated useful life of all tangible fixed assets has been revised and the Company has applied the transition provisions stated in Schedule II.

Leasehold land is amortized over the period of lease i.e. 99 years

Cost of Interiors of building given on lease is amortized over the period of lease.

Assets costing less than ₹ 5,000 is depreciated fully in the year of purchase.

Intangible assets are amortized over their estimated useful life as follows:

Software expenditure incurred is amortized over three years.

The estimated useful life of the intangible assets and the amortization period are reviewed at the end of each financial year and the amortization method is revised to reflect the changed pattern.

2.7 Revenue recognition

- Land lease premium is recognized as income upon creation of leasehold rights in favor of the lessee or upon an agreement to create leasehold rights with handing over of possession.
- Income from properties and other assets given under operating lease is recognised based on the terms of lease agreement on a straight line basis over the non cancellable lease period.
- Income from operation & maintenance charges and water charges are recognized on an accrual basis as per terms of the agreement with the lessees.

2.8 Other income

Interest income is accounted on accrual basis. Dividend income is accounted for, when the right to receive it is established.

2.9 Fixed assets (Tangible and Intangible assets)

Fixed assets, are carried at cost less accumulated depreciation and impairment losses, if any. The cost of fixed assets includes interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use and other incidental expenses incurred up to that date. Subsequent expenditure relating to fixed assets is capitalized only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

Capital work-in-progress

Projects under which assets are not ready for their intended use and other capital work-in-progress are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

2.10 Foreign currency transactions and translations

Foreign currency transactions are recorded at exchange rates prevailing on the date of transaction. Monetary assets/liabilities are translated at exchange rates prevailing on the date of settlement or at the year end as applicable, and gain/loss arising out of such translation is adjusted to the profit and loss account.

2.11 Investments

Long-term investments (excluding investment properties), are carried individually at cost less provision for diminution, other than temporary, in the value of such investments. Current investments are carried individually, at the lower of cost and fair value. Cost of investments include acquisition charges such as brokerage, fees and duties.

2.12 Employee benefits

Employee benefits include provident fund, superannuation fund, employee state insurance scheme, gratuity fund, compensated absences, long service awards and post-employment medical benefits.

Defined contribution plans

The Company's contribution to provident fund are considered as defined contribution plans and are charged as an expense as they fall due based on the amount of contribution required to be made and when services are rendered by the employees.

Defined benefit plans

For defined benefit plans in the form of gratuity fund, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each Balance Sheet date. Actuarial gains and losses are recognized in the Statement of Profit and Loss in the period in which they occur. Past service cost is recognized immediately to the extent that the benefits are already vested and otherwise is amortized on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognized in the Balance Sheet represents the present value of the defined benefit obligation as

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

adjusted for unrecognized past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the schemes.

Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognized during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service. The cost of such compensated absences is accounted as under:

- in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and
- in case of non-accumulating compensated absences, when the absences occur.

Long-term employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognized as a liability at the present value of the defined benefit obligation as at the Balance Sheet date less the fair value of the plan assets out of which the obligations are expected to be settled.

2.13 Borrowing costs

Borrowing costs include interest and amortization of ancillary costs incurred. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan. Borrowing costs, allocated to and utilized for qualifying assets, pertaining to the period from commencement of activities relating to construction/development of the qualifying asset up to the date of capitalization of such assets are added to the cost of the assets. Capitalization of borrowing costs is suspended and charged to the Statement of Profit and Loss during extended periods when active development activity on the qualifying assets is interrupted.

2.14 Segment reporting

The Company has a single reportable segment namely, lease of land and properties constructed thereon.

2.15 Leases

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. The assets given by the Company on operating leases are capitalised in the books as fixed assets. Lease rentals under operating leases are recognised in the Statement of Profit and Loss on a straight-line basis over the lease term.

2.16 Earnings per share

Basic/Diluted earnings per share is computed by dividing the profit/(loss) after tax (including the post tax effect of extraordinary items, if any) and after reducing the dividend obligation (including Dividend Distribution Tax) on Preference Shares by the weighted average number of equity shares outstanding during the period.

2.17 Taxes on income

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognized as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.

Deferred tax is recognized on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognized for all timing differences. Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognized only if there is virtual certainty that there will be sufficient future taxable income available to realize such assets. Deferred tax assets are recognized for timing differences of other items only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realized. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each Balance Sheet date for their realisability.

2.18 Impairment of assets

The carrying values of assets/cash generating units at each Balance Sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognized, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognized for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognized in the Statement of Profit and Loss, except in case of revalued assets.

2.19 Provisions and contingencies

A provision is recognized when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes.

2.20 Insurance claims

Insurance claims are accounted for on the basis of claims admitted/expected to be admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection.

2.21 Service tax input credit

Service tax input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is reasonable certainty in availing/utilising the credits.

Note 3. Share Capital

Particulars	₹	
	As at March 31, 2015	As at March 31, 2014
Authorized		
150,000,000 equity shares of ₹ 10 each	1,500,000,000	1,500,000,000
50,000,000 Preference shares of ₹ 10 each	500,000,000	500,000,000
	2,000,000,000	2,000,000,000
Issued, subscribed and fully paid up		
150,000,000 Equity shares of ₹ 10/- each fully paid up	1,500,000,000	1,500,000,000
50,000,000 Preference Share of ₹ 10/- each fully paid up	500,000,000	500,000,000
	2,000,000,000	2,000,000,000
Total	2,000,000,000	2,000,000,000

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

3.a Reconciliation of the shares outstanding at the beginning and at the end of the reporting year

Particulars	As at March 31, 2015		As at March 31, 2014	
	No of Shares	Value of Shares	No of Shares	Value of Shares
Equity Shares				
At the beginning of the year	150,000,000	1,500,000,000	150,000,000	1,500,000,000
Issued during the year	-	-	-	-
Outstanding at the end of the year	150,000,000	1,500,000,000	150,000,000	1,500,000,000
Preference Shares				
At the beginning of the year	50,000,000	500,000,000	50,000,000	500,000,000
Issued during the year	-	-	-	-
Outstanding at the end of the year	50,000,000	500,000,000	50,000,000	500,000,000

3.b Terms/Rights attached to Equity Shares

The Company has only one class of Equity shares having a par value of ₹ 10/- per share. Each holder of Equity Shares is entitled to one vote per share.

The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders at the Annual General Meeting.

Repayment of capital will be in proportion to the number of equity shares held.

3.c Terms of Conversion/redemption of 8% Redeemable Cumulative Preference Shares (RCPS)

- The Company issued 25 Million 8% Redeemable Cumulative Preference Shares of ₹ 10/- each on 23rd December 2008. These Preference Shares are due for redemption on 23rd December, 2016.
- The Company issued 25 Million 8% Redeemable Cumulative Preference Shares of ₹ 10/- each on 4th November, 2011. The Company is entitled to redeem these shares at the end of 5 years i.e., on 4th November, 2016, otherwise redemption can be extended up to the end of 8th year i.e., up to 4th November, 2019, with preference shareholders' approval.
- Each holder of RCPS is entitled to one vote per share only on resolutions placed before the Company which directly affect the rights attached to RCPS in case of dividends are in arrear.

3.d Details of shares held by each shareholder holding more than 5% shares:

Particulars	As at March 31, 2015		As at March 31, 2014	
	No of Shares	Value of Shares	No of Shares	Value of Shares
Holding Company (74%)				
Mahindra Lifespace Developers Limited				
Equity	111,000,000	1,110,000,000	111,000,000	1,110,000,000
Preference Shares	37,000,000	370,000,000	37,000,000	370,000,000
Rajasthan State Industrial Development and Investment Corporation Limited (26%)				
Equity	39,000,000	390,000,000	39,000,000	390,000,000
Preference Shares	13,000,000	130,000,000	13,000,000	130,000,000

Note 4. Reserves & Surplus

Particulars	As at	
	March 31, 2015	March 31, 2014
(a) Debenture Redemption Reserve		
Opening Balance.....	318,750,000	159,375,000
Add: Additions during the year Transferred from surplus in Statement of Profit & Loss	242,708,333	159,375,000
Closing balance	561,458,333	318,750,000
(b) Surplus in Statement of Profit and loss		
Opening Balance.....	5,645,332	37,542,382
Less: Adjustment of depreciation on tangible fixed assets with remaining useful life ₹ NIL on transition to Schedule II of the Companies Act, 2013 (Net of deferred tax) (Refer Note 32)....	876,444	-
Add: Profit for the year	379,890,048	244,472,950
Less: Appropriations		
Transferred to Debenture Redemption Reserve.....	242,708,333	159,375,000
Dividends proposed to be distributed to equity shareholders..	45,000,000	60,000,000
Dividends proposed to be distributed to preference shareholders.....	40,000,000	40,000,000
Tax on dividend.....	17,304,000	16,995,000
	39,646,603	5,645,332
Closing balance Total	601,104,936	324,395,332

Note 5. Long Term Borrowings (Secured)**

Term loans from bank	-	558,100,000
10.00% Redeemable Non Convertible Debentures.....	1,750,000,000	2,500,000,000
10.90% Redeemable Non Convertible Debentures.....	650,000,000	-
Total	2,400,000,000	3,058,100,000

** (Refer note 11 for current maturities of long term borrowings)

Term Loans from Bank

5.a The Term loan from Bank has been fully paid in December 2014 before the due date.

10.00% Redeemable Non Convertible Debentures

5.b Company has issued 2,500 Redeemable Secured Non Convertible Debentures of ₹ 10 Lakhs each aggregating to ₹ 250 Crores repayable in 3, 4 and 5 years in the ratio of 30:30:40 respectively along with redemption premium as below:-

Series	A	B	C
Face Value (₹)	1,000,000	1,000,000	1,000,000
No. of Debentures	750	750	1,000
Total Value (₹)	750,000,000	750,000,000	1,000,000,000
Redemption Premium per debenture (₹)	77,835	110,794	147,421
Maturity Date	13-Jul-15	13-Jul-16	13-Jul-17

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

5.c These Debentures are secured by way of first pari passu charge along with the debenture holders of ₹ 65 Crores as mentioned below in note 5.f. on the assets of the project (excluding specified assets) by way of constructive mortgage through deposit of the title deeds with the Debenture Trustee/hypothecation. The company has to maintain minimum fixed asset coverage ratio (FACR) of 1.25 times at all times during the currency of debentures.

5.d Interest on these debentures is payable annually in July.

10.90% Redeemable Non Convertible Debentures

5.e Company has issued 650 Redeemable Secured Non Convertible Debentures of ₹ 10 Lakhs each aggregating to ₹ 65 Crores repayable in 3, 4 and 5 years in the ratio of 31:31:38 respectively as below:-

Series	Series I	Series II	Series III
Face Value (₹)	1,000,000	1,000,000	1,000,000
No. of Debentures	200	200	250
Total Value (₹)	200,000,000	200,000,000	250,000,000
Maturity Date	19-Dec-17	19-Dec-18	19-Dec-19

5.f These Debentures are secured by way of first pari passu charge along with the debenture holders of ₹ 250 Crores as mentioned above in note 5.c. on the assets of the project (excluding specified assets) by way of constructive mortgage, through deposit of the title deeds with the Debenture Trustee. The company has to maintain minimum fixed asset coverage ratio (FACR) of 1.25 X at all times during the currency of debentures.

5.g Interest on these debentures is payable annually in December.

Note 6. Deferred Tax Liabilities

Particulars	₹	
	As at March 31, 2015	As at March 31, 2014
Deferred Tax Liability:		
Fixed Assets.....	182,027,938	132,202,388
Less: Transition Adjustment (Refer Note 32)	(451,300)	-
Income accrued based on lease equalization.....	(1,432,542)	3,429,202
	180,144,096	135,631,590
Deferred Tax Assets:		
Accrued expenses allowable on payment.....	1,871,053	1,285,012
Net Deferred tax liability Total.....	178,273,043	134,346,578
Deferred tax reconciliation:		
Deferred tax expense for the year based on the movement in net deferred tax liability as at the beginning and the end of the year as shown above.....	43,926,465	26,070,122
Add: Deferred tax impact netted off from depreciation on tangible fixed assets on transition to Schedule II of the Companies Act, 2013 adjusted to opening surplus. Refer Note 4 and 32.....	451,300	-
Deferred tax impact in the Statement of Profit and Loss.....	44,377,765	26,070,122

Note 7. Other Long Term Liabilities

Deposits from lessees.....	44,542,026	34,958,373
Total.....	44,542,026	34,958,373

Note 8. Long term Provisions

Particulars	₹	
	As at March 31, 2015	As at March 31, 2014
Compensated Absences.....	1,869,763	1,309,149
Gratuity.....	2,307,836	1,398,842
Provision for premium on redemption of debentures (Refer Note 5.b).....	136,509,120	119,708,094
Total.....	140,686,719	122,416,085

Note 9. Short Term borrowings

Overdraft from banks (secured).....	7,695,835	-
Total.....	7,695,835	-

Overdraft from banks is secured against earmarked Fixed deposits mentioned in note 19. The overdraft is repayable on demand.

Note 10. Trade payables

Trade payables.....	86,035,110	63,089,893
Total.....	86,035,110	63,089,893

Note 11. Other current Liabilities

Current maturities of Term Loan from Banks*.....	-	102,900,000
Current maturities of NCDs**.....	750,000,000	-
Interest accrued and not due on Debentures.....	199,445,344	179,452,056
Interest accrued and not due on term loan.....	-	7,091,941
Premium on redemption of debentures (Refer Note 5.b***).....	52,885,504	-
Other Payables		
Statutory Remittances.....	3,998,692	3,534,569
Earnest money deposit received.....	497,000	497,000
Advances from customers.....	152,139,193	176,434,310
Deposit from lessees.....	89,706,213	103,354,687
Payable on purchase of Fixed Assets.....	50,982,758	82,767,411
Other liabilities.....	40,687,287	133,884,071
Total.....	1,340,341,991	789,916,045

*Refer Note 5.a - Long Term Borrowings - This term loan has been fully paid in December 2014 before the due date.

** Refer Note 5.b - Long Term Borrowings - for terms of repayment and security

*** This premium is towards debentures redeemable in July 2015. Refer Note 5.b.

Note 12. Short term provisions

Compensated absences.....	627,669	426,433
Gratuity.....	35,162	80,145
Proposed Equity Dividend.....	45,000,000	60,000,000
Proposed Preference Dividend.....	40,000,000	40,000,000
Tax on Proposed Dividend.....	17,304,000	16,995,000
Total.....	102,966,831	117,501,578

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

Note 13. Fixed Assets

₹

Particulars	Gross Block					Depreciation					Net Block	
	As at 01.04.2014	Additions	Adjustments	Deductions	As at 31.03.2015	As at 01.04.2014	Transition Adjustment (Refer Note 1)	For the year (Refer Note 2)	Deductions	As at 31.03.2015	As at 31.03.2015	As at 31.03.2014
Tangible Assets												
Leasehold land	42,253,019	2,055,254	-	-	44,308,273	3,176,032	-	432,075	-	3,608,107	40,700,166	39,076,987
Buildings												
Owned	346,512,637	110,153,910	-	-	456,666,547	20,613,137	-	7,389,900	-	28,003,037	428,663,510	325,899,500
Given under operating lease	988,285,883	5,227,825	-	-	993,513,708	72,691,193	-	20,747,963	-	93,439,156	900,074,552	915,594,690
Plant and machinery												
Owned	73,836,608	28,444,082	-	-	102,280,690	18,775,367	441,053	5,913,760	-	25,130,180	77,150,510	55,061,241
Given under operating lease	118,592,704	-	-	-	118,592,704	22,686,025	-	11,809,898	-	34,495,923	84,096,781	95,906,679
Office equipment	2,191,276	1,147,012	-	-	3,338,288	434,511	463,161	549,942	-	1,447,614	1,890,674	1,756,765
Furniture and fixtures												
Owned	8,461,560	266,558	-	-	8,728,118	2,114,827	-	1,120,181	-	3,235,008	5,493,110	6,346,733
Given under operating lease	139,059,988	-	-	-	139,059,988	73,318,359	-	16,498,247	-	89,816,606	49,243,382	65,741,629
Computers	4,974,345	514,208	-	-	5,488,553	3,413,214	423,530	778,688	-	4,615,432	873,121	1,561,131
Vehicles	4,545,739	-	-	-	4,545,739	1,363,963	-	748,669	-	2,112,632	2,433,107	3,181,776
Total Tangible Assets	1,728,713,759	147,808,849	-	-	1,876,522,608	218,586,628	1,327,744	65,989,323	-	285,903,695	1,590,618,913	1,510,127,131

Note 14. Intangible Assets

Software	5,203,368	-	-	-	5,203,368	5,203,367	-	-	-	5,203,367	1	1
Total Intangible Assets												
Total	5,203,368	-	-	-	5,203,368	5,203,367	-	-	-	5,203,367	1	1
	1,733,917,127	147,808,849	-	-	1,881,725,976	223,789,995	1,327,744	65,989,323	-	291,107,062	1,590,618,914	1,510,127,132

Note 13. Fixed Assets (Previous Year)

₹

Particulars	Gross Block					Depreciation					Net Block	
	As at 01.04.2013	Additions	Adjustments	Deductions	As at 31.03.2014	As at 01.04.2013	For the year	Deductions	As at 31.03.2014	As at 31.03.2014	As at 31.03.2013	
Tangible Assets												
Leasehold land	42,253,019	-	-	-	42,253,019	2,755,472	420,560	-	3,176,032	39,076,987	39,497,547	
Buildings												
Owned	251,413,132	95,099,505	-	-	346,512,637	14,076,437	6,536,700	-	20,613,137	325,899,500	237,336,695	
Given under operating lease	969,472,638	18,813,245	-	-	988,285,883	52,754,828	19,936,365	-	72,691,193	915,594,690	916,717,810	
Plant and machinery												
Owned	69,861,058	3,975,550	-	-	73,836,608	8,191,997	10,583,370	-	18,775,367	55,061,241	61,669,061	
Given under operating lease	110,808,530	7,784,174	-	-	118,592,704	20,632,894	2,053,131	-	22,686,025	95,906,679	90,175,636	
Office equipment	1,992,588	386,896	-	188,208	2,191,276	381,897	112,606	59,992	434,511	1,756,765	1,610,691	
Furniture and fixtures												
Owned	5,294,281	3,167,279	-	-	8,461,560	1,702,700	412,127	-	2,114,827	6,346,733	3,591,581	
Given under operating lease	139,059,988	-	-	-	139,059,988	58,665,684	14,652,675	-	73,318,359	65,741,629	80,394,304	
Computers	4,574,229	720,916	-	320,800	4,974,345	3,254,170	459,000	299,956	3,413,214	1,561,131	1,320,059	
Vehicles	3,688,528	2,096,487	-	1,239,276	4,545,739	1,732,762	418,977	787,776	1,363,963	3,181,776	1,955,766	
Total Tangible Assets	1,598,417,991	132,044,052	-	1,748,284	1,728,713,759	164,148,841	55,585,511	1,147,724	218,586,628	1,510,127,131	1,434,269,150	

Note 14. Intangible Assets (Previous Year)

Software	5,203,368	-	-	-	5,203,368	5,203,367	-	-	5,203,367	1	1
Total Intangible Assets											
Total	5,203,368	-	-	-	5,203,368	5,203,367	-	-	5,203,367	1	1
	1,603,621,359	132,044,052	-	1,748,284	1,733,917,127	169,352,208	55,585,511	1,147,724	223,789,995	1,510,127,132	1,434,269,151

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015
Note 15. Long term Loans and advances (Unsecured unless otherwise stated and considered good.)

Particulars	₹	
	As at March 31, 2015	As at March 31, 2014
Capital advance (Secured by Bank Guarantee from vendors)	9,117,559	14,887,059
Security deposits	7,051,064	6,817,608
Deposits in respect of premises taken on lease	186,168	126,000
Export duty refund receivable	8,290,887	8,290,887
Advance income tax (net of provisions)	117,936,763	114,193,113
Prepaid expenses	14,845,938	11,400,000
Total	157,428,379	155,714,667

Note 16. Current Investments (At lower of cost and fair value)

Particulars	Units		₹	
	As at March 31, 2015	As at March 31, 2014	As at March 31, 2015	As at March 31, 2014
Investment in Mutual funds (unquoted & non trade)				
ICICI Prudential Interval Fund II Quarterly Plan F- Growth		7,349,409		99,999,989
ICICI Prudential Interval Fund III Quarterly Plan F- Growth		738,748		9,999,988
ICICI - Ultra Short Term Plan - Direct Growth	5,308,832	-	75,000,000	-
DSP Black Rock Money manager Fund-Direct plan-growth	231	-	431,269	-
JM Money Manager Fund Super Plus Plan - Growth	7,846,192	108,988	152,024,210	2,000,000
IDFC Money Manager Fund - Treasury Plan	3,631,816	-	80,000,000	-
JM High Liquidity Fund - Growth Option (452)	778,187	201,554	29,511,947	7,000,000
JM - Money Manager fund - Super Plan Growth Option		152,579		2,800,000
JM Floater Short Term Fund - Growth Option (448)		445,647		8,827,379
Kotak Liquid scheme plan-A - Growth		2,537		6,442,237
Reliance Interval Fund Quarterly Plan Series- I		4,989,422		50,000,000
Reliance Interval Fund Quarterly Plan Series- II	2,642,371	2,894,591	50,000,000	50,000,000
Reliance Money Manager Fund - Growth Option		1,185		2,000,000
Reliance Liquid Fund - Treasury Plan - Direct Growth Plan - Growth Option	2,063	-	7,000,000	-
SBI Ultra Short Term Debt Fund - Growth		2,134		3,500,000
TATA Floater Fund - Growth ...		428		769,841
Tata Floater Fund - Growth		1,663		2,953,898
Tata Treasury Manager Fund Direct Growth		-		-
Templeton India Ultra Short Bond Fund Super Inst. Plan - Growth		1,544,522		25,358,474

Particulars	Units		₹	
	As at March 31, 2015	As at March 31, 2014	As at March 31, 2015	As at March 31, 2014
Templeton India Ultra Short Bond Fund Super Institutional Plan - Direct Growth	10,631,481	-	192,412,372	-
UTI Banking & PSU Debt Fund - Growth		2,186,728		21,867,283
UTI Money Market Fund-Institutional Plan - Growth		1,382		1,953,258
Balance				
Total	30,841,174	20,621,517	586,379,798	295,472,347

Note 17. Inventories (at lower of cost and net realisable value)

Particulars	₹	
	As at March 31, 2015	As at March 31, 2014
Work In Progress	4,369,752,207	4,369,974,693
<i>(representing cost of land and related expenditure)</i>		
Total	4,369,752,207	4,369,974,693

Note 18. Trade Receivable. (Unsecured considered good)

Trade receivables outstanding for a period exceeding six months from the date they were due for payment ...	48,655,348	21,385,128
Other Trade receivables	13,587,022	79,209,867
Total	62,242,370	100,594,995

Note 19. Cash and cash equivalents

Cash on hand	62,035	43,055
Balances with Banks		
in Current account	15,091,565	18,666,787
In Deposits maturing after 3 months	12,536,404	-
in earmarked deposits (with restriction on usage)*	24,030,491	49,053,417
Total	51,720,495	67,763,259

* The earmarked deposits are given as security against term loan, Bank over draft and other non-fund based facilities.

Note 20. Short term Loans and advances (Unsecured, considered good unless otherwise stated)

Prepaid expenses	2,096,367	7,086,553
Mobilization and other advances given to vendors (secured against bank guarantee)	1,962,834	16,439,861
Balances with Government authorities (Service tax)	1,542,179	1,532,538
Other advances given to vendors	2,889,285	-
Total	8,490,665	25,058,952

Note 21. Other current assets

Deferred lease rent	5,949,519	10,088,857
Interest accrued on Fixed Deposits	2,267,230	5,482,126
Contractually recoverable expenses	1,400,000	1,300,000
Total	9,616,749	16,870,983

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015
Note 22. Revenue from operations

Particulars	₹	
	For the year ended March 31, 2015	For the year ended March 31, 2014
Land Lease Premium	1,032,810,158	761,999,822
Property Rentals	171,009,364	158,430,063
Income from Operation and Maintenance.....	112,389,167	63,149,873
Total	1,316,208,689	983,579,758

22.a During the current year, the company has leased 58.51 (previous year 50.07) acres of land on long term basis. Of this 16.46 (previous year 1.15 Acres) acres in SEZ and 42.05 (previous year 48.91) acres is in the Non SEZ.

Note 23. Other Income

Particulars	₹	
	For the year ended March 31, 2015	For the year ended March 31, 2014
Interest on		
Deposits from Banks	4,699,001	9,438,387
Others	926,021	301,565
Gain on Redemption of Mutual funds	20,973,762	27,431,814
Miscellaneous Income.....	18,657	886,781
Liabilities no longer required written back.....	-	30,572
Total	26,617,441	38,089,119

Note 24. Changes in Inventory of Work in Progress

Opening work in progress	4,369,974,693	4,195,593,331
Less: Closing work in progress	4,369,752,207	4,369,974,693
Total	222,486	(174,381,362)

Note 25. Employee Benefit Expenses

Salaries, Wages and Bonus...	55,644,447	47,646,468
Contribution to Provident and other funds.....	1,816,273	1,431,555
Gratuity.....	1,328,020	(4,145)
Staff welfare	2,110,403	2,055,405
Total	60,899,143	51,129,283

Note 26. Finance Costs

Interest on Term Loans.....	54,012,174	82,462,331
Interest on Inter Corporate Deposits	7,085,616	-
Interest on Debentures.....	269,993,288	250,000,000
Premium on Redemption of Debentures.....	69,686,530	69,686,530
Interest - Others.....	1,548,520	47,298
Other Borrowing Costs.....	9,965,554	516,096
Total	412,291,682	402,712,255

Note 27. Other Expenses

Particulars	₹	
	For the year ended March 31, 2015	For the year ended March 31, 2014
Legal and Professional.....	4,011,669	8,067,861
Electricity.....	19,578,870	13,289,724
Rent.....	1,312,846	850,390
Rates and Taxes	711,790	160,634
Insurance	2,838,364	2,223,285
Repairs and Maintenance	5,457,545	4,372,516
Commission	10,536,082	6,434,142
Marketing & Advertisement....	28,136,807	24,605,527
Operation & Maintenance Expenses.....	93,966,043	66,728,816
Travelling and Conveyance....	8,883,403	9,778,236
Communication.....	1,283,046	1,120,085
Payments to auditors (Refer Note (i) below).....	851,788	811,694
Loss on sale of fixed assets....	-	559,867
Expenditure on Corporate Social Responsibility.....	5,026,506	993,415
Miscellaneous Expenses	2,322,459	4,431,973
Total	184,917,218	144,428,165

Particulars	₹	
	For the year ended March 31, 2015	For the year ended March 31, 2014
Payment to the auditors comprises (net of service tax refund)		
Statutory Audit	575,000	550,000
Other services.....	270,000	240,000
Reimbursement of expenses...	6,788	21,694
Total	851,788	811,694

Additional information to the financial statements
Note 28. Contingent liabilities and commitments (to the extent not provided for)

	₹	
	As at March 31, 2015	As at March 31, 2014
(i) Contingent liabilities - Tax matters disputed and under appeal		
(i) Income Tax		
By Company.....	3,072,880	3,072,880
By Tax authorities.....	24,296,357	24,296,357
(ii) Rajasthan Entry Tax.....	4,292,646	-

Note:-

The above amount is based on demands raised, which the company is contesting with the concerned authorities. Outflows, if any, arising out of these claims would depend on the outcome of the decision of the appellate authorities and the company's rights for future appeals.

(ii) Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for on Tangible Assets

33,197,642	189,203,067
------------	-------------

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

Note 29. There are no amounts due to micro enterprises and small enterprises. This is based on the information received from such parties as identified by the company. This has been relied upon by the auditors.

Note 30. Value of imports calculated on CIF basis

	For the year ended March 31, 2015	For the year ended March 31, 2014
Capital Goods.....	6,297,804	-

Note 31. Expenditure in foreign currency

	For the year ended March 31, 2015	For the year ended March 31, 2014
Travel	-	151,018
Advertisement	272,639	571,202
Subscription	255,299	-
	<u>527,938</u>	<u>722,220</u>

Note 32. During the year, pursuant to the notification of Schedule II to the Companies Act, 2013 with effect from April 1, 2014 the Company has revised the estimated useful life of some of its assets to align the useful life with those specified in Schedule II. The details of previously applied depreciation method, rates/useful life are as follows:

Asset	Previous depreciation rate/ useful life (Based on SLM)	Revised useful life based on SLM (schedule 2 rates)
Buildings (other than Factory buildings)	1.63%/~60 years	30 years
Vehicles - Motor cars	9.5%/~10 years	8 years
General Plant and Machinery	4.75%/~20 years	15 years
General Furniture and Fittings	6.33%/~ 15 Years	10 Years

Pursuant to the transition provisions prescribed in Schedule II to the Companies Act, 2013, the Company has fully depreciated the carrying value of assets (determined after considering the revised useful life as prescribed by Schedule II) net of residual value, where the remaining useful life of the asset was determined to be Nil as on April 1, 2014, and has adjusted an amount of ₹ 876,444/- (net of deferred tax of ₹ 451,300/-) against the opening Surplus balance in the Statement of Profit and Loss under Reserves and Surplus. (refer note no. 4(C)).

The depreciation expense in the Statement of Profit and Loss for the year is higher by ₹ 49,18,910/- consequent to the adoption of revised useful life as prescribed by schedule II of the Companies Act, 2013.

Disclosures under Accounting Standards
Additional information to the financial statements - Employee benefits
Note Disclosures on Employee share based payments:

33(a) Under the following Employee Stock Option Schemes, Mahindra Lifespace Developers Limited, the parent company issued equity – settled options to the employees of the Company as per the following details:

Amount Rs.

ESOS Scheme	Date of grant	No. of options granted	Options vested	Options exercised	Options lapsed	Options outstanding as at		Employee compensation cost incurred by the Parent company and not charged to the Company for the	
						March 31 2015	March 31 2014	March 31 2015	March 31 2014
ESOS 2008	April 25, 2008	64,550	49,450	1,250	13,550	49,750	64,550	-	-
ESOS 2012	August 4, 2012	11,000	3,500	1,900	1,500	7,600	11,000	1,073,303	340,316
	October 17, 2014	9,000	-	-	-	9,000	-	474,445	-
Total charge for the year								15,47,748	3,40,316

Other terms

ESOS Scheme	ESOS 2008	ESOS 2012
Exercise price	₹ 428/share	₹ 10/share
Vesting Conditions	25 % each on expiry of 12 ,24 , 36 and 48 months from the date of grant	20 % each on expiry of 12 and 24 months and 30 % each on expiry of 36 and 48 months from the date of grant
Contractual life	5 years from the date of individual vesting.	

The Parent company has adopted intrinsic value method for computing the compensation cost for the Options granted. The Intrinsic value, i.e. the difference between the market price of the share and the exercise price is being amortised as employee compensation cost over the vesting period in the books of the parent company. The Parent company has also confirmed that there will be no recovery of the above ESOP cost from the Company.

Note: The above details are as provided by the parent company and the auditors have placed reliance on the same.

Note 33(b) Employee Benefits

	₹	
	Gratuity (Unfunded)	
	2014-15	2013-14
a. Net Asset/(Liability) recognized in the balance sheet as at March 31, 2015		
Liability recognised in the balance sheet	2,342,998	1,478,987
Non current.....	2,307,836	1,398,842
Current	35,162	80,145
b. Expense recognized in the Profit & Loss account		
Past service cost.....	-	-
Current Service cost.....	653,788	403,521
Interest cost	114,722	150,139
Actuarial (gains)/Losses	559,510	(557,805)
Total expenses	1,328,020	(4,145)
c. Change in present value of Defined Benefit obligation		
Present Value of the obligation at the beginning of the year	1,478,987	2,270,331
Past service cost.....	-	-
Current Service cost.....	653,788	403,521
Interest Cost.....	114,722	150,139
Actuarial (Gains)/Losses	559,510	(557,805)
Benefits Paid	(464,009)	(787,199)
Present value of the obligation as at the end of the year	2,342,998	1,478,987
d. Principal actuarial assumptions.....		
Discount Rate	7.77%	9.20%
Mortality Rate	IALM (2006-08) Ultimate	IALM (2006-08) Ultimate
e. Estimates of future salary increases considered in actuarial valuation take account of inflation, seniority, promotions, increments and other relevant factors such as supply and demand in the employment market.		

f. Experience adjustment as provided by actuary:	Year				
	2014-15	2013-14	2012-13	2011-12	2010-11
Present value of obligation	2,342,998	1,478,987	2,270,331	2,527,755	1,809,056
Experience adjustment on plan liabilities	95,631	(162,668)	(169,416)	(126,336)	(761,237)

Note 34. Details of borrowing costs capitalised

	₹	
	For the year ended March 31, 2015	For the year ended March 31, 2014
Borrowing costs capitalized during the year as		
- Inventory.....	183,519,809	180,585,043
- Fixed Assets.....	-	-
- Capital Work in Progress...	-	-

Note 35. Related party transactions

Details of related parties:

Particulars		₹
Description of relationship	Names of related parties	
Ultimate Holding Company	Mahindra & Mahindra Limited	
Holding Company	Mahindra Lifespaces Developers Limited	
Fellow Subsidiaries	Mahindra Integrated Business Solutions Private Limited Mahindra EPC Services Private Limited Mahindra Consulting Engineers Limited Mahindra Holidays & Resorts India Limited	
Key Management Personnel (KMP)	Mr. B.K. Subbaiah - Chief Operating Officer (Upto June 30, 2013) Mr. Sanjay Srivastava - Chief Operating Officer (From July 01, 2013) Mr Sanjay Jain - Chief Finance Officer (KMP from current year)	

Note: Related parties have been identified by the Management and disclosed where transaction entered into.

Details of related party transactions during the year ended March 31, 2015 and balances outstanding as at March 31, 2015:

Particulars	Mahindra & Mahindra Limited	Mahindra Lifespace Developers Limited	Mahindra Integrated Business Solutions Private Limited	Mahindra EPC Services Private Limited	Mr. B.K. Subbaiah	Mr. Sanjay Srivastava	Mr. Sanjay Jain
Rendering of services	1,585,564 (1,006,732)			12,000 (3,000)			
Land Lease Premium Received	(88,450,646)	(101,640,000)					
Receiving of services	831,740 (480,072)		108,000 (18,000)				
Security Deposit Received	-						
Finance (including loans and equity contributions in cash or in kind)							
ICD Taken		20,000,000 (-)					
ICD Repaid		20,000,000 (-)					
Interest on ICD		7,085,616 (-)					
Preference Shares Dividend Paid		29,600,000 (29,600,000)					
Equity Shares Dividend Paid		44,400,000 (22,200,000)					
Remuneration					-	9,968,046 (7,734,944)	4,680,569 -
Balances outstanding at the end of the year		-	9,315	6,742			
Trade payables	486,757 (791,687)		(-)				
Deposits Payable	699,518 (699,518)						

Note: Figures in bracket relate to the previous year

Note 36. Leases

The Company's leasing arrangements are in respect of commercial premises given under operating lease .

₹

Particulars	As at March 31, 2015	As at March 31, 2014
Gross carrying amount of premises and other assets	1,243,382,226	1,238,154,401
Accumulated depreciation	217,269,532	168,688,468
Depreciation for the year	48,573,955	36,635,062

Future minimum lease payments under non-cancellable operating leases (lock in period of 2 to 3 years for the building and 9 years 5 months for interiors)

₹

Particulars	As at March 31, 2015	As at March 31, 2014
Not later than 1 year	13,703,238	66,228,804
Later than 1 year and not later than 5 years	164,771,545	172,235,624
Later than 5 years	101,559,471	37,346,934

Significant Leasing Arrangements

Lease is non cancellable during the lock in period.

In respect of buildings, primary lease period is for 5 years, renewable for further 2 terms of 5 years each.

Note 37. Earnings per share

₹

Particulars	As at March 31, 2015	As at March 31, 2014
Basic & Diluted		
Net profit for the year from continuing operations	379,890,048	244,472,950
Less: Preference dividend and tax thereon	48,143,059	46,798,000
Net profit for the year from continuing operations attributable to the equity shareholders	331,746,989	197,674,950
Weighted average number of equity shares	150,000,000	150,000,000
Par value per share	10	10
Earnings per share from continuing operations - Basic & Diluted	2.21	1.32

- Note 38.** (i) The Company does not have material foreseeable losses on long term contracts as on March 31,2015.
(ii) The Company did not enter into any derivative contracts during the year.
(iii) There are no amounts required to be transferred to the Investor Education and Protection Fund by the Company during the year.

Note 39. Previous year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosure.

In terms of our report attached

For and on behalf of the Board of Directors

For **Deloitte Haskins & Sells**
Chartered Accountants

Sanjay Srivastava
Manager & COO

Maheswar Sahu
Anita Arjundas

} Directors

Geetha Suryanarayanan
Partner

Sanjay Jain
Chief Financial Officer

Place : Jaipur
Date : April 28, 2015

Place : Jaipur
Date : April 28, 2015

Prashi Jain
Company Secretary

Directors' Report to the Members

Your Directors present their Nineteenth report together with the Audited Financial Statement of your Company for the year ended 31st March, 2015.

Financial Highlights (Standalone)

Particulars	(₹ in lakhs)	
	For the year ended 31 st March 2015	For the year ended 31 st March, 2014
Total Income.....	15,567.10	6,259.26
Profit/(Loss) before Depreciation, Interest and Taxation.....	5,097.41	702.80
Less: Depreciation.....	1.31	1.19
Profit/(Loss) Before Interest and Taxation	5096.10	701.61
Less: Interest.....	896.59	1,217.60
Profit/(Loss) Before Taxation	4,199.51	(515.99)
Less : Provision for Taxation	148.11	-
Profit/(Loss) for the year after Taxation.....	4,051.39	(515.99)
Add : Balance of Profit /(Loss) for earlier years.....	(710.84)	(194.85)
Amount available for appropriation.....	3340.55	(710.84)
Depreciation on Transition Adjustment.....	0.52	
Dividend on Equity Shares.....	1008.70	
Balance carried forward to the Balance Sheet	2,331.33	(710.84)

DIVIDEND

Interim dividends of ₹ 2/- per equity share of the face value ₹ 10 each of the company was declared on 29th Sep 2014. The equity dividend (including tax on distributed profits) amounts to ₹ 1008.70 lakhs and is paid out of the profits for the year 2014-15.

Your Directors recommend that the Interim dividend paid on equity shares be confirmed as the final dividend.

Reserves

Profit for the year less dividend declared (including tax thereon) has been carried forward to P & L account and no amount has been transferred to Reserves.

Operations

Your Company is engaged as a co-developer in developing residential township area at Mahindra World City, New Chennai. Its current developments include 'Iris Court' and 'Nova'. MITL has a balance of approximately 140 acres to be developed in phases for offering products in different formats and segments 'Iris Court', located in Mahindra World City, Chennai, is spread over 18 acres with a total saleable area of 0.86 million square feet and 92% of the area have been sold upto March, 2015. The first phase of the project covering 0.27 million square feet was completed and majorly handed over to customer. Construction of Subsequent Phase 2 & 3A is completed. Construction of the final phase 3 B is underway and progressing as per schedule.

'Nova' in Mahindra World City, Chennai is spread over 7 acres with a saleable area of 0.54 million square feet was launched in the year 13-14. During the year, the Company launched the second phase of the project which has 363 units. 48% of area has been sold as of March, 2015. The construction work both Phase 1 and 2 is progressing as per Schedule.

No material changes and commitments have occurred after the close of the year till the close of this Report, which affect the financial position of the Company.

The financial statement for the year under review have been prepared on the basis of going concern status of the Company.

During the year under review, no revision was made in the financial statement of the Company.

Share Capital

Authorised share capital of your Company is ₹ 60 crores and Paid-up share capital of the Company is ₹ 50.43 crores. The paid-up equity capital of the company is held by Mahindra Life space Developers Limited (MLDL) and Mahindra World City Developers Limited in the ratio of 73.36:25.78 respectively.

During the year, the Company has not issued any equity shares with differential rights or any sweat equity shares.

As of 31st March, 2015 in accordance with the Employee Stock Option Scheme – 2006 (ESOS - 2006), 4, 35,000 Stock Options were exercised under ESOS - 2006. During the Year Company has not granted any Employee Stock Options. The Shares arising out of exercise of Employee Stock Options

are directly allotted to the eligible employees and therefore the requirement of disclosure in respect of voting rights not exercised directly by the employees does not apply to your Company.

Non-Convertible Debentures

During the year, Company has not issued/allotted any non-convertible debentures.

Network

The network of the Company at the close of the previous financial year (FY 2013-14) and at the close of the current financial year (FY 2014-15) was ₹ 4332.66 Lacs and ₹ 7474.83 Lacs respectively.

Holding Company

Your Company is a subsidiary company of Mahindra Lifespace Developers Limited and consequently a subsidiary company of the ultimate holding company Mahindra & Mahindra Limited.

Mahindra Residential Developers Limited (MRDL) continues to be a subsidiary of your Company and consequently a subsidiary company of, Mahindra Lifespace Developers Limited and of the ultimate holding company Mahindra & Mahindra Limited.

During the year, no company became/ceased to be subsidiary/associate or joint venture company of your Company.

CONSOLIDATED FINANCIAL STATEMENTS

The audited consolidated financial statement of the Company prepared in accordance with relevant Accounting Standards (AS) viz. AS 21 on consolidated financial statements issued by the Institute of Chartered Accountants of India form part of this Annual Report.

The Consolidated financial statement of the Company is attached along with the financial statement of the Company

Mahindra Residential Developers Limited (MRDL), which is a wholly owned subsidiary of your Company, and a co-developer in developing residential township area in MWC is developing a gated residential community, a premium project, in approximately 55 acres within Mahindra World City, New Chennai, under the name 'Aquality'. The project offers villas and apartments covering 1.57 million square feet, of which 1.39 million square feet has been launched in multiple phases. During 2014-15, construction was completed in Phase 2B, taking the total completed area under the project to 0.93 million square feet. The handing over of all completed phases is in progress. Construction is in progress for Phase 2C and is progressing as per schedule. 68 per cent of the total units launched in this project have been sold upto March 2015.

A report on the financial position of MRDL as per the Companies Act, 2013 is provided as Annexure to the Consolidated Financial Statement and hence not repeated here for the sake of brevity.

Corporate Social Responsibility (CSR)

As the Company does not meet any of the criteria prescribed under Section 135(1) of the Companies Act, 2013 the provisions

with respect to CSR were not applicable to the Company for the FY 2014-15.

As the profit of the Company for FY 2014 -15 is more than ₹ 5 Crore the provisions of Section 135 of the Companies Act, 2013 and Rules thereunder relating to CSR will be applicable from FY 2015-16. Accordingly, the Board at its meeting held on 17th April, 2015 has constituted a Corporate Social Responsibility Committee in accordance with their statutory requirements in this regards.

Directors

During the year, Mr. Rajagopalan Santhanam (DIN: 000237740) and Mr. M. S. Jagan (DIN: 02002827) were appointed as Independent Directors not liable to retire by rotation, to hold the office for a term upto 5 (five) consecutive years commencing from 18th March, 2015. Mr. Rajagopalan Santhanam and Mr. M. S. Jagan have given a declaration under Section 149(7) of the Companies Act, 2013 that they meet the criteria of independence as provided in Section 149(6) of the Companies Act, 2013.

Pursuant to Section 152 of the Companies Act, 2013, Ms. Anita Arjundas (DIN: 00243215) a Non-executive and Non-independent Director retires by rotation at the 19th Annual General Meeting of the Company and being eligible has offered herself for re-appointment. Ms. Anita Arjundas is not disqualified from being re-appointed as a Director by virtue of the provisions of Section 164 of the Companies Act, 2013.

During the year, Ms. Sangeeta Prasad (DIN : 02791944) resigned as Director of the Company with effect from 18th March, 2015. The Board places on record its sincere appreciation of the valuable services rendered by Ms. Sangeeta Prasad during her tenure as Director of the company.

During the year, the Nomination and Remuneration Committee was reconstituted. The present members of the Committee comprises of two independent Directors, namely Mr. M.S.Jagan, Mr. Ravi Santhanam and two non-independent Directors, namely Ms. Anita Arjundas and Mr. S.Chandru.

Mr. Ravi Santhanam is the Chairman of the Committee.

Pursuant to the provisions of the Companies Act, 2013 evaluation of every Director's performance was done by Nomination and Remuneration Committee. The performance evaluation of Non-Independent Directors and the Board as a whole, Committees thereof and Chairperson of the Company was carried out by the Independent Directors. Evaluation of Independent Directors was carried out by the entire Board of Directors, excluding the Director being evaluated. A structured questionnaire was prepared after circulating the draft forms, covering various aspects of the evaluation such as adequacy of the size and composition of the Board and Committee thereof with regard to skill, experience, independence, diversity; attendance and adequacy of time given by the Directors to discharge their duties; Corporate Governance practices etc. The Directors expressed their satisfaction with the evaluation process.

The following policies of the Company are attached herewith and marked as **Annexure 1, Annexure 2A and Annexure 2B** to this report.

1. Policy on appointment of Directors and Senior Management (**Annexure 1**)
2. Policy on remuneration of Directors (**Annexure 2A**)
3. Policy on Remuneration of Key Managerial Personnel and Employees (**Annexure 2B**)

Key Managerial Personnel

During the year under review, the Company has appointed following persons as Key Managerial Personnel under the Companies Act, 2013. None of the Key Managerial Personnel draw any remuneration from the Company. All Key Managerial Personnel of the Company receive remuneration from the Holding Company, Mahindra Lifespace Developers Limited.

Sr. no.	Name of the person	Designation
1.	Mr. Manmadkar Jayant	Manager
2.	Ms Arti Rameshchandra Batavia (Ms Arti Shinde)	Company Secretary
3.	Ms K Bharathy	Chief Financial Officer

Code of Conduct

The Company had adopted Code of Conduct ("the Code/s") for its Directors, Independent Directors, Senior Management and employees. These Codes enunciate the underlying principles governing the conduct of the Company's business and seek to reiterate the fundamental precept that good governance must and would always be an integral part of the Company's ethos.

The Company has for the year under review, received declarations under the Codes from the Board members, Independent Directors of the Company affirming compliance with the respective Codes.

Meetings

During the year five Board Meetings were convened and held on following dates:

18th April, 2014, 22th July, 2014, 29th September 2014, 10th October, 2014, 21st January, 2015 and 18th March, 2015.

During the year FY 2014-15 Audit Committee meetings were convened and held on the following dates:

18th April, 2014, 22nd July, 2014, 10th Oct, 2014, 21st Jan, 2015 and 18th March, 2015

During the year FY 2014-15 Nomination & Remuneration Committee meetings were convened and held on the following dates:

21st January, 2015 and 18th March, 2015.

The details of the number of meetings of the Board and the Committees attended by the respective members of the Board/ Committees are given below:

Sr. No.	Name of the Director	No of Board meetings attended	No. of Audit Committee meetings attended	No. of Nomination & Remuneration Committee meetings attended
1.	Ms. Anita Arjundas	6	4	2
2.	Mr S Chandru	6	4	2
3.	Ms Sangeeta Prasad (Resigned w.e.f. 18 th March, 2015)	6	4	2
4.	Mr. Rajagopalan Santhanam (Appointed w.e.f. 18 th March, 2015)	0	0	0
5.	Mr M S Jagan (Appointed w.e.f. 18 th March, 2015)	1	0	1

Directors' Responsibility Statement

Pursuant to Section 134(3) (c) of the Companies Act, 2013, the Directors, based on the representations received from the operating management and after due enquiry, confirm that:

- (a) in the preparation of the annual accounts, the applicable accounting standard had been followed along with proper explanation relating to material departures;
- (b) they had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year 31st March, 2015 and of the profit of the Company for that period;
- (c) they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safe guarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) they had prepared the annual accounts on a going concern basis; and
- (e) they had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Internal Financial Controls

The Company has in place adequate internal financial controls with reference to the financial statements, the Audit Committee of the Board periodically reviews the internal control systems with the management and auditor.

Composition of Audit Committee

During the year, the Audit Committee was reconstituted. The present members of the Committee comprises of two independent Directors, namely Mr. M S Jagan, Mr. Rajagopalan Santhanam and one Non-Executive Non-Independent Director, Ms. Anita Arjundas.

Mr M S Jangan is the Chairman of the Committee. All members of the Audit Committee possess strong knowledge of accounting and financial management. The Chairperson, Chief Financial Officer, and Statutory Auditors are regularly invited to attend the Audit Committee Meetings. The Company Secretary is the Secretary to the Committee. The Board has accepted all recommendations of the Audit Committee made from time to time.

Vigil mechanism/Whistle Blower Mechanism

The Company has established a vigil mechanism by adopting a Whistle Blower Policy for Directors and employees to report genuine concerns in the prescribed manner. The vigil mechanism is overseen by the Audit Committee and provides adequate safeguards against victimisation of employees and Director. Whistle Blower Policy is a mechanism to address any complaint(s) related to fraudulent transactions or reporting intentional non-compliance with the Company's policies and procedures and any other questionable accounting/operational process followed. It provides a mechanism for employees to approach the Chairman of Audit Committee or Chairman of the Company or the Corporate Governance Cell. During the year, no such incidence was reported and no personnel were denied access to the Chairman of the Audit Committee or Chairman of the Company or the Corporate Governance Cell. The Whistle Blower Policy of the Company is attached in Annexure - 3

Risk Management

The Company already has in place the procedure to inform the Board about the risk assessment and minimisation procedures. Your Company has appropriate risk management systems in place for identification and assessment of risks, measures to mitigate them, and mechanisms for their proper and timely monitoring and reporting. The Board periodically reviews implementation and monitoring of the risk management plan for the Company including identification therein of elements of risks, if any, which in the opinion of the Board may threaten the existence of the Company.

Auditors

M/s. A. F. Ferguson & Co., Chartered Accountants, (Reg No. 112066W) Chennai, retire as Auditors at the forthcoming Annual General Meeting. The members will be required to appoint Auditors in terms of relevant provisions of the Companies Act, 2013 and fix their remuneration.

As required under the provisions of Section 139 and 141 of the Companies Act, 2013, the Company has received a written consent and certificate from M/s. A. F. Ferguson & Co., Chartered Accountants, Chennai, proposed to be re-appointed as Auditors for one year i.e. upto conclusion of the 19th Annual General Meeting of the Company, to the effect that their re-appointment, if made, would be in conformity with the limits specified in the said Section.

The Board has recommended to the shareholders for approval re-appointment of M/s. A. F. Ferguson & Co., Chartered Accountants, Chennai, as the Statutory Auditors to hold office from the ensuing Annual General Meeting till the

conclusion of the next Annual General Meeting and to fix their remuneration.

The Auditor's Report does not contain any qualification, reservation or adverse remark and therefore does not call for any further comments.

The requirements of having, Cost Auditor is presently not applicable to your Company.

The Company has appointed M/s Mazars, Chartered Accountants as the Internal Auditor of the Company for the financial year 2014-15.

Secretarial Auditor

The Board has appointed M/s M.K. Surana & Co, practising Company Secretary, to conduct the secretarial audit for the financial year 2014-15. The Secretarial Audit report for the financial year ended 31st March, 2015 is annexed herewith and marked as **Annexure - 4** to this Report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

Particulars of loans, guarantees or investments under Section 186 of the Companies Act, 2013

As your Company is engaged in the business of developing Residential Units, the provisions of Section 186 of the Companies Act, 2013 related to loans made, guarantees given or securities provided are not applicable to the Company. However, the details of the same are provided in the financial statement at Note no. 12.

The particulars of investment made under 186 of the Companies Act, 2013 are provided in the financial statement at Note no. 11.

Contracts and Arrangements with Related Parties

All contracts/arrangements/transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on an arm's length basis. During the year, the Company had not entered into any contract/arrangement/transaction with related parties which could be considered material. Therefore, the form AOC-2 is not applicable to the Company. Your Directors draw attention to Note no. 27 to the financial statement which sets out details of transactions with related parties.

Deposits, Loans and Advances

Your Company has not accepted any deposits from the public or its employees during the year under review.

The Company has not made any loans and advances of the nature which are required to be disclosed in the annual accounts of the Company pursuant to Clause 32 of the Listing Agreement with the parent company Mahindra Lifespace Developers Limited and ultimate parent company Mahindra & Mahindra Limited listed with the Stock Exchanges.

The particulars of Loans given, Investments made and Guarantees & Securities provided are given under notes to Financial statement and same form part of this Report.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The particulars relating to the Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo as per Section 134(3) (m) of the Companies Act, 2013 read with the Rule 8(3) of the Companies (Accounts) Rules, 2014 during the year under review are given in the prescribed format in the **Annexure 5** to this report

Employee Remuneration

The Company had no employee, who was employed throughout the financial year under review and was in receipt of remuneration from the Company of not less than ₹ Sixty lacs per annum or was employed for a part of the financial year and was in receipt of remuneration from the Company of not less than ₹ Five lacs per month during any part of the financial year ended on 31st March, 2015. Therefore the statement containing particulars of employees as required under Section 197 (12) of the Companies Act, 2013 read with Rule 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is not attached to this report. None of the employees is a relative of any Director of the Company. None of the employees hold (by himself/herself or along with his/her spouse and dependent children) more than 2% of the Equity shares of the Company.

Extract of Annual Return

The details forming part of the Extract of the Annual Return in Form MGT-9, as required under Section 92 of the Companies Act, 2013 is included in this Report as **Annexure 6** and forms part of this Report.

General

During the year ended 31st March, 2015, there were no cases filed/reported pursuant to the Sexual Harassment of women at

workplace (Prevention, Prohibition and Redressal) Act, 2013.

No penalties/strictures were imposed on the Company by any statutory authority on any matter. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operation in future.

Cautionary statement:

Certain statements in the Directors' Report describing the Company's objectives, projections, estimates, expectations or predictions may be forward-looking statements within the meaning of applicable securities laws and regulations. Actual results could differ from those expressed or implied. Important factors that could make a difference to the Company's operations include labour and material availability, and prices, cyclical demand and pricing in the Company's principal markets, changes in government regulations, tax regimes, economic development within India and other incidental factors.

Acknowledgment

The Directors would like to thank all shareholders, customers, bankers, contractors and suppliers of your Company for the support received from them during the year.

For and On Behalf of the Board,

Anita Arjundas
Chairperson
DIN : 00243215

Chennai, 17th April, 2015

ANNEXURE 1 TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2015**POLICY ON APPOINTMENT OF DIRECTORS AND SENIOR MANAGEMENT****I. APPOINTMENT OF DIRECTORS**

The Nomination and Remuneration Committee (NRC) of the Board of Directors (Board) of the Company reviews and assesses Board composition and recommends the appointment of new Directors. In evaluating the suitability of individual Board member, the NRC shall take into account the following criteria regarding qualifications, positive attributes and also independence of director when Independent Director is to be appointed:

1. All Board appointments will be based on merit, in the context of the skills, experience, diversity, and knowledge, for the Board as a whole to be effective.
2. Ability of the candidates to devote sufficient time and attention to his/her professional obligations as Director for informed and balanced decision making.
3. Adherence to the applicable Code of Conduct and highest level of Corporate Governance in letter and in spirit by the Directors.

Based on recommendation of the NRC, the Board will evaluate the candidate(s) and decide on the selection of the appropriate member. The Board through the Chairman or Director will interact with the new member to obtain his/her consent for joining the Board. Upon receipt of the consent, the new Director will be co-opted by the Board in accordance with the applicable provisions of the Companies Act, 2013 and Rules made thereunder.

2. REMOVAL OF DIRECTORS

If a Director is attracted with any disqualification as mentioned in any of the applicable Act, Rules and Regulations thereunder or due to non - adherence to the applicable policies of the Company, the NRC may recommend to the Board with reasons recorded in writing, removal of a Director subject to the compliance of the applicable statutory provisions.

3. SENIOR MANAGEMENT PERSONNEL

The NRC shall identify persons based on merit, experience and knowledge who may be appointed in senior management team.

Senior Management personnel are appointed or promoted and removed/relieved with the authority of Managing Director & CEO based on the business need and the suitability of the candidate. The details of the appointment made and the personnel removed one level below the Key Managerial Personnel during a quarter shall be presented to the Board.

For and On Behalf of the Board,

Anita Arjundas
Chairperson
DIN : 00243215

Chennai, 17th April, 2015

ANNEXURE 2A TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2015

POLICY FOR REMUNERATION OF THE DIRECTORS

Purpose

This Policy sets out the approach to Compensation of Directors in Mahindra Integrated Township Limited.

Policy Statement

We have a well-defined Compensation policy for Directors including the Chairman of the Company. The overall compensation philosophy which guides us is that in order to achieve global leadership and dominance in domestic markets, we need to attract and retain high performers by compensating them at levels that are broadly comparable with the median of the comparator basket while differentiating people on the basis of performance, potential and criticality for achieving competitive advantage in the business.

In order to effectively implement this, we have built our Compensation structure by a regular annual benchmarking over the years with relevant players across the industry we operate in.

NON-EXECUTIVE INCLUDING INDEPENDENT DIRECTORS:

The Nomination and Remuneration Committee (NRC) shall decide the basis for determining the compensation, both Fixed and variable, to the Non Executive Directors, including Independent Directors, whether as commission or otherwise. The NRC shall take into consideration various factors such as director's participation in Board and Committee meetings during the year, other responsibilities undertaken, such as membership or Chairmanship of committees, time spent in carrying out their duties, role and functions as envisaged in Schedule IV of the Companies Act 2013 and such other

factors as the NRC may consider deem fit for determining the compensation. The Board shall determine the compensation to Non-Executive Directors within the overall limits specified in the Shareholders resolution.

Executive Directors:

The remuneration to Executive Director(s) shall be recommended by NRC to the Board. The remuneration consists of both fixed compensation and variable compensation and shall be paid as salary, commission, performance bonus, stock options (where applicable), perquisites and fringe benefits as approved by the Board and within the overall limits specified in the Shareholders resolution. While the fixed compensation is determined at the time of their appointment, the variable compensation will be determined annually/half yearly by the NRC based on their performance.

The remuneration involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

The Company may also grant Stock Options to the Directors (other than Independent Directors and Promoter) in accordance with the ESOP Scheme of the Company, if any, and subject to the compliance of the applicable statutes and regulations.

For and On Behalf of the Board,

Anita Arjundas

Chairperson

DIN : 00243215

Chennai, 17th April, 2015

ANNEXURE 2B TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2015:**Policy on Remuneration of Key Managerial Personnel and Employees**

This Policy shall be effective from the financial year 2014–15.

Objective

To establish guidelines for remunerating employees fairly and in keeping with Statutes.

Standards

All employees, irrespective of contract, are to be remunerated fairly and the remuneration is to be externally competitive and internally equitable. The remuneration will be paid in accordance with the laid down Statutes.

Remuneration for on-roll employees will include a fixed or guaranteed component payable monthly; and a variable component which is based on performance and paid annually in the month of July following the fiscal.

The fixed component of remuneration will have a flexible component with a bouquet of allowances to enable an employee to choose the allowances as well as the quantum based on laid down limits as per Company policy. The flexible component can be varied only once annually in the month of July i.e. after the salary increment exercise.

The variable component of the remuneration will be a function of the employee's grade.

The actual pay-out of variable component of the remuneration will be a function of individual performance as well as business performance. Business performance is evaluated using a Balanced Score Card (BSC) while individual performance is evaluated on Key Result Areas (KRA). Both the BSC and KRAs are evaluated at the end of the fiscal to arrive at the BSC rating of the business and PPS rating of the individual.

An annual compensation survey is carried out to ensure that the Company's compensation is externally competitive. Based on the findings of the survey and the business performance, the Sector Talent Council decides:

- a) The increment that needs to be paid for different performance ratings as well as grades.
- b) The increment for promotions and the total maximum increment.
- c) The maximum increase in compensation cost in % and absolute.

Compensation corrections are made in a few cases where it is outside the band or to keep it tune with the market.

For and On Behalf of the Board,

Anita Arjundas
Chairperson
DIN : 00243215

Chennai, 17th April, 2015

ANNEXURE 3 TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2015

Whistle Blower Policy

1. The Whistle Blower Policy shall come into effect from 1st April 2014.

2. Preface

Mahindra Residential Developers Limited (MRDL) ("the Company") is committed to conducting its business in accordance with applicable laws, rules and regulations and the highest standards of business ethics, honesty, integrity and ethical conduct. Towards this end, the Company has adopted three separate Codes of Conduct viz. for Directors, for Independent Directors and for Senior Management and Employees (collectively referred to as "Codes" or "the Codes") and various Policies under the helm of Corporate Governance which inter alia include Policy on Disaster Management, Environment & Pollution, Human Resources, Insider Trading, Investor Relations, etc. (collectively referred to as "Policies") which lays down the principles and standards that should govern the actions of the Company and its Employees. Any actual or potential violation of the Code/Policies, howsoever insignificant or perceived as such, would be a matter of serious concern for the Company. The role of the Employees/Directors in pointing out such violations of the Code/Policies cannot be undermined.

Further, as per the provisions of sub-section 9 of section 177 of Companies Act, 2013 ("the Act" or "Act"), the company has been mandated to establish a vigil mechanism for directors and employees of the company to report to the Management, instances of unethical behaviour, actual or suspected, fraud or violation of the Company's Code or Policies.

Accordingly, this Whistle Blower Policy ("the Policy" or "this Policy") has been formulated with a view to provide a mechanism for Directors and Employees of the Company to approach the Board.

3. Definitions

The definitions of the key terms used in this Policy are given below. [Terms not defined herein below shall have the meaning assigned to them under the Codes/Policies/Act.]

- a. "Audit Committee" means the Audit Committee constituted by the Board of Directors of the Company in accordance with Section 177 of the Companies Act, 2013 and read with Clause 49 of the Listing Agreement with the Stock Exchanges.
- b. "Codes" mean three separate Codes of Conduct viz. for Directors, for Independent Directors and for Senior Management and Employees.
- c. "Director" means a director as defined under Section 2 (34) of the Companies Act, 2013.

- d. "Employee" means every employee of the Company (whether working in India or abroad), including the Directors in the whole time employment of the Company.
- e. "Investigators" means those persons authorised, appointed, consulted or approached by the Board and the Police.
- f. "Protected Disclosure" means any communication made in good faith that discloses or demonstrates information that may evidence illegal or unethical behaviour, actual or suspected fraud or violation of the Company's Codes or Policies or any improper activity.
- g. "Subject" means a person against or in relation to whom a Protected Disclosure has been made or evidence gathered during the course of an investigation.
- h. "Whistle Blower" means a Director or Employee making a Protected Disclosure under this Policy.

4. Scope

- a. The Whistle Blower's role is that of a reporting party with reliable information. They are not required or expected to act as investigators or finders of facts nor would they determine the appropriate corrective or remedial action that may be warranted in a given case.
- b. Whistle Blowers should not act on their own in conducting any investigative activities, nor do they have a right to participate in any investigative activities other than as requested by the Board or the Investigator.
- c. Protected Disclosure will be appropriately dealt with by the Board.

5. Eligibility

All the Directors and Employees of the Company are eligible to make Protected Disclosures under the Policy. The Protected Disclosures may be in relation to matters concerning the Company.

6. Procedure

- a. All Protected Disclosures should be addressed to the Board.
- b. If a protected disclosure is received by any Executive(s) of the Company other than the Board member, the same should be forwarded to the Board of Directors for further appropriate action.
- c. Appropriate care must be taken to keep the identity of the Whistle Blower(s) confidential.

- d. Protected Disclosures should be reported in writing so as to ensure a clear understanding of the issues raised, be typed in English, Hindi or in the Regional Language of the place of employment of the Whistle Blower(s).
- e. The Protected Disclosure should be forwarded under a covering letter which shall bear the identity of the Whistle Blower(s). The Board shall detach the covering letter and forward only the Protected Disclosure to the Investigators for investigation.
- f. Protected Disclosures should be factual and not speculative or in the nature of a conclusion, and should contain as much specific information as possible to allow for proper assessment of the nature and extent of the concern.

7. Investigation

- a. All Protected Disclosures reported under this Policy would be thoroughly investigated by the Board who would investigate/oversee the investigations.
- b. The Board may at their discretion, consider involving any Investigators for the purpose of investigation.
- c. The decision to conduct an investigation taken by the Board is by itself not an accusation and is to be treated as a neutral fact-finding process. The outcome of the investigation may or may not support the conclusion of the Whistle Blower that an improper or unethical act was committed.
- d. The identity of a Subject and the Whistle Blower would be kept confidential to the extent possible given the legitimate needs of law and the investigation.
- e. Subjects would normally be informed of the allegations at the outset of a formal investigation and have opportunities for providing their inputs during the investigation.
- f. Subjects shall have a duty to co-operate with the Board or any of the Investigators during investigation to the extent that such co-operation will not compromise self-incrimination protections available under the applicable laws.
- g. Subjects have a right to consult with a person or persons of their choice, other than the Board.
- h. Subjects have a responsibility not to interfere with the investigation. Evidence shall not be withheld, destroyed or tampered with and witnesses shall not be influenced, coached, threatened or intimidated by the Subjects.
- i. Unless there are compelling reasons not to do so, Subjects would be given the opportunity to respond to material findings contained in an investigation report. No allegation of wrongdoing against a Subject shall be considered as maintainable unless there is good evidence in support of the allegation.

- j. Subjects have a right to be informed of the outcome of the investigation.
- k. The investigation shall be completed normally within 45 days of the receipt of the Protected Disclosure.

8. Protection

- a. For the purpose of providing protection to the Whistle Blower(s), the Whistle Blower(s) should disclose his/her identity in the covering letter forwarding such Protected Disclosure.
- b. The identity of the Whistle Blower(s) shall be kept confidential unless otherwise required by law, and in which case the Whistle Blower(s) would be informed accordingly.
- c. No unfair treatment would be meted out to a Whistle Blower(s) by virtue of his/her having reported a Protected Disclosure under this Policy. The Company, as a Policy, condemns any kind of discrimination, harassment, victimisation or any other unfair employment practice being adopted against Whistle Blower(s). Complete protection would, therefore, be given to Whistle Blower(s) against any unfair practice like retaliation, threat or intimidation of termination/suspension of service, disciplinary action, transfer, demotion, refusal of promotion or the like including any direct or indirect use of authority to obstruct the Whistle Blower's right to continue to perform his duties/functions including making further Protected Disclosure. The Company would take steps to minimise difficulties, which the Whistle Blower(s) may experience as a result of making the Protected Disclosure.
- d. A Whistle Blower(s) may report any violation of the above Clause to the Board who shall investigate into the same and advise suitable action to the Management.
- e. Any other Employee assisting in the said investigation shall also be protected to the same extent as the Whistle Blower(s).

9. Disqualifications

- a. While it would be ensured that genuine Whistle Blower(s) are accorded complete protection from any kind of unfair treatment as herein set out, any abuse of this protection would warrant disciplinary action.
- b. Protection under this Policy would not mean protection from disciplinary action arising out of false or bogus allegations made by a Whistle Blower(s) knowing it to be false or bogus or with a mala fide intention.
- c. Whistle Blower(s), who make any Protected Disclosures, which have been subsequently found to be mala fide or malicious or Whistle Blower(s) who make 3 or more Protected Disclosures, which have been subsequently found to be frivolous, baseless

or reported otherwise than in good faith, would be disqualified from reporting further Protected Disclosures under this Policy and may be subject to disciplinary action.

10. Investigators

- a. Investigators are required to conduct a process towards fact-finding and analysis. Investigators shall derive their authority and access rights from the Board when acting within the course and scope of their investigation.
- b. Technical and other resources may be drawn upon as necessary to augment the investigation. All Investigators shall be independent and unbiased both in fact and as perceived. Investigators have a duty of fairness, objectivity, thoroughness, ethical behavior and observance of legal and professional standards.
- c. Investigations would be launched only after a preliminary review by the Board, as the case may be, which establishes that:
 - i. the alleged act constitutes an improper or unethical activity or conduct; and
 - ii. the allegation is supported by information specific enough to be investigated or in cases where the allegation is not supported by specific information, it is felt that the concerned matter is worthy of Management review.

11. Decision

If an investigation leads the Board to conclude that an illegal or unethical behaviour, actual or suspected fraud or violation of the Company's Codes or Policies or any improper activity has taken place/has been committed, the Board shall advise to the Management of the Company to take such disciplinary or corrective action as the Board may deem fit.

12. Reporting

A report with number of complaints received under this Policy and their outcome shall be placed by the Corporate Governance Cell before the Audit Committee on a regular basis.

13. Retention of documents

All Protected Disclosures in writing or documented alongwith the results of investigation relating thereto shall be retained by the Company for a minimum period of seven year.

14. Amendment

The Company reserves its right to amend or modify this Policy in whole or in part, at any time without assigning any reason whatsoever. However, no such amendment or modification would be binding on the Employees/ Directors unless the same is notified to the Employees/ Director.

ANNEXURE 4 TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2015**SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2015**

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No. 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,
The Members,
Mahindra Integrated Township Limited
Kancheepuram

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Mahindra Integrated Township Limited** (hereinafter called the company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Mahindra Integrated Township Limited's books, papers, minutes books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31.03.2015, adequately complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minutes books, forms and returns filed and other records maintained by Mahindra Integrated Township Limited for the financial year ended on 31.03.2015, according to the provisions of The Companies Act, 2013 (the Act) and the rules made thereunder and we report that the Company has generally complied with the provisions of the Act, the Rules made thereunder and the Memorandum and Articles of Association of the Company.

We have also examined the compliances of the provisions of the following other laws applicable specifically to the company wherein we have also relied on the compliance certificates issued by the head of the respective departments in addition to the checks carried out by us:

- | | |
|--|---|
| (i) The Right to Fair Compensation & Transparency in land Acquisition, Rehabilitation & Resettlement Act, 2013. | (v) The Air(Prevention and Control of Pollution) Act, 1981 |
| (ii) The Building & Other Construction Workers (Regulation of employment and conditions of service) Act, 1996. | (vi) The Competition Act, 2002 |
| (iii) The Building & Other Construction Workers (Regulation of employment and conditions of service) Welfare Cess Act 1996. | (vii) The Central Sales Tax, 1956 |
| (iv) Town & Country Planning Acts and Development Control Regulations & Building Bye Laws as applicable at various locations | (viii) The Central Excise Act at various locations as applicable |
| | (ix) The Consumer Protection Act, 1986 |
| | (x) The Ownership Flats & Apartment Ownership Act as applicable at various locations |
| | (xi) The Environment Protection Act, 1986 |
| | (xii) The Public Liability Insurance Act, 1991 |
| | (xiii) The Registration Act, 1908 |
| | (xiv) The Special Economic Zone Act, 2005 and rules thereunder |
| | (xv) The Water(Prevention and Control of Pollution) Act, 1974 |
| | (xvi) The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and rules thereunder. |
| | (xvii) The Child Labour (Prohibition & Regulation) Act, 1986 |
| | (xviii) The Contract Labour (Regulation & Abolition) Act, 1970 |
| | (xix) The Employee's Compensation Act, 1923 |
| | (xx) The Employees' Provident Funds and Miscellaneous Provision Act, 1952 |
| | (xxi) The Employees State Insurance Act, 1948 |
| | (xxii) The Employers' Liability Act, 1938 |
| | (xxiii) The Equal Remuneration Act, 1855 |
| | (xxiv) The Indian Fatal Accidents Act, 1855 |
| | (xxv) The Industrial Disputes Act, 1947 |
| | (xxvi) The inter State Migrant Workmen (Regulation of Employment & Condition of Services) Act, 1979 |
| | (xxvii) The Maternity Benefit Act, 1961 |
| | (xxviii) The Minimum Wages Act, 1948 |
| | (xxix) The payment of Bonus Act, 1965 |
| | (xxx) The payment of Gratuity Act, 1972 |
| | (xxxi) The payment of Wages Act, 1936 |

- (xxxii) The Personal Injuries (Compensation Insurance) Act, 1963
- (xxxiii) The Private Security Agency (Regulation) Act, 2005
- (xxxiv) The Stamp Acts as applicable at various locations.
- (xxxv) The Co-operative Societies Act, as applicable at various locations
- (xxxvi) Shops & Establishment Act, as applicable at various locations.
- (xxxvii) The Benami Transaction Prohibition Act 1988
- (xxxviii) The Cyber Law
- (xxxix) The Electricity Act, 2003
- (xl) The Foreign Exchange Management Act, 1999
- (xli) The Income Tax Act, 1961 and Rules thereunder
- (xlii) The Indian Stamp Act, 1899
- (xliii) The Information technology Act, 2000
- (xliv) The Intellectual Property Act
- (xlv) The Negotiable Instruments Act, 1881
- (xlvi) The Prevention of Corruption Act, 1988
- (xlvii) The Prevention of Money Laundering Act, 2002
- (xlviii) The Service Tax (Chapter V of Finance Act, 1994) and Rules
- (xlix) The Standards of Weights and Measures Act 1976
 - (I) The Wealth Tax Act, 1956
 - (ii) The Depositories Act, 1996
 - (iii) The Listing Agreement for Equity and Debenture
 - (iiii) The Securities Contracts (Regulation) Act, 1956
 - (lv) The Securities & Exchange Board of India Act, 1992
 - (Iv) Value Added Tax as applicable for various states
 - (Ivi) The State Labour Laws as applicable at various locations
- (iv) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

We have also examined compliance with the applicable clauses of Secretarial Standards issued by The Institute of Company Secretaries of India, though not mandatory for the period under review, but have been generally followed by the company.

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Director. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act. As on 31.03.2015, the Board consist of Ms. Anita Arjundas, Mr. Sethuraman Chandru, Mr. Murari SwamimalaiJagan and Mr. Rajagopalan Santhanam as Directors, Ms. K Bharathy as CFO, Ms. Arti Rameshchandra Batavia as Secretary and Mr. Jayant Bhalchandra Manmadkar as Manager.

Adequate notice were given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decisions were carried through while the dissenting members' views were captured and recorded as part of the minutes.

During the Audit Period, the below mentioned laws **are not applicable** to the Company as the Company is **not listed** on any of the Stock Exchanges:

- (i) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (ii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iii) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

The Company re - constituted the Audit Committee for the purpose of giving effect to the provisions of Section 177 (4) of the new Companies Act, 2013.

During the year, the Compensation Committee was reconstituted as Nomination and Remuneration Committee which is in conformity with the requirements of Section 178 of the Companies Act, 2013 and Rules thereunder as may be applicable from time to time

Vigil Mechanism was established by the Company as required by Section 177(9) of the Companies Act, 2013

We further report that during the audit period, the following specific events/actions having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above has taken place -

- The Company had opened a separate Bank Account with State Bank of India to transfer society related Monies of Phase-1 of IRIS Court project.
- Remuneration of KMPs, Senior Management and other employees was approved and adopted by the Board as recommended by the NRC committee.
- **Special Dividend was declared by way of Interim Dividend for the quarter ended 30th June 2014 in the Board Meeting held 29th September 2014 for the FY 2014-2015 @20% i.e. Rs. 2 per share on 50435000 fully paid up equity shares of Rs. 10 each out of the profits of the Company and necessary Bank Account was also opened.**
- **Shareholders' approval was accorded in the AGM held on 22nd July 2014 to the Board pursuant to Section 180(1)(a), 180(1)(c) and 180(2) of Companies Act, 2013 for borrowing and creating charges provided that the total amount of Loans together with interest thereon, additional interest, compound interest, liquidated damages, commitment charges, premia on pre-payment or on redemption, costs, charges, expenses and all other monies payable by the Company in respect of the said Loans, for which such charges, mortgages or hypothecations are created, shall not, at any time exceed the limit of Rs. 5,00,00,00,000/- (Rupees Five Hundred Crores only), notwithstanding that the money to be borrowed together with the money already borrowed by the Company exceeds aggregate of its**

paid-up share capital and free reserves, apart from the temporary loans obtained or to be obtained from time to time from Company's Bankers in the ordinary course of business.

- **M/s. Mazars, Chartered Accountants were appointed as Internal Auditors in the Board Meeting held on 22/07/2014 pursuant to the provisions of Section 138 of the Companies Act 2013. The necessary form MGT-14 was filed with ROC on 10.03.2015 by paying additional fees.**
- As per the requirement of Section 196, 197 and 203 of Companies Act, 2013 Mr. Jayant Bhalchandra Manmadkar was appointed as Manager in the Company on 21.01.2015 to hold the office of Manager for a tenure of 5 years from 21.01.2015 to 21.01.2020. Necessary form MR -1 was filed with ROC on 20.02.2015.
- Pursuant to Section 203 of Companies Act, 2013, Ms. K Bharathy was appointed as CFO of the Company with effect from 21.01.2015 and necessary form MR -1 was filed with ROC on 20.02.2015.
- **Charges created on 21.01.2011 with State Bank of India for Rupees Twenty Five Crores was satisfied in full as on 03.03.2015. Necessary form CHG-4 was filed with ROC on 19.03.2015.**
- **Pursuant to Sec 179(3) & 204 of Companies Act, 2013 read rule 8, Mrs. M Kavitha Surana of M/s. M. K. Surana & Co., was appointed as the Secretarial Auditor of the Company in the Board Meeting held on 21.01.2015 for conducting the Secretarial Audit for the FY 2014-2015. The necessary form MGT-14 was filed with ROC on 16/03/2015 by paying additional fees.**
- The company had various related party transactions which had been carried out in the ordinary course of business at arm's length and has been recorded both at Board Meeting and Audit Committee Meeting.

Place: Chennai
Date: 18.04.2015

For M K Surana & Co.,
Company Secretaries

M. Kavitha Surana
Proprietor
FCS No 5926, C P No. 5269

This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

‘Annexure A’

To,
The Members
Mahindra Integrated Township Limited
Kancheepuram

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to expression opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.

4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

Place: Chennai
Date: 18.04.2015

For M. K. Surana & Co.,
Company Secretaries

M. Kavitha Surana
Proprietor
FCS No. 5926, C P No. 5269

ANNEXURE 5 TO THE DIRECTORS’ REPORT FOR THE YEAR ENDED 31ST MARCH, 2015

(A) Conservation of energy:

(i)	the steps taken or impact on conservation of energy;	:	The operations of your Company are not energy intensive. However adequate measures have ben taken to reduce energy consumption
(ii)	the steps taken by the company for utilising alternate sources of energy;	:	–
(iii)	the capital investment on energy conservation equipments	:	Measures taken have resulted in reduction of energy consumption

(iii)	in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)	:	–
(iv)	the expenditure incurred on Research and Development	:	–

(C) Foreign exchange Outgo

Details of Foreign Exchange earned in terms of actual inflows during the year and the Foreign Exchange outgo during the year in terms of actual outflows are furnished in Note no. 24 to Accounts.

(B) Technology Absorption

(i)	the efforts made towards technology absorption	:	The Company has not carried out any R & D activities during the year
(ii)	the benefits derived like product improvement, cost reduction, product development or import substitution	:	–

For and on behalf of the Board,

Anita Arjundas
Chairperson
DIN : 00243215

Chennai, 17th April, 2015

ANNEXURE 6 TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2015**FORM NO. MGT - 9
EXTRACT OF ANNUAL RETURN**As on the financial year ended on 31ST March, 2015

(Pursuant to section 92(3) of the Companies (Management and Administration) Rules, 2014)

1. REGISTRATION AND OTHER DETAILS

1.	CIN	U74140TN1996PLC068288
2.	Registration Date	26.06.1996
3.	Name of the Company	MAHINDRA INTEGRATED TOWNSHIP LIMITED
4.	Category/Sub-Category of the Company	Company limited by shares/Indian Non-Government Company
5.	Address of the Registered office and contact details	Administrative Block, Central Avenue, Mahindra World City, Natham Sub(PO), Chengalpet, kacheepuram, Tamilnadu, India – 603002.
6.	Whether listed Company (Yes/No)	No
7.	Name, Address and Contact details of Registrar and Transfer Agent, if any	

2. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sr. No.	Name and Description of Main Product/Services	NIC Code of the Product*	% to total turnover of the Company#
	Construction of Buildings	410	100

*As per National Industrial Classification- Ministry of Statistics and Programme Implementation.

on the basis of Gross Turnover.

3. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and Address of the Company	CIN/GIN	Holding/Subsidiary of the Company	% of shares held	Applicable Section
1	Mahindra Lifespace Developers Limited	L45200MH1999PLC118949	Holding	73.36	2(46)
2	Mahindra Residential Developers Limited	U45200TN2008PLC066292	Sudsiary	100	2(87)(ii)

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	-	-	-	-	-	-	-	-	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp	-	5,00,00,000	5,00,00,000	99.14	-	5,00,00,000	5,00,00,000	99.14	-
e) Banks/FI	-	-	-	-	-	-	-	-	-
f) Any Other...	-	-	-	-	-	-	-	-	-
Sub-total (A) (1):-	-	5,00,00,000	5,00,00,000	99.14	-	5,00,00,000	5,00,00,000	99.14	-

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(2) Foreign									
a) NRIs-Individuals	-	-	-	-	-	-	-	-	-
b) Other -Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks/FI	-	-	-	-	-	-	-	-	-
e) Any Other...	-	-	-	-	-	-	-	-	-
Sub-total (A) (2):-	-	-	-	-	-	-	-	-	-
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	-	5,00,00,000	5,00,00,000	99.14	-	5,00,00,000	5,00,00,000	99.14	-
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks/FI	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):-	-	-	-	-	-	-	-	-	-
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	-	60,000	60,000	0.12	-	60,000	60,000	0.12	-
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	-	3,75,000	3,75,000	0.72	-	3,75,000	3,75,000	0.72	-
c. Others (Non Resident Individuals)	-	-	-	-	-	-	-	-	-
d. Others Trust	-	-	-	-	-	-	-	-	-
Sub-total (B)(2):-	-	4,35,000	4,35,000	0.84	-	4,35,000	4,35,000	0.84	-
Total Public Shareholding (B)=(B)(1) + (B)(2)	-	4,35,000	4,35,000	0.84	-	4,35,000	4,35,000	0.84	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	-	5,04,35,000	5,04,35,000	100	-	5,04,35,000	5,04,35,000	100	-

(ii) Shareholding of Promoters

Sr. No.	Category of Shareholder	No. of Shares held at the beginning of the year			No. of Shares held at the end of the year			% Change during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	
	Body Corporate	5,00,00,000	99.14	–	5,00,00,000	99.14	–	–

(iii) Change in Promoters' Shareholding (please specify, if there is no change): There is no change in the Shareholding of Promoter Group

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	At the beginning of the year	–	–	–	–
2.	Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):	–	–	–	–
3.	At the End of the year (or on the date of separation, if separated during the year)	–	–	–	–

(v) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Anita Arjundas	1,00,000	0.20	1,00,000	0.20
2.	S Chandru	25,000	0.05	25,000	0.05

i) INDEBTNESS

Indebtness of the company including outstanding/accrued but not due for payment

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	–	92.70	–	92.70
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	2.39	–	2.39
Total (i + ii + iii)	–	95.09	–	95.09
Change in Indebtedness during the financial year				
• Addition	–	18.00	–	18.00
• Reduction	–	26.00	–	26.00
Net Change	–	8.00	–	8.00
Indebtedness at the end of the financial year				
i) Principal Amount	–	84.70	–	84.70
ii) Interest due but not paid	–	3.45	–	3.45
iii) Interest accrued but not due	–	1.60	–	1.60
Total (i + ii + iii)	–	89.75	–	89.75

II) REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PRSONAL

A. Remuneration to Managing Director, Whole-Time Directors and/or Manager: **Nil**

B. Remuneration of other directors: **Nil**

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD: **Nil**

III) PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

Type	Section of the Companies Act.	Brief description	Details of penalty/ Punishment/compounding fees imposed	Authority [RD/NCLT/COURT]	Appeal made, if any (give details)
Penalty			NONE		
Punishment					
Compounding					
OTHER OFFICERS IN DEFAULT			NONE		
Penalty					
Punishment					
Compounding					

For and on behalf of the Board,

Anita Arjundas
Chairperson
DIN : 00243215

Chennai, 17th April, 2015

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MAHINDRA INTEGRATED TOWNSHIP LIMITED

Report on the Financial Statements

We have audited the accompanying standalone financial statements of **MAHINDRA INTEGRATED TOWNSHIP LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2015, its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government in terms of Section 143 (1) of the Act, we give in the Annexure a statement on the matters specified in paragraph 3 and 4 of the Order.

As required by Section 143 (3) of the Act, we report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors as on March 31, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rule, 2014, in our opinion and to the best of our information and according to the explanation given to us:
 - i. The Company did not have any pending litigations which would impact its financial position. Refer note 30 to the financial statements.
 - ii. The Company did not have material foreseeable losses on the long term contracts and there were no derivative contracts. Refer note 31 to the financial statements.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company. Refer note 30 to the financial statements.

For **A. F. Ferguson & Co**
Chartered Accountants
(Firm's Registration No. 112066W)

Geetha Suryanarayanan
Partner
(Membership No. 29519)

Chennai, 17th April, 2015

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

(Referred to under 'Report on Other Legal and Regulatory Requirements' section of our report to the members of Mahindra Integrated Township Limited on the accounts for the year ended March 31, 2015)

- (i) Having regard to the nature of the Company's business/ activities/result, clause (v) and (ix) of the Order is not applicable to the Company in the current year.
- (ii) In respect of its fixed assets:
- (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
- (b) The fixed assets of the company have been verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
- (iii) In respect of its inventory:
- (a) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals.
- (b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- (iv) In our opinion and according to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the Register maintained under Section 189 of the Companies Act.
- (v) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and lease of residential properties. During the course of our audit, we have not observed any continuing failure to correct major weakness in such internal control system.
- (vi) We have broadly reviewed the cost records maintained by the Company specified by the Central Government under sub-section (1) of Section 48 of the Companies Act, 2013 and are of the opinion that *prima facie* the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) According to the information and explanations given to us in respect of statutory dues:
- (a) The Company has been generally regular in depositing undisputed statutory dues including income tax, wealth tax, sales tax, service tax, duty of excise, duty of customs, value added tax, cess and other material statutory dues applicable to it with the appropriate authorities and there were no outstanding statutory dues as at the last day of the financial year for a period of more than six months from the date they became payable.
- (b) There are no dues of income tax, wealth tax, sales tax, service tax, duty of excise, duty of customs, value added tax and cess which have not been deposited as on March 31, 2015 on account of disputes.
- (c) There are no amounts required to be transferred to the Investor Education and Protection Fund by the Company during the year.
- (viii) There are no accumulated losses as at the end of the financial year and the Company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (ix) In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (x) In our opinion and according to the information and explanations given to us, the term loans have been applied by the Company during the year for the purposes for which they were obtained.
- (xi) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

For A. F. Ferguson & Co
Chartered Accountants
(Firm's Registration No. 112066W)

Geetha Suryanarayanan
Partner
(Membership No. 29519)

Chennai, 17th April, 2015

BALANCE SHEET AS AT 31st MARCH, 2015

		₹ in lacs	
	Note	As at 31 st March, 2015	As at 31 st March, 2014
A. EQUITY AND LIABILITIES			
Shareholders' Funds:			
a. Share capital	3	5,043.50	5,043.50
b. Reserves and surplus	4	2,331.33	(710.84)
Non Current Liabilities:			
a. Long term Borrowings	5	5,770.00	-
Current Liabilities:			
a. Trade Payables.....	6	2,777.94	1,727.46
b. Other Current Liabilities	7	3,083.53	3,790.31
c. Short term borrowings.....	8	2,700.00	9,270.00
d. Short term provisions	9	101.60	60.00
Total		21,807.90	19,180.43
B. ASSETS			
Non Current Assets			
a. Tangible Fixed Assets	10	2.22	4.04
b. Non current Investments	11	6,630.48	6,630.48
c. Long term loans and advances	12	692.52	343.45
Current Assets			
a. Inventories	13	9,235.51	9,730.35
b. Trade receivables	14	1,288.38	1,298.52
c. Cash and cash equivalents	15	1,119.23	484.79
d. Short term loans and advances	16	924.69	579.04
e. Other current assets	17	1,914.87	109.76
Total		21,807.90	19,180.43

See accompanying notes forming part of the financial statements

In terms of our report attached

For **A. F. Ferguson & Co.**
Chartered Accountants
Firm's Registration No. 112066W

Geetha Suryanarayanan
Partner
Membership No. 29519

Place: Chennai
Date: 17th April, 2015

Bharathy K
Chief Financial Officer

Arti Shinde
Company Secretary

For and on behalf of the Board of Directors

Anita Arjundas Chairperson

S. Chandru Director

Place: Chennai
Date: 17th April, 2015

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2015

	Note	For the year ended 31 st March, 2015	₹ in lacs For the year ended 31 st March, 2014
A INCOME			
1 Revenue from operations	18	13,483.99	5,869.46
2 Other Income	19	2,083.11	389.80
		<u>15,567.10</u>	<u>6,259.26</u>
B EXPENDITURE			
1 Project Costs	20	8,954.68	6,041.65
2 Changes in Inventories	21	494.84	(1,203.56)
3 Finance Costs	22	896.59	1,217.60
4 Depreciation	10	1.31	1.19
5 Other expenses	23	1,020.17	718.37
		<u>11,367.59</u>	<u>6,775.25</u>
C Profit/(Loss) before tax		4,199.51	(515.99)
Current tax		544.45	-
Less : MAT Credit entitlement		(396.33)	-
Profit/(Loss) for the year		4,051.39	(515.99)
Earnings per share : (₹)			
Basic/(Diluted)		8.03	(1.02)

See accompanying notes forming part of the financial statements

In terms of our report attached

For **A. F. Ferguson & Co.**
Chartered Accountants
Firm's Registration No. 112066W

Geetha Suryanarayanan
Partner
Membership No. 29519

Place: Chennai
Date: 17th April, 2015

Bharathy K
Chief Financial Officer

Arti Shinde
Company Secretary

For and on behalf of the Board of Directors

Anita Arjundas Chairperson

S. Chandru Director

Place: Chennai
Date: 17th April, 2015

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2015

	For the year ended 31 st March, 2015	₹ in lacs For the year ended 31 st March, 2014
A. Cash flow from operating activities		
Profit (Loss) before tax.....	4,199.51	(515.99)
Adjustments for:		
Dividend income	(1,600.00)	-
Depreciation	1.31	1.19
Finance Costs.....	896.59	1,217.60
Interest income.....	(8.97)	(8.49)
Operating profit/(loss) before working capital changes	3,488.44	694.31
Changes in working capital:		
Adjustments for (increase)/decrease in operating assets:		
Inventories	563.64	(1,039.99)
Trade Receivables	10.14	(615.04)
Long term loans and advances.....	4.00	(12.01)
Short-term loans and advances	(345.65)	(315.45)
Other Current assets.....	(1,805.11)	4,504.90
Adjustments for increase/(decrease) in operating liabilities:		
Trade payables.....	1,050.48	705.46
Short term provisions.....	41.60	60.00
Other current liabilities	(972.86)	1,378.07
Cash generated from/(used) in operations	(1,453.76)	4,665.94
Income taxes paid (net of refunds)	2,034.68	5,360.25
Net cash flow from/(used in) operating activities	1,533.50	5,215.91
B. Cash flow from investing activities:		
Purchase of fixed assets		(0.07)
Interest received	8.87	8.49
Dividend received.....	1,600.00	-
Net cash from investing activities	1,608.87	8.42
C. Cash flow from financing activities:		
Inter Corporate Deposits received.....	1,800.00	83.00
Repayment of Inter Corporate Deposits - (Refer Note 5.1).....	(8,370.00)	(2,533.00)
Bank balances not considered as Cash and Cash Equivalents.....	7.09	(141.26)
Term Loan taken - (Refer Note 5.1)	8,370.00	(1,268.00)
Term Loan repaid - (Refer Note 5.1)	(2,600.00)	
Finance costs	(699.23)	(1,304.16)
Payment of Dividend	(1,008.70)	
Net cash used in financing activities.....	(2,500.84)	(5,163.42)
Net increase in cash and cash equivalents (A+B+C)	641.53	60.91
Cash and Cash Equivalents at the Beginning of the Year	343.53	282.62
Cash and Cash Equivalents at the End of the Year	985.06	343.53
Reconciliation of Cash and Cash Equivalents with the Balance Sheet		
Cash and Cash Equivalents as per Balance Sheet.....	1,119.23	484.79
Less: Bank balances not considered as Cash and Cash Equivalents.....	134.17	141.26
	985.06	343.53

See accompanying notes forming part of the financial statements

In terms of our report attached

For **A. F. Ferguson & Co.**
Chartered Accountants
Firm's Registration No. 112066W

Geetha Suryanarayanan
Partner
Membership No. 29519

Place: Chennai

Date: 17th April, 2015

Bharathy K
Chief Financial Officer

Arti Shinde
Company Secretary

For and on behalf of the Board of Directors
Anita Arjundas Chairperson

S. Chandru Director

Place: Chennai

Date: 17th April, 2015

NOTES FORMING PART OF THE FINANCIAL STATEMENT FOR YEAR ENDED 31st MARCH, 2015

1. Corporate Information

The Company was incorporated on June 26, 1996.

The Company is a Co-developer approved under Special Economic Zone Act, 2005, engaged in development of residential infrastructure in Mahindra World city SEZ and giving it on perpetual lease. Accordingly the Company is entitled to 100% deduction of its income under the Income Tax Act, 1961 up to Assessment year 2019-20. The level of activity carried out by the Company depends on the number of projects handled and accordingly the revenue from operations may not be comparable on a year-to-year basis.

2. Significant Accounting Policies

a) Basis of accounting

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act"/Companies Act, 1956 ("the 1956 Act"), as applicable. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year except for change in the accounting policy for depreciation as more fully described in Note 29.

b) Use of Estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognized in the periods in which the results are known/materialize.

c) Inventories

Inventories are valued at lower of cost and net realizable value.

The cost of construction materials is determined on the basis of the weighted average method.

Construction work in progress includes cost of land, construction costs and allocated interest and expenses attributable to the projects undertaken by the company.

d) Cash and cash equivalents (for purposes of Cash Flow Statement)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

e) Cash flow statement

Cash flows are reported using the indirect method, whereby profit/(loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

f) Revenue Recognition

Income from development of residential infrastructure is accounted on the percentage of completion method which necessarily involves technical estimates of the percentage of completion of each contract, and costs to completion of the contract, on the basis of which profits/losses are accounted. Such estimates, made by the management and certified to the auditors, have been relied upon by them, as these are of a technical nature.

The Company has adopted "The Guidance note for Accounting of Real Estate Transactions(Revised 2012)" applicable to all projects in

real estate which have commenced on or after April 1, 2012 and relating to projects where revenue is being recognized for the first time on or after April 1, 2012.

Accordingly revenues are now recognized only when all the following conditions are met:

- All critical approvals necessary for commencement of the project have been obtained.
- Expenditure incurred on construction & development cost is not less than 25% of the estimated construction and development costs excluding land cost.
- Atleast 25% of the saleable project area is secured by contracts or agreements with buyer.
- Atleast 10% of the total revenue as per the agreements of lease are realized at the reporting date in respect of each of the contracts and it is reasonable to expect that the parties to such contracts will comply with the payment terms as defined in the contracts.

In respect of projects where revenue recognition commenced prior to April 1, 2012, the following policy is adopted.

Revenues are recognized only when all the following conditions are met.

- The project costs incurred exceed 25% of the total estimated project costs including land
- At least 10% of the lease consideration is realized.
- At least plinth level is achieved for a particular phase as certified by the architect.

g) Other income

Interest & Guarantee Commission income are accounted on accrual basis.

Dividend income is accounted for when the right to receive it is established.

h) Fixed assets

Fixed assets are stated at cost less accumulated depreciation. Cost of acquisition is inclusive of purchase price, levies and any directly attributable cost of bringing the assets to its working condition for the intended use.

i) Depreciation

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value.

Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013.

j) Investments

Long term investments are carried at cost. Diminution in the value of investments, other than temporary, is provided for. Current investments are valued at lower of cost and fair value.

k) Foreign currency transactions and translations

Foreign exchange transactions are recorded at exchange rates prevailing on the date of the transactions. The exchange gain/loss arising on settlement of such transactions is adjusted to the profit and loss account.

Monetary assets and liabilities denominated in foreign currency are translated at exchange rates prevailing at the Balance sheet date and gain or loss arising out of such translation is adjusted to the Statement of Profit and Loss Account.

l) Borrowing costs

Borrowing costs include interest, amortization of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the

NOTES FORMING PART OF THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31st MARCH, 2015

loan. Borrowing costs, allocated to and utilised for qualifying assets, pertaining to the period from commencement of activities relating to construction/development of the qualifying asset upto the date of capitalisation of such assets are added to the cost of the assets. Capitalisation of borrowing costs is suspended and charged to the Statement of Profit and Loss during extended periods when active development activity on the qualifying assets is interrupted.

m) Earnings per share

Basic earnings per share is computed by dividing the profit/(loss) after tax (including the post -tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit/(loss) after tax (including the post-tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits/reverse share splits and bonus shares, as appropriate.

n) Taxes on income

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and provisions of the Income Tax Act, 1961 and other applicable tax laws.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognized as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.

Deferred tax is recognized on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognized for all timing differences. Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognized only if there is virtual certainty that there will be sufficient future taxable income available to realize such assets. Deferred tax assets are recognized for timing differences of other items only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realized. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each Balance Sheet date for their reliability.

o) Provisions and contingencies

A provision is recognized when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes.

p) Service tax Input credit

Service tax input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is reasonable certainty in availing/utilising the credit.

3. SHARE CAPITAL

Particulars	As at 31 st March, 2015		As at 31 st March, 2014	
	Number of shares	Value of Shares ₹ in lacs	Number of shares	Value of Shares ₹ in lacs
Authorised				
Equity shares of ₹ 10 each.....	60,000,000	6,000.00	60,000,000	6,000.00
Issued, Subscribed and Paid up				
Equity Shares of ₹ 10 each.....	50,435,000	5,043.50	50,435,000	5,043.50
	<u>50,435,000</u>	<u>5,043.50</u>	<u>50,435,000</u>	<u>5,043.50</u>

3a. Reconciliation of shares outstanding at the beginning and at the end of the reporting year

Particulars	As at 31 st March, 2015		As at 31 st March, 2014	
	No of Shares	Value of Shares ₹ in lacs	No of Shares	Value of Shares ₹ in lacs
Balance as at the beginning of the year.....	50,435,000	5,043.50	50,435,000	5,043.50
Balance as at the end of the year.....	<u>50,435,000</u>	<u>5,043.50</u>	<u>50,435,000</u>	<u>5,043.50</u>

3b. Equity Shares: The Company has one class of equity shares having a par value of ₹ 10 per share. Each shareholder is eligible for one vote per share. Dividends are paid in Indian Rupees. The dividends proposed by the Board of Directors are subject to the approval of the shareholders at the Annual General Meeting. Repayment of capital will be in proportion to the number of equity shares held.

Board of Directors have recommended an Interim Dividend of ₹ 2/- share (Face Value of ₹ 10/- per Share) amounting to ₹ 1008.70 Lacs in their meeting held on September 29, 2014.

3c. Details of Share held by shareholders holding more than 5% of the aggregate shares in the Company

Particulars	As at 31 st March, 2015		As at 31 st March, 2014	
	No of Shares held	Percentage of Holding	No of Shares held	Percentage of Holding
Equity Shares				
Mahindra Lifespace Developers Limited, Holding Company.....	37,000,000	73.36%	37,000,000	73.36%
Mahindra World city Developers Limited, Fellow subsidiary.....	13,000,000	25.78%	13,000,000	25.78%

Particulars	As at	
	31 st March, 2015	31 st March, 2014

4. RESERVES & SURPLUS

Particulars	As at	
	31 st March, 2015	31 st March, 2014
Surplus in statement of Profit & Loss		
Balance at the beginning of the year..	(710.84)	(194.85)
Add: Profit/(Loss) for the year	4,051.39	(515.99)
Less: Depreciation on transition to Schedule II of the Companies Act, 2013 on tangible fixed assets with nil remaining useful life (Net of deferred tax) (Refer Note 29)	(0.52)	
Less: Interim dividend (Refer Note 4a)	(1,008.70)	
Dividend Distribution Tax(DDT) on the above. Refer Note 4(b).....	-	
Balance at the end of the year.....	<u>2,331.33</u>	<u>(710.84)</u>

NOTES FORMING PART OF THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31st MARCH, 2015

4a. The Board of Directors at their meeting held on September 29, 2014 recommended an interim dividend of ₹ 2 per equity share amounting to ₹ 1008.70 lakhs.

Particulars	₹ in Lacs	
	As at 31 st March, 2015	As at 31 st March, 2014
4b. Dividend Distribution Tax on the above Equity Dividend of ₹ 1,008.70 lacs.....	171.43	-
Dividend Distribution Tax credit available in respect of the Dividend Tax on the Interim dividend received from the Wholly Owned Subsidiary, Mahindra Residential Developers Limited on May 30, 2014, based on provisions under subsection (1A) of Section 115 O of the Income Tax Act 1961.....	(171.43)	-

5. LONG TERM BORROWINGS (Unsecured)

Particulars	₹ in Lacs	
	As at 31 st March, 2015	As at 31 st March, 2014
Term loan from Mahindra Lifespace Developers Limited, holding company.....	5,770.00	-
Total	5,770.00	-

5.1. During the year, Mahindra Lifespace Developers Limited has converted Inter Corporate Deposit into an Unsecured Term Loan repayable by March 31st, 2019, which carries an interest @ 12.5% p.a. payable on a quarterly basis. Refer Note 8.1.

6. TRADE PAYABLES

Particulars	₹ in Lacs	
	As at 31 st March, 2015	As at 31 st March, 2014
Trade Payables		
Related Parties (Deputation charges & office establishment expenses).....	378.84	252.43
Others.....	1,774.12	1,137.72
Retention Money.....	624.98	337.31
Total	2,777.94	1,727.46

Particulars

Particulars	₹ in Lacs	
	As at 31 st March, 2015	As at 31 st March, 2014

7. OTHER CURRENT LIABILITIES

Interest accrued & due on borrowings.....	344.98	-
Interest accrued & not due on borrowings.....	160.35	239.25
Statutory remittances - withholding taxes.....	64.17	72.23
Other contractual liabilities.....	2,057.46	331.43
Advance received from related parties.....	11.84	11.36
Advance received from customers.....	189.24	183.39
Income received in advance.....	109.30	2,815.78
Deposits from customers*.....	146.19	136.87
Total	3,083.53	3,790.31

*7.1. Amounts collected from customers towards Corpus Fund and advance towards water/electricity charges, transferable to Home owner's Association upon formation.

8. SHORT TERM BORROWINGS (Unsecured)

Inter Corporate Deposits received from Related parties		
Mahindra Logistics Limited @ 12% interest pa.....	1,000.00	-
Mahindra Lifespace Developers Limited- Refer 8.1.....	-	8,370.00
Mahindra Residential Developers Limited @ 12% interest pa.....	1,700.00	900.00
Total	2,700.00	9,270.00

8.1 The above Inter Corporate Deposit has been converted into an Unsecured Term Loan (net of repayment of ₹ 2600 lacs) during the year. (Refer 5.1)

9. SHORT TERM PROVISIONS

Defect Liabilities.....	101.60	60.00
Total	101.60	60.00

10. FIXED ASSETS

₹ in lacs

Particulars	Gross block			Depreciation				Net block	
	As at 1 st April, 2014	Additions	As at 31 st March, 2015	As at 1 st April, 2014	Transitional Adjustment	For the period	As at 31 st March, 2015	As at 31 st March, 2015	As at 31 st March, 2014
	Computer.....	2.06	-	2.06	1.13	0.52	0.41	2.06	0.00
(Previous year).....	(2.16)	-	(2.16)	(0.78)		(0.38)	(1.15)	(1.00)	(1.38)
Office Equipment....	4.01		4.01	0.90		0.90	1.80	2.21	(3.04)
(Previous Year).....	(3.84)	(0.07)	(3.91)	(0.06)		(0.81)	(0.87)	(3.04)	(3.78)
Total.....	6.07	-	6.07	2.03	0.52	1.30	3.86	2.21	(4.04)
Previous Year.....	6.00	0.07	6.07	0.84	0.00	1.19	2.03	4.04	

Particulars

Particulars	₹ in Lacs	
	As at 31 st March, 2015	As at 31 st March, 2014

11. NON CURRENT INVESTMENTS

Long term, Trade (at cost)		
Mahindra Residential Developers Limited, Subsidiary Company		
250,000 equity shares of ₹ 10 each fully paid up.....	6,629.48	6,629.48
10,000 Preference shares of ₹ 10 each fully paid up.....	1.00	1.00
Total	6,630.48	6,630.48

Particulars

Particulars	₹ in Lacs	
	As at 31 st March, 2015	As at 31 st March, 2014

12. LONG TERM LOANS & ADVANCES

Deposits made to related party - Mahindra World City Developers Limited.....	66.51	66.51
Advance Income tax (net of provisions).....	200.65	243.91
MAT credit entitlement.....	424.61	28.28
Security Deposit.....	0.75	4.75
Total	692.52	343.45

NOTES FORMING PART OF THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31st MARCH, 2015

Particulars	₹ in Lacs		Particulars	₹ in Lacs	
	As at 31 st March, 2015	As at 31 st March, 2014		For the year ended 31 st March, 2015	For the year ended 31 st March, 2014
13. INVENTORIES					
Construction work in progress (including leasehold land)	8,439.81	9,218.14			
Construction materials	524.48	512.21			
Finished Units - Stock in Trade	271.22	-			
Total	9,235.51	9,730.35			
14. TRADE RECEIVABLES (Unsecured, considered good)			21. Changes in inventories		
Trade receivables- outstanding for more than six months from the date they were due for payment	308.46	14.44	<u>Inventories at the end of the year:</u>		
Other trade receivables.....	979.92	1,284.08	Construction materials	524.48	512.21
Total	1,288.38	1,298.52	Work-in-progress	8,439.81	9,218.14
			Finished Units – Stock in Trade.....	271.22	-
15. CASH AND CASH EQUIVALENTS			<u>Inventories at the beginning of the year:</u>		
Balances with banks			Construction materials	512.21	182.50
- Cash on hand.....	-	0.68	Work-in-progress	9,218.14	8,344.29
- On current accounts	385.06	342.85	Net (increase)/decrease	494.84	(1,203.56)
- On Interim Dividend Bank a/c.....	0.01	-			
- On Fixed deposits with maturity less than 3 months	600.00	-	22. FINANCE COSTS		
- On Earmarked Account*	134.16	141.26	Interest on borrowing from bank.....	-	40.90
Total	1,119.23	484.79	Interest on borrowings – related parties	965.31	1,340.27
			Less : Allocated to projects	(68.72)	(163.57)
* Collected from customers and to be transferred to Home Owners' Association upon formation.			Total	896.59	1,217.60
16. SHORT TERM LOANS & ADVANCES (Unsecured, considered good unless stated otherwise)			23. OTHER EXPENSES		
Mobilisation advances – Secured by Bank guarantees from vendors.....	368.92	447.42	Operation and maintenance expenses.....	183.17	172.59
Supplier advances.....	425.99	59.15	Legal & professional fees	11.49	9.80
Advances – Others	0.50	-	Advertisement, marketing and business development	318.53	192.81
Deposits – others	32.97	27.32	Brokerage	41.08	46.60
Balance with Govt authorities (Service tax)	96.31	45.15	Repairs and Maintenance*	77.40	4.21
Total	924.69	579.04	Deputation Charges	144.00	142.30
			Auditors remuneration		
17. OTHER CURRENT ASSETS			Audit fees	7.50	3.56
Unbilled revenue	1,914.77	109.76	Other services	2.10	0.91
Interest Accrued on Fixed Deposit.....	0.10	-	Reimbursement of expenses/levies.....	-	(0.10)
Total	1,914.87	109.76	Office Establishment	124.89	71.84
			Provision for Defect liability.....	101.84	60.00
			Miscellaneous expenses	8.17	13.85
			Total	1,020.17	718.37
Particulars	For the year ended 31st March, 2015	₹ in Lacs For the year ended 31st March, 2014	24. Expenditure incurred in foreign currency		₹ in lacs
				2014-15	2013-14
18. REVENUE FROM OPERATIONS			Travel Expenses	-	0.31
Income from Projects.....	13,483.99	5,869.46	Exhibition Participation Charges	5.61	6.61
Total	13,483.99	5,869.46		5.61	6.92
19. OTHER INCOME			25. Details of borrowing costs inventorised	68.72	163.57
Interest on deposit with bank.....	8.09	8.49			
Interest – Others.....	0.88	-	26. Earnings per share:		
Dividend Income from subsidiary.....	1,600.00	-	Profit/(Loss) after tax for the year – ₹ lacs	4051.39	(515.99)
Guarantee Commission from holding company.....	435.75	335.47	Weighted average number of equity shares (Nos. lacs) – Basic and diluted	504.35	504.35
Other income.....	15.88	17.24	Basic and diluted Earnings Per Share (₹)	8.03	(1.02)
Cancellation income/Transfer charges...	22.51	28.60			
Total	2,083.11	389.80			
20. PROJECT COSTS					
Land and construction costs	8,485.11	5,368.64			
Architect Fees.....	64.29	25.50			
Site Expenses & other overheads.....	36.56	64.54			
Project management fees.....	300.00	255.17			
Interest	68.72	163.57			
Approval and consultancy charges	-	164.23			
Total	8,954.68	6,041.65			

*Note 23a): Includes ₹ 75 Lacs incurred towards maintenance of completed residential units.

NOTES FORMING PART OF THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31st MARCH, 2014

27. Related party transactions:

a) Names of related parties and nature of relationship where control exists:

Ultimate Holding Company	Mahindra & Mahindra Limited
Holding Company	Mahindra Lifespace Developers Limited
Wholly Owned Subsidiary Company	Mahindra Residential Developers Limited

Fellow Subsidiaries with whom transactions have been entered during the year

Mahindra World City Developers Limited (MWCDL)
Mahindra Holidays & Resorts India Limited (MHRIL)
Mahindra Logistics Limited (MLL)

Note: Related Parties are as identified by the Management.

Key Managerial Person

Manager	Jayant Manmadkar
CFO	Bharathy K
Secretary	Arti Rameshchandra Batavia (with effect from January 21st, 2015)

b) The related party transactions are as under:

₹ in lacs

Nature of the Transaction	Ultimate Holding Company	Holding Company	Fellow Subsidiary			Subsidiary
			MWCDL	MHRIL	MLL	
Inter Corporate Deposit received		- (83)	- (-)		1000.00 (-)	800.00 (-)
Inter Corporate Deposit repaid		- (1200)	- (733)	- (-)	- (-)	- (600)
Term Loan repaid		2600.00 (-)				
Interest Expense		808.85 (1129.53)	- (65)	- (-)	0.33 (-)	156.13 (145.74)
Guarantee Commission income		435.75 (335.47)				
Consultancy Charges	0.65 (0.24)	444.00 (338.99)				
Office Establishment Expenses		124.79 (71.84)		1.03 (0.29)		
Maintenance Charges			211.67 (196.89)			
Water Charges			68.30 (40.98)			
Project expenses	- (-)					15.18 (-)
Interim dividend paid		740.00 (-)	260.00 (-)			
Interim dividend received						1600.00 (-)
Balances at year end						
Deposits			66.51 (66.51)			- (-)
Inter-corporate deposits		5770.00 (8370)			1000.00 (-)	1700.00 (900)
Payables	12.53 (11.84)	883.17 (465.64)			0.30 (-)	- (-)

Figures in brackets are in respect of the previous year.

Remuneration to KMP is ₹ Nil.

28. There are no dues to Micro and Small Enterprises which have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.
29. During the year, pursuant to the notification of Schedule II to the Companies Act, 2013 with effect from April 1, 2014, the Company revised the estimated useful life of some of its assets to align the useful life with those specified in Schedule II. The details of previously applied depreciation method, rates/useful life are as follows:

Asset	Previous depreciation method	Previous depreciation rate/useful life	Revised useful life based on SLM
Computers and Data Processing Equipment	SLM	16.67%/~6 years	3 years
Furniture and Fixtures (Office Equipments)	SLM	20%/~5 years	5 years

Pursuant to the transition provisions prescribed in Schedule II to the Companies Act, 2013, the Company has fully depreciated the carrying value of assets, net of residual value, where the remaining useful life of the asset was determined to be nil as on April 1, 2014, and has adjusted an amount of ₹ 0.52 lacs (net of deferred tax of ₹ NIL) against the opening Surplus balance in the Statement of Profit and Loss under Reserves and Surplus.

The depreciation expense in the Statement of Profit and Loss for the year is higher by ₹ 0.12 lacs, consequent to the change in the useful life of the assets.

30. The Company does not have any pending litigations which would impact its financial position as on March 31, 2015. There are no amounts required to be transferred to the Investor Education and Protection Fund by the company during the year.
31. (i) The Company does not have material foreseeable losses on the long term contracts as on March 31, 2015.
(ii) The company did not enter into any derivative contracts during the year.
32. The Company has obtained Co-developer status under Special Economic Zone Act 2005 which entitles the Company to a 100% deduction of its income under the Income Tax Act, 1961 upto Assessment year 2019-20. However provision of Minimum Alternate Tax is applicable and current tax expense has been computed under these provisions.
33. The Company operates in a single segment, namely development of residential infrastructure.
34. Previous year's figures have been regrouped/reclassified wherever necessary to conform to the current year's classification/disclosure.

In terms of our report attached
For **A. F. Ferguson & Co.**
Chartered Accountants
Firm's Registration No. 112066W

Bharathy K
Chief Financial Officer

For and on behalf of the Board of Directors
Anita Arjundas *Chairperson*

Geetha Suryanarayanan
Partner
Membership No. 29519

Arti Shinde
Company Secretary

S. Chandru *Director*

Place: Chennai
Date: 17th April, 2015

Place: Chennai
Date: 17th April, 2015

DIRECTORS' REPORT TO THE MEMBERS

Your Directors present their eighth report together with the Audited Financial Statement of your Company for the year ended 31st March, 2015.

FINANCIAL HIGHLIGHTS

Particulars	(₹ Lakhs)	
	For the year ended 31 st March, 2015	For the year ended 31 st March, 2014
Total Income	6,769.24	15,557.08
Profit/(Loss) Before Depreciation, Interest and Taxation	1,764.63	4,194.25
Less : Depreciation	-	-
Profit/(Loss) Before Interest and Taxation	1,764.63	4,194.25
Less : Interest	2.91	42.75
Profit/(Loss) Before Taxation	1,761.72	4,151.50
Less : Provision for Taxation	369.26	870.16
Profit/(Loss) for the year after Taxation	1,392.46	3,281.34
Add : Balance of Profit/(Loss) for earlier years	3,832.24	550.90
Dividend on preference and equity shares (including tax on distributed profits)	1,871.92	-
Balance carried forward to the Balance Sheet	3,352.78	3,832.24

Dividend

Interim dividends of ₹ 13,245 per preference share on 10,000 shares of the face value ₹ 10 each of the company was declared on 28th May, 2014. The preference dividend (including tax on distributed profits) amounts to ₹ 1549.60 lakhs. Your Directors recommend that the Interim dividend paid on preference shares be confirmed as the final dividend.

Interim dividend of ₹ 110.20 per equity share on 2,50,000 shares of the face value ₹ 10 each to equity share holder was declared on 28th May, 2014. The equity dividend (including tax on distributed profits) amounts to ₹ 322.32 lakhs. Your Directors recommend that the Interim dividend paid on equity shares be confirmed as the final dividend and is paid out of the profits for the year 2014-15.

Reserves

Profit for the year less dividend declared (including tax thereon) has been carried forward to P & L account and no amount has been transferred to Reserves.

Operations

The Company is developing a premium residential project 'Aqualily'.

'Aqualily' is a premium project within Mahindra World City, Chennai. Spread across 55 acres of land, the project offers villas and apartments covering 1.57 million square feet out of which 1.39 million square feet is launched till date and 0.97 million square feet is sold upto March 2015. The Company

has completed the construction of Villas and handing over is in progress. First phase (2A) of apartments were completed last year and during the year 2014-15, the Company completed the construction of the second phase of apartments (2B), taking the total completed area under the project to 0.93 million square feet. Handover of these units to the customers is in progress. Construction for the next phase of apartments (2C) covering 0.46 million square feet is progressing as per schedule.

No material changes and commitments have occurred after the close of the year till the close of this Report, which affect the financial position of the Company.

The financial statement for the year under review have been prepared on the basis of going concern status of the Company.

During the year under review, no revision was made in the financial statement of the Company.

Share Capital

The Authorised share capital of the Company is ₹ 50 lakhs consisting of equity share capital of ₹ 45 lakhs and preference share capital of ₹ 5 lakhs. The paid up equity capital is ₹ 25 lakhs and paid up preference share capital is ₹ 1 lakh. The entire paid up share capital of the Company is held by Mahindra Integrated Township Limited (MITL).

During the year, the Company has not issued any equity shares with differential rights or any sweat equity shares. The Company does not have any Employee Stock Option Scheme

and therefore the requirement of disclosures in respect of voting rights not exercised directly by the employees are not applicable to your Company.

Non-Convertible Debentures

During the year, Company has not issued/allotted any non-convertible debentures.

Networth

The networth of the Company at the close of the previous financial year (FY 2013-14) and at the close of the current financial year (FY 2014-15) was ₹ 9,293.57 Lakhs and ₹ 8,814.11 Lakhs respectively.

Holding Company

Your Company is a wholly owned subsidiary company of MITL and consequently a subsidiary company of the Mahindra Lifespace Developers Limited and of the ultimate holding company Mahindra & Mahindra Limited.

During the year, no company became/ceased to be subsidiary/associate or joint venture company of your Company. Therefore the requirements of consolidated financial statement are not applicable to your Company.

Corporate Social Responsibility (CSR)

On 26th March, 2014, the Board constituted CSR Committee comprising Ms. Anita Arjundas (Chairperson), Mr. S. Chandru and Ms. Sangeeta Prasad.

On 23rd March, 2015, CSR Committee was re-constituted. Presently CSR Committee comprises of a Independent Director Mr. Raghunath Murti and two non-independent Directors, namely Mr. Jayant Manmadkar and Ms. Sangeeta Prasad.

Your Company's CSR strategy is to contribute to the local communities that it operates in by focusing on three key areas of intervention: education, skill development, health, environment and promoting sustainable practices.

The Company has spent ₹ 44.06 lakhs as against the required CSR expenditure of ₹ 44.06 lakhs calculated in the manner prescribed in the Companies Act, 2013. The annual report on the CSR activities in the prescribed format is at **Annexure 1** to this Report.

Directors

During the year, Mr. Raghunath Murti (DIN: 00082761), Mr. Sanjiv Kapoor (DIN: 00004005) and Mr. Sanjay Jain (DIN: 06446899) were appointed as Independent Directors not liable to retire by rotation, to hold the office for a term up to 5 (five) consecutive years commencing from 23rd March, 2015.

Mr. Murti, Mr. Kapoor and Mr. Jain have given a declaration under Section 149(7) of the Companies Act, 2013 that they meet the criteria of independence as provided in Section 149(6) of the Companies Act, 2013.

On 23rd March, 2015, Mr. Jayant Manmadkar was appointed as Non Executive Non independent Director of the Company, liable to retire by rotation.

Appointment of Mr. Raghunath Murti, Mr. Sanjiv Kapoor, Mr. Sanjay Jain and Mr. Jayant Manmadkar was approved by shareholders at extra ordinary general meeting held on 23rd March, 2015.

Pursuant to Section 152 of the Companies Act, 2013, Ms. Sangeeta Prasad (DIN: 02791944) a Non-executive and Non-independent Director retires by rotation at the 8th Annual General Meeting of the Company and being eligible has offered herself for re-appointment. Ms. Sangeeta Prasad is not disqualified from being re-appointed as a Director by virtue of the provisions of Section 164 of the Companies Act, 2013.

During the year, Ms. Anita Arjundas (DIN: 00243215) and Mr. S. Chandru (DIN : 00243025) resigned as Directors of the company with effect from 23rd March, 2015. The Board places on record its sincere appreciation of the valuable services rendered by Ms. Anita Arjundas and Mr. S. Chandru during their tenure as Directors of the company.

During the year, the Nomination and Remuneration Committee was reconstituted. The present members of the Committee comprises of two independent Directors, namely Mr. Sanjay Jain, Mr. Raghunath Murti and two non-independent Directors, namely Ms. Sangeeta Prasad and Mr. Jayant Manmadkar.

Mr. Raghunath Murti is the Chairman of the Committee.

Pursuant to the provisions of the Companies Act, 2013 evaluation of every Director's performance was done by Nomination and Remuneration Committee.

The following policies of the Company are attached herewith and marked as **Annexure 2**, **Annexure 3A** and **Annexure 3B** to this report.

1. Policy on appointment of Directors and Senior Management (**Annexure 2**)
2. Policy on remuneration of Directors (**Annexure 3A**)
3. Policy on Remuneration of Key Managerial Personnel and Employees (**Annexure 3B**)

Key Managerial Personnel

As the Company does not meet threshold limit for the paid-up share capital, the provisions of the Companies Act, 2013 with respect to appointment of Key Managerial Personnel are currently not applicable to your Company.

Code of Conduct

The Company had adopted Code of Conduct ("the Code/s") for its Directors, Independent Directors, Senior Management and employees. These Codes enunciate the underlying principles governing the conduct of the Company's business and seek to reiterate the fundamental precept that good governance must and would always be an integral part of the Company's ethos.

The Company has for the year under review, received declarations under the Codes from the Board members, Independent Directors of the Company affirming compliance with the respective Codes.

Meetings

During the year six Board Meetings were convened and held on following dates:

18th April 2014, 28th May 2014, 22nd July 2014, 10th October, 2014, 21st January, 2015 and 23rd March, 2015.

During the year four Audit Committee meetings were convened and held on the following dates:

18th April 2014, 22nd July 2014, 10th October 2014, 21st January 2015.

During the year one meeting of the Nomination & Remuneration Committee was convened and held on 23rd March 2015.

During the year 2 Corporate Social Responsibility Committee meetings were convened and held on the following dates:

10th October 2014 and 21st Jan 2015.

The details of the number of meetings of the Board and the Committees attended by the respective members of the Board/ Committees are given below:

Sr. No.	Name of the Director	No. of Board meetings attended	No. of Audit Committee meetings attended	No. of Nomination & Remuneration Committee meetings attended	No. of CSR Committee meetings attended
1.	Anita Arjundas	6	4	1	2
2.	Sangeeta Prasad	6	4	1	2
3.	S. Chandru	5	4	–	2
4.	Jayant Manmadkar	1	1	1	–
5.	Sanjiv Kapoor	1	–	1	–
6.	Sanjay Jain	1	–	1	–
7.	Raghunath Murti	–	–	–	–

Directors' Responsibility Statement

Pursuant to Section 134(3)(c) of the Companies Act, 2013, the Directors, based on the representations received from the operating management and after due enquiry, confirm that:

- in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- they had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year 31st March, 2015 and of the profit of the Company for that period;
- they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- they had prepared the annual accounts on a going concern basis; and
- they had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Internal Financial Controls

The Company has in place adequate internal financial controls with reference to the financial statements. The Audit Committee of the Board periodically reviews the internal control systems with the auditor.

Composition of Audit Committee

During the year, the Audit Committee was reconstituted. The present members of the Committee comprises of one Non-Executive Non-Independent Director, Mr. Jayant Manmadkar and two independent Directors, namely Mr. Raghunath Murti and Mr. Sanjay Jain.

Mr. Sanjay Jain is the Chairman of the Committee. All members of the Audit Committee possess strong knowledge of accounting and financial management. The Chairperson of the Company and Statutory Auditors are regularly invited to attend the Audit Committee Meetings. The Board has accepted all recommendations of the Audit Committee made from time to time.

Vigil Mechanism/Whistle Blower Mechanism

The Company has established a vigil mechanism by adopting a Whistle Blower Policy for Directors and employees to report genuine concerns in the prescribed manner. The vigil mechanism is overseen by the Audit Committee and provides adequate safeguards against victimisation of employees and

Director Whistle Blower Policy is a mechanism to address any complaint(s) related to fraudulent transactions or reporting intentional non-compliance with the Company's policies and procedures and any other questionable accounting/operational process followed. It provides a mechanism for employees to approach the Chairman of Audit Committee or Chairman of the Company or the Corporate Governance Cell. During the year, no such incidence was reported and no personnel were denied access to the Chairman of the Audit Committee or Chairman of the Company or the Corporate Governance Cell. The Whistle Blower Policy of the Company is given in **Annexure 4**.

Risk Management

The Company already has in place the procedure to inform the Board about the risk assessment and minimisation procedures. Your Company has appropriate risk management systems in place for identification and assessment of risks, measures to mitigate them, and mechanisms for their proper and timely monitoring and reporting. The Board periodically reviews implementation and monitoring of the risk management plan for the Company including identification therein of elements of risks, if any, which in the opinion of the Board may threaten the existence of the Company.

Auditors

At the 7th Annual General Meeting held on 22nd July 2014 M/s. Deloitte Haskins & Sells., Chartered Accountants (Reg No: 008072S), Chennai, were appointed as Auditors for a term of 5 consecutive years from the conclusion of the 7th Annual General Meeting till the conclusion of the 12th Annual General Meeting to be held in 2019. Pursuant to Section 139(1) of the Companies Act, 2013, the Company shall place the matter relating to appointment of auditors for ratification by members at every Annual General Meeting. The members are requested to ratify the appointment of Statutory Auditors from conclusion of 8th AGM till conclusion of 12th AGM. As required under the provisions of Section 139 and 141 of the Companies Act, 2013, the Company has received a written consent and certificate from M/s. Deloitte Haskins & Sells, Chartered Accountants, Chennai, proposed to be re-appointed as Auditors, if made, would be in conformity with the limits specified in the said Section.

The Auditor's Report does not contain any qualification, reservation or adverse remark and therefore does not call for any further comments.

The requirements of having internal auditor and secretarial auditor are presently not applicable to your Company.

Cost Auditors

The Board of Directors, on recommendation of the Audit Committee, has appointed M/s. A. B. Nawal & Associates, Cost Accountants, Pune, as Cost Auditors of the Company, for the Financial Year 2014-15, for conducting the audit of the cost records maintained by the Company for the various products as mandated by the Central Government, pursuant to its order

dated 30th June, 2014 and any amendments thereof, subject to the approval of the Members on the remuneration to be paid to the Cost Auditor.

Particulars of loans, guarantees or investments under Section 186 of the Companies Act, 2013

As your Company is engaged in the business of developing Residential Units, the provisions of Section 186 of the Companies Act, 2013 related to loans made, guarantees given or securities provided are not applicable to the Company. However, the details of the loans and advances are provided in the financial statement at Note No. 8.

There are no investment made by the Company.

Contracts and Arrangements with Related Parties

All contracts/arrangements/transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on an arm's length basis. During the year, the Company had not entered into any contract/arrangement/transaction with related parties which could be considered material. Therefore, the form AOC-2 is not applicable to the Company. Your Directors draw attention to Note No. 24 to the financial statement which sets out details of transactions with related parties.

Deposits, Loans and Advances

Your Company has not accepted any deposits from the public or its employees during the year under review.

The Company has not made any loans and advances of the nature which are required to be disclosed in the annual accounts of the Company pursuant to Clause 32 of the Listing Agreement with the parent company Mahindra Lifespace Developers Limited and ultimate parent company Mahindra & Mahindra Limited listed with the Stock Exchanges.

The particulars of Loans given, Investments made and Guarantees & Securities provided are given under notes to Financial statement and same form part of this Report.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The particulars relating to the Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo as per Section 134(3)(m) of the Companies Act, 2013 read with the Rule 8(3) of the Companies (Accounts) Rules, 2014 during the year under review are given in the prescribed format in the **Annexure 5** to this report.

Employee Remuneration

The Company had no employee, who was employed throughout the financial year under review and was in receipt of remuneration from the Company of not less than ₹ Sixty lacs per annum or was employed for a part of the financial year and was in receipt of remuneration from the Company of not less than ₹ Five lacs per month during any part of the financial year ended on 31st March, 2015. Therefore the

statement containing particulars of employees as required under Section 197 (12) of the Companies Act, 2013 read with Rule 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is not attached to this report. None of the employees is a relative of any Director of the Company. None of the employees hold (by himself/herself or along with his/her spouse and dependent children) more than 2% of the Equity shares of the Company.

Extract of Annual Return

The details forming part of the Extract of the Annual Return in Form MGT-9, as required under Section 92 of the Companies Act, 2013 is included in this Report as **Annexure 6** and forms part of this Report.

General

During the year ended 31st March, 2015, there were no cases filed/reported pursuant to the Sexual Harassment of women at workplace (Prevention, Prohibition and Redressal) Act, 2013.

No penalties / strictures were imposed on the Company by any statutory authority on any matter. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operation in future.

Cautionary statement

Certain statements in the Directors' Report describing the Company's objectives, projections, estimates, expectations or predictions may be forward-looking statements within the meaning of applicable securities laws and regulations. Actual results could differ from those expressed or implied. Important factors that could make a difference to the Company's operations include labour and material availability, and prices, cyclical demand and pricing in the Company's principal markets, changes in government regulations, tax regimes, economic development within India and other incidental factors.

Acknowledgment

The Directors would like to thank all shareholders, customers, bankers, contractors and suppliers of your Company for the support received from them during the year.

For and on behalf of the Board,

Sangeeta Prasad

Chairperson

DIN : 02791944

Mumbai, 16th April, 2015

ANNEXURE 1 TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2015**THE ANNUAL REPORT ON CSR ACTIVITIES**

The Company's CSR initiatives are focussed in the areas of education, public health and environment. This is in line with the Mahindra Group's 'Core Purpose' to "challenge conventional thinking and innovatively use all our resources to drive positive change in the lives of our stakeholders and communities across the world, to enable them to Rise". The Company endeavours to enable inclusive development at around project locations so as to help the communities around these projects to prosper in all walks of life.

The average net profit of the Company for the last three financials years – ₹ 2,203 Lakhs

Prescribed CSR Spend (2% of above amount) – ₹ 44.06 Lakhs

₹ Lakhs

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sr. No.	CSR project of activity identified	Sector in which the project is covered	Projects (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects: (1) Direct expenditure on projects or programs (2) Overhead	Cumulative expenditure upto the reporting period	Amount spent: Direct or through implementing agency
1.	Contribution to Nanhi Khali	Education of the girl child	Pan India where the Company has existing projects	22.03	Direct expenditure – 22.03	22.03	Implementing Agency: K.C. Mahindra Education Trust
2.	Renovation of Paralur School	Education 2(d)	Chennai	3.51	Direct expenditure – 3.51	25.54	NGO: World Vision India
3.	Support to Primary Health Centre	Education 2(d)	Chennai	12.66	Direct expenditure – 12.66	38.20	NGO: World Vision India
4.	Renovation in Thenmelpakkam School	Education 2(d)	Chennai	5.86	Direct expenditure – 5.86	44.06	NGO: World Vision India

The Company has spent all the amounts reserved for CSR activities i.e. 2% of average net profit for the last three financial year

The implementation and monitoring of CSR policy is in compliance with CSR objectives and Policy of the Company.

Sangeeta Prasad Chairperson of Board Mumbai, 16 th April, 2015	Jayant Manmadkar (Chairman CSR Committee) Mumbai, 16 th April, 2015
--	---

ANNEXURE 2 TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2015

POLICY ON APPOINTMENT OF DIRECTORS AND SENIOR MANAGEMENT

The Nomination and Remuneration Committee (NRC) of the Board of Directors (Board) of the Company reviews and assesses Board composition and recommends the appointment of new Directors. In evaluating the suitability of individual Board member, the NRC shall take into account the following criteria regarding qualifications, positive attributes and also independence of director when Independent Director is to be appointed:

1. All Board appointments will be based on merit, in the context of the skills, experience, diversity, and knowledge, for the Board as a whole to be effective.
2. Ability of the candidates to devote sufficient time and attention to his/her professional obligations as Director for informed and balanced decision making.
3. Adherence to the applicable Code of Conduct and highest level of Corporate Governance in letter and in spirit by the Directors.

Based on recommendation of the NRC, the Board will evaluate the candidate(s) and decide on the selection of the appropriate member. The Board through the Chairman or Director will interact with the new member to obtain his/her consent for joining the Board. Upon receipt of the consent, the new Director will be co-opted by the Board in accordance with the applicable provisions of the Companies Act, 2013 and Rules made thereunder.

REMOVAL OF DIRECTORS

If a Director is attracted with any disqualification as mentioned in any of the applicable Act, Rules and Regulations thereunder or due to non - adherence to the applicable policies of the Company, the NRC may recommend to the Board with reasons recorded in writing, removal of a Director subject to the compliance of the applicable statutory provisions.

SENIOR MANAGEMENT PERSONNEL

The NRC shall identify persons based on merit, experience and knowledge who may be appointed in senior management team.

Senior Management personnel are appointed or promoted and removed/relieved with the authority of Managing Director & CEO based on the business need and the suitability of the candidate. The details of the appointment made and the personnel removed one level below the Key Managerial Personnel during a quarter shall be presented to the Board.

For and on behalf of the Board,

Sangeeta Prasad
Chairperson
DIN : 02791944

Mumbai, 16th April, 2015

ANNEXURE 3A TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2015**POLICY FOR REMUNERATION OF THE DIRECTORS****Purpose**

This Policy sets out the approach to Compensation of Directors in Mahindra Residential Developers Limited.

Policy Statement

We have a well-defined Compensation policy for Directors including the Chairman of the Company. The overall compensation philosophy which guides us is that in order to achieve global leadership and dominance in domestic markets, we need to attract and retain high performers by compensating them at levels that are broadly comparable with the median of the comparator basket while differentiating people on the basis of performance, potential and criticality for achieving competitive advantage in the business.

In order to effectively implement this, we have built our Compensation structure by a regular annual benchmarking over the years with relevant players across the industry we operate in.

NON-EXECUTIVE INCLUDING INDEPENDENT DIRECTORS

The Nomination and Remuneration Committee (NRC) shall decide the basis for determining the compensation, both Fixed and variable, to the Non Executive Directors, including Independent Directors, whether as commission or otherwise. The NRC shall take into consideration various factors such as director's participation in Board and Committee meetings during the year, other responsibilities undertaken, such as membership or Chairmanship of committees, time spent in carrying out their duties, role and functions as envisaged in Schedule IV of the Companies Act 2013 and such other factors as the NRC may consider deem fit for determining the

compensation. The Board shall determine the compensation to Non-Executive Directors within the overall limits specified in the Shareholders resolution.

Executive Directors

The remuneration to Executive Director(s) shall be recommended by NRC to the Board. The remuneration consists of both fixed compensation and variable compensation and shall be paid as salary, commission, performance bonus, stock options (where applicable), perquisites and fringe benefits as approved by the Board and within the overall limits specified in the Shareholders resolution. While the fixed compensation is determined at the time of their appointment, the variable compensation will be determined annually/half yearly by the NRC based on their performance.

The remuneration involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

The Company may also grant Stock Options to the Directors (other than Independent Directors and Promoter) in accordance with the ESOP Scheme of the Company, if any, and subject to the compliance of the applicable statutes and regulations.

For and on behalf of the Board,

Sangeeta Prasad
Chairperson
DIN : 02791944

Mumbai, 16th April, 2015

ANNEXURE 3B TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2015

POLICY ON REMUNERATION OF KEY MANAGERIAL PERSONNEL AND EMPLOYEES

This Policy shall be effective from the financial year 2014-15.

Objective

To establish guidelines for remunerating employees fairly and in keeping with Statutes.

Standards

All employees, irrespective of contract, are to be remunerated fairly and the remuneration is to be externally competitive and internally equitable. The remuneration will be paid in accordance with the laid down Statutes.

Remuneration for on-roll employees will include a fixed or guaranteed component payable monthly; and a variable component which is based on performance and paid annually in the month of July following the fiscal.

The fixed component of remuneration will have a flexible component with a bouquet of allowances to enable an employee to choose the allowances as well as the quantum based on laid down limits as per Company policy. The flexible component can be varied only once annually in the month of July i.e. after the salary increment exercise.

The variable component of the remuneration will be a function of the employee's grade.

The actual pay-out of variable component of the remuneration will be a function of individual performance as well as business performance. Business performance is evaluated using a

Balanced Score Card (BSC) while individual performance is evaluated on Key Result Areas (KRA). Both the BSC and KRAs are evaluated at the end of the fiscal to arrive at the BSC rating of the business and PPS rating of the individual.

An annual compensation survey is carried out to ensure that the Company's compensation is externally competitive. Based on the findings of the survey and the business performance, the Sector Talent Council decides:

- a) The increment that needs to be paid for different performance ratings as well as grades.
- b) The increment for promotions and the total maximum increment.
- c) The maximum increase in compensation cost in % and absolute.

Compensation corrections are made in a few cases where it is outside the band or to keep it tune with the market.

For and on behalf of the Board,

Sangeeta Prasad
Chairperson
DIN : 02791944

Mumbai, 16th April, 2015

ANNEXURE 4 TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2015**WHISTLE BLOWER POLICY****1. The Whistle Blower Policy shall come into effect from 1st April 2014.****2. Preface**

Mahindra Residential Developers Limited (MRDL) ("the Company") is committed to conducting its business in accordance with applicable laws, rules and regulations and the highest standards of business ethics, honesty, integrity and ethical conduct. Towards this end, the Company has adopted three separate Codes of Conduct viz. for Directors, for Independent Directors and for Senior Management and Employees (collectively referred to as "Codes" or "the Codes") and various Policies under the helm of Corporate Governance which inter alia include Policy on Disaster Management, Environment & Pollution, Human Resources, Insider Trading, Investor Relations, etc. (collectively referred to as "Policies") which lays down the principles and standards that should govern the actions of the Company and its Employees. Any actual or potential violation of the Code/Policies, howsoever insignificant or perceived as such, would be a matter of serious concern for the Company. The role of the Employees/Directors in pointing out such violations of the Code/Policies cannot be undermined.

Further, as per the provisions of sub-section 9 of Section 177 of Companies Act, 2013 ("the Act" or "Act"), the company has been mandated to establish a vigil mechanism for directors and employees of the company to report to the Management, instances of unethical behaviour, actual or suspected, fraud or violation of the Company's Code or Policies.

Accordingly, this Whistle Blower Policy ("the Policy" or "this Policy") has been formulated with a view to provide a mechanism for Directors and Employees of the Company to approach the Board.

3. Definitions

The definitions of the key terms used in this Policy are given below. [Terms not defined herein below shall have the meaning assigned to them under the Codes/Policies/Act.]

- a. "Audit Committee" means the Audit Committee constituted by the Board of Directors of the Company in accordance with Section 177 of the Companies Act, 2013 and read with Clause 49 of the Listing Agreement with the Stock Exchanges.
- b. "Codes" mean three separate Codes of Conduct viz. for Directors, for Independent Directors and for Senior Management and Employees.
- c. "Director" means a director as defined under Section 2 (34) of the Companies Act, 2013.

d. "Employee" means every employee of the Company (whether working in India or abroad), including the Directors in the whole time employment of the Company.

e. "Investigators" means those persons authorised, appointed, consulted or approached by the Board and the Police.

f. "Protected Disclosure" means any communication made in good faith that discloses or demonstrates information that may evidence illegal or unethical behaviour, actual or suspected fraud or violation of the Company's Codes or Policies or any improper activity.

g. "Subject" means a person against or in relation to whom a Protected Disclosure has been made or evidence gathered during the course of an investigation.

h. "Whistle Blower" means a Director or Employee making a Protected Disclosure under this Policy.

4. Scope

- a. The Whistle Blower's role is that of a reporting party with reliable information. They are not required or expected to act as investigators or finders of facts nor would they determine the appropriate corrective or remedial action that may be warranted in a given case.
- b. Whistle Blowers should not act on their own in conducting any investigative activities, nor do they have a right to participate in any investigative activities other than as requested by the Board or the Investigator
- c. Protected Disclosure will be appropriately dealt with by the Board.

5. Eligibility

All the Directors and Employees of the Company are eligible to make Protected Disclosures under the Policy. The Protected Disclosures may be in relation to matters concerning the Company.

6. Procedure

- a. All Protected Disclosures should be addressed to the Board.
- b. If a protected disclosure is received by any Executive(s) of the Company other than the Board member, the same should be forwarded to the Board of Directors for further appropriate action.
- c. Appropriate care must be taken to keep the identity of the Whistle Blower(s) confidential.

- d. Protected Disclosures should be reported in writing so as to ensure a clear understanding of the issues raised, be typed in English, Hindi or in the Regional Language of the place of employment of the Whistle Blower(s).
- e. The Protected Disclosure should be forwarded under a covering letter which shall bear the identity of the Whistle Blower(s). The Board shall detach the covering letter and forward only the Protected Disclosure to the Investigators for investigation.
- f. Protected Disclosures should be factual and not speculative or in the nature of a conclusion, and should contain as much specific information as possible to allow for proper assessment of the nature and extent of the concern.

7. Investigation

- a. All Protected Disclosures reported under this Policy would be thoroughly investigated by the Board who would investigate/oversee the investigations.
- b. The Board may at their discretion, consider involving any Investigators for the purpose of investigation.
- c. The decision to conduct an investigation taken by the Board is by itself not an accusation and is to be treated as a neutral fact-finding process. The outcome of the investigation may or may not support the conclusion of the Whistle Blower that an improper or unethical act was committed.
- d. The identity of a Subject and the Whistle Blower would be kept confidential to the extent possible given the legitimate needs of law and the investigation.
- e. Subjects would normally be informed of the allegations at the outset of a formal investigation and have opportunities for providing their inputs during the investigation.
- f. Subjects shall have a duty to co-operate with the Board or any of the Investigators during investigation to the extent that such co-operation will not compromise self-incrimination protections available under the applicable laws.
- g. Subjects have a right to consult with a person or persons of their choice, other than the Board.
- h. Subjects have a responsibility not to interfere with the investigation. Evidence shall not be withheld, destroyed or tampered with and witnesses shall not be influenced, coached, threatened or intimidated by the Subjects.
- i. Unless there are compelling reasons not to do so, Subjects would be given the opportunity to respond to material findings contained in an investigation report. No allegation of wrongdoing against a Subject shall be considered as maintainable unless there is good evidence in support of the allegation.

- j. Subjects have a right to be informed of the outcome of the investigation.
- k. The investigation shall be completed normally within 45 days of the receipt of the Protected Disclosure.

8. Protection

- a. For the purpose of providing protection to the Whistle Blower(s), the Whistle Blower(s) should disclose his/her identity in the covering letter forwarding such Protected Disclosure.
- b. The identity of the Whistle Blower(s) shall be kept confidential unless otherwise required by law, and in which case the Whistle Blower(s) would be informed accordingly.
- c. No unfair treatment would be meted out to a Whistle Blower(s) by virtue of his/her having reported a Protected Disclosure under this Policy. The Company, as a Policy, condemns any kind of discrimination, harassment, victimisation or any other unfair employment practice being adopted against Whistle Blower(s). Complete protection would, therefore, be given to Whistle Blower(s) against any unfair practice like retaliation, threat or intimidation of termination/suspension of service, disciplinary action, transfer, demotion, refusal of promotion or the like including any direct or indirect use of authority to obstruct the Whistle Blower's right to continue to perform his duties/functions including making further Protected Disclosure. The Company would take steps to minimise difficulties, which the Whistle Blower(s) may experience as a result of making the Protected Disclosure.
- d. A Whistle Blower(s) may report any violation of the above Clause to the Board who shall investigate into the same and advise suitable action to the Management.
- e. Any other Employee assisting in the said investigation shall also be protected to the same extent as the Whistle Blower(s).

9. Disqualifications

- a. While it would be ensured that genuine Whistle Blower(s) are accorded complete protection from any kind of unfair treatment as herein set out, any abuse of this protection would warrant disciplinary action.
- b. Protection under this Policy would not mean protection from disciplinary action arising out of false or bogus allegations made by a Whistle Blower(s) knowing it to be false or bogus or with a mala fide intention.
- c. Whistle Blower(s), who make any Protected Disclosures, which have been subsequently found to be mala fide or malicious or Whistle Blower(s) who make 3 or more Protected Disclosures, which have been subsequently found to be frivolous, baseless

or reported otherwise than in good faith, would be disqualified from reporting further Protected Disclosures under this Policy and may be subject to disciplinary action.

10. Investigators

- a. Investigators are required to conduct a process towards fact-finding and analysis. Investigators shall derive their authority and access rights from the Board when acting within the course and scope of their investigation.
- b. Technical and other resources may be drawn upon as necessary to augment the investigation. All Investigators shall be independent and unbiased both in fact and as perceived. Investigators have a duty of fairness, objectivity, thoroughness, ethical behavior and observance of legal and professional standards.
- c. Investigations would be launched only after a preliminary review by the Board, as the case may be, which establishes that:
 - i. the alleged act constitutes an improper or unethical activity or conduct; and
 - ii. the allegation is supported by information specific enough to be investigated or in cases where the allegation is not supported by specific information, it is felt that the concerned matter is worthy of Management review.

11. Decision

If an investigation leads the Board to conclude that an illegal or unethical behaviour, actual or suspected fraud or violation of the Company's Codes or Policies or any improper activity has taken place/has been committed, the Board shall advise to the Management of the Company to take such disciplinary or corrective action as the Board may deem fit.

12. Reporting

A report with number of complaints received under this Policy and their outcome shall be placed by the Corporate Governance Cell before the Audit Committee on a regular basis.

13. Retention of documents

All Protected Disclosures in writing or documented alongwith the results of investigation relating thereto shall be retained by the Company for a minimum period of seven year

14. Amendment

The Company reserves its right to amend or modify this Policy in whole or in part, at any time without assigning any reason whatsoever. However, no such amendment or modification would be binding on the Employees/ Directors unless the same is notified to the Employees/ Director

ANNEXURE 5 TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2015:

A. CONSERVATION OF ENERGY

- (i) the steps taken or impact on conservation of energy; : The operations of your Company are not energy intensive. However, adequate measures have been taken to reduce energy consumption.
- (ii) the steps taken by the company for utilising alternate sources of energy; : -
- (iii) the capital investment on energy conservation equipments : Measures taken have resulted in reduction of energy consumption.

B. TECHNOLOGY ABSORPTION

- (i) the efforts made towards technology absorption : The Company has not carried out any R&D activities during the year.
- (ii) the benefits derived like product improvement, cost reduction, product development or import substitution : -
- (iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year) : -
- (iv) the expenditure incurred on Research and Development : -

C. FOREIGN EXCHANGE OUTGO

Details of Foreign Exchange outgo during the year in terms of actual outflows are furnished in Note No. 20 to Accounts.

For and on behalf of the Board,

Sangeeta Prasad
Chairperson
DIN : 02791944

Mumbai, 16th April, 2015

ANNEXURE 6 TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2015**FORM NO. MGT - 9****EXTRACT OF ANNUAL RETURN**As on the financial year ended on 31st March, 2015

(Pursuant to section 92(3) of the Companies (Management and Administration) Rules, 2014)

1. REGISTRATION AND OTHER DETAILS

1.	CIN	U45200TN2008PLC066292
2.	Registration Date	01 February 2008
3.	Name of the Company	M/s. MAHINDRA RESIDENTIAL DEVELOPERS LIMITED
4.	Category/Sub-Category of the Company	Company limited by shares/Indian Non-Government Company
5.	Address of the Registered office and contact details	Administrative Block, Mahindra World City, Chegalpattu – 603 002
6.	Whether listed Company (Yes/No)	No
7.	Name, Address and Contact details of Registrar and Transfer Agent, if any	N.A.

2. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sr. No.	Name and Description of Main Product/Services	NIC Code of the Product*	% to total turnover of the Company#
1.	Construction of Buildings	410	100

*As per National Industrial Classification – Ministry of Statistics and Programme Implementation

on the basis of Gross Turnover

3. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and Address of the Company	CIN/GIN	Holding/ Subsidiary of the Company	% of shares held	Applicable Section
1.	Mahindra Integrated Township Limited	U74140TN1996PLC068288	Holding	100	2 (46)

i. Category-wise Share Holding:

Category of Shareholder	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of total issued shares	Demat	Physical	Total	% of total issued shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	–	–	–	–	–	–	–	–	–
b) Central Govt.	–	–	–	–	–	–	–	–	–
c) State Govt(s)	–	–	–	–	–	–	–	–	–
d) Bodies Corp.	–	250,000	250,000	100	–	250,000	250,000	100	
e) Banks/FI	–	–	–	–	–	–	–	–	–
f) Any Other	–	–	–	–	–	–	–	–	–
Sub-total (A)(1):-	–	250,000	250,000	100	–	250,000	250,000	100	–

Category of Shareholder	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of total issued shares	Demat	Physical	Total	% of total issued shares	
(2) Foreign									
a) NRI – Individuals	–	–	–	–	–	–	–	–	–
b) Other – Individuals	–	–	–	–	–	–	–	–	–
c) Bodies Corp.	–	–	–	–	–	–	–	–	–
d) Banks/FI	–	–	–	–	–	–	–	–	–
e) Any Other	–	–	–	–	–	–	–	–	–
Sub-total (A)(2):-	–	–	–	–	–	–	–	–	–
Total shareholding of Promoter (A) = (A)(1) + (A)(2)	–	250,000	250,000	100	–	250,000	250,000	100	–
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	–	–	–	–	–	–	–	–	–
b) Banks/FI	–	–	–	–	–	–	–	–	–
c) Central Govt.	–	–	–	–	–	–	–	–	–
d) State Govt(s)	–	–	–	–	–	–	–	–	–
e) Venture Capital Funds	–	–	–	–	–	–	–	–	–
f) Insurance Companies	–	–	–	–	–	–	–	–	–
g) FIs	–	–	–	–	–	–	–	–	–
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
i) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(1):-	–	–	–	–	–	–	–	–	–
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	–	–	–	–	–	–	–	–	–
ii) Overseas	–	–	–	–	–	–	–	–	–
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	–	–	–	–	–	–	–	–	–
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 Lakh	–	–	–	–	–	–	–	–	–
c) Others (Non Resident Individuals)	–	–	–	–	–	–	–	–	–
d) Others Trust	–	–	–	–	–	–	–	–	–
Sub-total (B)(2):-	–	–	–	–	–	–	–	–	–
Total Public Shareholding (B) = (B)(1) + (B)(2)	–	–	–	–	–	–	–	–	–
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	–	250,000	250,000	100	–	250,000	250,000	100	–

ii. Shareholding of Promoters:

Category of Shareholder	No. of Shares held at the beginning of the year			No. of Shares held at the end of the year			% Change during the year
	No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	
Body Corporate - Mahindra & Mahindra Limited	250,000	100	–	250,000	100	–	–

iii. Change in Promoters’ Shareholding (please specify, if there is no change): There is no change in the Shareholding of Promoter Group

iv. Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs): Nil

v. Shareholding of Directors and Key Managerial Personnel: There is no share held by any of the Directors of the Company: Nil

I) INDEBTEDNESS

Indebtedness of the company including outstanding/accrued but not due for payment: Nil

II) REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-Time Directors and/or Manager: Nil

B. Remuneration of other directors: Nil

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD: Nil

III) PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/ NCLT/COURT]	Appeal made, if any (give details)
Penalty			NONE		
Punishment					
Compounding					

OTHER OFFICERS IN DEFAULT

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/ NCLT/COURT]	Appeal made, if any (give Details)
Penalty			NONE		
Punishment					
Compounding					

For and on behalf of the Board,

Sangeeta Prasad
Chairperson
DIN : 02791944

Mumbai, 16th April, 2015

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MAHINDRA RESIDENTIAL DEVELOPERS LIMITED

Report on the Financial Statements

We have audited the accompanying standalone financial statements of **MAHINDRA RESIDENTIAL DEVELOPERS LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2015, its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government in terms of Section 143 (11) of the Act, we give in the Annexure a statement on the matters specified in paragraph 3 and 4 of the Order.

As required by Section 143 (3) of the Act, we report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors as on 31st March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit & Auditors) Rule, 2014, in our opinion and to the best of our information and according to the explanation given to us :
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements. Refer note 21 to the financial statements.
 - ii. The Company did not have material foreseeable losses on long term contracts and there were no derivative contracts. Refer note 22 to the financial statements.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company. Refer note 22 to the financial statements.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Registration No. 008072S)

Geetha Suryanarayanan
Partner
(Membership No. 29519)

Place: Chennai
Date: 16th April, 2015

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

(Referred to under 'Report on Other Legal and Regulatory Requirements' section of our report to the members of Mahindra Residential Developers Limited on the accounts for the year ended 31st March, 2015).

- (i) Having regard to the nature of the Company's business/activities/result, clause (i) and (v) of the Order are not applicable to the Company in the current year.
- (ii) In respect of its inventory:
- (a) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals.
- (b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- (iii) In our opinion and according to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the Register maintained under Section 189 of the Companies Act.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and lease of residential properties. During the course of our audit, we have not observed any continuing failure to correct major weakness in such internal control system.
- (v) We have broadly reviewed the cost records maintained by the Company specified by the Central Government under sub-section (1) of Section 48 of the Companies Act, 2013 and are of the opinion that prima facie the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vi) According to the information and explanations given to us in respect of statutory dues:
- (a) The Company has been generally regular in depositing undisputed statutory dues including income tax, wealth tax, sales tax, service tax, value added tax, duty of customs, duty of excise, cess and other material statutory dues applicable to it with the appropriate authorities and there were no outstanding

statutory dues as at the last day of the financial year for a period of more than six months from the date they became payable.

- (b) Details of dues of Income tax which have not been deposited as on March 31, 2015 on account of disputes are given below:

Name of the statute	Nature of the dues	Forum where the dispute is pending	Period to which the amount relates	Amount involved (Rs. In lakhs)
Income Tax Act	Income Tax	Commissioner of Income Tax – Appeals	AY 2012-13	122.19

- (c) There are no amounts required to be transferred to the Investor Education and Protection Fund by the Company during the year.
- (vii) There are no accumulated losses as at the end of the financial year and the Company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues in respect of term loans.
- (ix) In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (x) In our opinion and according to the information and explanations given to us, the term loans have been applied by the Company during the year for the purposes for which they were obtained.
- (xi) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Registration No. 008072S)

Geetha Suryanarayanan
Partner
(Membership No. 29519)

Place: Chennai
Date: 16th April, 2015

BALANCE SHEET AS AT 31st MARCH, 2015

	Note	As at 31 st March, 2015	₹ in Lacs As at 31 st March, 2014
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	3	26.00	26.00
Reserves and Surplus	4	8,788.11	9,267.57
Current Liabilities			
Trade Payables	5	2,321.65	2,332.89
Other Current Liabilities	6	2,146.14	3,989.85
Short-Term Provisions	7	188.26	113.02
Total		13,470.16	15,729.33
ASSETS			
Non-Current Assets			
Long Term Loans and Advances	8	918.94	380.90
Current Assets			
Inventories	9	7,656.80	6,819.48
Trade Receivables	10	406.49	2,527.63
Cash and Cash Equivalents	11	464.39	1,363.72
Short-Term Loans and Advances	12	2,801.61	3,381.33
Other Current Assets	13	1,221.93	1,256.27
Total		13,470.16	15,729.33

See accompanying notes forming part of the financial statements

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants
Registration No. 008072S

Geetha Suryanarayanan
Partner
Membership No. 29519

Place: Chennai
Date: 16th April, 2015

For and on behalf of the Board of Directors

Sangeeta Prasad *Chairperson*

Jayant Manmadkar *Director*

Place: Mumbai
Date: 16th April, 2015

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2015

	Note	For the Year Ended 31 st March, 2015	₹ in Lacs For the Year Ended 31 st March, 2014
INCOME			
Revenue from Operations	14	6,418.79	15,132.96
Other Income.....	15	350.45	424.12
		6,769.24	15,557.08
EXPENDITURE			
Projects Costs	16	5,169.84	13,041.45
Changes in Inventories	17	(837.32)	(2,346.01)
Finance Cost	18	2.91	42.75
Other Expenses.....	19	672.09	667.39
		5,007.52	11,405.58
Profit Before Tax		1,761.72	4,151.50
Tax Expense			
Current tax		369.26	870.16
Profit for the year.....		1,392.46	3,281.34
Earnings per Share (Basic/Diluted).....		–	1,014.27

See accompanying notes forming part of the financial statements

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants
Registration No. 008072S

Geetha Suryanarayanan
Partner
Membership No. 29519

Place: Chennai
Date: 16th April, 2015

For and on behalf of the Board of Directors

Sangeeta Prasad *Chairperson*
Jayant Manmadkar *Director*

Place: Mumbai
Date: 16th April, 2015

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2015

	Year Ended 31 st March, 2015	₹ in Lacs Year Ended 31 st March, 2014
A. Cash Flow from Operating Activities		
Profit Before Tax	1,761.72	4,151.50
Adjustments for:		
Finance Costs	2.91	42.41
Interest Income	(294.29)	(343.73)
Operating Profit before Working Capital Changes	1,470.34	3,850.18
Changes in Working Capital		
Adjustments for (Increase)/Decrease in Operating Assets:		
Inventories	(837.32)	(2,346.01)
Trade Receivables	2,121.14	(1,031.55)
Long-Term Loans and Advances.....	(477.97)	(52.00)
Short-Term Loans and Advances and Other Current Assets.....	408.06	(415.21)
Adjustments for Increase/(Decrease) in Operating Liabilities:		
Trade Payables.....	(11.24)	679.34
Other Current Liabilities	(1,543.71)	1,653.82
Short Term Provisions.....	75.24	93.97
	(265.80)	(1,417.64)
Cash Generated from Operations	1,204.54	2,432.54
Net Income Tax Paid	(429.33)	(1,049.53)
Net Cash from Operating Activities	775.21	1,383.01
B. Cash Flow from Investing Activities:		
Intercompany Deposit Given		
– Given	(800.00)	(2,400.00)
– Repaid	–	1,450.00
Term Loan:		
– Given	(100.00)	–
– Repaid.....	1,100.00	–
Bank balances not considered as Cash and Cash Equivalents		
– Placed.....	–	(817.25)
– Redeemed.....	689.88	–
Interest Received	300.29	339.22
Net Cash (Used in) Investing Activities	1,190.17	(1,428.03)
C. Cash Flow from Financing Activities:		
Proceeds of Long loan to HDFC Limited	(300.00)	–
Finance Costs	(2.91)	(42.41)
Dividend and Dividend tax Paid	(1,871.92)	–
Net Cash (Used in) Financing Activities	(2,174.83)	(42.41)
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	(209.45)	(87.43)
Cash and Cash Equivalents at the Beginning of the Year	519.47	606.90
Cash and Cash Equivalents at the End of the Year	310.02	519.47
Reconciliation of Cash and Cash Equivalents with the Balance Sheet		
Cash and Cash Equivalents as per Balance Sheet.....	464.39	1,363.72
Less: Bank balances not considered as Cash and Cash Equivalents	154.37	844.25
	310.02	519.47

See accompanying notes forming part of the financial statements

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants
Registration No. 008072S

Geetha Suryanarayanan
Partner
Membership No. 29519

Place: Chennai
Date: 16th April, 2015

For and on behalf of the Board of Directors

Sangeeta Prasad *Chairperson*

Jayant Manmadkar *Director*

Place: Mumbai
Date: 16th April, 2015

NOTES FORMING PART OF THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31st MARCH, 2015

1. Corporate Information

The Company was incorporated on February 1, 2008.

The Company is a Co-developer approved under Special Economic Zone Act, 2005, engaged in development of residential infrastructure in Mahindra World city SEZ and giving it on perpetual lease. Accordingly the Company is entitled to a 100% deduction of its income under the Income Tax Act, 1961 up to Assessment year 2019-20. The level of activity carried out by the Company depends on the number of projects handled and accordingly the revenue from operations may not be comparable on a year-to-year basis.

2. Significant Accounting Policies

a) Basis of accounting:

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act")/Companies Act, 1956 ("the 1956 Act"), as applicable. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

b) Use of Estimates:

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognized in the periods in which the results are known/materialize.

c) Inventories:

Inventories are valued at lower of cost and net realizable value.

The cost of construction materials is determined on the basis of the weighted average method.

Construction work in progress includes cost of land, construction costs and allocated interest and expenses attributable to the projects undertaken by the Company.

d) Cash and cash equivalents (for purposes of Cash Flow Statement)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

e) Cash flow statement

Cash flows are reported using the indirect method, whereby profit/(loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

f) Revenue Recognition:

Income from development of residential infrastructure is recognized on the percentage of completion method which necessarily involves technical estimates of the percentage of completion of each contract, and costs to completion of the contract, on the basis of which profits/losses are accounted. Such estimates, made by the management and certified to the auditors have been relied upon by them, as these are of a technical nature.

The Company has adopted "The Guidance note for Accounting of Real Estate Transactions (Revised 2012)" applicable to all projects in real estate which have commenced on or after April 1, 2012 and relating to projects where revenue is being recognized for the first time on or after April 1, 2012.

Accordingly revenues are now recognized only when all the following conditions are met:

- All critical approvals necessary for commencement of the project have been obtained
- Expenditure incurred on construction & development cost is not less than 25 % of the estimated construction and development costs excluding land cost
- At least 25% of the saleable project area is secured by contracts or agreements with buyer
- At least 10 % of the total revenue as per the agreements of lease are realised at the reporting date in respect of each of the contracts and it is reasonable to expect that the parties to such contracts will comply with the payment terms as defined in the contracts.

In respect of projects where revenue recognition commenced prior to April 1, 2012, the following policy is adopted.

Revenues are recognized only when all the following conditions are met.

- The project costs incurred exceed 25% of the total estimated project costs including land
- At least 10% of the lease consideration is realized.
- At least plinth level is achieved for a particular phase as certified by the architect.

g) Other income

Interest income is accounted on accrual basis.

h) Foreign currency transactions and translations

Foreign exchange transactions are recorded at exchange rates prevailing on the date of the transactions. The exchange gain/loss arising on settlement of such transactions is adjusted to the profit and loss account.

Monetary assets and liabilities denominated in foreign currency are translated at exchange rates prevailing at the Balance sheet date and gain or loss arising out of such translation is adjusted to the profit and loss account.

i) Earnings per share

Basic earnings per share is computed by dividing the profit/(loss) after tax (including the post-tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit/(loss) after tax (including the post-tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits/reverse share splits and bonus shares, as appropriate.

NOTES FORMING PART OF THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2015

j) Taxes on income

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and provisions of the Income Tax Act, 1961 and other applicable tax laws

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognized as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.

Deferred tax is recognized on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognized for all timing differences. Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognized only if there is virtual certainty that there will be sufficient future taxable income available to realize such assets. Deferred tax assets are recognized for timing differences of other items only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realized. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each Balance Sheet date for their reliability.

k) Provisions and contingencies

A provision is recognized when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes.

l) Service tax input credit

Service tax input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is reasonable certainty in availing/utilising the credit.

₹ in Lacs

Particulars	As at	
	31 st March, 2015	31 st March, 2014
3. Share Capital		
Authorized		
450,000 Equity Shares of ₹ 10 each.....	45.00	45.00
50,000 Preference Shares of ₹ 10 each..	5.00	5.00
	<u>50.00</u>	<u>50.00</u>
Issued, Subscribed and Paid up		
250,000 Equity Shares of ₹ 10 each....	25.00	25.00
10,000 Tranche I Preference shares of ₹ 10 each.....	1.00	1.00
	<u>26.00</u>	<u>26.00</u>

3a. Rights, preferences and restrictions attached to shares/warrants

Equity Shares: The Company has only one class of Equity Shares having a par value of ₹ 10/- per share. Every shareholder is eligible for one vote per share. Dividends are paid in Indian Rupees. The Board of Directors in their meeting held on May 28, 2014 had recommended an interim dividend of ₹ 110.20 per share. The dividends proposed by the Board of Directors are subject to the approval of the shareholders at the Annual General Meeting. Repayment of capital will be in proportion to the number of equity shares held.

Preference Shares: The Company has one class of preference shares having a par value of ₹ 10 per share, redeemable upon payment of dividend of ₹ 2,324.50 Lacs and at the option of the Preference

shareholder. As on the Balance sheet date, the preference dividend has been fully paid and the preference shareholder has not exercised the option for redemption. Preference shareholder carries all rights including rights to distribution of the Company, other than voting rights.

3b. Details of shares held by Shareholders holding more than 5% of the aggregate shares in the Company

Particulars	As at 31 st March, 2015		As at 31 st March, 2014	
	No. of Shares/Warrant	Percentage of Holding	No. of Shares/Warrant	Percentage of Holding
Equity Shares				
Mahindra Integrated Township Limited, Holding Company	2,50,000	100%	2,50,000	100%
Preference Shares				
Mahindra Integrated Township Limited, Holding Company	10,000	100%	10,000	100%

₹ in Lacs

Particulars	As at	
	31 st March, 2015	31 st March, 2014
4. Reserves and Surplus		
Securities Premium Account.....	5,435.33	5,435.33
Surplus in Statement of Profit & Loss		
Balance at the Beginning of the Year.....	3,832.24	550.90
Add: Profit for the Year.....	1,392.46	3,281.34
Less: Appropriations:		
Interim Dividend on Preference Shares.....	1,324.50	
Interim Dividend on Equity Shares...	275.50	
Tax on Interim Dividend.....	271.92	
Balance at the End of the Year	<u>3,352.78</u>	<u>3,832.24</u>
	<u>8,788.11</u>	<u>9,267.57</u>
5. Trade Payables		
Trade Payables		
- Related Parties - Deputation charges & Office Establishment.....	220.91	126.34
- Others.....	1,099.76	1,280.48
Retention Money.....	1,000.98	926.07
	<u>2,321.65</u>	<u>2,332.89</u>
6. Other Current Liabilities		
Current maturities of Term Loan from HDFC Limited (secured) *.....	-	300.00
Withholding taxes payable.....	26.58	52.51
Income Received in Advance.....	435.16	1,418.55
Advance from Customers.....	208.68	61.37
Other Liabilities.....	1,299.16	2,103.95
Deposits from Customers **.....	176.56	53.47
	<u>2,146.14</u>	<u>3,989.85</u>
7. Short Term Provisions		
Defect Liabilities.....	188.26	113.02
	<u>188.26</u>	<u>113.02</u>

* **Note 6.1** - The term loan balance of ₹ 300 Lakhs from HDFC Limited was repaid in April 2014. Out of the available sanctioned limit, amount yet to be drawn is ₹ 21 Crores. This loan is secured by deposit of title deeds of leasehold rights of land and carries an interest @ CPLR - 1.75%.

****Note 6.2** - Amounts collected from Customers towards Corpus fund and advance towards water/ electricity charges, transferable to Home owners' Association upon formation.

NOTES FORMING PART OF THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2015

	₹ in Lacs			₹ in Lacs	
	As at 31 st March, 2015	As at 31 st March, 2014		For the Year ended 31 st March, 2015	For the Year ended 31 st March, 2014
8. Long Term Loans and Advances (Unsecured, considered good)			14. Revenue from Operations		
Operation & maintenance deposits - with Related Party.....	23.07	23.07	Income from Projects	6,418.79	15,132.96
12% Unsecured loan given to Related Party *.....	550.00	–		<u>6,418.79</u>	<u>15,132.96</u>
Security Deposits.....	0.77	72.80	15. Other Income		
Advance Payment of Tax (Net).....	345.10	285.03	Interest on:		
	<u>918.94</u>	<u>380.90</u>	– Deposits with Banks	57.67	53.31
			– Inter corporate Deposits with Related Party	236.53	290.42
* Note 8.1 - The Company has converted ICD due from Mahindra World City Developers Limited of ₹ 1,550 lacs to an Unsecured term loan, of which ₹ 1,100 was repaid and an additional loan of ₹ 100 lacs was given during the year. The loan is repayable by March 2019. Refer Note 12.1.			Dividend from Mutual Funds.....	0.09	–
			Interest from Customers.....	–	0.20
			Rental Income.....	–	1.75
			Scrap Sale.....	15.84	36.58
			Other Income - Sale of materials.....	15.18	–
			Cancellation Income.....	25.14	41.86
				<u>350.45</u>	<u>424.12</u>
9. Inventories			16. Project Costs		
Construction Work in Progress (Including Leasehold Land)	5,188.36	3,744.86	Land and Construction Costs	4,634.03	12,539.97
Construction Materials.....	364.61	1,193.80	Architect Fees	57.77	126.45
Finished Units.....	2,103.83	1,880.82	Project Management Fees	214.24	124.60
	<u>7,656.80</u>	<u>6,819.48</u>	Other Expenses	263.80	250.43
				<u>5,169.84</u>	<u>13,041.45</u>
10. Trade Receivables (Unsecured, considered good)			17. Changes in Inventories		
Trade Receivables outstanding for more than six months from the date they were due for payment.....	56.34	80.35	Inventories at the End of the Year:		
Other Trade Receivables	350.15	2,447.28	Construction Materials.....	364.61	1,193.80
	<u>406.49</u>	<u>2,527.63</u>	Work-in-Progress	5,188.36	3,744.86
			Finished goods.....	2,103.83	1,880.82
				<u>7,656.80</u>	<u>6,819.48</u>
11. Cash and Cash Equivalents			Inventories at the Beginning of the Year:		
Cash on Hand.....	0.01	0.24	Construction Materials.....	1,193.80	596.62
Balances with Banks			Work-in-Progress	3,744.86	3,876.85
– on Current Accounts.....	210.01	519.23	Finished Units	1,880.82	–
– on Deposit Accounts (Maturing Within 3 Months).....	100.00	–		<u>6,819.48</u>	<u>4,473.47</u>
– on Deposit Accounts (Maturing beyond 3 Months).....	–	800.00	Net (increase)/decrease	(837.32)	(2,346.01)
– on Earmarked Deposit Accounts/ Current Account*.....	154.37	44.25			
	<u>464.39</u>	<u>1,363.72</u>	18. Finance Cost		
			Interest on Term Loan	2.59	42.41
* Collected from customers and to be transferred to Home owners' Association upon formation.			Interest on delayed payments of Service Tax.....	0.32	0.34
				<u>2.91</u>	<u>42.75</u>
12. Short Term Loans and Advances (Unsecured, considered good unless stated otherwise)			19. Other Expenses		
Mobilisation Advances - Secured By Bank Guarantee from vendors.....	310.66	706.78	Legal & Professional Fees.....	9.88	31.99
Supplier Advances.....	276.32	224.51	Deputation Charges.....	156.00	141.37
Service tax Input Credit.....	511.83	0.04	Auditors Remuneration		
Security Deposits.....	2.80	–	– Audit Fees	5.50	4.00
Inter Corporate Deposits To related party (Refer Note 12.1).....	1,700.00	2,450.00	– Other Services.....	1.90	1.60
	<u>2,801.61</u>	<u>3,381.33</u>	– Reimbursement of Expenses/ Levies	0.02	0.03
			Rates and Taxes	0.61	6.14
Note 12.1 - ICD balance due from Mahindra World City Developers Limited as at April 1, 2014 of ₹ 1550 Lacs has been converted into a term loan. Refer Note 8.1 for the disclosure on the term loan.			Repairs and Maintenance *	47.63	0.40
			Advertisement, Marketing and Business Development.....	174.75	187.13
13. Other Current Assets			Brokerage.....	24.73	50.73
Interest Accrued on Deposits with Banks	0.34	6.34	Travelling & Conveyance.....	2.20	3.54
Unbilled Revenue.....	1,221.59	1,249.93	Office Establishment.....	124.80	128.37
	<u>1,221.93</u>	<u>1,256.27</u>	Donation	–	5.00
			Expenditure on Corporate Social Responsibility	44.06	–
			Provision for Defect Liability.....	77.47	102.66
			Miscellaneous Expenses	2.54	4.43
				<u>672.09</u>	<u>667.39</u>
			* includes Rs 47.42 lacs incurred towards maintenance of completed residential units		

NOTES FORMING PART OF THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2015

	₹ in Lacs	
	2014-2015	2013-2014
20. Expenditure in Foreign Currency:		
Travel	0.44	-
Exhibition and Participation Charges	3.93	7.69
	<u>4.37</u>	<u>7.69</u>

21. Contingent Liability:

Income tax matters under appeal
 - Demand raised by Income tax department for AY 12-13 including interest

121.05 -

- 22.** (i) The Company did not have material foreseeable losses on long term contracts.
 (ii) The Company did not enter into any derivative contracts during the year.
 (iii) There are no amounts required to be transferred to the Investor Education and Protection Fund by the Company during the year.

23. Earnings per share: (in ₹ Lacs unless otherwise stated):

Particulars	2014-15	2013-14
Profit after Tax	1,392.96	3,281.34
Less: Preference dividend and tax payable thereon (Refer Note 23.1).....	1,392.96	745.68
Profit available to equity shareholders	-	2,535.67
Number of equity shares (nos.)	250,000.00	250,000.00
Earnings Per Share.....	-	<u>1,014.27</u>

23.1 Preference Dividend and tax payable thereon of ₹ 1,549.60 lakhs have been paid during the year out of profits for the year and from the opening surplus of profits.

24. Related party transactions:

a) Names of related parties and nature of relationship where control exists:

Ultimate Parent Company	Mahindra & Mahindra Limited
Parent of the Holding Company	Mahindra Lifespace Developers Limited
Holding Company	Mahindra Integrated Township Limited

Fellow Subsidiary with whom transactions have been entered during the year

- Mahindra World City Developers Limited (MWCDL)
- Mahindra Holidays & Resorts India Limited (MHRIL)

Note: Related parties are as identified by the management.

b) The related party transactions are as under:

₹ in Lacs

Nature of transaction	Ultimate Holding Company	Parent of the Holding Company	Holding Company	Fellow Subsidiary
Interest Income			156.13 (221.40)	
- MWCDL				80.40 (130.21)
Sale of Materials			15.18 (-)	
Purchase of Materials/Services	27.22 (15.25)	-		
- MHRIL		(10.81)		1.00 (0.82)

₹ in Lacs

Nature of transaction	Ultimate Holding Company	Parent of the Holding Company	Holding Company	Fellow Subsidiary
Deputation Charges		324.00 (291.27)		
Office establishment		124.80 (115.53)		
Maintenance Charges				133.13 (133.15)
- MWCDL				
Inter corporate Deposit given			800.00 (-)	
- MWCDL				- (2400.00)
Inter corporate Deposit recovered			-	
- MWCDL			(600.00)	- (850.00)
Long Term Loans Given				100.00 (-)
- MWCDL				
Long Term Loans Recovered				1100.00 (-)
- MWCDL				
Dividend Paid			1324.50 (-)	
- Preference Dividend				275.50 (-)
- Equity Dividend				
Balances at year end:				
Deposits				23.07 (23.07)
- MWCDL				
Inter-corporate Deposit			1,700.00 (900.00)	
- MWCDL				- (1,550.00)
Long Term Loans Given				550.00 (-)
- MWCDL (Refer Note 12.1)				
Payables	3.72 (-)	220.91 (126.34)		- (-)

Figures in brackets are in respect of the previous year.

- 25.** Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditor
- 26.** The Company has obtained Co-developer status under Special Economic Zone Act 2005 which entitles the Company to 100% deduction of its income under the Income Tax Act, 1961 up to Assessment year 2019-20. However provision of Minimum Alternate Tax is applicable and current tax expense has been computed under these provisions.
- 27.** The Company operates in a single segment, namely development of residential infrastructure.
- 28.** Previous year's figures have been regrouped/reclassified wherever necessary to conform to the current year's classification/disclosure.

For and on behalf of the Board of Directors

Sangeeta Prasad *Chairperson*
Jayant Manmadkar *Director*

Place: Mumbai
 Date: 16th April, 2015

DIRECTORS' REPORT TO THE MEMBERS

Your Directors present their tenth report together with the Audited Financial Statement of your Company for the year ended 31st March, 2015.

FINANCIAL HIGHLIGHTS

Particulars	(Amount in ₹)	
	For the year ended 31 st March, 2015	For the year ended 31 st March, 2014
Total Income.....	22,838	28,851
Profit/(Loss) Before Depreciation, Interest and Taxation.....	(26,575)	(32,784)
Less: Depreciation	-	-
Profit/(Loss) Before Interest and Taxation	(26,575)	(32,784)
Less: Interest.....	-	-
Profit/(Loss) Before Taxation	(26,575)	(32,784)
Less: Provision for Taxation	-	-
Profit/(Loss) for the year after Taxation.....	(26,575)	(32,784)
Add: Balance of Profit/(Loss) for earlier years	(1,13,52,635)	(1,13,19,851)
Balance carried forward	(1,13,79,210)	(1,13,52,635)

Dividend

In view of the carried forward losses, no dividend has been recommended by your Directors during the financial year 2014-15.

Reserves

In view of loss for the year, no amount has been transferred to Reserves.

Operations

Your Company is looking for suitable business opportunities to undertake large format development, including residential development.

No material changes and commitments have occurred after the close of the year till the close of this Report, which affect the financial position of the Company.

The financial statement for the year under review have been prepared on the basis of going concern status of the Company.

During the year under review, no revision was made in the financial statement of the Company.

Share Capital

Authorised equity share capital of your Company is ₹ 1.50 crores and Paid-up share capital of the Company is ₹ 1.1704 crores.

During the year, the Company has not issued any equity shares with differential rights or any sweat equity shares. The Company does not have any Employee Stock Option Scheme and therefore the requirement of disclosures in respect of voting rights not exercised directly by the employees are not applicable to your Company.

Non-Convertible Debentures

During the year, Company has not issued/allotted any non-convertible debentures.

Networth

The networth of the Company at the close of the previous financial year (FY 2013-14) and at the close of the current financial year (FY 2014-15) was ₹ 3,51,365 and ₹ 3,24,790 respectively.

Holding Company

Your Company is a wholly owned subsidiary company of Mahindra Lifespace Developers Limited and consequently a subsidiary company of the ultimate holding company Mahindra & Mahindra Limited.

During the year, no company became/ceased to be subsidiary/associate or joint venture company of your Company. Therefore the requirements of consolidated financial statement are not applicable to your Company.

Corporate Social Responsibility (CSR)

As the Company does not meet any of the criteria prescribed under Section 135(1) of the Companies Act, 2013 the provisions with respect to CSR are currently not applicable to the Company.

Directors

Pursuant to Section 152 of the Companies Act, 2013, Mr. Suhas Kulkarni (DIN: 00003936) a Non-executive and Non-independent Director retires by rotation at the 10th Annual General Meeting of the Company and being eligible has offered himself for re-appointment. Mr. Kulkarni is not disqualified from being re-appointed as a Director by virtue of the provisions of Section 164 of the Companies Act, 2013.

As the Company does not meet any of the criteria prescribed under Section 178 of the Companies Act, 2013 and Rules thereunder, the provisions with respect to Nomination & Remuneration Committee are currently not applicable to the Company.

Key Managerial Personnel

As the Company does not meet threshold limit for the paid-up share capital, the provisions of the Companies Act, 2013 with respect to appointment of Key Managerial Personnel are currently not applicable to your Company.

Code of Conduct

The Company had adopted Code of Conduct (“the Code/s”) for its Directors, Senior Management and employees. These Codes enunciate the underlying principles governing the conduct of the Company’s business and seek to reiterate the fundamental precept that good governance must and would always be an integral part of the Company’s ethos.

The Company has for the year under review, received declarations under the Codes from the Board members of the Company affirming compliance with the respective Codes.

Meetings

During the year four Board Meetings were convened and held on following dates:

17th April, 2014, 30th July, 2014, 13th October, 2014 and 20th January, 2015.

The details of the number of Board meetings attended by the respective members of the Board/Committees are given below:

Sr. No.	Name of the Director	No of Board meetings attended
1.	Ms. Anita Arjundas	4
2.	Mr. Suhas Kulkarni	3
3.	Ms. Sangeeta Prasad	3
4.	Mr. Vijay Paradkar	4

Directors’ Responsibility Statement

Pursuant to Section 134(3)(c) of the Companies Act, 2013, the Directors, based on the representations received from the operating management and after due enquiry, confirm that:

- in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- they had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year 31st March, 2015 and of the loss of the Company for that period;
- they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding

the assets of the company and for preventing and detecting fraud and other irregularities;

- they had prepared the annual accounts on a going concern basis; and
- they had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Vigil Mechanism

As the Company does not meet the prescribed criteria given under Section 177 of the Companies Act, 2013, the requirements for establishment of vigil mechanism are currently not applicable to your Company.

Risk Management

The Company already has in place the procedure to inform the Board about the risk assessment and minimization procedures. Your Company has appropriate risk management systems in place for identification and assessment of risks, measures to mitigate them, and mechanisms for their proper and timely monitoring and reporting. The Board periodically reviews implementation and monitoring of the risk management plan for the Company.

Auditors

M/s. B. K. Khare & Co., Chartered Accountants, Mumbai, were appointed as auditors for a term of five consecutive years from the conclusion of 9th Annual General Meeting till the conclusion of the 14th Annual General Meeting to be held in 2019. Pursuant to Section 139(1) of the Companies Act, 2013, the Company shall place the matter relating to appointment of auditors for ratification by members at every Annual General Meeting. The members are requested to ratify the appointment of Statutory Auditors from the conclusion of 10th AGM till the conclusion of 14th AGM.

As required under the provisions of Section 139 (1) and 141 of the Companies Act, 2013 read with the Companies (Accounts and Auditors) Rules, 2014, the Company has received a written consent and certificate from the above auditors whose appointment is proposed to be ratified, to the effect that their re-appointment, if made, would be in conformity with the limits specified in the said section.

The Auditor’s Report does not contain any qualification, reservation or adverse remark and therefore does not call for any further comments.

The requirements of having internal auditor, cost auditor and secretarial auditor are presently not applicable to your Company.

Particulars of loans, guarantees or investments under Section 186 of the Companies Act, 2013

During the year, the Company has not entered into any transaction of loan, guarantee or investment under Section 186 of the Companies Act, 2013. In any case, as your Company is engaged in the business of providing Infrastructures facilities, the provisions of Section 186 of the Companies Act, 2013 related to loans made, guarantees given or securities provided are not applicable to the Company.

Contracts and Arrangements with Related Parties

During the year, the Company had not entered into any contract/arrangement/transaction with any related party. Therefore, the form AOC-2 is not applicable to the Company.

Deposits, Loans and Advances

Your Company has not accepted any deposits from the public or its employees during the year under review.

The Company has not made any loans and advances of the nature which are required to be disclosed in the annual accounts of the Company pursuant to Clause 32 of the Listing Agreement with the parent company Mahindra Lifespace Developers Limited and ultimate parent company Mahindra & Mahindra Limited listed with the Stock Exchanges.

The particulars of Loans given, Investments made and Guarantees & Securities provided are given under notes to Financial statement and same form part of this Report.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

Your Company does not have any Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo as per Section 134(3)(m) of the Companies Act, 2013 read with the Rule 8(3) of the Companies (Accounts) Rules, 2014 during the year under review. To this effect the annexure in the prescribed format is attached as **Annexure 1** to this report.

Employee Remuneration

The Company had no employee, who was employed throughout the financial year under review and was in receipt of remuneration from the Company of not less than ₹ Sixty lacs per annum or was employed for a part of the financial year and was in receipt of remuneration from the Company of not less than ₹ Five lacs per month during any part of the financial year ended on 31st March, 2015. Therefore the statement containing particulars of employees as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is not attached to this report. None of the employees is a relative of any Director of the Company. None of the employees hold (by himself/herself or along with his/her spouse and dependent children) more than 2% of the Equity shares of the Company.

Extract of Annual Return

The details forming part of the Extract of the Annual Return in Form MGT-9, as required under Section 92 of the Companies Act, 2013 is included in this Report as **Annexure 2** and forms part of this Report.

General

During the year ended 31st March, 2015, there were no cases filed/reported pursuant to the Sexual Harassment of women at workplace (Prevention, Prohibition and Redressal) Act, 2013.

No penalties/strictures were imposed on the Company by any statutory authority on any matter. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operation in future.

Cautionary statement

Certain statements in the Directors' Report describing the Company's objectives, projections, estimates, expectations or predictions may be forward-looking statements within the meaning of applicable securities laws and regulations. Actual results could differ from those expressed or implied. Important factors that could make a difference to the Company's operations include labour and material availability, and prices, cyclical demand and pricing in the Company's principal markets, changes in government regulations, tax regimes, economic development within India and other incidental factors.

Acknowledgment

The Directors are thankful to all consultants and associates of your Company for the support received from them during the year.

For and on behalf of the Board,

Anita Arjundas
Chairperson
DIN: 00243215

Mumbai, 21st April, 2015

ANNEXURE 1 TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2015

A. CONSERVATION OF ENERGY

- (i) the steps taken or impact on conservation of energy; : The Company is looking out for suitable opportunity in large format development and residential development and adequate energy conservation measures will be taken at an appropriate time.
- (ii) the steps taken by the company for utilising alternate sources of energy; : Not Applicable
- (iii) the capital investment on energy conservation equipments. : Not Applicable

B. TECHNOLOGY ABSORPTION

- (i) the efforts made towards technology absorption; : The Company has not carried out any R&D activities during the year.
- (ii) the benefits derived like product improvement, cost reduction, product development or import substitution; : Not Applicable
- (iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year); : Nil
- (iv) the expenditure incurred on Research and Development. : Nil

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year, there were no transactions involving Foreign Exchange earnings in terms of actual inflows and the Foreign Exchange outgo in terms of actual outflows.

For and on behalf of the Board,

Anita Arjundas
Chairperson
DIN: 00243215

Mumbai, 21st April, 2015

ANNEXURE 2 TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2015**FORM NO. MGT - 9****EXTRACT OF ANNUAL RETURN**As on the financial year ended on 31st March, 2015

(Pursuant to Section 92(3) of the Companies (Management and Administration) Rules, 2014)

1. REGISTRATION AND OTHER DETAILS:

1.	CIN	U45309MH2005PLC156225
2.	Registration Date	21/09/2005
3.	Name of the Company	Mahindra World City (Maharashtra) Limited
4.	Category/Sub-Category of the Company	Company limited by shares/Indian Non-Government Company
5.	Address of the Registered office and contact details	Mahindra Towers, 5th Floor, Dr G M Bhosale Marg, Worli, Mumbai 400 018 Tel: 022-67478600/01 Fax: 022-24975084
6.	Whether listed Company (Yes/No)	No
7.	Name, Address and Contact details of Registrar and Transfer Agent, if any	Not Applicable

2. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sr. No.	Name and Description of Main Product/Services	NIC Code of the Product*	% to total turnover of the Company#
1.	Construction of Buildings	410	Nil
2.	Real estate activities with own or leased property	681	Nil
3.	Landscape care and maintenance service activities	813	Nil

*As per National Industrial Classification- Ministry of Statistics and Programme Implementation.

The Company is looking out for suitable Business opportunities for large format development and residential developments.

3. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and Address of the Company	CIN/GIN	Holding/ Subsidiary of the Company	% of shares held	Applicable Section
1.	Mahindra Lifespace Developers Limited	L45200MH1999PLC118949	Holding	100	2(46)

4. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**(i) Category-wise Share Holding**

Category of Shareholder	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	-	-	-	-	-	-	-	-	-
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	1,170,400	1,170,400	100	-	1,170,400	1,170,400	100	-
e) Banks/FI	-	-	-	-	-	-	-	-	-
f) Any Other...	-	-	-	-	-	-	-	-	-
Sub-total (A)(1):-	-	1,170,400	1,170,400	100	-	1,170,400	1,170,400	100	-

Category of Shareholder	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(2) Foreign									
a) NRIs-Individuals	-	-	-	-	-	-	-	-	-
b) Other Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks/FI	-	-	-	-	-	-	-	-	-
e) Any Other...	-	-	-	-	-	-	-	-	-
Sub-total (A)(2):-	-	-	-	-	-	-	-	-	-
Total shareholding of Promoter (A) = (A)(1) + (A)(2)	-	1,170,400	1,170,400	100	-	1,170,400	1,170,400	100	-
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks/FI	-	-	-	-	-	-	-	-	-
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):-	-	-	-	-	-	-	-	-	-
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i. Individual shareholders holding nominal share capital upto ₹ 1 lakh	-	-	-	-	-	-	-	-	-
ii. Individual shareholders holding nominal share capital in excess of ₹ 1 Lakh	-	-	-	-	-	-	-	-	-
c) Others (Non Resident Individuals)	-	-	-	-	-	-	-	-	-
d) Others Trust	-	-	-	-	-	-	-	-	-
Sub-total (B)(2):-	-	-	-	-	-	-	-	-	-
Total Public Shareholding (B) = (B)(1) + (B)(2)	-	-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	-	1,170,400	1,170,400	100	-	1,170,400	1,170,400	100	-

(ii) Shareholding of Promoters:

Sr. No.	Category of Shareholder	No. of Shares held at the beginning of the year			No. of Shares held at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	
1	Mahindra Lifespace Developers Limited	1,170,340	100	–	1,170,340	100	–	–
2	Mahindra Lifespace Developers Ltd & Mr. Arun Nanda	10	0.00	–	10	0.00	–	–
3	Mahindra Lifespace Developers Ltd & Mr. Suhas Kulkarni	10	0.00	–	10	0.00	–	–
4	Mahindra Lifespace Developers Ltd & Mr. Rajan Narayan	10	0.00	–	10	0.00	–	–
5	Mahindra Lifespace Developers Ltd & Mr. Ulhas Bhosale	10	0.00	–	10	0.00	–	–
6	Mahindra Lifespace Developers Ltd & Ms. Anita Arjundas	10	0.00	–	10	0.00	–	–
7	Mahindra Lifespace Developers Ltd & Mr. Jayant Manmadkar	10	0.00	–	10	0.00	–	–

(iii) Change in Promoters' Shareholding (please specify, if there is no change): There is no change in the Shareholding of Promoter Group.

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs): Nil.

(v) Shareholding of Directors and Key Managerial Personnel: No Directors or Key Managerial Personnel hold any shares in the Company.

5. INDEBTEDNESS

Indebtedness of the Company at the beginning of the year, during the year and at the close of the year was **Nil**.

6. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-Time Directors and/or Manager: Not Applicable

B. Remuneration of other directors: Not Applicable

C. Remuneration to Key Managerial personnel other than MD/Manager/WTD - Not Applicable

7. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/ NCLT/COURT]	Appeal made, if any (give details)
Penalty			NONE		
Punishment					
Compounding					

OTHER OFFICERS IN DEFAULT

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/ NCLT/COURT]	Appeal made, if any (give Details)
Penalty					
Punishment			NONE		
Compounding					

For and on behalf of the Board,

Anita Arjundas
Chairperson
 DIN: 00243215

Mumbai, 21st April, 2015

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MAHINDRA WORLD CITY (MAHARASHTRA) LIMITED

Report on the Standalone Financial Statements

1. We have audited the accompanying standalone financial statements of **Mahindra World City (Maharashtra) Limited** ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss and Cash Flow for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these standalone financial statements based on our audit.
4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment

of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at 31st March, 2015, and its loss and cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

9. As required by the Companies (Auditor's Report) Order, 2015, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
10. As required by Section 143(3) of the Act, we report that:
 - a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c. the Balance Sheet, the Statement of Profit and Loss and Cash Flow dealt with by this Report are in agreement with the books of account;
 - d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);

- e. on the basis of written representations received from the directors as on 31st March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015, from being appointed as a director in terms of Section 164(2) of the Act.
- f. with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
 - i. the Company does not have any pending litigations which would impact its financial position.
 - ii. the Company did not have any long-term contracts including derivate contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For B. K. Khare & Co.
Chartered Accountants
Firm's Registration Number 105102W

Himanshu Chapsey
Partner
Membership Number: 105731

Place: Mumbai
Date: 21st April, 2015

ANNEXURE TO THE AUDITORS' REPORT

Referred to in paragraph 9 of our report of even date on the financial statements to the Members of **Mahindra World City (Maharashtra) Limited** as at and for the year ended 31st March, 2015.

1. (i) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (ii) Fixed assets have been physically verified by the management during the year and no material discrepancies were noted on such verification.
2. Since the Company does not have any inventory the provisions of para 3(ii) of the Order are not applicable.
3. The Company has not granted any loans, secured or unsecured to companies, firms and other parties covered in the register maintained under section 189 of the Act. Hence, the provisions of para 3(iii) of the Order are not applicable.
4. The Company did not have any operations during the year and also did not have any fixed assets or inventory. Hence, the provisions of para 3(iv) of the Order are not applicable.
5. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits under the provisions of sections 73 to 76 of the Act and the Rules framed thereunder.
6. We have been informed that the Central Government has not prescribed maintenance of Cost records under section 148 (1) of the Companies Act, 2013.
7. (i) According to the records of the Company, the Company has been regular in depositing with appropriate authorities undisputed statutory dues of tax deducted at source. The Company had no employees during the year and also did not have any operations and hence did not have any Provident Fund, employees state insurance, Income Tax, Sales tax, wealth tax, service tax, custom duty, excise duty, Cess and other statutory dues payable by it. According to the information and explanations given to us, no undisputed amounts payable in respects of tax deducted at source were outstanding, as on 31st March, 2015, for a period of more than six months from the date they become payable.
 - (ii) There are no disputed dues outstanding as on 31st March, 2015 on account of sales tax, custom duty, income tax, excise duty, service tax, wealth tax and Cess.
 - (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
8. The accumulated losses of the Company exceed fifty percent of its net worth as at 31st March, 2015. The Company has incurred cash losses in the current and preceding financial year.
9. The Company did not have any borrowings from any financial institution or bank nor has it issued any debentures during the year and hence, the provisions of para 3(ix) of the Order are not applicable to the Company.
10. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
11. To the best of our knowledge and belief and according to the information and explanations given to us, the Company has not obtained any term loans during the year ended 31st March, 2015.
12. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing principles in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the company, noticed or reported during the year, nor have we been informed of such case by the management.

For and on behalf of

For B. K. Khare & Co.

Chartered Accountants

Firm's Registration Number 105102W

Himanshu Chapsey

Partner

Place: Mumbai

Date: 21st April, 2015

Membership Number: 105731

BALANCE SHEET AS AT 31ST MARCH, 2015

	Note Ref	As at 31 st March, 2015 ₹	As at 31 st March, 2014 ₹
EQUITY & LIABILITIES			
Shareholders' funds			
Share capital.....	3	1,17,04,000	1,17,04,000
Reserves and surplus.....	4	(1,13,79,210)	(1,13,52,635)
		<u>3,24,790</u>	<u>3,51,365</u>
Current liabilities			
Other current liabilities.....	5	85,770	57,680
Total.....		<u>4,10,560</u>	<u>4,09,045</u>
ASSETS			
Non-current assets			
Fixed Assets			
Tangible assets.....	6	1	1
		<u>1</u>	<u>1</u>
Current assets			
Cash and cash equivalents.....	7	3,45,885	3,52,634
Short term loans and advances.....	8	64,674	56,410
		<u>4,10,559</u>	<u>4,09,044</u>
Total.....		<u>4,10,560</u>	<u>4,09,045</u>

See accompanying notes forming part of the Financial Statements

For B. K. Khare & Co.
Chartered Accountants
Firm Registration No. 105102W

Himanshu Chapsey
Partner
Membership No.: 105731

Place : Mumbai
Date : 21st April, 2015

For and on behalf of the Board of Directors

Anita Arjundas *Chairperson*
Vijay Paradkar
Suhas Kulkarni } *Directors*
Sangeeta Prasad

Place : Mumbai
Date : 21st April, 2015

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2015

Particulars	Note Ref	Year ended 31 st March, 2015 ₹	Year ended 31 st March, 2014 ₹
INCOME			
Other Income	9	22,838	28,581
		<u>22,838</u>	<u>28,581</u>
EXPENDITURE			
Depreciation	6	-	-
Other expenses	10	49,413	61,365
		<u>49,413</u>	<u>61,365</u>
Loss before tax		(26,575)	(32,784)
Less : Tax expense		-	-
Loss for the period		(26,575)	(32,784)
Earnings per equity share:			
Basic & diluted		(0.02)	(0.03)

See accompanying notes forming part of the Financial Statements

For B. K. Khare & Co.
Chartered Accountants
Firm Registration No. 105102W

Himanshu Chapsey
Partner
Membership No.: 105731

Place : Mumbai
Date : 21st April, 2015

For and on behalf of the Board of Directors

Anita Arjundas Chairperson

Vijay Paradkar
Suhas Kulkarni
Sangeeta Prasad } Directors

Place : Mumbai
Date : 21st April, 2015

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2015

	Year ended 31 st March, 2015	Year ended 31 st March, 2014
	₹	₹
A. Cash flow from operating activities:		
Net Loss before tax.....	(26,575)	(32,784)
Finance costs	(22,838)	(28,581)
Operating (loss) before working capital changes.....	(49,413)	(61,365)
Changes in working capital		
Adjustments for increase/(decrease) in operating assets		
Other current assets.....	(8,264)	(40,529)
Increase/(decrease) in current liabilities.....	28,090	28,090
	19,826	(12,439)
Cash used in Operations	(29,587)	(73,804)
Net cash (used in) operating activities.....	(29,587)	(73,804)
B. Cash flow from investing activities:		
Interest received	22,838	28,581
Net cash from investing activities.....	22,838	28,581
Net increase/(decrease) in cash and cash equivalents (A+B).....	(6,749)	(45,223)
Cash & cash equivalents		
Opening balance.....	3,52,634	3,97,857
Closing balance.....	3,45,885	3,52,634
Net increase/(decrease) in cash and cash equivalents.....	(6,749)	(45,223)

See accompanying notes forming part of the Financial Statements
In terms of our report attached

For B. K. Khare & Co.
Chartered Accountants
Firm Registration No. 105102W

Himanshu Chapsey
Partner
Membership No.: 105731

Place : Mumbai
Date : 21st April, 2015

For and on behalf of the Board of Directors

Anita Arjundas *Chairperson*

Vijay Paradkar
Suhas Kulkarni
Sangeeta Prasad } *Directors*

Place : Mumbai
Date : 21st April, 2015

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015
1. Corporate information

₹

The Company was incorporated in 2005 for development of Multi Product SEZ at Karla, Maharashtra as a Joint Venture with Maharashtra Industrial Development Corporation (MIDC). Owing to the issues faced in land acquisition in that region, MIDC has stated in their letter of January 7, 2011 that the project would not be pursued at Karla but it would work with the Company to examine the possibility of a Joint Venture project elsewhere. Accordingly, the project inventory representing cost on preliminary studies, surveys and interest have been charged off resulting in the accumulated losses eroding its networth in the previous year. The company is exploring alternate locations for the project. Since the Holding Company is committed to extending financial support to the Company for its future projects the accounts have been prepared on a "Going Concern" basis.

2. Significant Accounting Policies

a. The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of The Companies Act, 2013, read with Paragraph 7 of the Companies (Accounts) Rules, 2014 (as amended) and the relevant provisions of the Companies Act, 2013 ("the 2013 Act") as applicable. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

b. Fixed Assets

Fixed Assets are stated at cost less accumulated depreciation. Cost of acquisition is inclusive of purchase price, levies and any directly attributable costs of bringing the assets to its working condition for the intended use.

c. Depreciation

Depreciation on tangible fixed Assets has been provided on prorata basis, on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 or estimated useful life, whichever is lower.

d. Inventories

Inventories are valued at cost which represents expenses attributable to lands to be acquired.

e. Taxes on Income

Current tax is determined as the amount of tax payable in respect of taxable income for the year. Deferred tax is recognized, subject to consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

Deferred tax assets in respect of unabsorbed depreciation and carried forward losses are recognized if there is virtual certainty that there will be sufficient future taxable income available to realize such losses. Other deferred tax assets are recognized if there is reasonable certainty that there will be sufficient future taxable income available to realize such assets.

f. Provisions and contingencies

A provision is recognized when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent Liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

3. Share Capital

Authorised

 15,00,000 Equity shares of ₹ 10 each **1,50,00,000** 1,50,00,000

Issued, subscribed and paid up.

 11,70,400 equity shares of ₹ 10 each fully paid up **1,17,04,000** 1,17,04,000

1,17,04,000 **1,17,04,000**

a. The above shares are held by Mahindra Lifespace Developers Limited, the holding company and its nominees.

b. Terms/Rights attached to Equity Shares

The company has only one class of Equity shares having a par value of ₹10/- per share. Each holder of Equity Shares is entitled to one vote per share.

Repayment of capital on liquidation will be in proportion to the number of equity shares held.

Reconciliation of the shares outstanding at the beginning and at the end of the reporting period.

	As at 31 st March, 2015		As at 31 st March, 2014	
	No of Shares	Value of Shares (₹)	No of Shares	Value of Shares (₹)
Equity Shares				
At the beginning of the period	11,70,400	1,17,04,000	11,70,400	1,17,04,000
Issued during the period	–	–	–	–
Outstanding at the end of the period	11,70,400	1,17,04,000	11,70,400	1,17,04,000

₹

As at 31st March, 2015 **As at 31st March, 2014**
4. Reserves & Surplus

(Deficit) in the statement of Profit and Loss

 Opening Balance **(1,13,52,635)** (1,13,19,851)

 Add: Loss for the Year **(26,575)** (32,784)

 Closing Balance **(1,13,79,210)** (1,13,52,635)

5. Other Current Liabilities

 Other payables **85,770** 57,680

85,770 **57,680**

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

6. FIXED ASSET

TANGIBLE ASSETS

₹

	Gross block		Depreciation			Net block	
	As at 1 st April, 2014	As at 31 st March, 2015	As at 1 st April, 2014	For the year April - March 2015	As at 31 st March, 2015	As at 31 st March, 2015	As at 31 st March, 2014
Computers	61,882	61,882	61,881	-	61,881	1	1
TOTAL	61,882	61,882	61,881	-	61,881	1	1
Previous year	61,882	61,882	61,881	-	61,881		1

	As at 31 st March, 2015	As at 31 st March, 2014
7. Cash & Cash Equivalents		
Cash on hand	1,549	1,549
Balances with Bank in current account	3,44,336	3,51,085
	<u>3,45,885</u>	<u>3,52,634</u>
8. Short Term Loans & Advances		
TDS Receivable	64,674	56,410
	<u>64,674</u>	<u>56,410</u>
9. Other Income		
Interest income		
Interest on deposits	22,838	28,581
	<u>22,838</u>	<u>28,581</u>
10. Other Expenses		
Rates and taxes	4,909	-
Legal and Professional Charges	16,414	33,275
Auditors' remuneration		
Audit Fees	28,090	28,090
	<u>49,413</u>	<u>61,365</u>

11. The particulars regarding dues to micro enterprises and small enterprises have been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors.

12. Related Parties

a) Details of related parties:

Description of relationship	Names of related parties
Ultimate Holding Company	Mahindra & Mahindra Limited
Holding Company	Mahindra Lifespace Developers Limited

13. Earnings per Share

Particulars	For the Year ended 31 st March, 2015	For the Year ended 31 st March, 2014
<u>Basic & Diluted</u>		
Net profit/(loss) for the year (₹)	(26,575)	(32,784)
Weighted average number of equity shares (Nos.)	11,70,400	11,70,400
Par value per share (₹)	10	10
Earnings per share - Basic & Diluted (₹)	(0.02)	(0.03)

14. In line with AS 22, Accounting for Taxes on Income, on principles of prudence, the company has not recognized the net deferred tax asset arising due to unabsorbed losses.

15. Previous year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosure.

See accompanying notes forming part of the Financial Statements

In terms of our report attached

For B. K. Khare & Co.

Chartered Accountants

Firm Registration No. 105102W

Himanshu Chapsey

Partner

Membership No.: 105731

Place : Mumbai

Date : 21st April, 2015

For and on behalf of the Board of Directors

Anita Arjundas

Chairperson

Vijay Paradkar

Suhas Kulkarni

Sangeeta Prasad

} Directors

Place : Mumbai

Date : 21st April, 2015

DIRECTORS' REPORT TO THE MEMBERS

Your Directors present their eighth report together with the Audited Financial Statement of your Company for the year ended 31st March, 2015.

Financial Highlights

(Amount in ₹)

Particulars	For the year ended 31 st March, 2015	For the year ended 31 st March, 2014
Total Income.....	84,270	–
Profit/(Loss) Before Depreciation, Interest and Taxation.....	26,395	(46,064)
Less: Depreciation.....	5,130	17,803
Profit/(Loss) Before Interest and Taxation	21,265	(63,867)
Less: Interest.....	–	–
Profit/(Loss) Before Taxation	21,265	(63,867)
Less: Provision for Taxation	–	–
Profit/(Loss) for the year after Taxation.....	21265	(63,867)
Add: Balance of Profit/(Loss) for earlier years	(44,15,899)	(43,52,032)
Balance carried forward to the Balance Sheet	(43,94,634)	(44,15,899)

Dividend

In view of the carried forward losses, no dividend has been recommended by your Directors during the financial year 2014-15.

Reserves

Profit for the year has been carried forward to P & L account and no amount has been transferred to Reserves.

Operations

Your Company has started acquisition of land to set up an integrated township in Maharashtra. During the year, your Company continued its land acquisition process in the targeted area. Due to procedural difficulties related to various approvals required for acquisition of land, which are being sorted out, the progress in land acquisition was very slow.

No material changes and commitments have occurred after the close of the year till the close of this Report, which affect the financial position of the Company.

The financial statement for the year under review have been prepared on the basis of going concern status of the Company.

During the year under review, no revision was made in the financial statement of the Company.

Share Capital

Authorised share capital of your Company is ₹ 50 crores and Paid-up share capital of the Company is ₹ 21 crores.

During the year, the Company has not issued any equity shares with differential rights or any sweat equity shares. The Company does not have any Employee Stock Option Scheme and therefore the requirement of disclosures in respect of

voting rights not exercised directly by the employees are not applicable to your Company.

Non-Convertible Debentures

During the year, Company has not issued/allotted any non-convertible debentures.

Networth

The networth of the Company at the close of the previous financial year (FY 2013-14) and at the close of the current financial year (FY 2014-15) was ₹ 20,55,84,101 and ₹ 20,56,05,366 respectively.

Holding Company

Your Company is a wholly owned subsidiary company of Mahindra Litespace Developers Limited and consequently a subsidiary company of the ultimate holding company Mahindra & Mahindra Limited.

During the year, no company became/ceased to be subsidiary, associate or joint venture company of your Company. Therefore the requirement of consolidated financial statement are not applicable to your Company.

Corporate Social Responsibility (CSR)

As the Company does not meet any of the criteria prescribed under Section 135(1) of the Companies Act, 2013 the provisions with respect to CSR are currently not applicable to the Company.

Directors

During the year, Mr. Raghunath Murti (DIN: 00082761) and Mr. Vijay Khetan (DIN: 00465161) were appointed as Independent Directors not liable to retire by rotation, to hold

the office for a term up to 5 (five) consecutive years commencing from 24th March, 2015. Mr. Murti and Mr. Khetan have given a declaration under Section 149(7) of the Companies Act, 2013 that they meet the criteria of independence as provided in Section 149(6) of the Companies Act, 2013.

Pursuant to Section 152 of the Companies Act, 2013, Ms. Anita Arjundas (DIN: 00243215) Non-executive and Non-independent Director retires by rotation at the 8th Annual General Meeting of the Company and being eligible has offered herself for re-appointment. Ms. Anita Arjundas is not disqualified from being re-appointed as a Director by virtue of the provisions of Section 164 of the Companies Act, 2013.

During the year, Mr. Arun Nanda (DIN: 00010029) and Mr. Brij Mohan Kataria (DIN: 00549567) resigned as Directors of the Company with effect from 24th March, 2015. The Board places on record its deep appreciation of the valuable services rendered by Mr. Nanda and Mr. Kataria during their tenure as Directors of the Company.

During the year, the Nomination and Remuneration Committee was reconstituted. The present members of the Committee comprises of two independent Directors, namely Mr. Vijay Khetan, Mr. Raghunath Murti and two non-independent Directors, namely Ms. Anita Arjundas and Ms. Sangeeta Prasad.

Mr. Raghunath Murti is the Chairman of the Committee.

Pursuant to the provisions of the Companies Act, 2013 evaluation of every Director's performance was done by Nomination and Remuneration Committee.

The following policies of the Company are attached herewith and marked as **Annexure 1**, **Annexure 2A** and **Annexure 2B** to this report.

1. Policy on appointment of Directors and Senior Management (**Annexure 1**)
2. Policy on remuneration of Directors (**Annexure 2A**)
3. Policy on remuneration of Key Managerial Personnel & Employees (**Annexure 2B**)

Key Managerial Personnel

During the year under review, the Company has appointed following persons as Key Managerial Personnel under the Companies Act, 2013. None of the Key Managerial Personnel draw any remuneration from the Company. All Key Managerial Personnel of the Company receive remuneration from the Holding Company, Mahindra Lifespace Developers Limited.

Sr. No.	Name of the person	Designation
1.	Mr. Suhas Kulkarni	Manager
2.	Ms. Sejal Shah	Company Secretary
3.	Mr. Jasmin Suchak	Chief Financial Officer

Code of Conduct

The Company had adopted Code of Conduct ("the Code/s") for its Directors, Independent Directors, Senior Management and employees. These Codes enunciate the underlying principles governing the conduct of the Company's business and seek to reiterate the fundamental precept that good governance must and would always be an integral part of the Company's ethos.

The Company has for the year under review, received declarations under the Codes from the Board members, Independent Directors and employees of the Company affirming compliance with the respective Codes.

Meetings

During the year, five Board Meetings were convened and held on following dates:

17th April, 2014, 30th July, 2014, 13th October, 2014, 20th January, 2015 and 24th March, 2015.

During the year, four Audit Committee meetings were convened and held on the following dates:

17th April, 2014, 30th July, 2014, 13th October, 2014 and 20th January, 2015.

During the year, three Nomination & Remuneration Committee meetings were convened and held on the following dates:

13th October, 2014, 20th January, 2015 and 24th March, 2015.

The details of the number of meetings of the Board and the Committees attended by the respective members of the Board/Committees are given below:

Sr. No.	Name of the Director	No of Board meetings attended	No. of Audit Committee meetings attended	No. of Nomination & Remuneration Committee meetings attended
1.	Anita Arjundas	5	4	3
2.	Arun Nanda	4	-	-
3.	Brij Mohan Kataria	5	4	2
4.	Sangeeta Prasad	4	3	2
5.	Raghunath Murti	-	-	-
6.	Vijay Khetan	1	-	1

Directors' Responsibility Statement

Pursuant to Section 134(3)(c) of the Companies Act, 2013, the Directors, based on the representations received from the operating management and after due enquiry, confirm that:

- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) they had selected such accounting policies and applied them consistently and made judgments and estimates

that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year 31st March, 2015 and of the profit of the Company for that period;

- (c) they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) they had prepared the annual accounts on a going concern basis; and
- (e) they had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Internal Financial Controls

The Company has in place adequate internal financial controls with reference to the financial statement. The Audit Committee of the Board periodically reviews the internal control systems with the management and auditors.

Composition of Audit Committee

During the year, the Audit Committee was reconstituted. The present members of the Committee comprises of two independent Directors, namely Mr. Vijay Khetan, Mr. Raghunath Murti and one Non-Executive Non-Independent Director, Ms. Sangeeta Prasad. Mr. Vijay Khetan is the Chairman of the Committee. All members of the Audit Committee possess strong knowledge of accounting and financial management. The Chairperson, Chief Financial Officer and Statutory Auditors are regularly invited to attend the Audit Committee Meetings. The Company Secretary is the Secretary to the Committee. The Board has accepted all recommendations of the Audit Committee made from time to time.

Vigil Mechanism

As the Company does not meet the prescribed criteria given under Section 177 of the Companies Act, 2013, the requirements for establishment of vigil mechanism are currently not applicable to your Company.

Risk Management

The Company already has in place the procedure to inform the Board about the risk assessment and minimization procedures. Your Company has appropriate risk management systems in place for identification and assessment of risks, measures to mitigate them, and mechanisms for their proper and timely monitoring and reporting. The Board periodically reviews implementation and monitoring of the risk management plan for the Company.

Auditors

M/s. B. K. Khare & Co., Chartered Accountants, Mumbai, retire as Auditors at the forthcoming Annual General Meeting. The members will be required to appoint Auditors in terms of relevant provisions of the Companies Act, 2013 and fix their remuneration.

As required under the provisions of Section 139 and 141 of the Companies Act, 2013, the Company has received a written consent and certificate from M/s. B. K. Khare & Co., Chartered Accountants, Mumbai, proposed to be re-appointed as Auditors for one year i.e upto conclusion of the 9th Annual General Meeting of the Company, to the effect that their re-appointment, if made, would be in conformity within the limits specified in the said Section.

The Board has recommended to the shareholders for approval of re-appointment of M/s. B. K. Khare & Co., Chartered Accountants, Mumbai, as the Statutory Auditors to hold office from the ensuing Annual General Meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.

The Auditor's Report does not contain any qualification, reservation or adverse remark and therefore does not call for any further comments.

The requirements of having internal auditor, cost auditor and secretarial auditor are presently not applicable to your Company.

Particulars of loans, guarantees or investments under Section 186 of the Companies Act, 2013

During the year, the Company has not entered into any transaction of loan, guarantee or investment under Section 186 of the Companies Act, 2013. In any case, as your Company is engaged in the business of providing Infrastructural facilities, the provisions of Section 186 of the Companies Act, 2013 relating to loans made, guarantees given or securities provided are not applicable to the Company.

Contracts and Arrangements with Related Parties

All contracts / arrangements / transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on an arm's length basis. Your Directors draw attention to Note no. 17 to the financial statement which sets out details of transactions with related parties. During the year there were no material related party transactions, hence the requirement of form AOC-2 are not applicable for the year under review.

Deposits, Loans and Advances

Your Company has not accepted any deposits from the public or its employees during the year under review.

The Company has not made any loans and advances of the nature which are required to be disclosed in the annual accounts of the Company pursuant to Clause 32 of the Listing Agreement with the parent company Mahindra Lifespace Developers Limited and ultimate parent company Mahindra & Mahindra Limited listed with the Stock Exchanges.

The particulars of Loans given, Investments made and Guarantees & Securities provided are given under notes to Financial statement and same form part of this Report.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

Your Company does not have any Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo as per Section 134(3)(m) of the Companies Act, 2013

read with the Rule 8(3) of the Companies (Accounts) Rules, 2014 during the year under review. To this effect the annexure in the prescribed format is attached as **Annexure 3** to this report

Employee Remuneration

The Company had no employee, who was employed throughout the financial year under review and was in receipt of remuneration from the Company of not less than ₹ Sixty lacs per annum or was employed for a part of the financial year and was in receipt of remuneration from the Company of not less than ₹ Five lacs per month during any part of the financial year ended on 31st March, 2015. Therefore the statement containing particulars of employees as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is not attached to this report. None of the employees is a relative of any Director of the Company. None of the employees hold (by himself/herself or along with his/her spouse and dependent children) more than 2% of the Equity shares of the Company.

Extract of Annual Return

The details forming part of the Extract of the Annual Return in Form MGT-9, as required under Section 92 of the Companies Act, 2013 is included in this Report as **Annexure 4** and forms part of this Report.

General

During the year ended 31st March, 2015, there were no cases filed / reported pursuant to the Sexual Harassment of women at workplace (Prevention, Prohibition and Redressal) Act, 2013.

No penalties/strictures were imposed on the Company by any statutory authority on any matter. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operation in future.

Cautionary statement:

Certain statements in the Directors' Report describing the Company's objectives, projections, estimates, expectations or predictions may be forward-looking statements within the meaning of applicable securities laws and regulations. Actual results could differ from those expressed or implied. Important factors that could make a difference to the Company's operations include labour and material availability, and prices, cyclical demand and pricing in the Company's principal markets, changes in government regulations, tax regimes, economic development within India and other incidental factors.

Acknowledgment

The Directors are thankful to all consultants, associates and employees of your Company for the support received from them during the year.

For and on behalf of the Board,

Anita Arjundas
Chairperson
DIN: 00243215

Mumbai, 16th April, 2015

ANNEXURE 1 TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2015

POLICY ON APPOINTMENT OF DIRECTORS AND SENIOR MANAGEMENT

I. APPOINTMENT OF DIRECTORS

- The Nomination and Remuneration Committee (NRC) of the Board of Directors (Board) of the Company reviews and assesses Board composition and recommends the appointment of new Directors. In evaluating the suitability of individual Board member, the NRC shall take into account the following criteria regarding qualifications, positive attributes and also independence of director when Independent Director is to be appointed:
 1. All Board appointments will be based on merit, in the context of the skills, experience, diversity, and knowledge, for the Board as a whole to be effective.
 2. Ability of the candidates to devote sufficient time and attention to his/her professional obligations as Director for informed and balanced decision making.
 3. Adherence to the applicable Code of Conduct and highest level of Corporate Governance in letter and in spirit by the Directors.
- Based on recommendation of the NRC, the Board will evaluate the candidate(s) and decide on the selection of the appropriate member. The Board through the Chairman or Director will interact with the new member to obtain his/her consent for joining the Board. Upon receipt of the consent, the new Director will be co-opted by the Board in accordance with the applicable provisions of the Companies Act, 2013 and Rules made thereunder.

REMOVAL OF DIRECTORS

If a Director is attracted with any disqualification as mentioned in any of the applicable Act, Rules and Regulations thereunder or due to non - adherence to the applicable policies of the Company, the NRC may recommend to the Board with reasons recorded in writing, removal of a Director subject to the compliance of the applicable statutory provisions.

SENIOR MANAGEMENT PERSONNEL

The NRC shall identify persons based on merit, experience and knowledge who may be appointed in senior management team.

Senior Management personnel are appointed or promoted and removed/relieved with the authority of Managing Director & CEO based on the business need and the suitability of the candidate. The details of the appointment made and the personnel removed one level below the Key Managerial Personnel during a quarter shall be presented to the Board.

For and on behalf of the Board,

Anita Arjundas
Chairperson
 DIN: 00243215

Mumbai, 16th April, 2015

ANNEXURE 2A TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2015

POLICY FOR REMUNERATION OF THE DIRECTORS

Purpose

This Policy sets out the approach to Compensation of Directors in Knowledge Township Limited.

Policy Statement

We have a well-defined Compensation policy for Directors including the Chairman of the Company. The overall compensation philosophy which guides us is that in order to achieve global leadership and dominance in domestic markets, we need to attract and retain high performers by compensating them at levels that are broadly comparable with the median of the comparator basket while differentiating people on the basis of performance, potential and criticality for achieving competitive advantage in the business.

In order to effectively implement this, we have built our Compensation structure by a regular annual benchmarking over the years with relevant players across the industry we operate in.

NON-EXECUTIVE INCLUDING INDEPENDENT DIRECTORS:

The Nomination and Remuneration Committee (NRC) shall decide the basis for determining the compensation, both fixed and variable, to the Non Executive Directors, including Independent Directors, whether as commission or otherwise. The NRC shall take into consideration various factors such as director's participation in Board and Committee meetings during the year, other responsibilities undertaken, such as membership or Chairmanship of committees, time spent in carrying out their duties, role and functions as envisaged in Schedule IV of the Companies Act 2013 and such other factors as the NRC may consider deem fit for determining the compensation. The Board shall determine the compensation

to Non-Executive Directors within the overall limits specified in the Shareholders resolution.

Executive Directors:

The remuneration to Executive Director(s) shall be recommended by NRC to the Board. The remuneration consists of both fixed compensation and variable compensation and shall be paid as salary, commission, performance bonus, stock options (where applicable), perquisites and fringe benefits as approved by the Board and within the overall limits specified in the Shareholders resolution. While the fixed compensation is determined at the time of their appointment, the variable compensation will be determined annually/half yearly by the NRC based on their performance.

The remuneration involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

The Company may also grant Stock Options to the Directors (other than Independent Directors and Promoter) in accordance with the ESOP Scheme of the Company, if any, and subject to the compliance of the applicable statutes and regulations.

For and on behalf of the Board,

Anita Arjundas
Chairperson
DIN: 00243215

Mumbai, 16th April, 2015

ANNEXURE 2B TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2015

POLICY ON REMUNERATION OF KEY MANAGERIAL PERSONNEL AND EMPLOYEES

This Policy shall be effective from the financial year 2014 - 15.

Objective

To establish guidelines for remunerating employees fairly and in keeping with Statutes.

Standards

- All employees, irrespective of contract, are to be remunerated fairly and the remuneration is to be externally competitive and internally equitable. The remuneration will be paid in accordance with the laid down Statutes.
- Remuneration for on-roll employees will include a fixed or guaranteed component payable monthly; and a variable component which is based on performance and paid annually in the month of July following the fiscal.
- The fixed component of remuneration will have a flexible component with a bouquet of allowances to enable an employee to choose the allowances as well as the quantum based on laid down limits as per Company policy. The flexible component can be varied only once annually in the month of July i.e. after the salary increment exercise.
- The variable component of the remuneration will be a function of the employee's grade.
- The actual pay-out of variable component of the remuneration will be a function of individual performance as well as business performance. Business performance

is evaluated using a Balanced Score Card (BSC) while individual performance is evaluated on Key Result Areas (KRA). Both the BSC and KRAs are evaluated at the end of the fiscal to arrive at the BSC rating of the business and PPS rating of the individual.

- An annual compensation survey is carried out to ensure that the Company's compensation is externally competitive. Based on the findings of the survey and the business performance, the Sector Talent Council decides:
 - a) The increment that needs to be paid for different performance ratings as well as grades.
 - b) The increment for promotions and the total maximum increment.
 - c) The maximum increase in compensation cost in % and absolute.
- Compensation corrections are made in a few cases where it is outside the band or to keep it tune with the market.

For and on behalf of the Board,

Anita Arjundas
Chairperson
 DIN: 00243215

Mumbai, 16th April, 2015

ANNEXURE 3 TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2015**A. CONSERVATION OF ENERGY:**

(i)	the steps taken or impact on conservation of energy	:	The operations of your Company are not energy-intensive. However, adequate measures will be initiated to reduce energy consumption at an appropriate time
(ii)	the steps taken by the company for utilising alternate sources of energy	:	Not Applicable
(iii)	the capital investment on energy conservation equipments	:	NIL

B. TECHNOLOGY ABSORPTION

(i)	the efforts made towards technology absorption	:	The Company has not carried out any R&D activities during the year. The Company intends to initiate quality improvement measures at an appropriate time
(ii)	the benefits derived like product improvement, cost reduction, product development or import substitution	:	Not Applicable
(iii)	in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)	:	Not Applicable
(iv)	the expenditure incurred on Research and Development	:	NIL

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year, there were no transactions involving Foreign Exchange earnings in terms of actual inflows and the Foreign Exchange outgo in terms of actual outflows.

For and on behalf of the Board,

Anita Arjundas
Chairperson
DIN: 00243215

Mumbai, 16th April, 2015

ANNEXURE 4 TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2015**FORM NO. MGT - 9****EXTRACT OF ANNUAL RETURN****As on the financial year ended on 31st March, 2015**

[Pursuant to section 92(3) of the Companies (Management and Administration) Rules, 2014]

1. REGISTRATION AND OTHER DETAILS:

1.	CIN	U72900MH2007PLC173137
2.	Registration Date	16/08/2007
3.	Name of the Company	Knowledge Township Limited
4.	Category/Sub-Category of the Company	Company limited by shares/ Indian Non-Government Company
5.	Address of the Registered office and contact details	Mahindra Towers, 5th Floor, Dr G M Bhosale Marg, Worli, Mumbai 400 018 Tel: 022-67478600/01 Fax: 022-24975084
6.	Whether listed Company (Yes/No)	No
7.	Name, Address and Contact details of Registrar and Transfer Agent, if any	Not Applicable

2. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sr. No.	Name and Description of Main Product/Services	NIC Code of the Product*	% to total turnover of the Company#
1.	Construction of Buildings	410	Nil
2.	Real estate activities with own or leased property	681	Nil
3.	Landscape care and maintenance service activities	813	Nil

* As per National Industrial Classification - Ministry of Statistics and Programme Implementation.

During the year under review, the Company had no turnover. Presently the Company is in process of acquiring land for its project. Business activities will commence after the targeted land area for the project is acquired.

3. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and Address of the Company	CIN/GIN	Holding/ Subsidiary of the Company	% of shares held	Applicable Section
1.	Mahindra Lifespace Developers Limited	L45200MH1999PLC118949	Holding	100	2(46)

The Company does not have any subsidiary or associate company.

4. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**i. Category-wise Share Holding:**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	-	-	-	-	-	-	-	-	-

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt (s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp	-	2,10,00,000	2,10,00,000	100	-	2,10,00,000	2,10,00,000	100	-
e) Banks/FI	-	-	-	-	-	-	-	-	-
f) Any Other....	-	-	-	-	-	-	-	-	-
Sub-total (A) (1):-	-	2,10,00,000	2,10,00,000	100	-	2,10,00,000	2,10,00,000	100	-
(2) Foreign									
a) NRIs – Individuals	-	-	-	-	-	-	-	-	-
b) Other – Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks/FI	-	-	-	-	-	-	-	-	-
e) Any Other....	-	-	-	-	-	-	-	-	-
Sub-total (A) (2):-	-	-	-	-	-	-	-	-	-
Total shareholding of Promoter (A) = (A)(1) + (A)(2)	-	2,10,00,000	2,10,00,000	100	-	2,10,00,000	2,10,00,000	100	-
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks/FI	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):-	-	-	-	-	-	-	-	-	-
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	-	-	-	-	-	-	-	-	-
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	-	-	-	-	-	-	-	-	-

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
c) Others (Non Resident Individuals)									
d) Others Trust	-	-	-	-	-	-	-	-	-
Sub-total (B)(2):-	-	-	-	-	-	-	-	-	-
Total Public Shareholding (B)=(B)(1)+(B)(2)	-	-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	-	2,10,00,000	2,10,00,000	100	-	2,10,00,000	2,10,00,000	100	-

(ii) Shareholding of Promoters:

Sr. No.	Category of Shareholder	No. of Shares held at the beginning of the year			No. of Shares held at the end of the year			% Change during the year
		No. Of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	No. Of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	
1	Mahindra Lifespace Developers Limited	2,09,99,940	100	-	2,09,99,940	100	-	-
2	Mahindra Lifespace Developers Ltd & Mr. Arun Nanda	10	0.00	-	10	0.00	-	-
3	Mahindra Lifespace Developers Ltd & Mr. Suhas Kulkarni	10	0.00	-	10	0.00	-	-
4	Mahindra Lifespace Developers Ltd & Mr. Narayan Shankar	10	0.00	-	10	0.00	-	-
5	Mahindra Lifespace Developers Ltd & Mr. Ulhas Bhosale	10	0.00	-	10	0.00	-	-
6	Mahindra Lifespace Developers Ltd & Ms. Anita Arjundas	10	0.00	-	10	0.00	-	-
7	Mahindra Lifespace Developers Ltd & Mr. Jayant Manmadkar	10	0.00	-	10	0.00	-	-

(iii) Change in Promoters' Shareholding (please specify, if there is no change): There is no change in the Shareholding of Promoter Group

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs): Nil

(v) Shareholding of Directors and Key Managerial Personnel: No Director or Key Managerial Personnel hold any shares in the Company

5. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(₹ In Crores)

Particulars	Secured Loans Excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	–	18.95	–	18.95
ii) Interest due but not paid	–	0	–	0
iii) Interest accrued but not due	–	5.18	–	5.18
Total of (i+ii+iii)	–	24.13	–	24.13
Change in Indebtedness during the financial year				
• Addition	–	0.02	–	0.02
• Reduction	–	–	–	–
Net change	–	0.02	–	0.02
Indebtedness at the end of the financial year				
i) Principal Amount	–	18.97	–	0.02
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	5.18	–	5.18
Total (i+ii+iii)	–	24.15	–	24.15

6. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**A. Remuneration to Managing Director, Whole-Time Directors and/or Manager:**

None of the Key Managerial Personnel draw any remuneration from the Company. All Key Managerial Personnel of the Company receive remuneration from the Holding Company, Mahindra Lifespace Developers Limited.

B. Remuneration of other directors:

None of the Directors draw any remuneration from the Company or receive any sitting fees for attending the meetings of the Board/Committees of the Board.

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD:

None of the Key Managerial Personnel draw any remuneration from the Company. All Key Managerial Personnel of the Company receive remuneration from the Holding Company, Mahindra Lifespace Developers Limited.

I. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/Compounding fees imposed	Authority [RD/ NCLT/COURT]	Appeal made, if any (give Details)
Penalty			NONE		
Punishment					
Compounding					

OTHER OFFICERS IN DEFAULT

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/Compounding fees imposed	Authority [RD/ NCLT/COURT]	Appeal made, if any (give Details)
Penalty			NONE		
Punishment					
Compounding					

For and on behalf of the Board,

Anita Arjundas
Chairperson
DIN: 00243215

Mumbai, 16th April, 2015

INDEPENDENT AUDITOR'S REPORT

**TO THE MEMBERS OF
KNOWLEDGE TOWNSHIP LIMITED**

Report on the Standalone Financial Statements

1. We have audited the accompanying standalone financial statements of **KNOWLEDGE TOWNSHIP LTD** ("the Company"), which comprise the balance sheet as at 31st March, 2015, the statements of profit and loss and cash flow for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014(as amended). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these standalone financial statements based on our audit.
4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the

standalone financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at 31st March, 2015, and its profit and cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

9. As required by the Companies (Auditor's Report) Order, 2015, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
10. As required by Section 143(3) of the Act, we report that:
 - a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c. the Balance Sheet, the Statement of Profit and Loss and Cash Flow dealt with by this Report are in agreement with the books of account;
 - d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);
 - e. on the basis of written representations received from the directors as on 31st March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015, from being appointed as a director in terms of Section 164(2) of the Act.
 - f. with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014(as amended), in our opinion and to the best of our information and according to the explanations given to us:
 - i. the Company does not have any pending litigations which would impact its financial position.
 - ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **B. K. Khare and Co.**
Chartered Accountants
Firm's Registration Number 105102W

Himanshu Chapsey

Partner

Place: Mumbai

Dated: 16th April, 2015

Membership Number: 105731

ANNEXURE TO THE AUDITOR'S REPORT

Referred to in paragraph 9 of our report of even date on the financial statements to the Members of Knowledge Township Ltd as at and for the year ended 31st March, 2015

1. (i) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
(ii) Fixed assets have been physically verified by the management during the year and no material discrepancies were noted on such verification.
2. The Company's inventory comprises only construction work in progress. The Company does not have any inventory of raw material, finished goods, stores, and spares. Hence para 3(ii) of the Order is not applicable to the Company.
3. The Company has not granted any loans, secured or unsecured to companies, firms and other parties covered in the register maintained under section 189 of the Companies Act, 2013. Hence, the provisions of para 3(iii) of the Order are not applicable.
4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchases of inventory and fixed assets. The Company's project is yet to be developed and hence it does not have any sale of goods and services. In our opinion and according to the information and explanations given to us, there is no continuing failure to correct major weaknesses in internal control system.
5. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits under the provisions of sections 73 to 76 of the Act and the Rules framed thereunder.
6. We have been informed that the Central Government has not prescribed maintenance of Cost records under section 148 (1) of the Companies Act, 2013.
7. (i) According to the records of the Company, the Company is generally regular in depositing with the appropriate authorities undisputed statutory dues including Income Tax, Wealth Tax, Service Tax, Customs Duty, Value Added Tax, and other statutory dues applicable to it. The provisions of Excise Duty are not applicable to the operations of the Company. The Company did not have any employees and hence the provisions of Provident fund and Employee's State Insurance are not applicable.
(ii) There are no disputed dues outstanding as on 31st March, 2015 on account of sales tax, custom duty, income tax, excise duty, service tax, wealth tax and Cess.
(iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
8. The accumulated losses of the Company did not exceed fifty percent of its net worth as at 31st March, 2015. The Company has incurred cash losses in the current and immediately preceding financial year.
9. The Company did not have any borrowings from any financial institution or bank nor has it issued any debentures during the year and hence, the provisions of para 3(ix) of the Order are not applicable to the Company.
10. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from Banks or Financial Institutions during the year.
11. To the best of our knowledge and belief and according to the information and explanations given to us, the Company has not obtained any term loans during the year ended 31st March, 2015.
12. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing principles in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the company, noticed or reported during the year, nor have we been informed of such case by the management.

For **B. K. Khare & Co.**
Chartered Accountants
Firm's Registration Number 105102W

Himanshu Chapsey
Partner
Membership Number: 105731

Place: Mumbai
Dated: 16th April, 2015

BALANCE SHEET AS AT 31ST MARCH, 2015

	Note Ref	Current Year ₹	Previous Year ₹
EQUITY AND LIABILITIES			
Shareholders Funds			
Share capital.....	3	21,00,00,000	21,00,00,000
Reserves & Surplus.....	4	(43,94,634)	(44,15,899)
		20,56,05,366	20,55,84,101
Current Liabilities			
Short term Borrowings.....	5	18,97,00,000	18,95,00,000
Other current liabilities.....	6	5,18,57,872	5,19,74,196
Short term provisions.....	7	4,63,092	5,15,470
		24,20,20,964	24,19,89,666
TOTAL.....		44,76,26,330	44,75,73,767
ASSETS			
Non Current Assets			
Fixed Assets			
Tangible assets.....	8	38,232	43,362
		38,232	43,362
Long Term Loans and advances.....	9	1,298	1,298
Current Assets			
Inventories.....	10	22,27,35,942	22,26,86,966
Cash and cash equivalents.....	11	1,44,454	1,75,737
Short term loans and advances.....	12	22,47,06,404	22,46,66,404
		44,75,86,800	44,75,29,107
TOTAL.....		44,76,26,330	44,75,73,767

See accompanying notes forming part of the Financial Statements

In terms of our report attached

For **B.K.Khare & Co.**
Chartered Accountants
Firm Registration No. 105102W

Himanshu Chapsey
Partner
Membership No. 105731

Place : Mumbai
Date : 16th April, 2015

Jasmin Suchak
Chief Financial Officer

Sejal Shah
Company Secretary

For and on behalf of the Board of Directors

Anita Arjundas Chairperson

Sangeeta Prasad
Raghunath Murti
Vijay Khetan } Director's

Place : Mumbai
Date : 16th April, 2015

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2015

	Note Ref	Current Year ₹	Previous Year ₹
INCOME			
Other Income		84,270	-
		84,270	-
EXPENDITURE			
Operating Expenses	13	-	-
Employee benefit expense	14	-	-
Depreciation and amortization expense		5,130	17,803
Other expenses	15	57,875	46,064
		63,005	63,867
Profit/(Loss) before tax		21,265	(63,867)
Less: Tax expense		-	-
Profit/(Loss) after tax		21,265	(63,867)
Earning per equity share:			
Basic and Diluted		0.00	(0.00)

See accompanying notes forming part of the Financial Statements

In terms of our report attached

For **B.K.Khare & Co.**
Chartered Accountants
Firm Registration No. 105102W

Himanshu Chapsey
Partner
Membership No. 105731

Place : Mumbai
Date : 16th April, 2015

Jasmin Suchak
Chief Financial Officer

Sejal Shah
Company Secretary

For and on behalf of the Board of Directors

Anita Arjundas Chairperson

Sangeeta Prasad
Raghunath Murti
Vijay Khetan } Director's

Place : Mumbai
Date : 16th April, 2015

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2015

	Current Year ₹	Previous Year ₹
A. Cash flow from operating activities		
Profit/(Loss) before tax.....	21,265	(63,867)
Adjustments for:		
Depreciation.....	5,130	17,803
Operating Profit/(Loss) before working capital changes.....	26,395	(46,064)
Changes in working capital:		
Adjustment for (increase)/decrease in operating assets		
(Increase)/decrease in short term loans and advances.....	(40,000)	(5,70,706)
(Increase)/decrease in inventories.....	(48,976)	(28,76,590)
Adjustment for increase/(decrease) in operating liabilities		
Increase/(decrease) in other current liabilities.....	(1,68,702)	23,266
	(2,57,678)	(34,24,030)
Cash (used in) operations.....	(2,31,283)	(34,70,094)
Taxes paid.....	-	-
Net cash (used in) operating activities.....	(2,31,283)	(34,70,094)
B. Cash flow from financing activities:		
Proceeds from borrowings.....	2,00,000	35,00,000
Net cash from financing activities.....	2,00,000	35,00,000
Net increase/(decrease) in cash and cash equivalents.....	(31,283)	29,906
Cash & cash equivalents		
Opening balance.....	1,75,737	1,45,831
Closing balance.....	1,44,454	1,75,737
Net increase/(decrease) in cash and cash equivalents.....	(31,283)	29,906

See accompanying notes forming part of the Financial Statements

In terms of our report attached

For **B.K.Khare & Co.**
Chartered Accountants
Firm Registration No. 105102W

Jasmin Suchak
Chief Financial Officer

Himanshu Chapsey
Partner
Membership No. 105731

Sejal Shah
Company Secretary

For and on behalf of the Board of Directors

Anita Arjundas Chairperson

Sangeeta Prasad
Raghunath Murti
Vijay Khetan } Director's

Place : Mumbai
Date : 16th April, 2015

Place : Mumbai
Date : 16th April, 2015

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

1 Corporate information

The company was incorporated on 16th August, 2007 and is engaged in the business of development of Knowledge City in Pune, Maharashtra.

2 Significant Accounting Policies

2.1 Basis of accounting and preparation of financial statements

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Paragraph 7 of the Companies (Accounts) Rules, 2014 (as amended) and the relevant provisions of the Companies Act, 2013 ("the 2013 Act") as applicable. The financial statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

2.2 Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognized in the periods in which the results are known/materialize.

2.3 Inventories

Cost of inventory represents expenses attributable to lands acquired, related expenses for a long term project including interest.

2.4 Cash and cash equivalents (for purposes of Cash Flow Statement)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

2.5 Cash flow statement

Cash flows are reported using the indirect method, whereby profit/(loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

2.6 Depreciation and amortization

Depreciation is provided on straight line method from the date the assets are put to use in accordance with Schedule II to the Companies Act, 2013.

2.7 Other income

Interest income is accounted on accrual basis. Dividend income is accounted for, when the right to receive it is established.

2.8 Tangible fixed assets

Fixed assets, are carried at cost less accumulated depreciation and impairment losses, if any. The cost of fixed assets includes interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use and other incidental expenses incurred up to that date. Subsequent expenditure relating to fixed assets is capitalized only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

Depreciation on tangible fixed assets has been provided on prorata basis, on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 or estimated useful life, whichever is lower

2.9 Employee benefits

Employee benefits include gratuity and compensated absences.

2.10 Earnings per share

Basic/Diluted earnings per share is computed by dividing the profit/(loss) after tax (including the post tax effect of extraordinary items, if any) and

after reducing the dividend obligation (including Dividend Distribution Tax) on Preference Shares by the weighted average number of equity shares outstanding during the year.

2.11 Taxes on income

Current tax is determined as the amount of tax payable in respect of taxable income for the year. Deferred tax is recognised, subject to consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

Deferred tax assets in respect of unabsorbed depreciation and carried forward losses are recognised if there is virtual certainty that there will be sufficient future taxable income available to realize such losses. Other deferred tax assets are recognised if there is reasonable certainty that there will be sufficient future taxable income available to realise such assets.

2.12 Impairment of assets

The carrying values of assets/cash generating units at each Balance Sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognized, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognized for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognized in the Statement of Profit and Loss, except in case of revalued assets.

2.13 Provisions and contingencies

A provision is recognized when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes.

	Current Year ₹	Previous Year ₹
--	-------------------	--------------------

3 Share Capital

Authorised

5,00,00,000 equity shares of ₹ 10 each....	50,00,00,000	50,00,00,000
--	--------------	--------------

Issued, subscribed and fully paid up.

2,10,00,000 equity shares fully paid up of ₹ 10 each.....	21,00,00,000	21,00,00,000
	<u>21,00,00,000</u>	<u>21,00,00,000</u>

- a. The above shares are held by Mahindra Lifespace Developers Limited, the holding company and its nominees.

Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

	As at 31 st March, 2015		As at 31 st March, 2014	
	No of Shares	Value of Shares ₹	No of Shares	Value of Shares ₹
Equity Shares				
At the beginning of the period.....	2,10,00,000	21,00,00,000	2,10,00,000	21,00,00,000
Issued during the period	-	-	-	-
Outstanding at the end of the period.....	<u>2,10,00,000</u>	<u>21,00,00,000</u>	2,10,00,000	21,00,00,000

- b. Terms/Rights attached to Equity Shares

The company has only one class of Equity shares having a par value of ₹ 10/- per share. Each holder of Equity Shares is entitled to one vote per share.

Repayment of the capital on liquidation will be in proportion to the number of equity shares held.

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

	Current Year ₹	Previous Year ₹		Current Year ₹	Previous Year ₹
4 Reserves & Surplus			6 Other Current Liabilities		
Deficit in the Statement of Profit and Loss.....			Interest Accrued but not due on loan (from Holding Company repayable on demand).....	5,18,25,298	5,18,25,298
Opening balance.....	(44,15,898)	(43,52,031)	Other liabilities	32,574	1,48,898
Add: Profit/(Loss) for the Current Year	21,265	(63,867)	Statutory remittances		
Closing Balance	<u>(43,94,633)</u>	<u>(44,15,898)</u>	Withholding Taxes	-	6,297
			Profession Taxes.....	-	600
			Other	32,450	1,42,001
				<u>5,18,57,872</u>	<u>5,19,74,196</u>
5 Short Term Borrowings			7 Short Term Provisions		
Loan from Holding company repayable on demand	18,97,00,000	18,95,00,000	Compensated absences.....	2,11,432	2,11,432
	<u>18,97,00,000</u>	<u>18,95,00,000</u>	Provision for bonus.....	2,51,660	3,04,038
				<u>4,63,092</u>	<u>5,15,470</u>

8 Fixed Assets

Amount in ₹

Description of Assets	Gross Block			Accumulated Depreciation			Net Block	
	As at April 1, 2014	Addition	Deduction during the year	As at March 31, 2015	As at April 1, 2014	For the year	As at March 31, 2015	As at March 31, 2014
Tangible Assets								
Computers	51,683	-	-	51,683	51,680	-	51,680	3
Furniture & Fixture	62,703	-	-	62,703	19,344	5,130	24,474	38,229
TOTAL	1,14,386	-	-	1,14,386	71,024	5,130	76,154	38,232
Previous Year	1,14,386	-	-	1,14,386	53,221	17,803	71,024	43,362

	Current Year ₹	Previous Year ₹		Current Year ₹	Previous Year ₹
9 Long Term Loans And Advances			13 Operating Expenses		
Income Tax Payment.....	1,298	1,298	Opening Work In Progress 01.04.2014.....	22,26,86,966	21,98,10,376
	<u>1,298</u>	<u>1,298</u>	Add : CONSUMPTION DURING 2014-15.....		
10 Inventories (at lower of cost and net realisable value)			Employee Remuneration.....	-	26,91,075
Work in progress.....	22,27,35,942	22,26,86,966	Staff Welfare.....	-	2,285
(represents land and other related expenses)	<u>22,27,35,942</u>	<u>22,26,86,966</u>	Telephone Expenses - Mobile.....	-	28,245
			Travelling Expenses Domestic - Fare	-	53,882
11 Cash and Cash Equivalents			Travelling Expenses Domestic - Lodging/ Boarding.....	-	12,573
Cash on hand	16,364	18,089	Conveyance	-	16,809
Balances with Banks			Printing & Stationery.....	2,055	5,688
in current accounts.....	1,28,090	1,57,648	Professional Fees	64,045	56,180
	<u>1,44,454</u>	<u>1,75,737</u>	Liaisoning/Statutory Fees.....	5,600	-
12 Short Term Loans and Advances (Unsecured, considered good)			Bank Charges	6	353
Advance for purchase of land.....	22,28,13,226	22,28,13,226	Gen & Misc Expenses.....	(22,730)	9,500
Advance given to Sundry Creditor.....	40,000	-	TOTAL CONSUMPTION IN FY 2014-15.....	48,976	28,76,590
TDS Receivable.....	5,80,706	5,80,706	LESS : CLOSING WIP 31.03.2015.....	22,27,35,942	22,26,86,966
Claims recoverable	12,72,472	12,72,472		<u>-</u>	<u>-</u>
	<u>22,47,06,404</u>	<u>22,46,66,404</u>			

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

	Current Year ₹	Previous Year ₹
14 Employee Benefit Expense		
Salaries, wages and bonus	-	2,691,075
Staff welfare	-	2,285
	-	2,693,360
Less: Allocated to Projects	-	(2,693,360)
	-	-
15 Other Expenses		
Legal and Professional Charges	27,994	14,606
Auditors' remuneration		
Audit Fee	28,090	28,090
Other Expenses	1,791	3,368
Total	57,875	46,064

16 The particulars regarding dues to micro enterprises and small enterprises have been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors. There are no dues to such parties.

17 Related Party Transactions

a. List of Related Parties

Description of relationship	Names of related parties
Ultimate Holding Company	Mahindra & Mahindra Limited
Holding Company	Mahindra Lifespace Developers Limited

b. Related Party Transactions

Note: Related parties have been identified by the Management.

Details of related party transactions during the year ended 31st March, 2015 and balances outstanding as at 31st March, 2015:

Particulars	Current Year ₹	Previous Year ₹
Inter Corporate Deposit taken ...	2,00,000	35,00,000
Interest on Inter Corporate Deposit	-	-
Outstanding Payables as at the year end	24,15,25,298	24,13,25,298

The above related party transaction is with Mahindra Lifespace Developers Limited.

18 Earnings per share

Particulars	Current Year	Previous Year
Basic and Diluted:		
Net Profit/Loss for the year (₹)	21,265	(63,867)
Weighted average number of equity shares (No's)	2,10,00,000	2,10,00,000
Par value per share (₹)	10	10
Earnings per share (₹)	0.00	(0.00)

19 In line with AS 22, Accounting for Taxes on Income, on principles of prudence, the company has not recognized the net deferred tax asset arising due to unabsorbed losses.

20 Previous year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosure.

In terms of our report attached

For **B.K.Khare & Co.**

Chartered Accountants
Firm Registration No. 105102W

Himanshu Chapsey

Partner
Membership No. 105731

Place : Mumbai

Date : 16th April, 2015

Jasmin Suchak

Chief Financial Officer

Sejal Shah

Company Secretary

For and on behalf of the Board of Directors

Anita Arjundas

Chairperson

Sangeeta Prasad

Raghunath Murti

Vijay Khetan

} Director's

Place : Mumbai

Date : 16th April, 2015

DIRECTORS' REPORT TO THE MEMBERS

Your Directors present their seventh report together with the Audited Financial Statement of your Company for the year ended 31st March, 2015.

Financial Highlights

Particulars	(Amount in ₹)	
	For the year ended 31 st March, 2015	For the year ended 31 st March, 2014
Total Income.....	81,13,15,705	52,61,49,250
Profit/(Loss) Before Depreciation, Interest and Taxation.....	15,76,49,671	1,58,50,789
Less: Depreciation.....	56,71,831	14,18,640
Profit/(Loss) Before Interest and Taxation	15,19,77,840	1,44,32,149
Less:Interest.....	-	-
Profit/(Loss) Before Taxation	15,19,77,840	1,44,32,149
Less: Provision for Taxation	3,30,00,000	30,00,000
Deferred Tax.....	(8,44,071)	-
Profit/(Loss) for the year after Taxation.....	11,98,21,911	1,14,32,149
Add: Balance of Profit/(Loss) for earlier years	(6,74,82,837)	(6,74,82,837)
Less: Transfer to Debenture Redemption Reserve	(5,10,67,851)	(1,14,32,149)
Balance carried forward	12,71,223	(6,74,82,837)

Dividend

In view of the carried forward losses, no dividend has been recommended by your Directors during the financial year 2014-15.

Reserves

Profit for the year has been carried forward to P & L account and no amount has been transferred to Reserves.

Operations

'Bloomdale', is the Company's first venture, located in Nagpur, Maharashtra. This project is conceived as a gated community spanning around 25.2 acres and offering a choice of midrise apartments, row houses and duplex homes. During the year, the Company launched three new phases of the project (IIB1, IIB2 and IIIC1), taking the total saleable area launched to 0.84 million square feet. Construction is nearing completion for the first phase of the project (IA, IB and IC), and progressing as per schedule for the remaining phases and the club house. 80 per cent of the total units launched in this projects have been sold upto March 2015.

No material changes and commitments have occurred after the close of the year till the close of this Report, which affect the financial position of the Company.

The financial statement for the year under review have been prepared on the basis of going concern status of the Company.

During the year under review, no revision was made in the financial statement of the Company.

Share Capital

The Authorised and paid-up Equity Share Capital of the Company is ₹ 5 Lac which is presently held by Mahindra

Lifespace Developers Limited (MLDL) and B.E. Billimoria & Co. Limited (BEBL) in the ratio of 70:30 respectively. Your Company is a subsidiary of MLDL and consequently a subsidiary of its ultimate holding company, Mahindra & Mahindra Limited.

During the year, the Company has not issued any equity shares with differential rights or any sweat equity shares. The Company does not have any Employee Stock Option Scheme and therefore the requirement of disclosures in respect of voting rights not exercised directly by the employees are not applicable to your Company.

Non-Convertible Debentures

On 11th March, 2013, the Company had issued and allotted 40 – Secured Redeemable 11.60 % Coupon, Non-Convertible Debentures with a face value of ₹ 1 crore, aggregating ₹ 40 Crore on a Private Placement Basis.

On 10th September, 2014, the Company had issued and allotted 25 – Secured Redeemable 11.25 % Coupon, Non-Convertible Debentures with a face value of ₹ 1 crore, aggregating ₹ 25 Crore on a Private Placement Basis.

The proceeds from both the aforesaid issues of Non-Convertible Debentures have been fully utilised for the purposes of the issues.

Networth

The networth of the Company at the close of the previous financial year (FY 2013-14) and at the close of the current financial year (FY 2014-15) was ₹ (5,55,50,688) and ₹ 6,42,71,223 respectively.

Holding Company

Your Company is a 70:30 joint venture Company with B.E. Billimoria & Co. Limited, one of the leading construction companies in India.

Your Company is a subsidiary company of Mahindra Lifespace Developers Limited and consequently a subsidiary company of the ultimate holding company Mahindra & Mahindra Limited.

During the year, no company became / ceased to be subsidiary/ associate or joint venture company of your Company. Therefore the requirements of consolidated financial statement are not applicable to your Company.

Corporate Social Responsibility (CSR)

As the Company does not meet any of the criteria prescribed under Section 135(1) of the Companies Act, 2013 for the financial year 2014-15, the provisions with respect to CSR were not applicable to the Company.

Directors

During the year, Mr. Raghunath Murti (DIN: 00082761) and Mr. Vijay Khetan (DIN: 00465161) were appointed as Independent Directors not liable to retire by rotation, to hold the office for a term up to 5 (five) consecutive years commencing from 25th March, 2015. Mr. Murti and Mr. Khetan have given a declaration under Section 149(7) of the Companies Act, 2013 that they meet the criteria of independence as provided in Section 149(6) of the Companies Act, 2013.

Pursuant to Section 152 of the Companies Act, 2013, Mr. Jayant Manmadkar (DIN: 03044559) a Non-executive and Non-independent Director retires by rotation at the 7th Annual General Meeting of the Company and being eligible has offered himself for re-appointment. Mr. Manmadkar is not disqualified from being re-appointed as a Director by virtue of the provisions of Section 164 of the Companies Act, 2013.

During the year, Mr. Rajan Narayan (DIN : 00213953) resigned as a Director of the Company with effect from 25th March, 2015. The Board places on record its deep appreciation of the valuable services rendered by Mr. Narayan during his tenure as a Director of the Company.

During the year, the Nomination and Remuneration Committee was reconstituted. The present members of the Committee comprises of two independent Directors, namely Mr. Vijay Khetan, Mr. Raghunath Murti and two non-independent Directors, namely Mr. Rajendra Joshi and Mr. Digant Kapadia.

Mr. Raghunath Murti is the Chairman of the Committee.

Pursuant to the provisions of the Companies Act, 2013 evaluation of every Director's performance was done by Nomination and Remuneration Committee.

The following policies of the Company are attached herewith and marked as **Annexure 1**, **Annexure 2A** and **Annexure 2B** to this report.

1. Policy on appointment of Directors and Senior Management (**Annexure -1**)
2. Policy on remuneration of Directors (**Annexure -2A**)
3. Policy on remuneration of Key Managerial Personnel & Employees (**Annexure -2B**)

Key Managerial Personnel

As the Company does not meet threshold limit for the paid-up share capital, the provisions of the Companies Act, 2013

with respect to appointment of Key Managerial Personnel are currently not applicable to your Company.

Code of Conduct

The Company had adopted Code of Conduct ("the Code/s") for its Directors, Independent Directors, Senior Management and employees. These Codes enunciate the underlying principles governing the conduct of the Company's business and seek to reiterate the fundamental precept that good governance must and would always be an integral part of the Company's ethos.

The Company has for the year under review, received declarations under the Codes from the Board members, Independent Directors and employees of the Company affirming compliance with the respective Codes.

Meetings

During the year six Board Meetings were convened and held on following dates:

17th April, 2014, 18th July, 2014, 9th September, 2014, 13th October, 2014, 20th January, 2015 and 25th March, 2015.

During the year five Audit Committee meetings were convened and held on the following dates :

17th April, 2014, 18th July, 2014, 9th September, 2014, 13th October, 2014 and 20th January, 2015.

During the year one Nomination & Remuneration Committee meeting was convened and held on 25th March, 2015.

The details of the number of meetings of the Board and the Committees attended by the respective members of the Board /Committees are given below:

Sr. No.	Name of the Director	No of Board meetings attended	No. of Audit Committee meetings attended	No. of Nomination & Remuneration Committee meetings attended
1.	Ms. Anita Arjundas	5	-	1
2.	Mr. Rajendra Joshi	6	5	1
3.	Mr. Jayant Manmadkar	6	5	-
4.	Mr. Rajan Narayan (Resigned w.e.f. 25 th March, 2015)	6	-	-
5.	Mr. Digant Kapadia	6	5	1
6.	Mr. Jeet Kapadia	5	-	-
7.	Mr. Raghunath Murti (appointed on 25 th March, 2015)	1	-	1
8	Mr. Vijay Khetan (appointed on 25 th March, 2015)	1	-	1

Directors' Responsibility Statement

Pursuant to Section 134(3)(c) of the Companies Act, 2013, the Directors, based on the representations received from the operating management and after due enquiry, confirm that:

- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) they had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year 31st March, 2015 and of the profit of the Company for that period;
- (c) they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) they had prepared the annual accounts on a going concern basis; and
- (e) they had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Internal Financial Controls

The Company has in place adequate internal financial controls with reference to the financial statements. The Audit Committee of the Board periodically reviews the internal control systems with the management and auditors.

Composition of Audit Committee

During the year, the Audit Committee was reconstituted. The present members of the Committee comprises of two independent Directors, namely Mr. Vijay Khetan, Mr. Raghunath Murti and one Non-Executive Non-Independent Director, Mr. Jayant Manmadkar. Mr. Vijay Khetan is the Chairman of the Committee. All members of the Audit Committee possess strong knowledge of accounting and financial management. The Chairperson, Chief Operating Officer and Statutory Auditors are regularly invited to attend the Audit Committee Meetings. The Board has accepted all recommendations of the Audit Committee made from time to time.

Vigil Mechanism

As the Company does not meet the prescribed criteria given under Section 177 of the Companies Act, 2013, the requirements for establishment of vigil mechanism are currently not applicable to your Company.

Risk Management

The Company already has in place the procedure to inform the Board about the risk assessment and minimization procedures. Your Company has appropriate risk management systems in place for identification and assessment of risks, measures to mitigate them, and mechanisms for their proper and timely

monitoring and reporting. The Board periodically reviews implementation and monitoring of the risk management plan for the Company.

Auditors

M/s. B. K. Khare & Co., Chartered Accountants, Mumbai, were appointed as auditors for a term of five consecutive years from the conclusion of 6th Annual General Meeting held on 15th July, 2014. Pursuant to Section 139(1) of the Companies Act, 2013, the Company shall place the matter relating to appointment of auditors for ratification by members at every Annual General Meeting. The members are requested to ratify the appointment of Statutory Auditors from conclusion of 7th AGM till the conclusion of 11th AGM.

As required under the provisions of Section 139 (1) and 141 of the Companies Act, 2013 read with the Companies (Accounts and Auditors) Rules, 2014, the Company has received a written consent and certificate from the above auditors whose appointment is proposed to be ratified, to the effect that their re-appointment, if made, would be in conformity with the limits specified in the said section.

The Auditor's Report does not contain any qualification, reservation or adverse remark and therefore does not call for any further comments.

The requirements of having internal auditor, cost auditor and secretarial auditor are presently not applicable to your Company.

Particulars of loans, guarantees or investments under Section 186 of the Companies Act, 2013

During the year, the Company has not entered into any transaction of loan, guarantee or investment under Section 186 of the Companies Act, 2013. In any case, as your Company is engaged in the business of providing Infrastructural facilities, the provisions of Section 186 of the Companies Act, 2013 related to loans made, guarantees given or securities provided are not applicable to the Company.

Contracts and Arrangements with Related Parties

All contracts / arrangements / transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on an arm's length basis. The details of contract / arrangement / transaction with related parties which could be considered material are given in **Annexure 3** in the form AOC-2. Your Directors draw attention to Note no. 26 to the financial statement which sets out details of transactions with related parties.

Deposits, Loans and Advances

Your Company has not accepted any deposits from the public or its employees during the year under review.

The Company has not made any loans and advances of the nature which are required to be disclosed in the annual accounts of the Company pursuant to Clause 32 of the Listing Agreement with the parent company Mahindra Lifespace Developers Limited and ultimate parent company Mahindra & Mahindra Limited listed with the Stock Exchanges.

The particulars of Loans given, Investments made and Guarantees & Securities provided are given under notes to Financial statement and same form part of this Report.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The details of Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo, as per Section 134(3)(m) of the Companies Act, 2013 read with the Rule 8(3) of the Companies (Accounts) Rules, 2014 during the year under review are given at **Annexure 4** to this report.

Employee Remuneration

The Company had no employee, who was employed throughout the financial year under review and was in receipt of remuneration from the Company of not less than ₹ Sixty lacs per annum or was employed for a part of the financial year and was in receipt of remuneration from the Company of not less than ₹ Five lacs per month during any part of the financial year ended on 31st March, 2015. Therefore the statement containing particulars of employees as required under Section 197 (12) of the Companies Act, 2013 read with Rule 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is not attached to this report. None of the employees is a relative of any Director of the Company. None of the employees hold (by himself/herself or along with his/her spouse and dependent children) more than 2% of the Equity shares of the Company.

Extract of Annual Return

The details forming part of the Extract of the Annual Return in Form MGT-9, as required under Section 92 of the Companies Act, 2013 is included in this Report as **Annexure 5** and forms part of this Report.

General

During the year ended 31st March, 2015, there were no cases filed / reported pursuant to the Sexual Harassment of women at workplace (Prevention, Prohibition and Redressal) Act, 2013.

No penalties/strictures were imposed on the Company by any statutory authority on any matter. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operation in future.

Cautionary statement:

Certain statements in the Directors' Report describing the Company's objectives, projections, estimates, expectations or predictions may be forward-looking statements within the meaning of applicable securities laws and regulations. Actual results could differ from those expressed or implied. Important factors that could make a difference to the Company's operations include labour and material availability, and prices, cyclical demand and pricing in the Company's principal markets, changes in government regulations, tax regimes, economic development within India and other incidental factors.

Acknowledgment

The Directors are thankful to all bankers, consultants, associates and employees of your Company for the support received from them during the year.

For and on behalf of the Board,

Anita Arjundas

Chairperson

DIN: 00243215

Mumbai, 16th April, 2015

ANNEXURE 1 TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2015**POLICY ON APPOINTMENT OF DIRECTORS AND SENIOR MANAGEMENT**

will be co-opted by the Board in accordance with the applicable provisions of the Companies Act, 2013 and Rules made thereunder.

I. APPOINTMENT OF DIRECTORS

- The Nomination and Remuneration Committee (NRC) of the Board of Directors (Board) of the Company reviews and assesses Board composition and recommends the appointment of new Directors. In evaluating the suitability of individual Board member, the NRC shall take into account the following criteria regarding qualifications, positive attributes and also independence of director when Independent Director is to be appointed :
 1. All Board appointments will be based on merit, in the context of the skills, experience, diversity, and knowledge, for the Board as a whole to be effective.
 2. Ability of the candidates to devote sufficient time and attention to his / her professional obligations as Director for informed and balanced decision making.
 3. Adherence to the applicable Code of Conduct and highest level of Corporate Governance in letter and in spirit by the Directors.
- Based on recommendation of the NRC, the Board will evaluate the candidate(s) and decide on the selection of the appropriate member. The Board through the Chairman or Director will interact with the new member to obtain his/her consent for joining the Board. Upon receipt of the consent, the new Director

REMOVAL OF DIRECTORS

If a Director is attracted with any disqualification as mentioned in any of the applicable Act, Rules and Regulations thereunder or due to non - adherence to the applicable policies of the Company, the NRC may recommend to the Board with reasons recorded in writing, removal of a Director subject to the compliance of the applicable statutory provisions.

SENIOR MANAGEMENT PERSONNEL

The NRC shall identify persons based on merit, experience and knowledge who may be appointed in senior management team.

Senior Management personnel are appointed or promoted and removed/relieved with the authority of Managing Director & CEO based on the business need and the suitability of the candidate. The details of the appointment made and the personnel removed one level below the Key Managerial Personnel during a quarter shall be presented to the Board.

For and on behalf of the Board,
Anita Arjundas
 Chairperson
 DIN : 00243215

Mumbai, 16th April, 2015

ANNEXURE 2A TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2015

POLICY FOR REMUNERATION OF THE DIRECTORS

Purpose

This Policy sets out the approach to Compensation of Directors in Mahindra Bebanco Developers Limited.

Policy Statement

We have a well-defined Compensation policy for Directors including the Chairman of the Company. The overall compensation philosophy which guides us is that in order to achieve global leadership and dominance in domestic markets, we need to attract and retain high performers by compensating them at levels that are broadly comparable with the median of the comparator basket while differentiating people on the basis of performance, potential and criticality for achieving competitive advantage in the business.

In order to effectively implement this, we have built our Compensation structure by a regular annual benchmarking over the years with relevant players across the industry we operate in.

NON-EXECUTIVE INCLUDING INDEPENDENT DIRECTORS:

The Nomination and Remuneration Committee (NRC) shall decide the basis for determining the compensation, both fixed and variable, to the Non Executive Directors, including Independent Directors, whether as commission or otherwise. The NRC shall take into consideration various factors such as director's participation in Board and Committee meetings during the year, other responsibilities undertaken, such as membership or Chairmanship of committees, time spent in carrying out their duties, role and functions as envisaged in Schedule IV of the Companies Act 2013 and such other

factors as the NRC may consider deem fit for determining the compensation. The Board shall determine the compensation to Non-Executive Directors within the overall limits specified in the Shareholders resolution.

Executive Directors:

The remuneration to Executive Director(s) shall be recommended by NRC to the Board. The remuneration consists of both fixed compensation and variable compensation and shall be paid as salary, commission, performance bonus, stock options (where applicable), perquisites and fringe benefits as approved by the Board and within the overall limits specified in the Shareholders resolution. While the fixed compensation is determined at the time of their appointment, the variable compensation will be determined annually / half yearly by the NRC based on their performance.

The remuneration involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

The Company may also grant Stock Options to the Directors (other than Independent Directors and Promoter) in accordance with the ESOP Scheme of the Company, if any, and subject to the compliance of the applicable statutes and regulations.

For and on behalf of the Board,

Anita Arjundas
Chairperson
DIN : 00243215

Mumbai, 16th April, 2015

ANNEXURE 2B TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2015**POLICY ON REMUNERATION OF KEY MANAGERIAL PERSONNEL AND EMPLOYEES**

This Policy shall be effective from the financial year 2014 - 15.

Objective

To establish guidelines for remunerating employees fairly and in keeping with Statutes.

Standards

- All employees, irrespective of contract, are to be remunerated fairly and the remuneration is to be externally competitive and internally equitable. The remuneration will be paid in accordance with the laid down Statutes.
- Remuneration for on-roll employees will include a fixed or guaranteed component payable monthly; and a variable component which is based on performance and paid annually in the month of July following the fiscal.
- The fixed component of remuneration will have a flexible component with a bouquet of allowances to enable an employee to choose the allowances as well as the quantum based on laid down limits as per Company policy. The flexible component can be varied only once annually in the month of July i.e. after the salary increment exercise.
- The variable component of the remuneration will be a function of the employee's grade.
- The actual pay-out of variable component of the remuneration will be a function of individual performance

as well as business performance. Business performance is evaluated using a Balanced Score Card (BSC) while individual performance is evaluated on Key Result Areas (KRA). Both the BSC and KRAs are evaluated at the end of the fiscal to arrive at the BSC rating of the business and PPS rating of the individual.

- An annual compensation survey is carried out to ensure that the Company's compensation is externally competitive. Based on the findings of the survey and the business performance, the Sector Talent Council decides:
 - a) The increment that needs to be paid for different performance ratings as well as grades.
 - b) The increment for promotions and the total maximum increment.
 - c) The maximum increase in compensation cost in % and absolute.
- Compensation corrections are made in a few cases where it is outside the band or to keep it tune with the market.

For and on behalf of the Board,

Anita Arjundas
Chairperson
DIN : 00243215

Mumbai, 16th April, 2015

ANNEXURE 3 TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2015

FORM NO. AOC.2

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

1. Details of contracts or arrangements or transactions not at arm's length basis:

NIL

2. Details of material contracts or arrangement or transactions at arm's length basis

(a) Name(s) of the related party and nature of relationship:-
B.E. Billimoria & Co Ltd – Mr. Digant Kapadia is a common Director on the Boards of the Company and of B.E. Billimoria & Co Ltd. Also the Company is an Associate Company of B.E. Billimoria & Co Ltd.

(b) Nature of contracts/arrangements/transactions:-
Principal Construction Contractor for Company's Residential Development project at MIHAN, Nagpur.

(c) Duration of the contracts/arrangements/transactions and Salient terms of the contracts or arrangements

or transactions including the value, if any:- The commencement date for the construction works is 18th October, 2011 and the completion date shall be 10th January 2017. The total cost of contract is ₹ 242 Crs. Estimated salable area of the contract is 15, 31,478 sqft.

(d) Date(s) of approval by the Board, if any:- 17th October, 2011

(f) Amount paid as advances, if any:

		Amount in ₹
Total Mobilization advance given against Bank Guarantee	Total Mobilization advance deducted	Total Mobilization advance outstanding
148,229,494	77,548,308	70,681,186

For and on behalf of the Board,

Anita Arjundas
Chairperson
DIN : 00243215

Mumbai, 16th April, 2015

ANNEXURE 4 TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2015

A. CONSERVATION OF ENERGY:

(i)	the steps taken or impact on conservation of energy;	: As a part of sustainable development adequate measures have been initiated to reduce energy consumption. With respect to providing an Energy Efficient final product to its customers, the Company is developing Green Building. Green building increases the resource efficiency (energy, water, and materials), while reducing impacts on human health and the environment, through better selection of sites, design, construction, operation, maintenance, and removal i.e. the complete building life cycle Steps taken for energy conservation: 1. Energy efficient building envelopes for walls and roofs 2. Energy efficient electronic ballast & all lighting system 3. Heat Reflective paint 4. Adoption of high efficient light fittings 5. Adoption of high efficient pumps, motors 6. Group control mechanism for lifts 7. CFL/LED lamps for common areas & pathways
(ii)	the steps taken by the company for utilising alternate sources of energy	: None
(iii)	the capital investment on energy conservation equipments	: It is a mandate in our organisation to develop all the projects as green building projects. We don't capture these expenses separately under environmental protection expenditures/ green investments. During the feasibility study of the project for green building rating, these expenses are considered in the project budget itself. These expenditures are mainly for 1. use of energy efficient building envelopes 2. heat reflective paint, 3. low flow fixtures, 4. sewage treatment plant, 5. rain water harvesting system, 6. organic waste converter, 7. energy efficient equipments such as pumps and motors, etc.

B. TECHNOLOGY ABSORPTION

(i)	the efforts made towards technology absorption	: Around 25 technologies were studied, Out of those Two technologies viz. Aluminium Formwork (Mivan) and High Volume Fly ash Concrete for internal roads were used.
(ii)	the benefits derived like product improvement, cost reduction, product development or import substitution	Major benefits of the technologies are – Increase in work speed, better finish Quality, better durability due to monolithic structures & less manpower requirement. Hence, reduction in cost.
(iii)	in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)	(a) The details of technology imported – Aluminium Formwork (Mivan) (b) The year of import – FY13-14 & FY15 (Aluminum Formwork - Mivan) (c) Whether the technology been fully absorbed – Yes (d) If not fully absorbed, areas where absorption has not taken place, and the reasons thereof – NA
(iv)	the expenditure incurred on Research and Development	: NA

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year, there were no transactions involving Foreign Exchange earnings in terms of actual inflows and the Foreign Exchange outgo in terms of actual outflows.

For and on behalf of the Board,

Anita Arjundas
Chairperson
DIN : 00243215

Mumbai, 16th April, 2015

ANNEXURE 5 TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2015

FORM NO. MGT - 9

EXTRACT OF ANNUAL RETURN

AS ON THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2015

(PURSUANT TO SECTION 92(3) OF THE COMPANIES (MANAGEMENT AND ADMINISTRATION) RULES, 2014)

1. REGISTRATION AND OTHER DETAILS:

1.	CIN	U45203MH2008PLC183107
2.	Registration Date	03/06/2008
3.	Name of the Company	Mahindra Bebanco Developers Limited
4.	Category/Sub-Category of the Company	Company limited by shares/Indian Non-Government Company
5.	Address of the Registered office and contact details	Mahindra Towers, 5 th Floor, Dr G M Bhosale Marg, Worli, Mumbai 400 018. Tel No: 022-67478600/8601, Fax: 022-24975084
6.	Whether listed Company (Yes/No)	No
7.	Name, Address and Contact details of Registrar and Transfer Agent, if any	Not Applicable

2. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:

Sr. No.	Name and Description of Main Product/Services	NIC Code of the Product*	% to total turnover of the Company#
1	Construction of Buildings	410	100

*As per National Industrial Classification- Ministry of Statistics and Programme Implementation.

on the basis of Gross Turnover.

3. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and Address of the Company	CIN/GIN	Holding/Subsidiary of the Company	% of shares held	Applicable Section
	Mahindra Lifespace Developers Limited	L45200MH1999PLC118949	Holding	70	2(87)(ii)
	B.E. Billimoria & Co. Ltd.	U45200MH1962PLC012268	Associate	30	2(6)

The Company does not have any Subsidiary Company.

4. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1. Indian									
a) Individuals/HUF	—	—	—	—	—	—	—	—	—
b) Central Govt	—	—	—	—	—	—	—	—	—
c) State Govt(s)	—	—	—	—	—	—	—	—	—
d) Bodies Corp	—	50,000	50,000	100	—	50,000	50,000	100	—

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
e. Banks/FI	-	-	-	-	-	-	-	-	-
f. Any Other...	-	-	-	-	-	-	-	-	-
Sub-total (A) (1):-	-	50,000	50,000	100	-	50,000	50,000	100	-
2. Foreign									
a) NRIs-Individuals	-	-	-	-	-	-	-	-	-
b) Other Individuals	-	-	-	-	-	-	-	-	-
c) Body Corp.	-	-	-	-	-	-	-	-	-
d) Banks/FI	-	-	-	-	-	-	-	-	-
e) Any Others...	-	-	-	-	-	-	-	-	-
Sub-total (A) (2):-	-	-	-	-	-	-	-	-	-
Total shareholding of Promoter (A) = (A)(1) + (A)(2)	-	50,000	50,000	100	-	50,000	50,000	100	-
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Bank/FI	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt (s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Fund	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):-	-	-	-	-	-	-	-	-	-
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	-	-	-	-	-	-	-	-	-
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	-	-	-	-	-	-	-	-	-
c) Others (Non Resident Individuals)	-	-	-	-	-	-	-	-	-
d) Others Trust	-	-	-	-	-	-	-	-	-
Sub-total (B)(2):-	-	-	-	-	-	-	-	-	-
Total Public Shareholding (B) = (B)(1) + (B)(2)	-	-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	-	50,000	50,000	100	-	50,000	50,000	100	-

(ii) Shareholding of Promoters

Sr. No.	Category of Shareholder	No. of Shares held at the beginning of the year			No. of Shares held at the end of the year			% Change during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	
1	Mahindra Lifespace Developers Limited	34,950	69.90	–	34,950	69.90	–	–
2	B.E. Billimoria & Co.Ltd.	15,000	30	–	15,000	30	–	–
3	Mahindra Lifespace Developers Ltd & Mr. Arun Nanda	10	0.02	–	10	0.02	–	–
4	Mahindra Lifespace Developers Ltd & Ms. Anita Arjundas	10	0.02	–	10	0.02	–	–
5	Mahindra Lifespace Developers Ltd & Mr. Suhas Kulkarni	10	0.02	–	10	0.02	–	–
6	Mahindra Lifespace Developers Ltd & Mr. Ulhas Bhosale	10	0.02	–	10	0.02	–	–
7	Mahindra Lifespace Developers Ltd Mr. Jayantt Manmadkar	10	0.02	–	10	0.02	–	–

(iii) Change in Promoters' Shareholding (please specify, if there is no change): There is no change in the Shareholding of Promoter Group.

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs): Nil.

(v) Shareholding of Directors and Key Managerial Personnel: No Directors or Key Managerial Personnel hold any shares in the Company.

5. INDEBTNESS

Indebtness of the Company including outstanding/accrued but not due for payment

(₹ in Crs)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	40.00	25.21	–	65.21
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	0.26	4.14	–	4.40
Total (i + ii + iii)	40.26	29.35	–	69.61
Change in Indebtedness during the financial year				
• Addition	30.00	–	–	30.00
• Reduction	40.00	–	–	40.00
Net Change	10.00	–	–	10.00
Indebtedness at the end of the financial year				
i) Principal Amount	30.00	25.21	–	55.21
ii) Interest due but not paid	0	–	–	–
iii) Interest accrued but not due	0.18	7.03	–	7.21
Total (i + ii + iii)	30.18	32.24	–	62.42

6. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-Time Directors and/or Manager: Not Applicable

B. Remuneration of other directors:

(₹ in Lakhs)

Sr. No.	Particulars of Remuneration	Name of Directors							Total Amt.
		Mr. Rajendra Joshi	Mr. Jeet Kapadia	Mr. Jayant Manmadkar	Mr. Raghunath Murti	Ms. Anita Arjundas	Mr. Vijay Khetan	Mr. Digant Kapadia	
1.	Independent Directors								
	• Fee for attending board/committee meetings *	-	-	-	-	-	-	-	-
	• Commission	-	-	-	-	-	-	-	-
	• Others, please specify	-	-	-	-	-	-	-	-
	Total (1)	-	-	-	-	-	-	-	-
2.	Other Non-Executive Directors								
	• Fee for attending board/committee meetings	-	-	-	-	-	-	-	-
	• Commission	-	-	-	-	-	-	-	-
	• Others, please specify	-	-	-	-	-	-	-	-
	Total (2)	-	-	-	-	-	-	-	-
	Total (B)=(1+2)	-	-	-	-	-	-	-	-
	Total (A)	-	-	-	-	-	-	-	-
	Total Managerial Remuneration	-	-	-	-	-	-	-	-
	Overall Ceiling as per the Act	-	-	-	1,00,000	-	1,00,000	-	-

* The Board at its meeting held on 16th April, 2015 had approved payment of sitting fees to Independent Directors as under :

Meetings	Fees	Effective from
For attending each Board meeting	Rs. 20,000	For all meetings held on 16 th April, 2015 and thereafter
For attending each Committee meeting	Rs. 10,000	Next meeting
For attending meeting of CSR Committee, if any	Nil	Not Applicable

None of the Directors other than Independent Directors receive any sitting fees from the Company.

C. Remuneration to Key Managerial Personnel other than MD/MANAGER/WTD: Not Applicable

I) PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act.	Brief description	Details of penalty/Punishment/compounding fees imposed	Authority [RD/NCLT/COURT]	Appeal made, if any (give details)
Penalty			NONE		
Punishment					
Compounding					
OTHER OFFICERS IN DEFAULT			NONE		
Penalty					
Punishment					
Compounding					

For and on behalf of the Board,

Anita Arjundas
Chairperson
DIN : 00243215

Mumbai, 16th April, 2015

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MAHINDRA BEBANCO DEVELOPERS LIMITED

Report on the Financial Statements

1. We have audited the accompanying standalone financial statements of **MAHINDRA BEBANCO DEVELOPERS LIMITED** ("the Company"), which comprise the balance sheet as at 31st March, 2015, and the statements of profit and loss and cash flow for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these standalone financial statements based on our audit.
4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the

Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at 31st March, 2015, and its profit and cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

9. As required by the Companies (Auditor's Report) Order, 2015, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
10. As required by Section 143(3) of the Act, we report that:
 - a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c. the Balance Sheet, the Statement of Profit and Loss and Cash Flow dealt with by this Report are in agreement with the books of account;
 - d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);
 - e. on the basis of written representations received from the directors as on 31st March, 2015 taken on record by the

Board of Directors, none of the directors is disqualified as on 31st March, 2015, from being appointed as a director in terms of Section 164(2) of the Act.

- f. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company does not have any pending litigations which would impact its financial position.
 - ii. The Company did not have any long-term contracts including derivate contracts for which there were any material foreseeable losses.

- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **B. K. Khare and Co.**

Chartered Accountants
Firm's Registration Number 105102W

Padmini Khare Kaicker
Partner

Place: Mumbai
Dated: 16th April, 2015

Membership Number: 44784

ANNEXURE TO THE AUDITOR'S REPORT

Referred to in paragraph 9 of our report of even date on the accounts of Members of Mahindra Bebanco Developers Limited ended 31st March, 2015

- 1) (i) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
(ii) Fixed assets have been physically verified by the management during the year and no material discrepancies were noted on such verification.
- 2) The Company's inventory comprises only construction work in progress. The Company does not have any inventory of raw material, finished goods, stores, and spares. Hence para 3(ii) of the Order is not applicable to the Company.
- 3) According to the information and explanations given to us the Company has not granted any loans, secured or unsecured, to companies, firms and other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of para 3(iii) of the Order are not applicable to the Company.
- 4) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchases of inventory, fixed assets and for the sale of goods and services. In our opinion and according to the information and explanations given to us, there is no continuing failure to correct major weaknesses in internal control system.
- 5) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of section 73 to 76 of the Companies Act, 2013, and the rules framed thereunder.
- 6) As informed to us, the maintenance of cost records has been prescribed by the Central Government under section 148(1) of the Companies Act, 2013, in respect of the activities carried on by the Company. We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the company pursuant to the Rules made by the Central Government for the maintenance of cost records under section and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained.
- 7) (i) According to the records of the Company, the Company is generally regular in depositing with the appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Wealth Tax, Service Tax, Customs Duty, Value Added Tax, and other statutory dues applicable to it. The provisions of Excise Duty are not applicable to the operations of the Company.
(ii) According to the information and explanations given to us, there are no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty and Value Added Tax that were outstanding, at the year end for a period of more than six months from the date they became payable.
(iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
8. The Company does not have any accumulated losses at the end of the financial year and it has not incurred any cash losses in the current year and in the immediately preceding financial year.
9. Based on our audit procedures and on the basis of information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions and banks.
- 10) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
- 11) In our opinion, the term loans have been applied for the purpose for which they were obtained.
- 12) Based on the audit procedures performed and as per the information and explanations given to us by management, no fraud on or by the Company has been noticed or reported during the year.

For **B. K. Khare and Co.**

Chartered Accountants
Firm's Registration Number 105102W

Padmini Khare Kaicker
Partner

Place: Mumbai

Dated: 16th April, 2015

Membership Number: 44784

BALANCE SHEET AS AT 31ST MARCH, 2015

	Note	Current Year ₹	Previous Year ₹
EQUITY & LIABILITIES			
Shareholders' funds			
Share capital.....	3	5,00,000	5,00,000
Reserves and surplus.....	4	6,37,71,223	(5,60,50,688)
		6,42,71,223	(5,55,50,688)
Non-Current liabilities			
Long term borrowings.....	5	50,21,41,835	25,21,41,835
		50,21,41,835	25,21,41,835
Current Liabilities			
Short term Borrowings.....	6	12,90,19,653	46,388,395
Trade Payables.....	7	36,99,99,846	39,61,29,151
Other current liabilities.....	8	22,18,57,789	57,41,49,718
Short term provisions.....	9	32,57,566	22,15,755
		72,41,34,854	1,01,88,83,020
Total		1,29,05,47,911	1,21,54,74,167
ASSETS			
Non-current assets			
Fixed Assets			
Tangible assets.....	10	2,46,68,824	1,93,80,734
		2,46,68,824	1,93,80,734
Other Non Current Assets.....	11	2,54,77,800	2,44,92,800
Deferred Tax Assets (Net)	12	8,44,071	–
		5,09,90,694	4,38,73,534
Current assets			
Inventories	13	75,06,94,749	88,00,15,069
Trade receivables	14	9,19,24,205	15,35,39,757
Cash and Cash Equivalents	15	1,29,12,617	1,54,27,734
Short term loans and advances	16	14,23,18,927	10,52,86,445
Other current assets.....	17	24,17,06,719	1,73,31,629
		1,23,95,57,217	1,17,16,00,633
Total		1,29,05,47,911	1,21,54,74,167

See accompanying notes forming part of the Financial Statements

In terms of our report attached

For **B. K. Khare & Co**
Chartered Accountants
Firm Registration No. 105102W

Padmini Khare Kaicker
Partner
Membership No.: 044784

Place : Mumbai
Date : 16th April, 2015

For and on behalf of the Board of Directors

Anita Arjundas } Chairperson
Rajendra Joshi }
Raghunath Murti }
Vijay Khetan }
Digant Kapadia } Directors
Jeet Kapadia }
Jayant Manmadkar }

Place : Mumbai
Date : 16th April, 2015

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2015

	Note	Current Year ₹	Previous Year ₹
REVENUE			
Income from Operations		80,95,26,062	52,56,98,191
Other Income	18	17,89,643	4,51,059
		81,13,15,705	52,61,49,250
EXPENDITURE			
Operating Expenses	19	58,04,35,211	44,00,49,642
Employee benefits	20	70,51,193	45,54,054
Finance costs.....	21	–	–
Depreciation.....	10	56,71,831	14,18,640
Administrative & Other expenses.....	22	6,19,79,631	6,26,94,765
Other Operating Expenses.....	23	42,00,000	30,00,000
		65,93,37,865	51,17,17,101
Profit/(Loss) before tax		15,19,77,840	1,44,32,149
Less: Tax expense			
– Current tax.....		3,30,00,000	30,00,000
– Deferred tax.....		(8,44,071)	–
Profit/(Loss) after tax		11,98,21,911	1,14,32,149
Earnings per equity share:			
Basic and diluted.....		2,396.44	228.64

See accompanying notes forming part of the Financial Statements

In terms of our report attached

For **B. K. Khare & Co**
Chartered Accountants
Firm Registration No. 105102W

Padmini Khare Kaicker
Partner
Membership No.: 044784

Place : Mumbai
Date : 16th April, 2015

For and on behalf of the Board of Directors

Anita Arjundas } Chairperson
Rajendra Joshi
Raghunath Murti
Vijay Khetan
Digant Kapadia
Jeet Kapadia
Jayant Manmadkar } Directors

Place : Mumbai
Date : 16th April, 2015

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2015

	Current Year ₹	Previous Year ₹
A. Cash flow from operating activities		
Profit/(Loss) before tax	15,19,77,840	1,44,32,149
Adjustments for:		
Depreciation.....	56,71,831	14,18,640
Operating Profit/(loss) before working capital changes	15,76,49,670	1,58,50,789
Changes in working capital:		
<i>Adjustments in operating assets</i>		
(Increase)/decrease in short term loans and advances	(3,70,32,480)	(30,08,996)
(Increase)/decrease in inventories	12,93,20,320	37,03,191
(Increase)/decrease in trade receivable	6,16,15,552	(10,89,30,548)
(Increase)/decrease in long term loans and advances	(9,85,000)	(12,92,800)
(Increase)/decrease in other current assets	(22,43,75,090)	7,47,72,966
<i>Adjustments in operating liabilities</i>		
Increase/(decrease) in Long Term Borrowings.....	-	-
Increase/(decrease) in other current liabilities.....	(5,85,29,542)	7,89,29,152
Increase/(decrease) in trade payables.....	(2,61,29,305)	(7,39,71,794)
	(15,61,15,546)	(2,97,98,830)
Cash (used in) operations.....	15,34,125	(1,39,48,040)
Taxes paid	2,42,79,424	2,13,793
Net cash (used in) operating activities	2,58,13,548	(1,37,34,247)
B. Cash flow from investing activities:		
(Purchase)/Sale of fixed assets	(1,09,59,921)	(1,97,19,444)
(Purchase)/Sale of investments	-	2,75,66,809
Net cash from investing activities	(1,09,59,921)	78,47,365
C. Cash flow from financing activities:		
Proceeds from borrowings.....	38,26,31,256	1,03,99,619
Repayment of borrowings.....	(40,00,00,000)	-
Net cash from financing activities.....	(1,73,68,744)	1,03,99,619
Net increase/(decrease) in cash and cash equivalents	(25,15,117)	45,12,737
Cash & cash equivalents		
Opening balance	1,54,27,734	1,09,14,997
Closing balance	1,29,12,617	1,54,27,734
Net increase/(decrease) in cash and cash equivalents	(25,15,117)	45,12,737
Cash & Cash equivalents comprise of:		
Cash on Hand.....	157	30,165
Balance with Banks	1,29,12,460	1,53,97,569
TOTAL.....	1,29,12,617	1,54,27,734

See accompanying notes forming part of the Financial Statements

In terms of our report attached

For **B. K. Khare & Co**
Chartered Accountants
Firm Registration No. 105102W

Padmini Khare Kaicker
Partner
Membership No.: 44784

Place : Mumbai
Date : 16th April, 2015

For and on behalf of the Board of Directors

Anita Arjundas *Chairperson*
Rajendra Joshi
Raghunath Murti
Vijay Khetan
Digant Kapadia
Jeet Kapadia
Jayant Manmadkar *Directors*

Place : Mumbai
Date : 16th April, 2015

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

1 CORPORATE INFORMATION

The company is engaged in the business of development of residential complexes in MIHAN at Nagpur. Based on the nature of activity carried out by the Company and the period between the procurement and realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 5 years for the purpose of Current - Non Current classification of assets & liabilities.

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Paragraph 7 of the Companies (Accounts) Rules, 2014 (as amended) and the relevant provisions of the Companies Act, 2013 ("the 2013 Act") as applicable. The financial statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

2.2 Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported balances of assets and liabilities as of the date of the financial statements and reported amounts of income and expenses during the period. Management believes that the estimates used in the preparation of financial statements are prudent and reasonable.

2.3 Inventories

Inventories are stated at lower of cost and net realisable value. The cost of construction material is determined on the basis of weighted average method. Construction Work-in-Progress includes cost of land, premium for development rights, construction costs and allocated interest and expenses incidental to the projects undertaken by the Company.

2.4 Fixed Assets

Fixed assets are stated at cost of acquisition or construction less accumulated depreciation. Cost includes all incidental expenses related to acquisition and installation, other pre operation expenses and interest in case of construction.

The carrying amount of cash generating units/assets is reviewed at the balance sheet date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount is estimated as the net selling price or value in use, whichever is higher. Impairment loss, if any, is recognized whenever carrying amount exceeds the recoverable amount.

Depreciation on tangible fixed assets has been provided on prorata basis, on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 or estimated useful life, whichever is lower.

Lease hold improvements are amortised over the period of lease/ estimated period of lease.

2.5 Revenue

Income from real estate sales is recognised on the transfer of all significant risks and rewards of ownership to the buyers and it is not unreasonable to expect ultimate collection and no significant uncertainty exists regarding the amount of consideration. However if, at the time of transfer substantial acts are yet to be performed under the contract, revenue is recognised on proportionate basis as the acts are performed, i.e. on the percentage of completion basis. Revenues from real estate projects are recognised only when the actual construction and development costs incurred is at least 25 % of the total estimated construction and development costs excluding land and when at least 10% of the sales consideration is realised and at least 25% of total area is sold.

In accordance with the Guidance Note on Accounting for Real Estate Transactions (Revised 2012) issued by the Institute of Chartered Accountants of India, in case of projects commencing on or after 1st April 2012 or in case of projects which have already commenced but where revenue is being recognised for the first time on or after 1st April 2012, revenues will be recognized from these real estate projects only when

- i. the actual construction and development cost incurred is at least 25% of the total construction and development cost (without considering land cost) and
- ii. when at least 10% of the sales consideration is realised and
- iii. where 25% of the total saleable area of the project is secured by contracts of agreement with buyers.

Determination of revenues under the percentage of completion method necessarily involves making estimates by the Company, some of which are of a technical nature, concerning, where relevant, the percentages of completion, costs to completion, the expected revenues from the project/activity and the foreseeable losses to completion.

Interest income is accounted on accrual basis of contracted rates except where there is uncertainty of ultimate collection.

Dividend income is recognised when the right to receive the same is established

2.6 Investments

Investments are classified into long term and current investments.

Long-term investments are carried at cost. Provision for diminution, if any, in the value of each long-term investment is made to recognize a decline, other than of a temporary nature.

Current investments are carried individually at lower of cost and fair value and the resultant decline, if any, is charged to revenue.

2.7 Employee benefits

In view of the past trends of leave availed, the amount of employee benefit in the form of compensated absences, being in the nature of short term benefit, is accounted for on accrual basis at an undiscounted value.

2.8 Provision for Taxation

Tax expense comprises both current and deferred tax.

Current tax is measured at the amount expected to be paid to the tax authorities, using the applicable tax rates and tax laws.

Deferred tax assets and liabilities are recognised for future tax consequences attributable to the timing differences between taxable income and accounting income that are capable of reversal in one or more subsequent periods and are measured using tax rates enacted or substantively enacted as at the Balance Sheet date. Deferred Tax assets are not recognised unless, in the management judgment, there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. The carrying amount of deferred tax is reviewed at each balance sheet date.

2.9 Impairment of assets

The carrying values of assets/cash generating units at each Balance Sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognized, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognized for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognized in the Statement of Profit and Loss, except in case of revalued assets.

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2015
2.10 Provisions and Contingent Liabilities

Provisions are recognised in the accounts in respect of present probable obligations, the amount of which can be reliably estimated.

Contingent liabilities are disclosed in respect of possible obligations that arise from past events but their existence is confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

2.11 Borrowing Costs

Borrowing costs that are directly attributable to long-term project management and development activities are capitalised as part of project cost. Other borrowing costs are recognised as expense in the period in which they are incurred.

Borrowing costs are capitalised as part of project cost when the activities that are necessary to prepare the asset for its intended use or sale are in progress. Borrowing costs are suspended from capitalisation on the project when development work on the project is interrupted for extended periods.

3 Share Capital
Authorised

50,000 (Previous Year 50,000) equity shares of ₹ 10 each fully paid up

	Current Year ₹	Previous Year ₹
50,000 (Previous Year 50,000) equity shares of ₹ 10 each fully paid up	5,00,000	5,00,000

Issued, subscribed and paid up.

50,000 (Previous Year 50,000) equity shares of ₹ 10 each fully paid up

50,000 (Previous Year 50,000) equity shares of ₹ 10 each fully paid up	5,00,000	5,00,000
	<u>5,00,000</u>	<u>5,00,000</u>

a. 35,000 equity shares are held by Mahindra Lifespace Developers Limited, the holding company and its nominees.

There has been no movement in the equity share capital during the year.

b. **Terms/Rights attached to Equity Shares**

The company has only one class of Equity shares having a par value of ₹ 10/- per share. Each holder of Equity Shares is entitled to one vote per share.

Repayment of capital on liquidation will be in proportion to the number of equity shares held.

c. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

	As at 31 st March, 2015		As at 31 st March, 2014	
	No of Shares	Value of Shares Rupees ₹	No of Shares	Value of Shares Rupees ₹
Equity Shares				
At the beginning of the period	50,000	5,00,000	50,000	5,00,000
Issued during the period	-	-	-	-
Outstanding at the end of the period	50,000	5,00,000	50,000	5,00,000

d. Details of shares held by each shareholder including Holding Company, holding more than 5% of the aggregate shares in the Company:

	Current Year		Previous Year	
	No of Shares	Value of Shares ₹	No of Shares	Value of Shares ₹
Holding Company (70%) Mahindra Lifespace Developers Limited Equity	35,000	3,50,000	35,000	3,50,000
B. E. Billimoria & Co Limited (30%) Equity	15,000	1,50,000	15,000	1,50,000

	Current Year ₹	Previous Year ₹
4 Reserves & Surplus		
A. Surplus/(Deficit) in the Statement of Profit & Loss:		
Opening balance	(6,74,82,837)	(6,74,82,837)
Add: Profit/(Loss) for the Current Year	11,98,21,911	1,14,32,149
	<u>5,23,39,074</u>	<u>(5,60,50,688)</u>
Less: Transfer to Debenture Redemption Reserve (Refer Note 4a)	(5,10,67,851)	(1,14,32,149)
Net Statement of Profit & Loss Surplus/(Deficit)	<u>12,71,223</u>	<u>(6,74,82,837)</u>
B. Debenture Redemption Reserve:		
Opening balance	1,14,32,149	-
Add: Transfer from Statement of Profit and Loss	5,10,67,851	1,14,32,149
Net Balance in Debenture Redemption Reserve	<u>6,25,00,000</u>	<u>1,14,32,149</u>
Closing Balance (A+B)	<u>6,37,71,223</u>	<u>(5,60,50,688)</u>

a. Debenture Redemption Reserve has been created to the extent of profits available for appropriation for the current Financial Year only.

	Current Year ₹	Previous Year ₹
5 Long Term Borrowings		
Secured		
25 Secured Non Convertible Debentures of face Value of ₹ 1,00,00,000/- each	25,00,00,000	-
Unsecured		
Loan from related parties	25,21,41,835	25,21,41,835
	<u>50,21,41,835</u>	<u>25,21,41,835</u>
a. The debentures are repayable in 24 months on the date of redemption.		
b. RATE OF INTEREST: Coupon Rate is 11.25% per annum, compounded semi-annually. Interest payment is semi-annually. (for NCD)		
c. SECURITY: The above Non Convertible Debentures are secured by First pari passu charge by way of mortgage on the Property/Project and second charge over escrow of receivables from the project		
d. The company has not defaulted in repayment of interest and principal		
e. Loan from related parties carries a coupon rate of is 12.75% p.a and is repayable on demand.		

6 Short Term Borrowings
Secured

Loans repayable on demand from bank

Cash Credit Facility

(The above facility is secured by First pari passu charge by way of mortgage on the Property/Project and second charge over escrow of receivables from Project)

Rate of interest is 13.25% p.a

	Current Year ₹	Previous Year ₹
Cash Credit Facility	12,90,19,653	4,63,88,395
	<u>12,90,19,653</u>	<u>4,63,88,395</u>

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2015

	Current Year ₹	Previous Year ₹		Current Year ₹	Previous Year ₹
7 Trade Payables			Service Tax	-	-
Trade Payables - Micro & Small Enterprises	-	-	Vat Payable - Maharashtra	7,86,279	3,36,963
Trade Payables - Others	36,99,99,846	39,61,29,151	Others	2,800	2,600
Contractual expenses payable	3,62,37,007	3,08,28,328	Other Payables		
Accrued Expenses	33,23,53,937	36,26,66,483	Defect Liability Provision	72,00,000	30,00,000
GR IR Account	14,08,902	26,34,340	Others	47,396	49,171
Payable on purchase of Fixed Assets	-	-		<u>22,18,57,789</u>	<u>57,41,49,718</u>
	<u>36,99,99,846</u>	<u>39,61,29,151</u>			

Based on the information available with the Company there are no outstandings in respect of Micro, Small and Medium Enterprises as of Balance Sheet date.

	Current Year ₹	Previous Year ₹
8 Other current Liabilities		
Advances from customers	7,45,37,762	12,05,25,803
Interest accrued but not due	7,20,04,430	4,40,45,530
Current maturities of long-term debt	5,00,00,000	40,00,00,000
Provision for Current Tax (Net of Advance Tax)	1,17,14,185	24,74,753
Other liabilities	1,36,01,412	71,03,632
Statutory Remittances		
Withholding Taxes	44,31,624	29,09,598
Works contract Tax	11,33,313	8,05,300

- a The current maturity of long term debt of Rs 50,00,00,000 represent 366 day Unsecured loan availed during the year at an interest rate of 11.50% repayable on 25th March, 2016.
- b The current maturity of long term debt of Rs 40,00,00,000 at 31st March, 2014 represents secured non convertible debentures carrying a coupon rate of 11.60% per annum, compounded semi-annually. Interest payment is semi annual. The debentures were redeemed during the year.
- c The above Non Convertible Debentures are secured by First pari passu charge by way of mortgage on the Property/Project and second charge over escrow of receivables from the project

	Current Year ₹	Previous Year ₹
9 Short Term Provisions		
Provision for Employee Benefits		
Compensated absences	6,13,308	6,30,013
Provision for Gratuity	8,62,671	-
Others	17,81,587	15,85,742
	<u>32,57,566</u>	<u>22,15,755</u>

10 Fixed Assets

Description of Assets	Gross Block			Depreciation			Net Block	
	As at 1 st April, 2014	Additions	As at 31 st March, 2015	As at 1 st April, 2014	For the year	As at 31 st March, 2015	As at 31 st March, 2015	As at 31 st March, 2014
Tangible Assets								
Lease Hold Improvement	1,57,35,627	97,87,043	2,55,22,670	12,47,625	44,25,904	56,73,529	1,98,49,141	1
Computers	10,50,925	9,20,485	19,71,410	4,63,724	5,73,820	10,37,544	9,33,866	5,87,201
Furniture & Fixture	37,09,864	-	37,09,864	3,69,745	3,30,872	7,00,617	30,09,247	1,78,28,120
Office Equipment	12,24,747	2,52,393	14,77,140	2,59,335	3,41,235	6,00,570	8,76,570	9,65,412
Total	2,17,21,162	1,09,59,921	3,26,81,083	23,40,429	56,71,831	80,12,259	2,46,68,824	1,93,80,734
Previous year	20,01,718	1,97,19,444	2,17,21,162	9,21,789	14,18,640	23,40,429	1,93,80,734	10,79,930

	Current Year ₹	Previous Year ₹		Current Year ₹	Previous Year ₹
11 Other Non Current Assets			13 Inventories (valued at lower of cost or net realisable value)		
Security Deposits	2,15,22,800	2,15,37,800	Construction Work in progress	75,06,94,749	88,00,15,069
Bank Balances				<u>75,06,94,749</u>	<u>88,00,15,069</u>
Long term deposits (margin money) with banks having maturity more than 12 months	39,55,000	29,55,000			
	<u>2,54,77,800</u>	<u>2,44,92,800</u>			
12 Deferred Tax Assets (Net)					
Deferred Tax Assets			Construction Work in Progress represents materials at site and unbilled costs on the projects. Based on projections and estimates by the Company of the expected revenues and costs to completion, provision for losses to completion and/or write off of costs carried to inventory are made on projects where the expected revenues are lower than the estimated costs to completion. In the opinion of the management, the net realisable value of the construction work in progress will not be lower than the costs so included therein.		
Others	16,42,584	-			
Deferred Tax Liabilities					
Fixed Assets	(7,98,513)	-			
	<u>8,44,071</u>	<u>-</u>			

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2015

	Current Year ₹	Previous Year ₹		Current Year ₹	Previous Year ₹
14 Trade Receivable			18 Other Income		
Trade Receivables outstanding for less than six months			Transfer Fee received from Customer	11,79,706	4,51,059
Secured, considered good	4,94,36,961	12,26,86,803	Interest on Delayed Payment	6,09,937	-
Unsecured, considered good	-	-		<u>17,89,643</u>	<u>4,51,059</u>
	<u>4,94,36,961</u>	<u>12,26,86,803</u>	19 Operating Expenses		
Less: Provision for doubtful debts	-	-	Opening Work In Progress 01.04.2014	88,00,15,069	88,37,18,259
(A)	<u>4,94,36,961</u>	<u>12,26,86,803</u>	Add : Consumption during 01.04.2014 - 31.03.2015		
Trade Receivables outstanding for more than six months			Architect Fees	88,78,773	22,42,972
Secured, considered good	4,24,87,243	3,08,52,954	Stamp Duty	10,00,000	-
Unsecured, considered good	-	-	Interest on loan from related parties	3,21,48,092	3,21,48,094
Less: Provision for doubtful debts	-	-	Interest on Debentures	4,00,81,405	4,64,00,000
(B)	<u>4,24,87,243</u>	<u>3,08,52,954</u>	Interest on Cash Credit	1,42,39,011	1,20,16,868
(A+B)	<u>9,19,24,204</u>	<u>15,35,39,757</u>	Employee, Remuneration & Staff Welfare Expenses	69,22,806	71,06,028
15 Cash and Cash Equivalents			Civil Work	33,97,83,719	36,56,64,214
Cash on Hand	157	30,165	Electrical Work	2,06,20,865	-
Balances with banks			Service Tax Cenvat Credit	(1,04,28,405)	(2,91,05,449)
On Current Accounts	1,29,12,460	1,53,97,569	Royalty Expenses	-	-
In Deposit Accounts (Less than 3 months maturity)	-	-	Professional Charges	17,16,872	-
	<u>1,29,12,617</u>	<u>1,54,27,734</u>	Miscellaneous Expenses	6,90,156	5,82,759
Other Bank Balance			Interest on FD	(25,64,020)	(2,09,752)
In Deposit Accounts (With Maturity more than 3 months but less than 12 months)	-	-	Profit on redemption of Mutual Fund	(8,44,718)	-
	<u>1,29,12,617</u>	<u>1,54,27,734</u>	Divident Income	(11,29,666)	(4,99,283)
16 Short Term Loans and advances			Total consumption 01.04.2014 - 31.03.2015	45,11,14,891	43,63,46,451
Loans & Advances			Less: Closing wip 31.03.2015	75,06,94,749	88,00,15,069
- Considered good				<u>58,04,35,211</u>	<u>44,00,49,642</u>
Mobilisation advance given to vendors	7,06,81,187	8,25,53,889	20 Employee Benefits Expenses		
Other advances	4,01,05,594	27,24,382	Salaries, allowances & Bonus	1,19,45,631	1,09,79,003
Interest Accrued on Fixed Deposits	8,50,971	4,15,250	Staff welfare expenses	19,80,137	6,27,938
Cenvat Credit (Service Tax)	3,06,81,175	1,95,92,924		<u>1,39,25,768</u>	<u>1,16,06,941</u>
- Considered doubtful	-	-	Less: Allocated to Projects	(68,74,575)	(70,52,887)
	<u>14,23,18,927</u>	<u>10,52,86,445</u>		<u>70,51,193</u>	<u>45,54,054</u>
Less : Provision for doubtful loans & advances	-	-	21 Finance Cost		
	<u>14,23,18,927</u>	<u>10,52,86,445</u>	Interest on loan from related parties	3,21,48,092	3,21,48,094
	<u>14,23,18,927</u>	<u>10,52,86,445</u>	Interest on Debentures	4,00,81,405	4,64,00,000
17 Other Current Assets			Interest on Cash Credit	1,42,39,011	1,20,16,868
Unbilled Revenue	231,238,485	17,331,629	Less: Allocated to Projects	(8,64,68,508)	(9,05,64,962)
Others	10,468,233	-		<u>-</u>	<u>-</u>
	<u>241,706,718</u>	<u>17,331,629</u>		<u>-</u>	<u>-</u>

	Current Year ₹	Previous Year ₹
22 Administration & Other Expenses		
Rent, Rates and taxes	-	3,95,300
Repairs and Maintenance		
- Buildings	-	-
- Others	17,22,149	12,64,134
Legal and Professional Fee	3,94,67,454	4,19,90,874
Advertisement and Marketing Expenses	91,66,385	95,16,038
Brokerage	64,30,492	42,91,415
Remuneration to auditors		
Audit Fees	5,61,800	5,61,800
Tax Audit Fees	73,034	1,12,360
Other Services	2,24,720	4,49,440
Miscellaneous expenses	43,33,597	41,13,404
	<u>6,19,79,631</u>	<u>6,26,94,765</u>
23 Other Operating Expenses		
Defect Liability Expenses	42,00,000	30,00,000
	<u>42,00,000</u>	<u>30,00,000</u>

The Movement in the defect liability expense provision is summarised below:

Balance, beginning of the year	30,00,000
Provision during the year	42,00,000
Utilisation during the year	-
Balance, end of the year	72,00,000

24 In respect of real estate projects under long term contracts, determination of profits/losses and realisability of the construction work in progress & project advances necessarily involves making estimates by the Company, some of which are of a technical nature, concerning, where relevant, the percentage of completion, costs to completion and the projections of revenues expected from projects/activity and the foreseeable losses to completion. Profit from these contracts and valuation of construction work in progress is based on such estimates.

	Current Year ₹	Previous Year ₹
25 Employee benefits		
Gratuity:		
a Principal Actuarial Assumptions		
Particulars		
Discount rate	7.80%	9.10%

	Current Year ₹
b Reconciliation of Benefit Obligation	
Change in defined benefit obligations (DBO)	
Present value of DBO at beginning of the year	6,26,806
Current service cost	2,10,511
Interest cost	57,039
Actuarial (gains)/losses	(31,685)
Benefits paid	-
Present value of DBO at the end of the year	<u>8,62,671</u>

	Current Year ₹
c Expenses recognised in the statement of profit and loss for the year ended 31 March 2015:	
Components of employer expense	
Current service cost	2,10,511
Interest cost	57,039
Actuarial losses/(gains)	(31,685)
Total expense recognised in the statement of profit and loss	<u>2,35,865</u>

	Current Year ₹
d Experience adjustment on plan liabilities (loss)/gain	
Particulars	
Net asset/(liability) recognised in the balance sheet	
Present value of defined benefit obligation	8,62,671
Fair value of plan assets	-
Funded status [surplus/(deficit)]	(8,62,671)
Unrecognised past service costs	-
Experience adjustment on plan liabilities (loss)/gain	2,02,812
Net asset/(liability) recognised in the balance sheet	<u>(8,62,671)</u>

26 Related party transactions

a	Description of relationship	Names of related parties
	Ultimate Holding Company	Mahindra & Mahindra Limited
	Holding Company	Mahindra Lifespaces Developers Limited
	Associate Company	B.E. Billimoria & Co. Ltd

Note: Related parties have been identified by the Management.

Details of related party transactions and balances outstanding as at 31st March, 2015:

b Nature of transactions:

	Holding company		Associate Company	
	Current Year	Previous Year	Current Year	Previous Year
Purchase of services	4,53,55,066	3,98,28,475	392,250,403	37,74,03,642
Interest on inter corporate deposit	2,24,98,174	2,24,98,176	96,49,918	96,49,918
Net Payable	26,18,33,111	23,32,71,143	(1,34,06,496)	81,99,466

27 Earnings Per share

	Current Year	Previous Year
Net (loss) after tax	11,98,21,911	1,14,32,149
Weighted average number of Equity shares (Nos.)	50,000	50,000
Nominal value of shares	10	10
Basic and Diluted Earnings/(loss) per share	2,396.44	228.64

28 The Company operates in one segment namely project and development activity.

29 Previous year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosure.

As per our report attached hereto

For and on behalf of
B. K. Khare & Co
Chartered Accountants
Firm Registration No. 105102W

Padmini Khare Kaicker
Partner
Membership No.: 044784

For and on behalf of the Board of Directors

Anita Arjundas } Chairperson
Rajendra Joshi
Raghunath Murti
Vijay Khetan
Digant Kapadia
Jeet Kapadia
Jayant Manmadkar } Directors

Place : Mumbai

Date : 16th April, 2015

Place : Mumbai

Date : 16th April, 2015

DIRECTORS' REPORT TO THE MEMBERS

Your Directors present their sixth report together with the Audited Financial Statement of your Company for the year ended 31st March, 2015.

Financial Highlights

Particulars	(Amount in ₹)	
	For the year ended 31 st March, 2015	For the year ended 31 st March, 2014
Total Income	-	-
Profit/(Loss) Before Depreciation, Interest and Taxation	(51,187)	(49,850)
Less: Depreciation	-	-
Profit/(Loss) Before Interest and Taxation	(51,187)	(49,850)
Less: Interest	-	-
Profit/(Loss) Before Taxation	(51,187)	(49,850)
Less: Provision for Taxation	-	-
Profit/(Loss) for the year after Taxation	(51,187)	(49,850)
Add: Balance of Profit/(Loss) for earlier years	(9,59,437)	(9,09,587)
Balance carried forward to the Balance Sheet	(10,10,624)	(9,59,437)

Dividend

In view of the carried forward losses, no dividend has been recommended by your Directors during the financial year 2014-15.

Reserves

In view of loss for the year, no amount has been transferred to Reserves.

Operations

During the year, your Company reviewed various proposals to undertake large format developments and residential developments. Your Company is looking out for suitable business opportunities in this area. No material changes and commitments have occurred after the close of the year till the close of this Report, which affect the financial position of the Company.

The financial statement for the year under review have been prepared on the basis of going concern status of the Company.

During the year under review, no revision was made in the financial statement of the Company.

Share Capital

The Authorised Equity Share Capital of your Company is ₹ 5 crore and the paid-up equity capital of your Company is ₹ 11 lakhs.

During the year, the Company has not issued any equity shares with differential rights or any sweat equity shares. The Company does not have any Employee Stock Option Scheme and therefore the requirement of disclosures in respect of voting rights not exercised directly by the employees are not applicable to your Company.

Non-Convertible Debentures

During the year, Company has not issued/allotted any non-convertible debentures.

Networth

The networth of the Company at the close of the previous financial year (FY 2013-14) and at the close of the current financial year (FY 2014-15) was ₹ 1,40,563 and ₹ 89,376 respectively.

Holding Company

Your Company is a wholly owned subsidiary company of Mahindra Lifespace Developers Limited and consequently a subsidiary company of the ultimate holding company Mahindra & Mahindra Limited.

During the year, no company became/ceased to be subsidiary/associate or joint venture company of your Company. Therefore the requirements of consolidated financial statement are not applicable to your Company.

Corporate Social Responsibility (CSR)

As the Company does not meet any of the criteria prescribed under Section 135(1) of the Companies Act, 2013 the provisions with respect to CSR are currently not applicable to the Company.

Directors

Pursuant to Section 152 of the Companies Act, 2013, Mr. Suhas Kulkarni (DIN: 00003936) a Non-executive and Non-independent Director retires by rotation at the 6th Annual General Meeting of the Company and being eligible has offered himself for re-appointment. Mr. Kulkarni is not disqualified from being re-appointed as a Director by virtue of the provisions of Section 164 of the Companies Act, 2013.

As the Company does not meet any of the criteria prescribed under Section 178 of the Companies Act, 2013 and Rules thereunder, the provisions with respect to Nomination & Remuneration Committee are currently not applicable to the Company.

Key Managerial Personnel

As the Company does not meet threshold limit for the paid-up share capital, the provisions of the Companies Act, 2013 with respect to appointment of Key Managerial Personnel are currently not applicable to your Company.

Code of Conduct

The Company had adopted Code of Conduct (“the Code/s”) for its Directors, Senior Management and employees. These Codes enunciate the underlying principles governing the conduct of the Company’s business and seek to reiterate the fundamental precept that good governance must and would always be an integral part of the Company’s ethos.

The Company has for the year under review, received declarations under the Codes from the Board members of the Company affirming compliance with the respective Codes.

Meetings

During the year four Board Meetings were convened and held on following dates:

17th April, 2014, 30th July, 2014, 13th October, 2014 and 20th January, 2015.

All Directors attended all the meetings during the year.

Directors’ Responsibility Statement

Pursuant to Section 134(3)(c) of the Companies Act, 2013, the Directors, based on the representations received from the operating management and after due enquiry, confirm that:

- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) they had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year 31st March, 2015 and of the loss of the Company for that period;
- (c) they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) they had prepared the annual accounts on a going concern basis; and
- (e) they had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Internal Financial Controls

The Company has in place adequate internal financial controls with reference to the financial statements. The Audit Committee

of the Board periodically reviews the internal control systems with the management and auditors.

Audit Committee

As the Company does not meet any of the criteria prescribed under Section 177 of the Companies Act, 2013 and Rules thereunder, the provisions with respect to Audit Committee are currently not applicable to the Company.

Vigil Mechanism

As the Company does not meet the prescribed criteria given under Section 177 of the Companies Act, 2013, the requirements for establishment of vigil mechanism are currently not applicable to your Company.

Risk Management

The Company already has in place the procedure to inform the Board about the risk assessment and minimization procedures. Your Company has appropriate risk management systems in place for identification and assessment of risks, measures to mitigate them, and mechanisms for their proper and timely monitoring and reporting. The Board periodically reviews implementation and monitoring of the risk management plan for the Company.

Auditors

M/s. B. K. Khare & Co., Chartered Accountants, Mumbai, were appointed as auditors for a term of five consecutive years from the conclusion of 5th Annual general meeting till the conclusion of 10th Annual General Meeting to be held in 2019. Pursuant to Section 139(1) of the Companies Act, 2013, the Company shall place the matter relating to appointment of auditors for ratification by members at every Annual General Meeting. The members are requested to ratify the appointment of Statutory Auditors from the conclusion of 6th AGM till the conclusion of 10th AGM.

As required under the provisions of Section 139 (1) and 141 of the Companies Act, 2013 read with the Companies (Accounts and Auditors) Rules, 2014, the Company has received a written consent and certificate from the above auditors whose appointment is proposed to be ratified, to the effect that their re-appointment, if made, would be in conformity with the limits specified in the said section.

The Auditor’s Report does not contain any qualification, reservation or adverse remark and therefore does not call for any further comments.

The requirements of having internal auditor, cost auditor and secretarial auditor are presently not applicable to your Company.

Particulars of loans, guarantees or investments under Section 186 of the Companies Act, 2013

During the year, the Company has not entered into any transaction of loan, guarantee or investment under Section 186 of the Companies Act, 2013. In any case, as your Company is engaged in the business of providing Infrastructural facilities, the provisions of Section 186 of the Companies Act, 2013 related to loans made, guarantees given or securities provided are not applicable to the Company.

Contracts and Arrangements with Related Parties

All contracts/arrangements/transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on an arm's length basis. Your Directors draw attention to Note no. 8 to the financial statement which sets out details of transactions with related parties. During the year there were no material related party transactions, hence the requirement of form AOC-2 are not applicable for the year under review.

Deposits, Loans and Advances

Your Company has not accepted any deposits from the public or its employees during the year under review.

The Company has not made any loans and advances of the nature which are required to be disclosed in the annual accounts of the Company pursuant to Clause 32 of the Listing Agreement with the parent company Mahindra Lifespace Developers Limited and ultimate parent company Mahindra & Mahindra Limited listed with the Stock Exchanges.

The particulars of Loans given, Investments made and Guarantees & Securities provided are given under notes to Financial statement and same form part of this Report.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

Your Company does not have any Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo as per Section 134(3)(m) of the Companies Act, 2013 read with the Rule 8(3) of the Companies (Accounts) Rules, 2014 during the year under review. To this effect the annexure in the prescribed format is attached as **Annexure 1** to this report.

Employee Remuneration

The Company had no employee, who was employed throughout the financial year under review and was in receipt of remuneration from the Company of not less than ₹ Sixty lacs per annum or was employed for a part of the financial year and was in receipt of remuneration from the Company of not less than ₹ Five lacs per month during any part of the financial year ended on 31st March, 2015. Therefore the statement containing particulars of employees as required under Section 197 (12) of the Companies Act, 2013 read with Rule 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is not attached to this

report. None of the employees is a relative of any Director of the Company. None of the employees hold (by himself/herself or along with his/her spouse and dependent children) more than 2% of the Equity shares of the Company.

Extract of Annual Return

The details forming part of the Extract of the Annual Return in Form MGT-9, as required under Section 92 of the Companies Act, 2013 is included in this Report as **Annexure 2** and forms part of this Report.

General

During the year ended 31st March, 2015, there were no cases filed/reported pursuant to the Sexual Harassment of women at workplace (Prevention, Prohibition and Redressal) Act, 2013.

No penalties/strictures were imposed on the Company by any statutory authority on any matter. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operation in future.

Cautionary statement:

Certain statements in the Directors' Report describing the Company's objectives, projections, estimates, expectations or predictions may be forward-looking statements within the meaning of applicable securities laws and regulations. Actual results could differ from those expressed or implied. Important factors that could make a difference to the Company's operations include labour and material availability, and prices, cyclical demand and pricing in the Company's principal markets, changes in government regulations, tax regimes, economic development within India and other incidental factors.

Acknowledgment

The Directors are thankful to all consultants and associates of your Company for the support received from them during the year.

For and on behalf of the Board,

Jayant Manmadkar

Chairman

DIN: 03044559

Mumbai, 16th April, 2015

ANNEXURE 1 TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2015:

A. CONSERVATION OF ENERGY:

(i)	the steps taken or impact on conservation of energy;	:	The Company is looking out for suitable opportunity in large format development and residential development and adequate energy conservation measures will be taken at an appropriate time
(ii)	the steps taken by the company for utilising alternate sources of energy;	:	Not applicable
(iii)	the capital investment on energy conservation equipments	:	Not applicable

B. TECHNOLOGY ABSORPTION

(i)	the efforts made towards technology absorption	:	Not applicable
(ii)	the benefits derived like product improvement, cost reduction, product development or import substitution	:	Not applicable
(iii)	in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)	:	Not applicable
(iv)	the expenditure incurred on Research and Development	:	Not applicable

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year, there were no transactions involving Foreign Exchange earnings in terms of actual inflows and the Foreign Exchange outgo in terms of actual outflows.

For and on behalf of the Board,

Jayant Manmadkar
Chairman
DIN: 03044559

Mumbai, 16th April, 2015

ANNEXURE 2 TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2015**FORM NO. MGT - 9
EXTRACT OF ANNUAL RETURN**As on the financial year ended on 31st March, 2015

(Pursuant to section 92(3) of the Companies (Management and Administration) Rules, 2014)

1. REGISTRATION AND OTHER DETAILS:

1.	CIN	U70102MH2009PLC193399
2.	Registration Date	18/06/2009
3.	Name of the Company	Raigad Industrial & Business Park Limited
4.	Category/Sub-Category of the Company	Company limited by shares/ Indian Non-Government Company
5.	Address of the Registered office and contact details	Mahindra Towers, 5th Floor, Dr G M Bhosale Marg, Worli, Mumbai 400 018. Tel No: 022-67478600/8601, Fax: 022-24975084
6.	Whether listed Company (Yes/No)	No
7.	Name, Address and Contact details of Registrar and Transfer Agent, if any	Not Applicable

2. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sr. No	Name and Description of Main Product/Services	NIC Code of the Product*	% to total turnover of the Company#
1.	Construction of Buildings	410	Nil
2.	Real estate activities with own or leased property	681	Nil
3.	Landscape care and maintenance service activities	813	Nil

* As per National Industrial Classification- Ministry of Statistics and Programme Implementation

The Company is looking out for suitable Business opportunities for large format development and residential developments.

3. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No	Name and Address of the Company	CIN/GIN	Holding/ Subsidiary of the Company	% of shares held	Applicable Section
1	Mahindra Lifespace Developers Limited	L45200MH1999PLC118949	Holding	100	2(46)

4. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Share Holding.

Category of Shareholder	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	-	-	-	-	-	-	-	-	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt (s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp	-	1,10,000	1,10,000	100	-	1,10,000	1,10,000	100	-
e) Banks/FI	-	-	-	-	-	-	-	-	-
f) Any Other....	-	-	-	-	-	-	-	-	-
Sub-total (A) (1):-		1,10,000	1,10,000	100	-	1,10,000	1,10,000	100	-
(2) Foreign									
a) NRIs – Individuals	-	-	-	-	-	-	-	-	-
b) Other – Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks/FI	-	-	-	-	-	-	-	-	-
e) Any Other....	-	-	-	-	-	-	-	-	-
Sub-total (A) (2):-	-	-	-	-	-	-	-	-	-
Total shareholding of Promoter (A) = (A)(1) + (A)(2)	-	1,10,000	1,10,000	100	-	1,10,000	1,10,000	100	-
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks/FI	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):-	-	-	-	-	-	-	-	-	-
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	-	-	-	-	-	-	-	-	-

Category of Shareholder	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	-	-	-	-	-	-	-	-	-
c) Others (Non Resident Individuals)	-	-	-	-	-	-	-	-	-
d) Others Trust	-	-	-	-	-	-	-	-	-
Sub-total (B)(2):-	-	-	-	-	-	-	-	-	-
Total Public Shareholding (B)=(B)(1)+(B)(2)	-	-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	-	1,10,000	1,10,000	100	-	1,10,000	1,10,000	100	-

(ii) Shareholding of Promoters

	Category of Shareholder	No. of Shares held at the beginning of the year			No. of Shares held at the end of the year			% Change during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	
1	Mahindra Lifespace Developers Limited	1,09,940	99.94	-	1,09,940	99.94	-	-
2	Mahindra Lifespace Developers Ltd & Mr. Arun Nanda	10	0.01	-	10	0.00	-	-
3	Mahindra Lifespace Developers Ltd & Mr. Suhas Kulkarni	10	0.01	-	10	0.00	-	-
4	Mahindra Lifespace Developers Ltd & Mr. Rajan Narayan	10	0.01	-	10	0.00	-	-
5	Mahindra Lifespace Developers Ltd & Mr. Ulhas Bhosale	10	0.01	-	10	0.00	-	-
6	Mahindra Lifespace Developers Ltd & Ms. Anita Arjundas	10	0.01	-	10	0.00	-	-
7	Mahindra Lifespace Developers Ltd & Mr. Jayant Manmadkar	10	0.01	-	10	0.00	-	-

(iii) Change in Promoters' Shareholding (please specify, if there is no change): There is no change in the Shareholding of Promoter Group.

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs): Nil.

(v) Shareholding of Directors and Key Managerial Personnel: No Directors or Key Managerial Personnel hold any shares in the Company.

1. INDEBTNESS

Indebtness of the Company at the beginning of the year, during the year and at the close of the year was nil.

2. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-Time Directors and/or Manager: Not Applicable

B. Remuneration of other directors: Not Applicable

C. Remuneration to Key Managerial personnel other than MD/Manager/WTD - not applicabe

I) PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/NCLT/ COURT]	Appeal made, if any (give Details)
Penalty	NONE				
Punishment					
Compounding					

OTHER OFFICERS IN DEFAULT

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/NCLT/ COURT]	Appeal made, if any (give Details)
Penalty	NONE				
Punishment					
Compounding					

For and on behalf of the Board,

Jayant Manmadkar
Chairman
DIN: 03044559

Mumbai, 16th April, 2015

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF RAIGAD INDUSTRIAL & BUSINESS PARK LIMITED

Report on the Standalone Financial Statements

1. We have audited the accompanying standalone financial statements of **Raigad Industrial and Business Park Limited** ("the Company"), which comprise the balance sheet as at 31st March, 2015, the statements of profit and loss and cash flow for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014(as amended). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these standalone financial statements based on our audit.
4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial

statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at 31st March, 2015, and its loss and cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

9. As required by the Companies (Auditor's Report) Order, 2015, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
10. As required by Section 143(3) of the Act, we report that:
 - a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c. the Balance Sheet, the Statement of Profit and Loss and Cash Flow dealt with by this Report are in agreement with the books of account;
 - d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);
 - e. on the basis of written representations received from the directors as on 31st March, 2015 taken on record

by the Board of Directors, none of the directors is disqualified as on 31st March, 2015, from being appointed as a director in terms of Section 164(2) of the Act.

- f. with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
- i. the Company does not have any pending litigations which would impact its financial position.

- ii. the Company did not have any long-term contracts including derivate contracts for which there were any material foreseeable losses.
- iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For B. K. Khare & Co.
Chartered Accountants
Firm's Registration Number 105102W

Himanshu Chapsey
Partner
Membership Number: 105731

Place: Mumbai
Date: 16th April, 2015

ANNEXURE TO THE AUDITORS' REPORT

Referred to in paragraph 9 of our report of even date on the financial statements to the Members of **Raigad Industrial and Business Park Limited** as at and for the year ended 31st March, 2015

1. The company did not have any fixed assets during the year. Hence, the provisions of para 3(i) of the Order are not applicable.
2. Since the Company does not have any inventory the provisions of para 3(ii) of the Order are not applicable.
3. The Company has not granted any loans, secured or unsecured to companies, firms and other parties covered in the register maintained under section 189 of the Act. Hence, the provisions of para 3(iii) of the Order are not applicable.
4. The Company did not have any operations during the year and also did not have any fixed assets or inventory. Hence, the provisions of para 3(iv) of the Order are not applicable.
5. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits under the provisions of sections 73 to 76 of the Act and the Rules framed thereunder.
6. We have been informed that the Central Government has not prescribed maintenance of Cost records under section 148 (1) of the Companies Act, 2013.
7. (i) According to the records of the Company, the Company has been regular in depositing with appropriate authorities undisputed statutory dues of tax deducted at source. The Company had no employees during the year and also did not have any operations and hence did not have any Provident Fund, employees state insurance, Income Tax, Sales tax, wealth tax, service tax, custom duty, excise duty, Cess and other statutory dues payable by it. According to the information and explanations given to us, no undisputed amounts payable in respects of tax deducted at source were outstanding, as on 31st March, 2015, for a period of more than six months from the date they become payable.
- (ii) There are no disputed dues outstanding as on 31st March, 2015 on account of sales tax, custom duty, income tax, excise duty, service tax, wealth tax and Cess.
- (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company
8. The accumulated losses of the Company exceed fifty percent of its net worth as at 31st March, 2015. The Company has incurred cash losses in the current and in the immediately preceding financial year.
9. The Company did not have any borrowings from any financial institution or bank nor has it issued any debentures during the year and hence, the provisions of para 3(ix) of the Order are not applicable to the Company.
10. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
11. To the best of our knowledge and belief and according to the information and explanations given to us, the Company has not obtained any term loans during the year ended 31st March, 2015.
12. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing principles in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the company, noticed or reported during the year, nor have we been informed of such case by the management.

For B. K. Khare & Co.
Chartered Accountants
Firm's Registration Number 105102W

Himanshu Chapsey
Partner

Place: Mumbai
Date: 16th April, 2015

Membership Number: 105731

BALANCE SHEET AS AT 31ST MARCH, 2015

	Note Ref	As at 31 st March, 2015 ₹	As at 31 st March, 2014 ₹
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	11,00,000	11,00,000
Reserves and surplus	4	(10,10,624)	(9,59,437)
		89,376	1,40,563
Current liabilities			
Other current liabilities	5	5,43,413	5,15,323
Total		6,32,789	6,55,886
ASSETS			
Current assets			
Cash and Cash equivalents	6	6,32,789	6,55,886
Total		6,32,789	6,55,886

See accompanying notes forming part of the financial statements

In terms of our report attached
For B. K. Khare & Co.
 Chartered Accountants
 Firm Registration No. 105102W

Himanshu Chapsey
 Partner
 Membership No.: 105731

Place : Mumbai
 Date : 16th April, 2015

For and on behalf of the Board of Directors

Jayant Manmadkar Chairman

Suhas Kulkarni
Rajan Narayan } Directors

Place : Mumbai
 Date : 16th April, 2015

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2015

	Note Ref	Year ended 31 st March, 2015 ₹	Year ended 31 st March, 2014 ₹
EXPENDITURE			
Other expenses.....	7	<u>51,187</u>	<u>49,850</u>
		51,187	49,850
Loss before tax.....		(51,187)	(49,850)
Less : Tax expense.....		<u>-</u>	<u>-</u>
Loss for the year.....		(51,187)	(49,850)
Earnings per equity share:			
Basic & diluted.....		(0.47)	(0.90)

See accompanying notes forming part of the financial statements

In terms of our report attached
For B. K. Khare & Co.
 Chartered Accountants
 Firm Registration No. 105102W

Himanshu Chapsey
 Partner
 Membership No.: 105731

Place : Mumbai
 Date : 16th April, 2015

For and on behalf of the Board of Directors

Jayant Manmadkar Chairman

Suhas Kulkarni
Rajan Narayan } Directors

Place : Mumbai
 Date : 16th April, 2015

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2015

	Year ended 31 st March, 2015	Year ended 31 st March, 2014
	₹	₹
A. Cash flow from operating activities		
(Loss) before tax	(51,187)	(49,850)
Adjustments for:		
Operating (loss) before working capital changes.....	(51,187)	(49,850)
Increase/(decrease) in current liabilities.....	28,090	28,090
Cash (used in) operations	(23,097)	(21,760)
B. Cash flow from financing activities:		
Proceeds from issue of shares	-	600,000
Net cash from financing activities	-	600,000
Net increase/(decrease) in cash and cash equivalents (A+B)	(23,097)	578,240
Cash & cash equivalents		
Opening balance.....	6,55,886	77,646
Closing balance.....	6,32,789	6,55,886
Net increase/(decrease) in cash and cash equivalents	(23,097)	5,78,240

See accompanying notes forming part of the financial statements

In terms of our report attached

For B. K. Khare & Co.

Chartered Accountants

Firm Registration No. 105102W

Himanshu Chapsey

Partner

Membership No.: 105731

Place : Mumbai

Date : 16th April, 2015

For and on behalf of the Board of Directors

Jayant Manmadkar

Chairman

Suhas Kulkarni

Rajan Narayan

} Directors

Place : Mumbai

Date : 16th April, 2015

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

1. Corporate Information

The Company was incorporated on 18th June, 2009 and is engaged in the business of development of Industrial Parks in Maharashtra and is in the process of identifying the lands for acquisition. Since the Holding Company is committed to extending financial support to the Company for its future projects the accounts have been prepared on a "Going Concern" basis.

2. Significant Accounting Policies

a. Basis of Accounting

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of The Companies Act, 2013, read with paragraph 7 of the Companies (Accounts) Rules, 2014 (as amended) and the relevant provisions of the Companies Act, 2013 ("the 2013 Act") as applicable. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those of the previous year.

b. Taxes on Income

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantially enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognised only if there is virtual certainty that there will be sufficient future taxable income available to realise such assets. Deferred tax assets are recognised for timing differences of other items only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each Balance Sheet date for their realisability.

c. Provisions and contingencies

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are not recognised but are disclosed in notes contingent Assets are neither recognised nor disclosed in the financial statements.

	As at 31 st March, 2015	As at 31 st March, 2014
3. Share Capital:		
Authorised	₹	₹
50,00,000 Equity shares of ₹10 each	<u>5,00,00,000</u>	<u>5,00,00,000</u>
Issued, subscribed and paid up.		
1,10,000 equity shares of ₹10 each fully paid up		
(1,10,000 equity shares of ₹10 each fully paid up as on March'14.....)	<u>11,00,000</u>	<u>1,10,000</u>
	<u>11,00,000</u>	<u>1,10,000</u>

3a. The above shares are held by Mahindra Lifespace Developers Limited, the holding company and its nominees.

Reconciliation of the shares outstanding at the beginning and at the end of the reporting period:

	As at 31 st March, 2015		As at 31 st March, 2014	
	No. of Shares	Value of Shares (₹)	No. of Shares	Value of Shares (₹)
Equity Shares				
At the beginning of the period	1,10,000	11,00,000	50,000	5,00,000
Issued during the period	-	-	60,000	6,00,000
Outstanding at the end of the period	1,10,000	11,00,000	1,10,000	11,00,000

3b. Terms/Rights attached to Equity Shares

The company has only one class of Equity shares having a par value of ₹10/- per share. Each holder of Equity Shares is entitled to one vote per share.

	As at 31 st March, 2015	As at 31 st March, 2014
4. Reserves & Surplus:		
Surplus in Statement of Profit and Loss		
Opening balance of Profit & Loss Account...	(9,59,437)	(9,09,587)
Add: (Loss) for the Current Year	(51,187)	(49,850)
Closing Balance.....	<u>(10,10,624)</u>	<u>(9,59,437)</u>
5. Other Current Liabilities:		
Expenses reimbursable to Holding Company ...	4,59,143	4,59,143
Other payables	84,270	56,180
	<u>5,43,413</u>	<u>5,15,323</u>
6. Cash & cash equivalents:		
Bank Balances		
In current account	6,32,789	6,55,886
	<u>6,32,789</u>	<u>6,55,886</u>
7. Other Expenses:	Year ended 31 st March, 2015	Year ended 31 st March, 2014
Rates and taxes	610	9,401
Legal and Professional Charges.....	16,291	12,359
Miscellaneous expenses	674	-
ROC Filing Fees.....	5,522	-
Audit Fee.....	28,090	28,090
	<u>51,187</u>	<u>49,850</u>

8. List of related parties:

Mahindra & Mahindra Limited	Ultimate Holding Company
Mahindra Lifespace Developers Limited	Holding Company

Related parties are as identified by the management

	As at 31 st March, 2015	As at 31 st March, 2014
Mahindra Lifespace Developers Limited		
Payable as at the year end (₹)	4,59,143	4,59,143
Shares issued (₹)	-	6,00,000

9. Earnings per Share:

	2014-15	2013-14
Net (loss) after tax (₹)	(51,187)	(49,850)
Weighted average number of equity shares (Nos.)	1,10,000	55,425
Basic and Diluted Earnings per share (₹) ...	(0.47)	(0.90)
Nominal value of shares (₹)	10	10

10. In line with AS 22, Accounting for Taxes on Income, on principles of prudence, the company has not recognized the net deferred tax asset arising due to unabsorbed losses.

11. Previous year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosure.

For B. K. Khare & Co.
Chartered Accountants
Firm Registration No. 105102W

Himanshu Chapsey
Partner
Membership No.: 105731

Place : Mumbai
Date : 16th April, 2015

For and on behalf of the Board of Directors

Jayant Manmadkar Chairman

Suhas Kulkarni
Rajan Narayan } Directors

Place : Mumbai
Date : 16th April, 2015

DIRECTORS' REPORT TO THE MEMBERS

Your Directors present their seventh report together with the Audited Financial Statement of your Company for the year ended 31st March, 2015.

Financial Highlights

Particulars	(Amount in ₹)	
	For the year ended 31st March, 2015	For the year ended 31st March, 2014
Total Income	-	-
Profit/(Loss) Before Depreciation, Interest and Taxation	(1,06,335)	(43,158)
Less: Depreciation	-	-
Profit/(Loss) Before Interest and Taxation	(1,06,335)	(43,158)
Less: Interest	-	-
Profit/(Loss) Before Taxation	(1,06,335)	(43,158)
Less: Provision for Taxation	-	-
Profit/(Loss) for the year after Taxation	(1,06,335)	(43,158)
Add: Balance of Profit/(Loss) for earlier years	(13,78,651)	(13,35,493)
Balance carried forward to the Balance Sheet	(14,84,986)	(13,78,651)

Dividend

In view of the carried forward losses, no dividend has been recommended by your Directors during the financial year 2014-15.

Reserves

In view of loss for the year, no amount has been transferred to Reserves.

Operations

As no further progress on land acquisition in the target area was happening for more than 2 years, the Company cancelled its proposed project at Roha, Maharashtra. Out of a total of 91.56 acres acquired by the Company, the Company, in compliance with the conditions of the approval obtained by it, re-conveyed 64.74 acres to the land owners from whom the Company had acquired land. The Company is in the process of completing re-conveyance of the balance 26.82 acres during the current year.

Company will keep on looking out for suitable Business opportunities for large format development and residential developments.

No material changes and commitments have occurred after the close of the year till the close of this Report, which affect the financial position of the Company.

The financial statement for the year under review have been prepared on the basis of going concern status of the Company.

During the year under review, no revision was made in the financial statement of the Company.

Share Capital

Authorised share capital of your Company is ₹ 10 crores and Paid-up share capital of the Company is ₹ 5 crores.

During the year, the Company has not issued any equity shares with differential rights or any sweat equity shares. The Company does not have any Employee Stock Option Scheme and therefore the requirement of disclosures in respect of voting rights not exercised directly by the employees are not applicable to your Company.

Non-Convertible Debentures

During the year, Company has not issued/allotted any non-convertible debentures.

Networth

The networth of the Company at the close of the previous financial year (FY 2013-14) and at the close of the current financial year (FY 2014-15) was ₹ 4,86,21,349 and ₹ 4,85,15,014 respectively.

Holding Company

Your Company is a wholly owned subsidiary company of Mahindra Lifespace Developers Limited and consequently a subsidiary company of the ultimate holding company Mahindra & Mahindra Limited.

During the year, no company became/ceased to be subsidiary/associate or joint venture company of your Company. Therefore the requirements of consolidated financial statement are not applicable to your Company.

Corporate Social Responsibility (CSR)

As the Company does not meet any of the criteria prescribed under Section 135(1) of the Companies Act, 2013 the provisions with respect to CSR are currently not applicable to the Company.

Directors

Pursuant to Section 152 of the Companies Act, 2013, Mr. Rajan Narayan (DIN: 00213953) a Non-executive and Non-independent Director retires by rotation at the 7th Annual General Meeting of the Company and being eligible has offered himself for re-appointment. Mr. Rajan Narayan is not disqualified from being re-appointed as a Director by virtue of the provisions of Section 164 of the Companies Act, 2013.

During the year, Ms. Anita Arjundas resigned from the Board. The Board puts on record its sincere appreciation for the valuable services rendered by her during her tenure.

As the Company does not meet any of the criteria prescribed under Section 178 of the Companies Act, 2013 and Rules thereunder, the provisions with respect to Nomination & Remuneration Committee are currently not applicable to the Company.

Key Managerial Personnel

During the year under review, the Company has appointed Ms. Dhara Modi as Company Secretary under the Companies Act, 2013. Ms. Modi does not draw any remuneration from the Company. She receives remuneration from the Holding Company, Mahindra Lifespace Developers Limited.

Code of Conduct

The Company had adopted Code of Conduct (“the Code/s”) for its Directors, Senior Management and employees. These Codes enunciate the underlying principles governing the conduct of the Company’s business and seek to reiterate the fundamental precept that good governance must and would always be an integral part of the Company’s ethos.

The Company has for the year under review, received declarations under the Codes from the Board members of the Company affirming compliance with the respective Codes.

Meetings

During the year six Board Meetings were convened and held on following dates:

17th April, 2014, 30th July, 2014, 14th August, 2014, 13th October, 2014, 20th January, 2015 and 31st March, 2015.

During the year 4 Audit Committee meetings were convened and held on the following dates:

17th April, 2014, 30th July, 2014, 13th October, 2014 and 20th January, 2015.

The details of the number of meetings of the Board and the Committees attended by the respective members of the Board/ Committees are given below:

Sr. no.	Name of the Director	No of Board meetings attended	No. of Audit Committee meetings attended
1.	Anita Arjundas	2 (resigned on 14 th August, 2014)	2 (resigned on 14 th August, 2014)
2.	Rajan Narayan	6	4
3.	Suhas Kulkarni	6	4
4.	Sangeeta Prasad	3	1

Directors’ Responsibility Statement

Pursuant to Section 134(3)(c) of the Companies Act, 2013, the Directors, based on the representations received from the operating management and after due enquiry, confirm that:

- in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- they had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year 31st March, 2015 and of the loss of the Company for that period;
- they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- they had prepared the annual accounts on a going concern basis; and
- they had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Internal Financial Controls

The Company has in place adequate internal financial controls with reference to the financial statements, the Audit Committee of the Board periodically reviews the internal control systems with the auditors.

Composition of Audit Committee

During the year, the Audit Committee was reconstituted. The present members of the Committee comprises of three Non-Executive Non-Independent Director, namely Mr. Rajan Narayan, Mr. Suhas Kulkarni and Ms. Sangeeta Prasad. Ms. Sangeeta Prasad is the Chairperson of the Committee. All members of the Audit Committee possess strong knowledge of accounting and financial management. The Board has accepted all recommendations of the Audit Committee made from time to time.

Vigil Mechanism

As the Company does not meet the prescribed criteria given under Section 177 of the Companies Act, 2013, the requirements for establishment of vigil mechanism are currently not applicable to your Company.

Risk Management

The Company already has in place the procedure to inform the Board about the risk assessment and minimization procedures. Your Company has appropriate risk management systems in place for identification and assessment of risks, measures to mitigate them, and mechanisms for their proper and timely monitoring and reporting. The Board periodically reviews implementation and monitoring of the risk management plan for the Company.

Auditors

M/s. B. K. Khare & Co., Chartered Accountants, Mumbai, were appointed as auditors for a term of five consecutive years from the conclusion of 6th Annual General Meeting till the conclusion of the 11th Annual General Meeting to be held in 2019. Pursuant to Section 139(1) of the Companies Act, 2013, the Company shall place the matter relating to appointment of auditors for ratification by members at every Annual General Meeting. The members are requested to ratify the appointment of Statutory Auditors from the conclusion of 7th AGM till the conclusion of 11th AGM.

As required under the provisions of Section 139 (1) and 141 of the Companies Act, 2013 read with the Companies (Accounts and Auditors) Rules, 2014, the Company has received a written consent and certificate from the above auditors whose appointment is proposed to be ratified, to the effect that their re-appointment, if made, would be in conformity with the limits specified in the said section.

The Auditor's Report does not contain any qualification, reservation or adverse remark and therefore does not call for any further comments.

The requirements of having internal auditor, cost auditor and secretarial auditor are presently not applicable to your Company.

Particulars of loans, guarantees or investments under Section 186 of the Companies Act, 2013

During the year, the Company has not entered into any transaction of loan, guarantee or investment under Section 186 of the Companies Act, 2013. In any case, as your Company is engaged in the business of providing Infrastructural facilities, the provisions of Section 186 of the Companies Act, 2013 related to loans made, guarantees given or securities provided are not applicable to the Company.

Contracts and Arrangements with Related Parties

All contracts/arrangements/transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on an arm's length basis. Your Directors draw attention to Note no. 12 to the financial statement which sets out details of transactions with related

parties. During the year there were no material related party transactions, hence the requirement of form AOC-2 are not applicable for the year under review.

Deposits, Loans and Advances

Your Company has not accepted any deposits from the public or its employees during the year under review.

The Company has not made any loans and advances of the nature which are required to be disclosed in the annual accounts of the Company pursuant to Clause 32 of the Listing Agreement with the parent company Mahindra Lifespace Developers Limited and ultimate parent company Mahindra & Mahindra Limited listed with the Stock Exchanges.

The particulars of Loans given, Investments made and Guarantees & Securities provided are given under notes to Financial statement and same form part of this Report.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

Your Company does not have any Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo as per Section 134(3)(m) of the Companies Act, 2013 read with the Rule 8(3) of the Companies (Accounts) Rules, 2014 during the year under review. To this effect the annexure in the prescribed format is attached as **Annexure 1** to this report.

Employee Remuneration

The Company had no employee, who was employed throughout the financial year under review and was in receipt of remuneration from the Company of not less than ₹ Sixty lacs per annum or was employed for a part of the financial year and was in receipt of remuneration from the Company of not less than ₹ Five lacs per month during any part of the financial year ended on 31st March, 2015. Therefore the statement containing particulars of employees as required under Section 197 (12) of the Companies Act, 2013 read with Rule 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is not attached to this report. None of the employees is a relative of any Director of the Company. None of the employees hold (by himself/herself or along with his/her spouse and dependent children) more than 2% of the Equity shares of the Company.

Extract of Annual Return

The details forming part of the Extract of the Annual Return in Form MGT-9, as required under Section 92 of the Companies Act, 2013 is included in this Report as **Annexure 2** and forms part of this Report.

General

During the year ended 31st March, 2015, there were no cases filed/reported pursuant to the Sexual Harassment of women at workplace (Prevention, Prohibition and Redressal) Act, 2013.

No penalties/strictures were imposed on the Company by any statutory authority on any matter. No significant or material

orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operation in future.

Cautionary statement:

Certain statements in the Directors' Report describing the Company's objectives, projections, estimates, expectations or predictions may be forward-looking statements within the meaning of applicable securities laws and regulations. Actual results could differ from those expressed or implied. Important factors that could make a difference to the Company's operations include labour and material availability, and prices, cyclical demand and pricing in the Company's principal markets, changes in government regulations, tax regimes, economic development within India and other incidental factors.

Acknowledgment

The Directors are thankful to all consultants and associates of your Company for the support received from them during the year.

For and on behalf of the Board,

Sangeeta Prasad
Chairperson
DIN: 02791944

Mumbai, 16th April, 2015

ANNEXURE 1 TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2015**A. CONSERVATION OF ENERGY**

(i)	the steps taken or impact on conservation of energy;	:	The operations of your Company are not energy-intensive. However, adequate measures will be initiated to reduce energy consumption at an appropriate time.
(ii)	the steps taken by the company for utilising alternate sources of energy;	:	Not Applicable
(iii)	the capital investment on energy conservation equipments	:	NIL

B. TECHNOLOGY ABSORPTION

(i)	the efforts made towards technology absorption	:	The Company has not carried out any R&D activities during the year. The Company intends to initiate quality improvement measures at an appropriate time.
(ii)	the benefits derived like product improvement, cost reduction, product development or import substitution	:	Not Applicable
(iii)	in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)	:	Not Applicable
(iv)	the expenditure incurred on Research and Development	:	NIL

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year, there were no transactions involving Foreign Exchange earnings in terms of actual inflows and the Foreign Exchange outgo in terms of actual outflow.

For and on behalf of the Board,

Sangeeta Prasad
Chairperson
DIN: 02791944

Mumbai, 16th April, 2015

ANNEXURE 2 TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2015**FORM NO. MGT - 9
EXTRACT OF ANNUAL RETURN**As on the financial year ended on 31st March, 2015

(Pursuant to section 92(3) of the Companies (Management and Administration) Rules, 2014)

1. REGISTRATION AND OTHER DETAILS:

1.	CIN	U45203MH2008PLC184190
2.	Registration Date	02/07/2008
3.	Name of the Company	Industrial Township (Maharashtra) Limited
4.	Category/Sub-Category of the Company	Company limited by shares/Indian Non-Government Company
5.	Address of the Registered office and contact details	Mahindra Towers, 5th Floor, Dr G M Bhosale Marg, Worli, Mumbai 400 018. Tel No: 022-67478600/8601, Fax: 022-24975084
6.	Whether listed Company (Yes/No)	No
7.	Name, Address and Contact details of Registrar and Transfer Agent, if any	Not Applicable

2. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sr. No	Name and Description of Main Product/Services	NIC Code of the Product*	% to total turnover of the Company#
1.	Construction of Buildings	410	Nil
2.	Real estate activities with own or leased property	681	Nil
3.	Landscape care and maintainance service activities	813	Nil

* As per National Industrial Classification- Ministry of Statistics and Programme Implementation.

The Company is looking out for suitable Business opportunities for large format development and residential developments.

3. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

Sr. No	Name and Address of the Company	CIN/GIN	Holding/ Subsidiary of the Company	% of shares held	Applicable Section
1	Mahindra Lifespace Developers Limited	L45200MH1999PLC118949	Holding	100	2(46)

4. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Share Holding

Category of Shareholder	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	-	-	-	-	-	-	-	-	-
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt (s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	50,00,000	50,00,000	100	-	50,00,000	50,00,000	100	-
e) Banks/Fl	-	-	-	-	-	-	-	-	-
f) Any Other....	-	-	-	-	-	-	-	-	-
Sub-total (A) (1):-	-	50,00,000	50,00,000	100	-	50,00,000	50,00,000	100	-
(2) Foreign									
a) NRIs – Individuals	-	-	-	-	-	-	-	-	-
b) Other – Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks/Fl	-	-	-	-	-	-	-	-	-
e) Any Other....	-	-	-	-	-	-	-	-	-
Sub-total (A) (2):-	-	-	-	-	-	-	-	-	-
Total shareholding of Promoter (A)=(A)(1)+ (A)(2)	-	50,00,000	50,00,000	100	-	50,00,000	50,00,000	100	-
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks/Fl	-	-	-	-	-	-	-	-	-
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):-	-	-	-	-	-	-	-	-	-
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	-	-	-	-	-	-	-	-	-

Category of Shareholder	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	-	-	-	-	-	-	-	-	-
c) Others (Non Resident Individuals)	-	-	-	-	-	-	-	-	-
d) Others Trust	-	-	-	-	-	-	-	-	-
Sub-total (B)(2):-	-	-	-	-	-	-	-	-	-
Total Public Shareholding (B)=(B)(1)+(B)(2)	-	-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	-	50,00,000	50,00,000	100	-	50,00,000	50,00,000	100	-

(ii) Shareholding of Promoters

	Category of Shareholder	No. of Shares held at the beginning of the year			No. of Shares held at the end of the year			% Change during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	
1	Mahindra Lifespace Developers Limited	49,99,940	100	-	49,99,940	100	-	-
2	Mahindra Lifespace Developers Ltd & Mr.Arun Nanda	10	0	-	10	0	-	-
3	Mahindra Lifespace Developers Ltd & Mr.Suhas Kulkarni	10	0	-	10	0	-	-
4	Mahindra Lifespace Developers Ltd & Mr.Rajan Narayan	10	0	-	10	0	-	-
5	Mahindra Lifespace Developers Ltd & Mr. Ulhas Bhosale	10	0	-	10	0	-	-
6	Mahindra Lifespace Developers Ltd & Ms. Anita Arjundas	10	0	-	10	0	-	-
7	Mahindra Lifespace Developers Ltd & Mr. Jayant Manmadkar	10	0	-	10	0	-	-

(iii) **Change in Promoters' Shareholding (please specify, if there is no change):** There is no change in the Shareholding of Promoter Group.

(iv) **Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):** Nil.

(v) **Shareholding of Directors and Key Managerial Personnel:** No Directors or Key Managerial Personnel hold any shares in the Company.

5. INDEBTNESS

Indebtness of the Company at the beginning of the year, during the year and at the close of the year was **Nil**.

6. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-Time Directors and/or Manager: Not Applicable

B. Remuneration of other directors: Not Applicable

C. Remuneration to Key Managerial personnel other than MD/Manager/WTD -

None of the Key Managerial Perosnnel draw any remuneration from the Company. All Key Managerial Personnel of the Company receive remuneration from the Holding Company, Mahindra Lifespace Developers Limited.

I) PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

	Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/NCLT/ COURT]	Appeal made, if any (give Details)
Penalty	NONE					
Punishment						
Compounding						

OTHER OFFICERS IN DEFAULT

	Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/NCLT/ COURT]	Appeal made, if any (give Details)
Penalty	NONE					
Punishment						
Compounding						

For and on behalf of the Board,

Sangeeta Prasad
Chairperson
DIN: 02791944

Mumbai, 16th April, 2015

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INDUSTRIAL TOWNSHIP (MAHARASHTRA) LIMITED

Report on the Standalone Financial Statements

1. We have audited the accompanying standalone financial statements of **INDUSTRIAL TOWNSHIP (MAHARASHTRA) LIMITED** ("the Company"), which comprise the balance sheet as at 31st March, 2015, the statements of profit and loss and cash flow for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014(as amended). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these standalone financial statements based on our audit.
4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at 31st March, 2015, and its loss and cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

9. As required by the Companies (Auditor's Report) Order, 2015, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
10. As required by Section 143(3) of the Act, we report that:
 - a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c. the Balance Sheet, the Statement of Profit and Loss and Cash Flow dealt with by this Report are in agreement with the books of account;
 - d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);
 - e. on the basis of written representations received from the directors as on 31st March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015, from being appointed as a director in terms of Section 164(2) of the Act.
 - f. with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014(as amended), in our opinion and to the best of our information and according to the explanations given to us:
 - i. the Company does not have any pending litigations which would impact its financial position.
 - ii. the Company did not have any long-term contracts including derivate contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For B. K. Khare & Co.
Chartered Accountants
Firm's Registration Number 105102W

Place: Mumbai
Dated: 16th April, 2015

Himanshu Chapsey
Partner
Membership Number: 105731

ANNEXURE TO THE AUDITOR'S REPORT

Referred to in paragraph 9 of our report of even date on the accounts of Members of Industrial Township (Maharashtra) Limited as at and for the year ended 31st March, 2015

1. The Company did not have any fixed assets during the year. Hence, the provisions of para 3(i) of the Order are not applicable.
 2. The Company's inventory comprises only construction work in progress. The Company does not have any inventory of raw material, finished goods, stores, and spares. Hence para 3(ii) of the Order is not applicable to the Company.
 3. The Company has not granted any loans, secured or unsecured to companies, firms and other parties covered in the register maintained under section 189 of the Act. Hence, the provisions of para 3(iii) of the Order are not applicable.
 4. The Company did not have any operations during the year and also did not have any fixed assets or inventory. Hence, the provisions of para 3(iv) of the Order are not applicable.
 5. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits under the provisions of sections 73 to 76 of the Act and the Rules framed thereunder.
 6. We have been informed that the Central Government has not prescribed maintenance of Cost records under section 148 (1) of the Act.
 7. (i) According to the records of the Company, the Company has been regular in depositing with appropriate authorities undisputed statutory dues of tax deducted at source. The Company had no employees during the year and also did not have any operations and hence did not have any Provident Fund, employees state insurance, Income Tax, Sales tax, wealth tax, service tax, custom duty, excise duty, Cess and other statutory dues payable by it. According to the information and explanations given to us, no undisputed amounts payable in respects of tax deducted at source were outstanding, as on 31st March, 2015, for a period of more than six months from the date they become payable.
 - (ii) There are no disputed dues outstanding as on 31st March, 2015 on account of sales tax, custom duty, income tax, excise duty, service tax, wealth tax and Cess.
 - (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company
8. The accumulated losses of the Company did not exceed fifty percent of its net worth as at 31st March, 2015. The Company has incurred cash losses in the current and in the immediately preceding financial year.
 9. The Company did not have any borrowings from any financial institution or bank nor has it issued any debentures during the year and hence, the provisions of para 3(ix) of the Order are not applicable to the Company.
 10. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from Banks or Financial Institutions during the year.
 11. To the best of our knowledge and belief and according to the information and explanations given to us, the Company has not obtained any term loans during the year ended 31st March, 2015.
 12. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing principles in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the company, noticed or reported during the year, nor have we been informed of such case by the management.

For **B. K. Khare and Co.**
Chartered Accountants
Firm's Registration Number 105102W

Himanshu Chapsey
Partner
Membership Number: 105731

Place: Mumbai
Dated: 16th April, 2015

BALANCE SHEET AS AT 31ST MARCH, 2015

	Note Ref	Current Year ₹	Previous Year ₹
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share capital.....	3	5,00,00,000	5,00,00,000
Reserves and Surplus	4	(14,84,986)	(13,78,651)
		<u>4,85,15,014</u>	<u>4,86,21,349</u>
Current Liabilities			
Other Current liabilities.....	5	32,18,840	32,41,312
TOTAL		<u><u>5,17,33,855</u></u>	<u><u>5,18,62,662</u></u>
ASSETS			
Current assets			
Inventories.....	6	4,89,88,635	4,89,88,635
Cash and cash equivalents.....	7	24,70,323	25,99,130
Short term loans and advances.....	8	2,74,897	2,74,897
		<u>5,17,33,855</u>	<u>5,18,62,662</u>
TOTAL		<u><u>5,17,33,855</u></u>	<u><u>5,18,62,662</u></u>

See accompanying notes forming part of Financial Statements

In terms of our report attached

For **B.K.Khare & Co**
Chartered Accountants
Firm Registration No. 105102W

For and on behalf of the Board of Directors

Himanshu Chapsey
Partner
Membership No. 105731

Dhara Modi
Company Secretary

Sangeeta Prasad } Chairperson
Rajan Narayan }
Suhas Kulkarni } Directors

Place: Mumbai
Date: 16th April, 2015

Place: Mumbai
Date: 16th April, 2015

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2015

	Note Ref		
	9	-	-
	10	1,06,335	43,158
		<u>1,06,335</u>	<u>43,158</u>
(Loss) before tax		(1,06,335)	(43,158)
		-	-
		<u>(1,06,335)</u>	<u>(43,158)</u>

Earning per equity share:

Basic and Diluted	(0.02)	(0.01)
-------------------------	--------	--------

See accompanying notes forming part of Financial Statements

In terms of our report attached

For **B.K.Khare & Co**
Chartered Accountants
Firm Registration No. 105102W

For and on behalf of the Board of Directors

Himanshu Chapsey
Partner
Membership No. 105731

Dhara Modi
Company Secretary

Sangeeta Prasad } Chairperson
Rajan Narayan }
Suhas Kulkarni } Directors

Place: Mumbai
Date: 16th April, 2015

Place: Mumbai
Date: 16th April, 2015

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2015**A. Cash flow from operating activities**

Profit/(Loss) before tax.....	(1,06,335)	(43,158)
Operating loss before working capital changes.....	(1,06,335)	(43,158)

Changes in Working capital:

Adjustments for (increase)/decrease in operating assets		
(Increase)/decrease in short term loans and advances.....	-	6,49,52,083
(Increase)/decrease in inventories	-	4,16,08,584
Adjustments for (increase)/decrease in operating liabilities		
Increase/(decrease) other in current liabilities.....	(22,472)	(1,60,97,832)
	(22,472)	9,04,62,835
Cash used in operations.....	(1,28,807)	9,04,19,678
Taxes paid.....	-	-
Net cash used in operating activities	(1,28,807)	9,04,19,678

B. Cash flow from financing activities:

Proceeds from short term borrowings	-	(8,82,00,000)
Net cash from financing activities.....	-	(8,82,00,000)
Net increase/(decrease) in cash and cash equivalents	(1,28,807)	22,19,678

Cash & cash equivalents

Opening balance	25,99,130	3,79,452
Closing balance.....	24,70,323	25,99,130
Net increase/(decrease) in cash and cash equivalents	(1,28,807)	22,19,678

See accompanying notes forming part of Financial Statements

In terms of our report attached

For **B.K.Khare & Co**
Chartered Accountants
Firm Registration No. 105102W

Himanshu Chapsey
Partner
Membership No. 105731

Place: Mumbai
Date: 16th April, 2015

Dhara Modi
Company Secretary

For and on behalf of the Board of Directors

Sangeeta Prasad } Chairperson
Rajan Narayan }
Suhas Kulkarni } Directors

Place: Mumbai
Date: 16th April, 2015

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015**1 Corporate information**

The Company was incorporated on 2nd July, 2008 and is engaged in the business of development of Industrial Park in Roha, Raigad District, Maharashtra. The Company is currently acquiring lands and carrying out preliminary surveys.

2 Significant Accounting Policies

2.1 The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Paragraph 7 of the Companies (Accounts) Rules, 2014 (as amended) and the relevant provisions of the Companies Act, 2013 ("the 2013 Act") as applicable. The financial statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

2.2 Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognized in the periods in which the results are known/materialize.

2.3 Inventories

Inventories are valued at lower of cost and net realizable value. Cost represents cost of land and all expenditure incurred in connection with, or attributable to the project, and, being a long-term project, includes interest.

2.4 Cash and cash equivalents (for purposes of Cash Flow Statement)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

2.5 Cash flow statement

Cash flows are reported using the indirect method, whereby profit/(loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

2.6 Earnings per share

Basic/Diluted earnings per share is computed by dividing the profit/(loss) after tax (including the post tax effect of extraordinary items, if any) and after reducing the dividend obligation (including Dividend Distribution Tax) on Preference Shares by the weighted average number of equity shares outstanding during the year.

2.7 Taxes on Income

Current tax is determined as the amount of tax payable in respect of taxable income for the year. Deferred tax is recognized, subject to consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

Deferred tax assets in respect of unabsorbed depreciation and carried forward losses are recognized if there is virtual certainty that there will be sufficient future taxable income available to realize such losses. Other deferred tax assets are recognized if there is reasonable certainty that there will be sufficient future taxable income available to realize such assets.

2.8 Impairment of assets

The carrying values of assets/cash generating units at each Balance Sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognized, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash

flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognized for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognized in the Statement of Profit and Loss, except in case of revalued assets.

2.9 Provisions and contingencies

A provision is recognized when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes.

Current Year **Previous Year**
₹ ₹

3 Share Capital

Authorised			
1,00,00,000 equity shares of ₹ 10 each.....	10,00,00,000	10,00,00,000	
Issued, subscribed and fully paid up.			
50,00,000 equity shares of ₹ 10 each.....	5,00,00,000	5,00,00,000	
	5,00,00,000	5,00,00,000	

a. The above shares are held by Mahindra Lifespace Developers Limited, the holding company and its nominees.

Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

	As at 31 st March, 2015		As at 31 st March, 2014	
	No of Shares	Value of Shares ₹	No of Shares	Value of Shares ₹
Equity Shares				
At the beginning of the period	50,00,000	5,00,00,000	50,00,000	5,00,00,000
Issued during the period	–	–	–	–
Outstanding at the end of the period	50,00,000	5,00,00,000	50,00,000	5,00,00,000

b. Terms/Rights attached to Equity Shares

The company has only one class of Equity shares having a par value of ₹ 10/- per share. Each holder of Equity Shares is entitled to one vote per share.

Repayment of capital on liquidation will be in proportion to the number of equity shares held.

c. Details of shares held by each shareholder including Holding Company, holding more than 5% of the aggregate shares in the Company:

	Current Year		Previous Year	
	No of Shares	Value of Shares (₹)	No of Shares	Value of Shares (₹)
Holding Company (100%) Mahindra Lifespace Developers Limited				
Equity	50,00,000	5,00,00,000	50,00,000	5,00,00,000

Current Year **Previous Year**
₹ ₹

4 Reserves & Surplus

Deficit from the statement of Profit and loss

Opening balance	(13,78,651)	(13,35,493)
Add: Loss for the Current Year	(1,06,335)	(43,158)
Closing Balance of Profit and Loss Account	(14,84,986)	(13,78,651)

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

	Current Year ₹	Previous Year ₹		Current Year ₹	Previous Year ₹															
5 Other Current Liabilities			10 Other Expenses																	
Statutory remittances			Legal and Professional Charges	78,245	14,045															
Withholding tax	5,618	–	Auditors' remuneration																	
Other	1,12,413	1,40,503	Audit fees	28,090	28,090															
Received from Land Aggregator	31,00,809	31,00,809	Other Expenses	–	1,023															
	<u>32,18,840</u>	<u>32,41,312</u>		<u>1,06,335</u>	<u>43,158</u>															
6 Inventories (at lower of Cost and Net Realisable Value)			11 The particulars regarding dues to micro enterprises and small enterprises have been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors.																	
Work In Progress (represents Land and related expenses)	4,89,88,635	4,89,88,635	12 Related Party Transaction																	
	<u>4,89,88,635</u>	<u>4,89,88,635</u>	12a List of Related Parties																	
7 Cash and Cash Equivalents			<table border="1"> <thead> <tr> <th>Description of relationship</th> <th>Names of related parties</th> </tr> </thead> <tbody> <tr> <td>Ultimate Holding Company</td> <td>Mahindra & Mahindra Limited</td> </tr> <tr> <td>Holding Company</td> <td>Mahindra Lifespace Developers Limited</td> </tr> </tbody> </table>	Description of relationship	Names of related parties	Ultimate Holding Company	Mahindra & Mahindra Limited	Holding Company	Mahindra Lifespace Developers Limited											
Description of relationship	Names of related parties																			
Ultimate Holding Company	Mahindra & Mahindra Limited																			
Holding Company	Mahindra Lifespace Developers Limited																			
Cash on hand	20,000	20,000	12b Related Party Transactions																	
Balances with Bank			<table border="1"> <thead> <tr> <th></th> <th>Current Year ₹</th> <th>Previous Year ₹</th> </tr> </thead> <tbody> <tr> <td>Mahindra Lifespace Developers Limited</td> <td></td> <td></td> </tr> <tr> <td>Inter-Corporate Deposit taken/(repaid) Net</td> <td>–</td> <td>(8,82,00,000)</td> </tr> <tr> <td>Interest on Inter Corporate Deposit taken</td> <td>–</td> <td>–</td> </tr> <tr> <td>Outstanding balance</td> <td>–</td> <td>–</td> </tr> </tbody> </table>		Current Year ₹	Previous Year ₹	Mahindra Lifespace Developers Limited			Inter-Corporate Deposit taken/(repaid) Net	–	(8,82,00,000)	Interest on Inter Corporate Deposit taken	–	–	Outstanding balance	–	–		
	Current Year ₹	Previous Year ₹																		
Mahindra Lifespace Developers Limited																				
Inter-Corporate Deposit taken/(repaid) Net	–	(8,82,00,000)																		
Interest on Inter Corporate Deposit taken	–	–																		
Outstanding balance	–	–																		
In current accounts	24,50,323	25,79,130	13 Earnings Per Share																	
	<u>24,70,323</u>	<u>25,99,130</u>	<table border="1"> <thead> <tr> <th>Particulars</th> <th>Current Year</th> <th>Previous Year</th> </tr> </thead> <tbody> <tr> <td>Net Profit/(Loss) after tax (₹)</td> <td>(1,06,335)</td> <td>(43,158)</td> </tr> <tr> <td>Weighted average number of equity shares (Nos.)</td> <td>50,00,000</td> <td>50,00,000</td> </tr> <tr> <td>Par value per share (₹)</td> <td>10</td> <td>10</td> </tr> <tr> <td>Earnings per share - Basic and diluted (₹)</td> <td>(0.02)</td> <td>(0.01)</td> </tr> </tbody> </table>	Particulars	Current Year	Previous Year	Net Profit/(Loss) after tax (₹)	(1,06,335)	(43,158)	Weighted average number of equity shares (Nos.)	50,00,000	50,00,000	Par value per share (₹)	10	10	Earnings per share - Basic and diluted (₹)	(0.02)	(0.01)		
Particulars	Current Year	Previous Year																		
Net Profit/(Loss) after tax (₹)	(1,06,335)	(43,158)																		
Weighted average number of equity shares (Nos.)	50,00,000	50,00,000																		
Par value per share (₹)	10	10																		
Earnings per share - Basic and diluted (₹)	(0.02)	(0.01)																		
8 Short Term Loans and Advances (Unsecured, considered good)			14 In line with AS 22, Accounting for Taxes on Income, on principles of prudence, the company has not recognized the net deferred tax asset arising due to unabsorbed losses.																	
TDS Receivable	2,74,897	2,74,897	15 Previous year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosure.																	
	<u>2,74,897</u>	<u>2,74,897</u>																		
9 Operating Expenses																				
Opening Work In Progress 01.04.2014	4,89,88,635	9,05,97,219																		
Add : Consumption During 2014-15																				
Land	–	(4,16,72,211)																		
Travelling Expenses Domestic - Fare	–	6,952																		
Professional Fees	–	56,180																		
Bank Charges	–	494																		
Total Consumption in FY 2014-15	–	(4,16,08,585)																		
Less : Closing WIP 31.03.2015	4,89,88,635	4,89,88,635																		
	<u>–</u>	<u>–</u>																		

As per our report attached hereto

For **B.K.Khare & Co**
Chartered Accountants
Firm Registration No. 105102W

Himanshu Chapsey
Partner
Membership No. 105731

Place: Mumbai
Date: 16th April, 2015

Dhara Modi
Company Secretary

For and on behalf of the Board of Directors

Sangeeta Prasad } Chairperson
Rajan Narayan }
Suhas Kulkarni } Directors

Place: Mumbai
Date: 16th April, 2015

DIRECTORS' REPORT TO THE MEMBERS

Your Directors present their fifth report together with the Audited Financial Statement of your Company for the year ended 31st March, 2015.

Financial Highlights

Particulars	(Amount in ₹)	
	For the year ended 31 st March, 2015	For the year ended 31 st March, 2014
Total Income	2,94,690	–
Profit/(Loss) Before Depreciation, Interest and Taxation	2,47,334	(51,029)
Less: Depreciation	–	–
Profit/(Loss) Before Interest and Taxation	2,47,334	(51,029)
Less: Interest	–	–
Profit/(Loss) Before Taxation	2,47,334	(51,029)
Less : Provision for Taxation	–	–
Profit/(Loss) for the year after Taxation	2,47,334	(51,029)
Add: Balance of Profit/(Loss) for earlier years	(2,46,684)	(1,95,655)
Balance carried forward to the Balance Sheet	649	(2,46,684)

Dividend

In view of the inadequate profits available for appropriation due to carried forward losses, no dividend has been recommended by your Directors during the financial year 2014-15.

Reserves

Profit for the year has been carried forward to P & L account and no amount has been transferred to Reserves.

Operations

During the year, your Company reviewed various proposals to undertake residential developments. Your Company is looking out for suitable business opportunities in this area.

No material changes and commitments have occurred after the close of the year till the close of this Report, which affect the financial position of the Company.

The financial statement for the year under review have been prepared on the basis of going concern status of the Company.

During the year under review, no revision was made in the financial statement of the Company.

Share Capital

Authorised share capital of your Company is ₹ 10 lakhs and Paid-up share capital of the Company is ₹ 5 lakhs.

During the year, the Company has not issued any equity shares with differential rights or any sweat equity shares. The Company does not have any Employee Stock Option Scheme and therefore the requirement of disclosures in respect of voting rights not exercised directly by the employees are not applicable to your Company.

Non-Convertible Debentures

During the year, Company has not issued/allotted any non-convertible debentures.

Networth

The networth of the Company at the close of the previous financial year (FY 2013-14) and at the close of the current financial year (FY 2014-15) was ₹ 2,53,316 and ₹ 5,00,649 respectively.

Holding Company

Your Company is a wholly owned subsidiary company of Mahindra Lifespace Developers Limited and consequently a subsidiary company of the ultimate holding company Mahindra & Mahindra Limited.

During the year, no company became/ceased to be subsidiary/associate or joint venture company of your Company. Therefore the requirements of consolidated financial statement are not applicable to your Company.

Corporate Social Responsibility (CSR)

As the Company does not meet any of the criteria prescribed under Section 135(1) of the Companies Act, 2013 the provisions with respect to CSR are currently not applicable to the Company.

Directors

Pursuant to Section 152 of the Companies Act, 2013, Mr. Ramesh Ranganathan (DIN: 03118598) a Non-executive and Non-independent Director retires by rotation at the 5th Annual General Meeting of the Company and being eligible has offered himself for re-appointment. Mr. Ramesh Ranganathan is not disqualified from being re-appointed as a Director by virtue of the provisions of Section 164 of the Companies Act, 2013.

As the Company does not meet any of the criteria prescribed under Section 178 of the Companies Act, 2013 and Rules thereunder, the provisions with respect to Nomination & Remuneration Committee are currently not applicable to the Company.

Key Managerial Personnel

As the Company does not meet threshold limit for the paid-up share capital, the provisions of the Companies Act, 2013 with respect to appointment of Key Managerial Personnel are currently not applicable to your Company.

Code of Conduct

The Company had adopted Code of Conduct (“the Code/s”) for its Directors, Senior Management and employees. These Codes enunciate the underlying principles governing the conduct of the Company’s business and seek to reiterate the fundamental precept that good governance must and should always be an integral part of the Company’s ethos.

The Company has for the year under review, received declarations under the Codes from the Board members of the Company affirming compliance with the respective Codes.

Meetings

During the year four Board Meetings were convened and held on following dates:

17th April, 2014, 30th July, 2014, 13th October, 2014 and 20th January, 2015.

All Directors have attended all the meetings held during the year.

Directors’ Responsibility Statement

Pursuant to Section 134(3)(c) of the Companies Act, 2013, the Directors, based on the representations received from the operating management and after due enquiry, confirm that:

- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) they had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year 31st March, 2015 and of the profit of the Company for that period;
- (c) they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) they had prepared the annual accounts on a going concern basis; and
- (e) they had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Internal Financial Controls

The Company has in place adequate internal financial controls with reference to the financial statements. The Board periodically reviews the internal control systems with the auditors.

Audit Committee

As the Company does not meet any of the criteria prescribed under Section 177 of the Companies Act, 2013 and Rules thereunder, the provisions with respect to Audit Committee are currently not applicable to the Company.

Vigil Mechanism

As the Company does not meet the prescribed criteria given under Section 177 of the Companies Act, 2013, the requirements for establishment of vigil mechanism are currently not applicable to your Company.

Risk Management

The Company already has in place the procedure to inform the Board about the risk assessment and minimization procedures. Your Company has appropriate risk management systems in place for identification and assessment of risks, measures to mitigate them, and mechanisms for their proper and timely monitoring and reporting. The Board periodically reviews implementation and monitoring of the risk management plan for the Company.

Auditors

M/s. B. K. Khare & Co., Chartered Accountants, Mumbai, were appointed as auditors for a term of five consecutive years from the conclusion of the 4th Annual General Meeting till the conclusion of the 9th Annual General Meeting to be held in 2019. Pursuant to Section 139(1) of the Companies Act, 2013, the Company shall place the matter relating to appointment of auditors for ratification by members at every Annual General Meeting. The members are requested to ratify the appointment of Statutory Auditors from conclusion of 5th AGM till the conclusion of 9th AGM.

As required under the provisions of Section 139(1) and 141 of the Companies Act, 2013 read with the Companies (Accounts and Auditors) Rules, 2014, the Company has received a written consent and certificate from the above auditors whose appointment is proposed to be ratified, to the effect that their re-appointment, if made, would be in conformity with the limits specified in the said section.

The Auditor’s Report does not contain any qualification, reservation or adverse remark and therefore does not call for any further comments.

The requirements of having internal auditor, cost auditor and secretarial auditor are presently not applicable to your Company.

Particulars of loans, guarantees or investments under Section 186 of the Companies Act, 2013

During the year, the Company has not entered into any transaction of loan, guarantee or investment under Section 186 of the Companies Act, 2013. In any case, as your Company is engaged in the business of providing Infrastructural facilities, the provisions of Section 186 of the Companies Act, 2013 related to loans made, guarantees given or securities provided are not applicable to the Company.

Contracts and Arrangements with Related Parties

All contracts/arrangements/transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on an arm's length basis. The details of contract/arrangement/transaction with related parties which could be considered material are given in **Annexure 1** in the form AOC-2. Your Directors draw attention to Note no. 12 to the financial statement which sets out details of transactions with related parties.

Deposits, Loans and Advances

Your Company has not accepted any deposits from the public or its employees during the year under review.

The Company has not made any loans and advances of the nature which are required to be disclosed in the annual accounts of the Company pursuant to Clause 32 of the Listing Agreement with the parent company Mahindra Lifespace Developers Limited and ultimate parent company Mahindra & Mahindra Limited listed with the Stock Exchanges.

The particulars of Loans given, Investments made and Guarantees & Securities provided are given under notes to Financial statement and same form part of this Report.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

Your Company does not have any Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo as per Section 134(3)(m) of the Companies Act, 2013 read with the Rule 8(3) of the Companies (Accounts) Rules, 2014 during the year under review. To this effect the annexure in the prescribed format is attached as **Annexure 2** to this report.

Employee Remuneration

The Company had no employee, who was employed throughout the financial year under review and was in receipt of remuneration from the Company of not less than Rs. Sixty lacs per annum or was employed for a part of the financial year and was in receipt of remuneration from the Company of not less than Rs. Five lacs per month during any part of the financial year ended on 31st March, 2015. Therefore the statement containing particulars of employees as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration

of Managerial Personnel) Rules, 2014 is not attached to this report. None of the employees is a relative of any Director of the Company. None of the employees hold (by himself/herself or along with his/her spouse and dependent children) more than 2% of the Equity shares of the Company.

Extract of Annual Return

The details forming part of the Extract of the Annual Return in Form MGT-9, as required under Section 92 of the Companies Act, 2013 is included in this Report as **Annexure 3** and forms part of this Report.

General

During the year ended 31st March, 2015, there were no cases filed/reported pursuant to the Sexual Harassment of women at workplace (Prevention, Prohibition and Redressal) Act, 2013.

No penalties/strictures were imposed on the Company by any statutory authority on any matter. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operation in future.

Cautionary statement:

Certain statements in the Directors' Report describing the Company's objectives, projections, estimates, expectations or predictions may be forward-looking statements within the meaning of applicable securities laws and regulations. Actual results could differ from those expressed or implied. Important factors that could make a difference to the Company's operations include labour and material availability, and prices, cyclical demand and pricing in the Company's principal markets, changes in government regulations, tax regimes, economic development within India and other incidental factors.

Acknowledgment

The Directors are thankful to all consultants, associates and employees of your Company for the support received from them during the year.

For and on behalf of the Board,

Jayant Manmadkar

Chairman

DIN: 03044559

Mumbai, 16th April, 2015

ANNEXURE 1 TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2015:**FORM NO. AOC-2**

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

1. Details of contracts or arrangements or transactions not at arm's length basis: NIL
2. Details of material contracts or arrangement or transactions at arm's length basis
 - (a) Name(s) of the related party and nature of relationship: - Mahindra Homes Private Limited (A private company in which Mr. Ramesh Ranganathan a director is a director).
 - (b) Nature of contracts/arrangements/transactions: - Leave and Licence Agreement.
 - (c) Duration of the contracts/arrangements/transactions and Salient terms of the contracts or arrangements or transactions including the value, if any: The arrangement is for use of vacant plot of land for five terms of eleven months each for a monthly consideration of Rs. 62,700/-.
 - (d) Date(s) of approval by the Board, if any: **13th October 2014.**
 - (e) Amount received as advances, if any: Rs. 34,72,310/-

For and on behalf of the Board,

Jayant Manmadkar

Chairman

DIN : 03044559

Mumbai, 16th April, 2015

ANNEXURE 2 TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2015:**A. CONSERVATION OF ENERGY:**

- | | | |
|---|---|---|
| (i) the steps taken or impact on conservation of energy | : | The Company is looking out for a suitable opportunity in the Real Estate Development and adequate Energy Conservation measures will be undertaken at an appropriate time. |
| (ii) the steps taken by the company for utilising alternate sources of energy | : | Not Applicable |
| (iii) the capital investment on energy conservation equipments | : | NIL |

B. TECHNOLOGY ABSORPTION

- | | | |
|---|---|--|
| (i) the efforts made towards technology absorption | : | The Company has not carried out any R&D activities during the year. The Company intends to initiate quality improvement measures at an appropriate time. |
| (ii) the benefits derived like product improvement, cost reduction, product development or import substitution | : | Not Applicable |
| (iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year) | : | Not Applicable |
| (iv) the expenditure incurred on Research and Development | : | NIL |

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year, there were no transactions involving Foreign Exchange earnings in terms of actual inflows and the Foreign Exchange outgo in terms of actual outflows.

For and on behalf of the Board,

Jayant Manmadkar

Chairman

DIN : 03044559

Mumbai, 16th April, 2015

ANNEXURE 3 TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2015**FORM NO. MGT - 9****EXTRACT OF ANNUAL RETURN****As on the financial year ended on 31st March, 2015**

(Pursuant to section 92(3) of the Companies (Management and Administration) Rules, 2014)

1. REGISTRATION AND OTHER DETAILS:

1.	CIN	U70109MH2010PLC203619
2.	Registration Date	02/06/2010
3.	Name of the Company	Anthurium Developers Limited
4.	Category/Sub-Category of the Company	Company limited by shares/Indian Non-Government Company
5.	Address of the Registered office and contact details	Mahindra Towers, 5 th Floor, Dr G M Bhosale Marg, Worli, Mumbai 400 018. Tel No: 022-67478600/8601, Fax: 022-24975084
6.	Whether listed Company (Yes/No)	No
7.	Name, Address and Contact details of Registrar and Transfer Agent, if any	Not Applicable

2. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sr. No.	Name and Description of Main Product/Services	NIC Code of the Product*	% to total turnover of the Company#
1.	Construction of Buildings	410	Nil

* As per National Industrial Classification-Ministry of Statistics and Programme Implementation.

During the year under review, the Company had no turnover. During the year, the Company reviewed various proposals to undertake residential developments. The Company is looking out for suitable business opportunities in this area.

3. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

Sr. No.	Name and Address of the Company	CIN/GIN	Holding/ Subsidiary of the Company	% of shares held	Applicable Section
1	Mahindra Lifespace Developers Limited	L45200MH1999PLC118949	Holding	100	2(46)

4. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**(i) Category-wise Share Holding**

Category of Shareholder	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	–	–	–	–	–	–	–	–	–
b) Central Govt	–	–	–	–	–	–	–	–	–
c) State Govt (s)	–	–	–	–	–	–	–	–	–
d) Bodies Corp.	–	50,000	50,000	100	–	50,000	50,000	100	–
e) Banks/FI	–	–	–	–	–	–	–	–	–
f) Any Other...	–	–	–	–	–	–	–	–	–
Sub-total (A)(1):-	–	50,000	50,000	100	–	50,000	50,000	100	–

Category of Shareholder	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(2) Foreign									
a) NRIs – Individuals	–	–	–	–	–	–	–	–	–
b) Other – Individuals	–	–	–	–	–	–	–	–	–
c) Bodies Corp.	–	–	–	–	–	–	–	–	–
d) Banks/FI	–	–	–	–	–	–	–	–	–
e) Any Other...	–	–	–	–	–	–	–	–	–
Sub-total (A)(2):-	–	–	–	–	–	–	–	–	–
Total shareholding of Promoter (A) = (A)(1) + (A)(2)	–	50,000	50,000	100	–	50,000	50,000	100	–
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	–	–	–	–	–	–	–	–	–
b) Banks/FI	–	–	–	–	–	–	–	–	–
c) Central Govt	–	–	–	–	–	–	–	–	–
d) State Govt(s)	–	–	–	–	–	–	–	–	–
e) Venture Capital Funds	–	–	–	–	–	–	–	–	–
f) Insurance Companies	–	–	–	–	–	–	–	–	–
g) FIs	–	–	–	–	–	–	–	–	–
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
i) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(1):-	–	–	–	–	–	–	–	–	–
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	–	–	–	–	–	–	–	–	–
ii) Overseas	–	–	–	–	–	–	–	–	–
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	–	–	–	–	–	–	–	–	–
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	–	–	–	–	–	–	–	–	–
c) Others (Non Resident Individuals)	–	–	–	–	–	–	–	–	–
d) Others Trust	–	–	–	–	–	–	–	–	–
Sub-total (B)(2):-	–	–	–	–	–	–	–	–	–
Total Public Shareholding (B) = (B)(1) + (B)(2)	–	–	–	–	–	–	–	–	–
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Grand Total (A + B + C)	–	50,000	50,000	100	–	50,000	50,000	100	–

(ii) Shareholding of Promoters

Sr. No.	Category of Shareholder	No. of Shares held at the beginning of the year			No. of Shares held at the end of the year			% Change during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	
1	Mahindra Lifespace Developers Limited	49,940	100	–	49,940	100	–	–
2	Mahindra Lifespace Developers Ltd & Mr. Arun Nanda	10	0.00	–	10	0.00	–	–
3	Mahindra Lifespace Developers Ltd & Mr. Suhas Kulkarni	10	0.00	–	10	0.00	–	–
4	Mahindra Lifespace Developers Ltd & Mr. Rajan Narayan	10	0.00	–	10	0.00	–	–
5	Mahindra Lifespace Developers Ltd & Mr. Ulhas Bhosale	10	0.00	–	10	0.00	–	–
6	Mahindra Lifespace Developers Ltd & Ms. Anita Arjundas	10	0.00	–	10	0.00	–	–
7	Mahindra Lifespace Developers Ltd & Mr. Jayant Manmadkar	10	0.00	–	10	0.00	–	–

(iii) Change in Promoters' Shareholding (please specify, if there is no change): There is no change in the Shareholding of Promoter Group

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs): Nil

(v) Shareholding of Directors and Key Managerial Personnel: No Directors or Key Managerial Personnel hold any shares in the Company

5. INDEBTEDNESS

Indebtedness of the Company including outstanding/accrued but not due for payment

(₹ in Crs)

Particulars	Secured Loans Excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	–	2	–	–
ii) Interest due but not paid	–	0	–	–
iii) Interest accrued but not due	–	0	–	–
Total (i + ii + iii)	–	2	–	–
Change in Indebtedness during the financial year				
• Addition	–	–	–	–
• Reduction	–	2	–	–
Net Change	–	2	–	–
Indebtedness at the end of the financial year				
i) Principal Amount	–	0	–	–
ii) Interest due but not paid	–	0	–	–
iii) Interest accrued but not due	–	0	–	–
Total (i + ii + iii)	–	0	–	–

6. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**A. Remuneration to Managing Director, Whole-Time Directors and/or Manager: Not Applicable****B. Remuneration of other directors: No remuneration was paid to any Director****C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD: Not Applicable****I) PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:**

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority (RD/NCLT/ COURT)	Appeal made, if any (give Details)
Penalty					
Punishment			NONE		
Compounding					

OTHER OFFICERS IN DEFAULT

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority (RD/NCLT/ COURT)	Appeal made, if any (give Details)
Penalty					
Punishment			NONE		
Compounding					

For and on behalf of the Board,

Jayant Manmadkar

Chairman

DIN : 03044559

Mumbai, 16th April, 2015

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ANTHURIUM DEVELOPERS LIMITED

Report on the Standalone Financial Statements

1. We have audited the accompanying standalone financial statements of **Anthurium Developers Limited** ("the Company"), which comprise the balance sheet as at 31st March, 2015, the statements of profit and loss and cash flow for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014(as amended). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these standalone financial statements based on our audit.
4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment

of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at 31st March, 2015, and its profit and cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

9. As required by the Companies (Auditor's Report) Order, 2015, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
10. As required by Section 143(3) of the Act, we report that:
 - a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c. the Balance Sheet, the Statement of Profit and Loss and Cash Flow dealt with by this Report are in agreement with the books of account;
 - d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);
 - e. on the basis of written representations received from the directors as on 31st March, 2015 taken on record by the Board of Directors, none of the directors is

disqualified as on 31st March, 2015, from being appointed as a director in terms of Section 164(2) of the Act.

f. with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:

i. the Company does not have any pending litigations which would impact its financial position.

ii. the Company did not have any long-term contracts including derivate contracts for which there were any material foreseeable losses.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **B. K. Khare and Co.**
Chartered Accountants
Firm's Registration Number 105102W

Himanshu Chapsey
Partner
Membership Number 105731

Place: Mumbai
Dated: 16th April, 2015

ANNEXURE TO THE AUDITOR'S REPORT

Referred to in paragraph 9 of our report of even date on the financial statements to the Members of **Anthurium Developers Limited** as at and for the year ended 31st March, 2015.

1. The Company did not have any fixed assets during the year. Hence, the provisions of para 3(i) of the Order are not applicable.
2. The Company's inventory comprises only construction work in progress. The Company does not have any inventory of raw material, finished goods, stores, and spares. Hence para 3(ii) of the Order is not applicable to the Company.
3. The Company has not granted any loans, secured or unsecured to companies, firms and other parties covered in the register maintained under section 189 of the Act. Hence, the provisions of para 3(iii) of the Order are not applicable.
4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchases of inventory and for the sale of services. The Company did not have any fixed assets and any sale of goods during the year. In our opinion and according to the information and explanations given to us, there is no continuing failure to correct major weaknesses in internal control system.
5. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits under the provisions of sections 73 to 76 of the Act and the Rules framed thereunder.
6. We have been informed that the Central Government has not prescribed maintenance of Cost records under section 148 (1) of the Companies Act, 2013.
7. (i) According to the records of the Company, the Company has been generally regular in depositing with appropriate authorities undisputed statutory dues of tax deducted at source. The Company had no employees during the year and also did not have any operations and hence did not have any Provident Fund, employees state insurance, Income Tax, Sales tax, wealth tax, service tax, custom duty, excise duty, Cess and other statutory dues payable by it. According to the information and explanation given to us, no undisputed amounts payable in respects of Tax deducted at source were outstanding, as on 31st March, 2015 for a period of more than six months from the date they become payable.
 - (ii) There are no disputed dues outstanding as on 31st March, 2015 on account of sales tax, custom duty, income tax, excise duty, service tax, wealth tax and Cess.
 - (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company
8. The Company has been registered for a period of less than five years and hence we are not required to comment on whether or not the accumulated losses at the end of the year is fifty percent or more of its net worth and whether it has incurred cash losses in such financial year and in the immediately preceding financial year.
9. The Company did not have any borrowings from any financial institution or bank nor has it issued any debentures during the year and hence, the provisions of para 3(ix) of the Order are not applicable to the Company.
10. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from Banks or Financial Institutions during the year.
11. To the best of our knowledge and belief and according to the information and explanations given to us, the Company has not obtained any term loans during the year ended 31st March, 2015.
12. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing principles in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the company, noticed or reported during the year, nor have we been informed of such case by the management.

For **B. K. Khare and Co.**
Chartered Accountants
Firm's Registration No. 105102W

Himanshu Chapsey
Partner
Membership Number: 105731

Place: Mumbai
Dated: 16th April, 2015

BALANCE SHEET AS AT 31ST MARCH, 2015

	Note Ref	As at 31 st March, 2015 ₹	As at 31 st March, 2014 ₹
EQUITY & LIABILITIES			
Shareholders' funds			
Share capital	3	5,00,000	5,00,000
Reserves and surplus.....	4	649	(2,46,684)
		<u>5,00,649</u>	<u>2,53,316</u>
Current liabilities			
Short term Borrowings	5	-	2,00,00,000
Other current liabilities.....	6	2,35,06,591	72,725
Total		<u>2,40,07,240</u>	<u>2,03,26,041</u>
ASSETS			
Current assets			
Inventory	7	2,00,00,000	-
Cash and Cash equivalents	8	15,94,923	290,424
Short term loans and advances.....	9	24,12,317	2,00,35,617
		<u>2,40,07,240</u>	<u>2,03,26,041</u>
Total		<u>2,40,07,240</u>	<u>2,03,26,041</u>

See accompanying notes forming part of the financial statements

In terms of our report attached

For **B K Khare & Co.**
Chartered Accountants
Firm Registration No. 105102W

Himanshu Chapsey
Partner
Membership No. : 105731

Place : Mumbai
Date : 16th April, 2015

For and on behalf of the Board of Directors

Jayant Manmadkar Chairman

Rajan Narayan
Ramesh Ranganathan } Directors

Place : Mumbai
Date : 16th April, 2015

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2015

	Note Ref	Year ended 31 st March, 2015 ₹	Year ended 31 st March, 2014 ₹
Other Income			
Rent Income.....	10	2,94,690	-
EXPENDITURE			
Other expenses.....	11	47,356	51,029
Profit/(Loss) before tax		2,47,334	(51,029)
Less: Tax expense		-	-
Profit/(Loss) for the year		2,47,334	(51,029)
Earnings per equity share:			
Basic/diluted		4.95	(1.02)

See accompanying notes forming part of the financial statements

In terms of our report attached

For **B K Khare & Co.**
Chartered Accountants
Firm Registration No. 105102W

Himanshu Chapsey
Partner
Membership No. : 105731

Place : Mumbai
Date : 16th April, 2015

For and on behalf of the Board of Directors

Jayant Manmadkar Chairman

Rajan Narayan
Ramesh Ranganathan } Directors

Place : Mumbai
Date : 16th April, 2015

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2015

	Year ended 31 st March, 2015 ₹	Year ended 31 st March, 2014 ₹
A. Cash flow from operating activities		
Profit/(Loss) before tax.....	2,47,334	(51,029)
Operating Profit/(loss) before working capital changes	2,47,334	(51,029)
(Increase)/decrease in Inventories	(2,00,00,000)	-
(Increase)/decrease in short term loans & advances.....	1,76,23,300	(2,00,35,617)
Increase/(decrease) in current liabilities.....	2,34,33,866	28,090
	<u>2,10,57,166</u>	<u>(2,00,07,527)</u>
Cash (used in) operations	<u>2,13,04,500</u>	<u>(2,00,58,556)</u>
Net cash (used in) operating activities (A).....	<u>2,13,04,500</u>	<u>(2,00,58,556)</u>
B. Cash flow from investing activities:		
Proceeds from sale of investments	-	196,150
Net cash from investing activities (B).....	<u>-</u>	<u>196,150</u>
C. Cash flow from financing activities:		
Proceeds from borrowings	-	2,00,00,000
Repayment of borrowings.....	(2,00,00,000)	-
Net cash from financing activities (C)	<u>(2,00,00,000)</u>	<u>2,00,00,000</u>
Net increase/(decrease) in cash and cash equivalents (A+B+C)	<u><u>13,04,499</u></u>	<u><u>1,37,594</u></u>
Cash & cash equivalents		
Opening balance.....	2,90,424	1,52,830
Closing balance.....	15,94,923	2,90,424
Net increase/(decrease) in cash and cash equivalents	<u><u>13,04,499</u></u>	<u><u>1,37,594</u></u>

See accompanying notes forming part of the financial statements

In terms of our report attached

For **B K Khare & Co.**
Chartered Accountants
Firm Registration No. 105102W

Himanshu Chapsey
Partner
Membership No. : 105731

Place : Mumbai
Date : 16th April, 2015

For and on behalf of the Board of Directors

Jayant Manmadkar Chairman

Rajan Narayan
Ramesh Ranganathan } Directors

Place : Mumbai
Date : 16th April, 2015

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

1 Corporate Information

The Company was incorporated on 2nd June, 2010 and is engaged in the business of development of Residential complexes and is in the process of identifying lands for acquisition for its projects.

2 Significant Accounting Policies

a Basis of Accounting

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Paragraph 7 of the Companies (Accounts) Rules, 2014 (as amended) and the relevant provisions of the Companies Act, 2013 ("the 2013 Act") as applicable. The financial statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

b Taxes on Income

Current tax is determined as the amount of tax payable in respect of taxable income for the year. Deferred tax is recognized, subject to consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

Deferred tax assets in respect of unabsorbed depreciation and carried forward losses are recognized if there is virtual certainty that there will be sufficient future taxable income available to realise such losses. Other deferred tax assets are recognised if there is reasonable certainty that there will be sufficient future taxable income available to realise such assets.

c Provisions and contingencies

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent Liabilities are not recognised but are disclosed in the notes. Contingent Assets are neither recognised nor disclosed in the financial statements.

3. Share Capital

	₹	
	As at 31 st March, 2015	As at 31 st March, 2014
Authorised		
1,00,000 Equity shares of ₹ 10 each	10,00,000	10,00,000
Issued, subscribed and paid up.		
50,000 equity shares of ₹ 10 each fully paid up	5,00,000	5,00,000
	<u>5,00,000</u>	<u>5,00,000</u>

(a) The above shares are held by Mahindra Lifespace Developers Limited, the holding company and its nominees.

Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

	As at 31 st March, 2015		As at 31 st March, 2014	
	No of Shares	Value of Shares ₹	No of Shares	Value of Shares ₹
Equity Shares				
At the beginning of the period	50,000	5,00,000	50,000	5,00,000
Issued during the period ...	-	-	-	-
Outstanding at the end of the period	50,000	5,00,000	50,000	5,00,000

(b) Terms/Rights attached to Equity Shares

The company has only one class of Equity shares having a par value of ₹ 10/- per share. Each holder of Equity Shares is entitled to one vote per share.

	₹	
	As at 31 st March, 2015	As at 31 st March, 2014
4. Reserves & Surplus		
Deficit in Statement of Profit and Loss		
Opening balance of Profit & Loss Account...	(2,46,684)	(1,95,655)
Add: Profit/(Loss) for the Year.....	2,47,334	(51,029)
Closing Balance	<u>649</u>	<u>(2,46,684)</u>
5. Short-term borrowings		
Loans repayable on demand		
- from other parties	-	2,00,00,000
	<u>-</u>	<u>2,00,00,000</u>
6. Other Current Liabilities		
Deposited received.....	2,00,00,000	-
Advance Rent Received	34,72,310	-
Other payables	34,281	72,725
	<u>2,35,06,591</u>	<u>72,725</u>
7. Inventory		
Inventory comprises entirely land in respect of which the transfer of title is pending to be completed.		
8. Cash & cash equivalents		
Bank Balances		
In current accounts.....	15,94,923	2,90,424
	<u>15,94,923</u>	<u>2,90,424</u>
9. Short-term Loans & Advances:		
Loans and advances to related parties (Refer 'Related Parties' balances' sheet)		
Deposit.....	-	2,00,00,000
Advance Tax.....	412,317	35,617
Other Receivable	20,00,000	-
	<u>24,12,317</u>	<u>2,00,35,617</u>
10. Other Income:		
	Year ended	Year ended
	31st March, 2015	31st March, 2014
Rent Income.....	2,94,690	-
	<u>2,94,690</u>	<u>-</u>

The rent income arises from a short term operating lease of the Company's land (See Note 7) with a company which is related to the Company under the Companies Act, 2013. The lease term is for a period of 11 months and is renewal by mutual consent between the parties

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31ST MARCH, 2015**

	₹	
	Year ended 31 st March, 2015	Year ended 31 st March, 2014
11. Other Expenses:		
Legal and Professional Charges.....	16,291	22,883
Miscellaneous expenses	2,975	56
Audit Fee.....	28,090	28,090
	<u>47,356</u>	<u>51,029</u>

12. List of related parties:

Mahindra & Mahindra Limited	Ultimate Holding Company
Mahindra Lifespace Developers Limited	Holding Company
Mahindra Homes Private Limited	Private Company in which Mr. Ramesh Ranganathan a director, is a director

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year:

Mahindra Homes Private Limited	2014-15 ₹	2013-14 ₹
Deposit Received	2,00,00,000	-
Rent Received	2,94,690	-
Advance Rent Received	34,72,310	-

Balances with related parties

Mahindra Homes Private Limited	As at 31 st March, 2015 ₹	As at 31 st March, 2014 ₹
Other Receivable	20,00,000	-
Advance Rent Received	34,72,310	-
Deposit Received	2,00,00,000	-

13. Earnings per Share

	2014-15	2013-14
Net Profit/(loss) after tax (₹)	247,334	(51,029)
Weighted average number of equity shares (Nos.)	50,000	50,000
Basic and Diluted Earnings per share (₹)	4.95	(1.02)
Nominal value of shares (₹)	10	10

14. In line with AS 22, Accounting for Taxes on Income, on principles of prudence, the company has not recognized the net deferred tax asset arising due to unabsorbed losses.
15. Previous year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosure.

For **B K Khare & Co.**
Chartered Accountants
Firm Registration No. 105102W

Himanshu Chapsey
Partner
Membership No. : 105731

Place : Mumbai
Date : 16th April, 2015

For and on behalf of the Board of Directors

Jayant Manmadkar Chairman

Rajan Narayan
Ramesh Ranganathan } Directors

Place : Mumbai
Date : 16th April, 2015

DIRECTORS' REPORT TO THE MEMBERS

Your Directors present their second report together with the Audited Financial Statement of your Company for the year ended 31st March, 2015.

Financial Highlights

Particulars	(Amount in ₹)	
	For the year ended 31 st March, 2015	For the year ended 31 st March, 2014
Total Income	-	-
Profit/(Loss) Before Depreciation, Interest and Taxation	(57,263)	(62,699)
Less : Depreciation	-	-
Profit/(Loss) Before Interest and Taxation	(57,263)	(62,699)
Less: Interest	-	-
Profit/(Loss) Before Taxation	(57,263)	(62,699)
Less : Provision for Taxation	-	-
Profit/(Loss) for the year after Taxation	(57,263)	(62,699)
Add: Balance of Profit/(Loss) for earlier years	(62,699)	-
Balance carried forward to the Balance Sheet	(119,962)	(62,699)

Dividend

In view of the carried forward losses, no dividend has been recommended by your Directors during the financial year 2014-15.

Reserves

In view of loss for the year, no amount has been transferred to Reserves.

Operations

During the year under review, your Company identified an opportunity in Gujarat to develop a multi-product, non-polluting industrial park. Upon satisfactory completion of due diligence and subject to requisite approvals, the Company intends to take further steps in this regard.

No material changes and commitments have occurred after the close of the year till the close of this Report, which affect the financial position of the Company.

The financial statement for the year under review have been prepared on the basis of going concern status of the Company.

During the year under review, no revision was made in the financial statement of the Company.

Share Capital

Authorised share capital of your Company is ₹ 10 Lakhs and Paid-up share capital of the Company is ₹ 5 Lakhs.

During the year, the Company has not issued any equity shares with differential rights or any sweat equity shares. The Company does not have any Employee Stock Option Scheme and therefore the requirement of disclosures in respect of voting rights not exercised directly by the employees are not applicable to your Company.

Non-Convertible Debentures

During the year, Company has not issued/allotted any non-convertible debentures.

Networth

The networth of the Company at the close of the previous financial year (FY 2013-14) and at the close of the current financial year (FY 2014-15) was ₹ 4,37,301 and ₹ 3,80,038 respectively.

Holding Company

Your Company is a wholly owned subsidiary company of Mahindra Lifespace Developers Limited and consequently a subsidiary company of the ultimate holding company Mahindra & Mahindra Limited.

During the year, no company became/ceased to be subsidiary/associate or joint venture company of your Company. Therefore the requirements of consolidated financial statement are not applicable to your Company.

Corporate Social Responsibility (CSR)

As the Company does not meet any of the criteria prescribed under Section 135(1) of the Companies Act, 2013 the provisions with respect to CSR are currently not applicable to the Company.

Directors

Pursuant to Section 152 of the Companies Act, 2013, Mr. Jayant Manmadkar (DIN: 03044559) a Non-executive and Non-independent Director retires by rotation at the 2nd Annual General Meeting of the Company and being eligible has offered himself for re-appointment. Mr. Manmadkar is not disqualified from being re-appointed as a Director by virtue of the provisions of Section 164 of the Companies Act, 2013.

As the Company does not meet any of the criteria prescribed under Section 178 of the Companies Act, 2013 and Rules thereunder, the provisions with respect to Nomination & Remuneration Committee are currently not applicable to the Company.

Key Managerial Personnel

As the Company does not meet threshold limit for the paid-up share capital, the provisions of the Companies Act, 2013 with respect to appointment of Key Managerial Personnel are currently not applicable to your Company.

Code of Conduct

The Company had adopted Code of Conduct (“the Code/s”) for its Directors, Senior Management and employees. These Codes enunciate the underlying principles governing the conduct of the Company’s business and seek to reiterate the fundamental precept that good governance must and should always be an integral part of the Company’s ethos.

The Company has for the year under review, received declarations under the Codes from the Board members of the Company affirming compliance with the respective Codes.

Meetings

During the year Six Board Meetings were convened and held on following dates:

17th April, 2014, 30th July, 2014, 13th October, 2014, 2nd January, 2015, 23rd January, 2015 and 3rd February, 2015.

All Directors attended all the meetings held during the year 2014-15.

Directors’ Responsibility Statement

Pursuant to Section 134(3)(c) of the Companies Act, 2013, the Directors, based on the representations received from the operating management and after due enquiry, confirm that:

- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) they had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year 31st March, 2015 and of the loss of the Company for that period;
- (c) they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) they had prepared the annual accounts on a going concern basis; and
- (e) they had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Internal Financial Controls

The Company has in place adequate internal financial controls with reference to the financial statements, the Board periodically reviews the internal control systems with the auditors.

Vigil Mechanism

As the Company does not meet the prescribed criteria given under Section 177 of the Companies Act, 2013, the requirements for establishment of vigil mechanism are currently not applicable to your Company.

Risk Management

The Company already has in place the procedure to inform the Board about the risk assessment and minimization procedures. Your Company has appropriate risk management systems in place for identification and assessment of risks, measures to mitigate them, and mechanisms for their proper and timely monitoring and reporting. The Board periodically reviews implementation and monitoring of the risk management plan for the Company.

Auditors

M/s. B. K. Khare & Co., Chartered Accountants, Mumbai, were appointed as auditors for a term of five consecutive years from the conclusion of the 1st Annual General Meeting till the conclusion of the 6th Annual General Meeting to be held in 2019. Pursuant to Section 139(1) of the Companies Act, 2013, the Company shall place the matter relating to appointment of auditors for ratification by members at every Annual General Meeting. The members are requested to ratify the appointment of Statutory Auditors from the conclusion of 2nd AGM till the conclusion of 6th AGM.

As required under the provisions of Section 139 (1) and 141 of the Companies Act, 2013 read with the Companies (Accounts and Auditors) Rules, 2014, the Company has received a written consent and certificate from the above auditors whose appointment is proposed to be ratified, to the effect that their re-appointment, if made, would be in conformity with the limits specified in the said section.

The Auditor’s Report does not contain any qualification, reservation or adverse remark and therefore does not call for any further comments.

The requirements of having internal auditor, cost auditor and secretarial auditor are presently not applicable to your Company.

Particulars of loans, guarantees or investments under Section 186 of the Companies Act, 2013

During the year, the Company has not entered into any transaction of loan, guarantee or investment under Section 186 of the Companies Act, 2013. In any case, as your Company is engaged in the business of providing Infrastructural facilities, the provisions of Section 186 of the Companies Act, 2013 related to loans made, guarantees given or securities provided are not applicable to the Company.

Contracts and Arrangements with Related Parties

During the year, the Company had not entered into any contract/arrangement/transaction with any related party. Therefore, the form AOC-2 is not applicable to the Company.

Deposits, Loans and Advances

Your Company has not accepted any deposits from the public or its employees during the year under review.

The Company has not made any loans and advances of the nature which are required to be disclosed in the annual accounts of the Company pursuant to Clause 32 of the Listing Agreement with the parent company Mahindra Lifespace Developers Limited and ultimate parent company Mahindra & Mahindra Limited listed with the Stock Exchanges.

The particulars of Loans given, Investments made and Guarantees & Securities provided are given under notes to Financial statement and same form part of this Report.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

Your Company does not have any Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo as per Section 134(3)(m) of the Companies Act, 2013 read with the Rule 8(3) of the Companies (Accounts) Rules, 2014 during the year under review. To this effect the annexure in the prescribed format is attached as **Annexure 1** to this report

Employee Remuneration

The Company had no employee, who was employed throughout the financial year under review and was in receipt of remuneration from the Company of not less than Rs. Sixty lacs per annum or was employed for a part of the financial year and was in receipt of remuneration from the Company of not less than Rs. Five lacs per month during any part of the financial year ended on 31st March, 2015. Therefore the statement containing particulars of employees as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is not attached to this report. None of the employees is a relative of any Director of the Company. None of the employees hold (by himself/herself or along with his/her spouse and dependent children) more than 2% of the Equity shares of the Company.

Extract of Annual Return

The details forming part of the Extract of the Annual Return in Form MGT-9, as required under Section 92 of the Companies Act, 2013 is included in this Report as **Annexure 2** and forms part of this Report.

General

During the year ended 31st March, 2015, there were no cases filed/reported pursuant to the Sexual Harassment of women at workplace (Prevention, Prohibition and Redressal) Act, 2013.

No penalties/strictures were imposed on the Company by any statutory authority on any matter. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operation in future.

Cautionary statement:

Certain statements in the Directors' Report describing the Company's objectives, projections, estimates, expectations or predictions may be forward-looking statements within the meaning of applicable securities laws and regulations. Actual results could differ from those expressed or implied. Important factors that could make a difference to the Company's operations include labour and material availability, and prices, cyclical demand and pricing in the Company's principal markets, changes in government regulations, tax regimes, economic development within India and other incidental factors.

Acknowledgment

The Directors are thankful to all consultants and associates of your Company for the support received from them during the year.

For and on behalf of the Board

Jayant Manmadkar
Chairman

Mumbai, 16th April, 2015

DIN: 03044559

ANNEXURE 1 TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2015:

A. CONSERVATION OF ENERGY:

- (i) the steps taken or impact on conservation of energy; : The Company is looking out for suitable opportunity in large format development and residential development and adequate energy conservation measures will be taken at an appropriate time
- (ii) the steps taken by the company for utilising alternate sources of energy; : Not Applicable
- (iii) the capital investment on energy conservation equipments : Not Applicable

B. TECHNOLOGY ABSORPTION

- (i) the efforts made towards technology absorption : The Company has not carried out any R&D activities during the year.
- (ii) the benefits derived like product improvement, cost reduction, product development or import substitution : Not Applicable
- (iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year): Nil
- (iv) the expenditure incurred on Research and Development : Nil

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year, there were no transactions involving Foreign Exchange earnings in terms of actual inflows and the Foreign Exchange outgo in terms of actual outflows.

For and on behalf of the Board,

Jayant Manmadkar
Chairman
DIN : 03044559

Mumbai, 16th April, 2015

ANNEXURE 2 TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2015

FORM NO. MGT - 9

EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31st March, 2015

(Pursuant to section 92(3) of the Companies (Management and Administration) Rules, 2014)

1. REGISTRATION AND OTHER DETAILS:

1.	CIN	U70102MH2013PTC241512
2.	Registration Date	29/03/2013
3.	Name of the Company	Industrial Cluster Private Limited (Formerly known as Mahindra Housing Private Limited)
4.	Category/Sub-Category of the Company	Company limited by shares/Indian Non-Government Company
5.	Address of the Registered office and contact details	Mahindra Towers, 5 th Floor, Dr G M Bhosale Marg, Worli, Mumbai 400 018. Tel No: 022-67478600/8601, Fax: 022-24975084
6.	Whether listed Company (Yes/No)	No
7.	Name, Address and Contact details of Registrar and Transfer Agent, if any	Not Applicable

2. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sr. No	Name and Description of Main Product/Services	NIC Code of the Product*	% to total turnover of the Company#
1.	Construction of Buildings	410	Nil
2	Real estate activities with own or leased property	681	Nil
3	Landscape care and maintainance service activities	813	Nil

* As per National Industrial Classification-Ministry of Statistics and Programme Implementation.

During the year under review, the Company had no turnover. During the year under review, the Company identified an opportunity in Gujarat to develop a multi-product, non-polluting industrial park. Upon satisfactory completion of due diligence and subject to requisite approvals, the Company intends to take further steps in this regard.

3. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

Sr. No.	Name and Address of the Company	CIN/GIN	Holding/ Subsidiary of the Company	% of shares held	Applicable Section
	Mahindra Lifespace Developers Limited	L45200MH1999PLC118949	Holding	100	2(46)

4. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	–	–	–	–	–	–	–	–	–
b) Central Govt	–	–	–	–	–	–	–	–	–
c) State Govt (s)	–	–	–	–	–	–	–	–	–
d) Bodies Corp	–	50,000	50,000	100	–	50,000	50,000	100	–
e) Banks/FI	–	–	–	–	–	–	–	–	–

INDUSTRIAL CLUSTER PRIVATE LIMITED
(FORMERLY KNOWN AS MAHINDRA HOUSING PRIVATE LIMITED)

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
f) Any Other...	-	-	-	-	-	-	-	-	-
Sub-total (A) (1):-	-	50,000	50,000	100	-	50,000	50,000	100	-
(2) Foreign									
a) NRIs – Individuals	-	-	-	-	-	-	-	-	-
b) Other – Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks/FI	-	-	-	-	-	-	-	-	-
e) Any Other...	-	-	-	-	-	-	-	-	-
Sub-total (A) (2):-	-	-	-	-	-	-	-	-	-
Total shareholding of Promoter (A) = (A)(1)+ (A)(2)	-	50,000	50,000	100	-	50,000	50,000	100	-
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks/FI	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):-	-	-	-	-	-	-	-	-	-
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	-	-	-	-	-	-	-	-	-
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	-	-	-	-	-	-	-	-	-
c) Others (Non Resident Individuals)	-	-	-	-	-	-	-	-	-
d) Others Trust	-	-	-	-	-	-	-	-	-
Sub-total (B)(2):-	-	-	-	-	-	-	-	-	-
Total Public Shareholding (B) = (B)(1) + (B)(2)	-	-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	-	50,000	50,000	100	-	50,000	50,000	100	-

(ii) Shareholding of Promoters

Sr. No.	Category of Shareholder	No. of Shares held at the beginning of the year			No. of Shares held at the end of the year			% Change during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	
1	Mahindra Lifespace Developers Limited	49,990	99.98	–	49,990	99.98	–	–
2	Mahindra Lifespace Developers Ltd & Ms. Anita Arjundas	10	0.02	–	10	0.02	–	–

(iii) Change in Promoters' Shareholding (please specify, if there is no change): There is no change in the Shareholding of Promoter Group

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs): Nil

(v) Shareholding of Directors and Key Managerial Personnel: No Directors or Key Managerial Personnel hold any shares in the Company

5. INDEBTNESS

Indebtness of the Company at the beginning of the year, during the year and at the close of the year was nil.

**6. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL
(Not Applicable Confirmed from Santosh)**

A. Remuneration to Managing Director, Whole-Time Directors and/or Manager: Not Applicable

B. Remuneration of other directors: Not Applicable

C. Remuneration to Key Managerial personnel other than MD/Manager/WTD - Not Applicable

I) PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority (RD/NCLT/ COURT)	Appeal made, if any (give details)
Penalty			NONE		
Punishment					
Compounding					

II) OTHER OFFICERS IN DEFAULT

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority (RD/NCLT/ COURT)	Appeal made, if any (give details)
Penalty			NONE		
Punishment					
Compounding					

For and on behalf of the Board,

Jayant Manmadkar
Chairman
DIN : 03044559

Mumbai, 16th April, 2015

INDEPENDENT AUDITORS' REPORT

To the Members of Industrial Cluster Private Limited (formerly Mahindra Housing Private Limited)

Report on the Standalone Financial Statements

1. We have audited the accompanying standalone financial statements of **INDUSTRIAL CLUSTER PRIVATE LIMITED** (formerly **Mahindra Housing Private Limited**) ("the Company"), which comprise the balance sheet as at 31st March, 2015, the statements of profit and loss and cash flow for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these standalone financial statements based on our audit.
4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend

on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at 31st March, 2015, and its loss and cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

9. As required by the Companies (Auditor's Report) Order, 2015, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
10. As required by Section 143(3) of the Act, we report that:
 - a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c. the Balance Sheet, the Statement of Profit and Loss and Cash Flow dealt with by this Report are in agreement with the books of account;
 - d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);

- e. on the basis of written representations received from the directors as on 31st March, 2015, taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015, from being appointed as a director in terms of Section 164(2) of the Act.
- f. with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
 - i. the Company does not have any pending litigations which would impact its financial position.
 - ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For B. K. Khare & Co.
Chartered Accountants
Firm's Registration Number 105102W

Himanshu Chapsey
Partner
Membership Number: 105731

MUMBAI, 16th April, 2015

ANNEXURE TO THE AUDITORS' REPORT

Referred to in paragraph 9 of our report of even date on the financial statements to the Members of **INDUSTRIAL CLUSTER PRIVATE LIMITED** (formerly **Mahindra Housing Private Limited**) as at and for the year ended 31st March, 2015

1. The Company did not have any fixed assets during the year. Hence, the provisions of para 3(i) of the Order are not applicable.
2. Since the Company does not hold any inventory the provisions of para 3 (ii) of the Order are not applicable.
3. The Company has not granted any loans, secured or unsecured to companies, firms and other parties covered in the register maintained under section 189 of the Act. Hence, the provisions of para 3(iii) of the Order are not applicable.
4. The Company did not have any operations during the year and also did not have any fixed assets or inventory. Hence, the provisions of para 3(iv) of the Order are not applicable.
5. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits under the provisions of sections 73 to 76 of the Act and the Rules framed thereunder.
6. We have been informed that the Central Government has not prescribed maintenance of Cost records under section 148 (1) of the Act.
7. (i) According to the records of the Company, the Company has been regular in depositing with appropriate authorities undisputed statutory dues of tax deducted at source. The Company had no employees during the year and also did not have any operations and hence did not have any Provident Fund, employees state insurance, Income Tax, Sales tax, wealth tax, service tax, custom duty, excise duty, Cess and other statutory dues payable by it. According to the information and explanations given to us, no undisputed amounts payable in respects of tax deducted at source were outstanding, as on 31st March, 2015, for a period of more than six months from the date they become payable.
(ii) There are no disputed amounts outstanding as on 31st March, 2015 on account of sales tax, custom duty, income tax, excise duty, service tax, wealth tax and Cess.
- (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
8. The Company has been registered for a period of less than five years and hence we are not required to comment on whether or not the accumulated losses at the end of the year is fifty percent or more of its net worth and whether it has incurred cash losses in such financial year and in the immediately preceding financial year.
9. The Company did not have any borrowings from any financial institution or bank nor has it issued any debentures during the year and hence, the provisions of para 3(ix) of the Order are not applicable to the Company.
10. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
11. To the best of our knowledge and belief and according to the information and explanations given to us, the Company has not obtained any term loans during the year ended 31st March, 2015.
12. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing principles in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the company, noticed or reported during the year, nor have we been informed of such case by the management.

For B. K. Khare & Co.
Chartered Accountants
Firm's Registration No. 105102W

Himanshu Chapsey
Partner
Membership Number: 105731

MUMBAI, 16th April, 2015

BALANCE SHEET AS AT 31st MARCH, 2015

	Note Ref	As at 31 st March, 2015 ₹	As at 31 st March, 2014 ₹
EQUITY & LIABILITIES			
Shareholders' funds			
Share capital.....	3	5,00,000	5,00,000
Reserves and surplus.....	4	(1,19,962)	(62,699)
		<u>3,80,038</u>	<u>4,37,301</u>
Current liabilities			
Other current liabilities	5	28,090	62,699
		<u>28,090</u>	<u>62,699</u>
TOTAL		<u><u>4,08,128</u></u>	<u><u>5,00,000</u></u>
ASSETS			
Current assets			
Cash and Cash equivalents.....	6	4,08,128	5,00,000
		<u>4,08,128</u>	<u>5,00,000</u>
TOTAL		<u><u>4,08,128</u></u>	<u><u>5,00,000</u></u>

See accompanying notes forming part of the financial statements

For B K Khare & Co.
Chartered Accountants
Firm Registration No. 105102W

Himanshu Chapsey
Partner
Membership No. : 105731
Place: Mumbai
Date: 16th April, 2015

For and on behalf of the Board of Directors

Jayant Manmadkar Chairman

Suhas Kulkarni Director

Place: Mumbai
Date: 16th April, 2015

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31st MARCH, 2015

	Note Ref	For the year ended 31 st March, 2015 ₹	For the year ended 31 st March, 2014 ₹
EXPENDITURE			
Other expenses.....	7	57,263	62,699
		57,263	62,699
Loss before tax.....		(57,263)	(62,699)
Less: Tax expense		-	-
Loss for the year.....		(57,263)	(62,699)
Earnings per equity share:			
Basic/diluted (not annualised)		(1.15)	(1.25)

See accompanying notes forming part of the financial statements

For B K Khare & Co.
Chartered Accountants
Firm Registration No. 105102W

Himanshu Chapsey
Partner
Membership No. : 105731
Place: Mumbai
Date: 16th April, 2015

For and on behalf of the Board of Directors

Jayant Manmadkar Chairman
Suhas Kulkarni Director

Place: Mumbai
Date: 16th April, 2015

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2015

	For the year ended 31 st March, 2015 ₹	For the year ended 31 st March, 2014 ₹
A. Cash flow from operating activities		
(Loss) before tax.....	(57,263)	(62,699)
<i>Adjustments for:</i>		
Operating (loss) before working capital changes.....	(57,263)	(62,699)
Increase/(decrease) in current liabilities.....	(34,609)	62,699
Cash (used in) operations.....	<u>(91,872)</u>	<u>–</u>
B. Cash flow from financing activities:		
Proceeds from issue of shares	–	5,00,000
Net cash from financing activities	<u>–</u>	<u>5,00,000</u>
Net increase/(decrease) in cash and cash equivalents (A+B)	<u>(91,872)</u>	<u>5,00,000</u>
Cash & cash equivalents		
Opening balance	5,00,000	
Closing balance	<u>4,08,128</u>	5,00,000
Net increase/(decrease) in cash and cash equivalents	<u>(91,872)</u>	<u>5,00,000</u>

See accompanying notes forming part of the financial statements

For B K Khare & Co.

Chartered Accountants
Firm Registration No. 105102W

Himanshu Chapsey

Partner
Membership No. : 105731
Place: Mumbai
Date: 16th April, 2015

For and on behalf of the Board of Directors

Jayant Manmadkar Chairman
Suhas Kulkarni Director

Place: Mumbai
Date: 16th April, 2015

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2015

1 CORPORATE INFORMATION

The Company was incorporated on March 29, 2013 and is engaged in the business of establishing, acquiring, developing and maintaining Industrial Parks, Technology Parks, Bio-tech Parks, Software Parks, Special Economic zones, Export Processing Zones, Industrial Areas, Industrial estates, Integrated Townships, Residential and/or Commercial Complexes, Housing Facility in India and outside India. Since the Holding Company is committed to extending financial support to the Company for its future projects the accounts have been prepared on a "Going Concern" basis.

2 SIGNIFICANT ACCOUNTING POLICIES

a Basis of Accounting

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Paragraph 7 of the Companies (Accounts) Rules, 2014 (as amended) and the relevant provisions of the Companies Act, 2013 ("the 2013 Act") as applicable. The financial statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

b Taxes on Income

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 and other applicable tax laws.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantially enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets in respect of unabsorbed depreciation, carry forward of losses and items relating to capital losses are recognised only if there is virtual certainty supported by convincing evidence that there will be sufficient future taxable income available to realise such assets. Deferred tax assets are recognised for timing differences of other items only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each Balance Sheet date for their realisability.

c Provisions and contingencies

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are not recognised but are disclosed in notes contingent Assets are neither recognised nor disclosed in the financial statements.

As at 31 st March, 2015	As at 31 st March, 2014
₹	₹

3. Share Capital

Authorised		
1,00,000 Equity shares of ₹ 10 each	10,00,000	10,00,000
Issued, subscribed and paid up.		
50,000 equity shares of ₹10 each fully paid up	5,00,000	5,00,000
	5,00,000	5,00,000

a The above shares are held by Mahindra Lifespace Developers Limited, the holding company and its nominees

Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

	As at 31 st March, 2015		As at 31 st March, 2014	
	No of Shares	Value of Shares (₹)	No of Shares	Value of Shares (₹)
Equity Shares				
At the beginning of the period	50,000	5,00,000	–	–
Issued during the period	–	–	50,000	5,00,000
Outstanding at the end of the period	50,000	5,00,000	50,000	5,00,000

b Terms/Rights attached to Equity Shares

The company has only one class of Equity shares having a par value of ₹ 10/- per share. Each holder of Equity Shares is entitled to one vote per share.

As at 31 st March, 2015	As at 31 st March, 2014
₹	₹

4 Reserves & Surplus

Deficit in Statement of Profit and Loss		
Opening balance of Profit & Loss Account	(62,699)	–
Add: (Loss) for the Current Year	(57,263)	(62,699)
Closing Balance of Profit and Loss Account	(1,19,962)	(62,699)

5 Other Current Liabilities

Other payables	28,090	62,699
	28,090	62,699

The particulars regarding dues to micro enterprises and small enterprises have been determined to the extent such parties have been identified on the basis of information available with the Company.

As at 31 st March, 2015	As at 31 st March, 2014
₹	₹

6 Cash & cash equivalents

Bank Balances		
– on current account	4,08,128	5,00,000
	4,08,128	5,00,000

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2015

7 Other Expenses

	As at 31 st March, 2015 ₹	As at 31 st March, 2014 ₹
Rates and taxes	-	32,923
Legal and Professional Charges	25,895	1,686
Miscellaneous expenses	3,278	-
Audit Fee	28,090	28,090
	<u>57,263</u>	<u>62,699</u>

8 List of related parties:

Mahindra & Mahindra Limited	Ultimate Holding Company
Mahindra Lifespace Developers Limited	Holding Company

Related parties are as identified by the management

9 Earnings per Share

	For the year ended 31 st March, 2015	For the year ended 31 st March, 2014
Net (loss) after tax (₹)	(57,263)	(62,699)
Weighted average number of equity shares (Nos.)	50,000	50,000
Basic and Diluted Earnings per share (₹)	(1.15)	(1.25)
Nominal value of shares (₹)	10	10

10 In line with AS 22, Accounting for Taxes on Income, on principles of prudence, the company has not recognized the net deferred tax asset arising due to unabsorbed losses.

For B K Khare & Co.

Chartered Accountants
Firm Registration No. 105102W

Himanshu Chapsey

Partner
Membership No. : 105731
Place: Mumbai
Date: 16th April, 2015

For and on behalf of the Board of Directors

Jayant Manmadkar Chairman
Suhas Kulkarni Director

Place: Mumbai
Date: 16th April, 2015

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors present their Twenty Second Report along with the Audited Accounts of your Company for Financial Year ended 31st March, 2015.

Financial Highlights and State of Company's Affairs

Particulars	(Rs. in Lakhs)	
	For the year ended 31 st March, 2015	For the Year ended 31 st March, 2014
Total Income	2795.94	1157.68
Profit before Depreciation and Taxation	319.11	37.36
Less: Depreciation	11.69	7.68
Profit/(Loss) before exceptional item and tax	307.42	29.65
Exceptional Item - Profit on Sale of Fixed asset (Net)	-	0.03
Profit/(Loss) before Tax	307.42	29.68
Less : Income Tax thereon:		
Current Tax	108.05	12.5
Deferred Tax	(7.57)	(1.34)
Net Profit	206.94	18.52
Balance of Profit brought forward from last year	470.89	477.23
Balance of Profit carried forward	589.15	470.89
Net Worth	1187.51	1048.55

No material changes and commitments have occurred after the closure of current financial year till the date of this report which would affect the financial position of the Company.

Operations

During the year under review, your Company consolidated its presence in the Infrastructure Consulting Sector and registered a high growth in several areas of operation. Your Company's income for the year has increased to Rs. 2795.94 lakhs as compared to Rs. 1157.68 lakhs in the previous year, registering a growth of 141.51%. Profit before taxation for the year was Rs. 307.42 lakhs as compared to Rs. 29.68 lakhs for the previous year, representing an increase of 935.78%.

During the year, your Company has bagged several prestigious and first of its kind assignments. Your Company has further strengthened its position in the Infrastructure Sector by providing consultancy services in the areas of Special Economic Zones, Water supply & sewerage, Solid waste management, Urban infrastructure, Agribusiness, Agri and Horti infrastructure, Social infrastructure, Marine infrastructure, Industrial infrastructure, Renewable energy, Sustainability studies, Institutional strategies/Planning studies, Industrial plants and systems, etc. Your Company has received repeat orders from its existing clientele which affirm the goodwill of the Company. This would also serve as a base for the Company's sustained growth in the future. Your Company continues to partner with many states for evolving robust inclusive growth

policies and provide knowledge partnership and program management for effective implementation of policies. Your Company provides credible project references and knowledge sharing in the domain of socio-economic development to several companies in the Mahindra Group. Your Company has entered the African market in the field of sustainable business development, integrated cluster development & affordable housing.

The Company has also evolved on several innovative and sustainability ideas in its projects and is augmenting its efforts to consolidate its position as a front-runner in innovative projects. Your Company continues to receive orders from prestigious clients in different sectors indicating its versatile capability of providing consultancy services for Multi-disciplinary projects.

Dividend

Your Directors are pleased to recommend a dividend of Rs. 2.434 per share on 21,25,250 fully paid-up equity shares of Rs. 10/- each aggregating to Rs. 51.73 lakhs for the current financial year. The dividend if approved and declared in the forthcoming Annual General meeting would result a Dividend outflow of Rs. 51.73 lakhs and dividend Distribution Tax of Rs. 10.53 lakhs aggregating a total outflow of Rs. 62.26 lakhs.

Board of Directors

Mr. S. Venkatraman (DIN: 00077193) retires by rotation at the forthcoming Annual General Meeting and being eligible offers himself for re-appointment.

During the year under review, Mr. A.K. Nanda resigned from the Board of the Company with effect from the Board Meeting held on 28th May, 2014.

Number of the Meetings of the Board of Directors

Your Board of Directors met four times during the year under review on 28th May, 2014, 23rd September, 2014, 13th January, 2015 and 24th March, 2015.

Directors' Responsibility Statement

Pursuant to section 134(5) of the Companies Act, 2013, your Directors, based on the representation received, and after due enquiry, confirm that:

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed;
- (ii) they have, in the selection of the accounting policies, consulted the Statutory Auditors and these have been applied consistently and reasonable and prudent judgments and estimates have been made so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2015 and of the Profit of the Company for the year ended on that date;
- (iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) the annual accounts have been prepared on a going concern basis.
- (v) proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Codes of Conduct

Your Company has, adopted Codes of Conduct for Corporate Governance ("the Codes") for its Directors and Senior Management Personnel and Employees. These Codes enunciate the underlying principles governing the conduct of your Company's business and seek to reiterate the fundamental precept that good governance must and would always be an integral part of your Company's ethos.

Your Company has for the year under review, received declarations from the Board Members and the Senior Management Personnel and Employees of the Company affirming compliance with Code of Conduct for Directors and Senior Management Employees.

Remuneration/Compensation Committee

The Committee was reconstituted by the Board at its meeting held on 13th January, 2015 following the appointment of Mr. Parag Shah as Director.

The Remuneration/Compensation Committee consists of:

Mr. Parag Shah
Mr. S. Venkatraman

The Committee met once during the year under review on 13th January, 2015.

Risk Management Policy

Your Company has formulated Risk Management Policy including therein the elements of risk which in the opinion of Board may threaten the existence of the Company.

Your Board is hopeful that the implementation of the policy will be helpful to the Company in avoiding the risk and enabling the Company to manage the same, if confronted with.

The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

During the year under review no complaints were received under the sexual harassment of women at workplace (Prevention, Prohibition and Redressal) Act, 2013 for provision of sexual harassment.

Statutory Auditors

M/s. Deloitte Haskins & Sells, Chartered Accountants (ICAI registration Number 008072S) were appointed, as Auditors of your Company, at its 21st Annual General meeting held on 30th September, 2014 from its conclusion till the conclusion of 26th Annual General Meeting. In terms of Section 139 (1) of Companies Act, 2013, such appointment is required to be ratified by members at every annual general meeting.

M/s. Deloitte Haskins & Sells, Chartered Accountants have given a written consent to act as a statutory auditor of your Company, if appointed, and have also confirmed that the said appointment would be in conformity with the provisions of Sections 139 and 141 of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014.

The members are requested to ratify the appointment of Auditors at the forthcoming Annual General Meeting and fix their remuneration.

The Auditors Report does not contain any qualification, reservation or adverse remark.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The particulars relating to the Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo, as required under section 134(3)(m) of the Companies Act, 2013 read with the Companies Rule 8 (3) of The Companies (Accounts) Rules, 2014 are given as Annexure I to this Report.

Disclosure of Particulars of Employees as required under Rule 5 (2) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Being unlisted company, provisions of Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable to your Company.

Corporate Social Responsibility

Your Company has actively promoted academia industry partnership with various reputed universities and educational institutions like conceiving appropriate course curriculum, providing internship to students, guest lectures, guidance and supervisory support for undergraduate and post graduate project work and thesis, assistance in developing ecofriendly campus, etc.

Particulars of loans, guarantees or investments under Section 186 of the Companies Act, 2013 and Deposit under Chapter V of the Companies Act, 2013.

Your Company has not accepted any deposits from the public or its employees during the year under review. There were no deposits which are not in compliance with the requirements of chapter V of the Companies Act, 2013.

Your Company has not made any loans/advances and investments required to be disclosed in the annual accounts of the Company pursuant to Section 186 of the Companies Act, 2013 and Clause 32 of the Listing Agreement between the Parent Company, Mahindra & Mahindra Limited and the Stock Exchanges.

Particulars of Transactions with Related Parties

Particulars of contracts or arrangements with related parties referred to in sub section 1 of Section 188 are given in the prescribed form AOC – 2 as Annexure II and the same forms part of this Report.

Extract of Annual Return

Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014 an extract of the Annual return as on 31st March, 2015 is attached herewith as Annexure III and forms part of this report.

Stock Options and Exercise

During the year under review, there were no Stock Options granted to the employees under the Mahindra Consulting Engineers Employees' Stock Options Scheme. Details of

the shares vested, exercised and issued under the aforesaid scheme, as also the disclosure in compliance with Rule 12(9) of the Companies (Share Capital and Debentures) Rules, 2014 are set out in Annexure IV to this Report.

Internal Financial Controls

Pursuant to Rule 8 of the Companies (Accounts) Rules, 2014, based on the representation received and after due enquiry your directors confirm that they have laid down internal financial controls with reference to the Financial Statements and these controls are adequate.

General

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions/events on these items during the year under review:

1. Issue of equity shares with differential rights as to dividend, voting or otherwise.
2. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and the Company's operations in future.
3. There were no Shares having voting rights not exercised directly by the employees and for the purchase of which or subscription to which loan was given by the Company.

Acknowledgements

Your Directors are pleased to take this opportunity to thank the bankers, customers, vendors, all the other stakeholders for their co-operation to the Company during the year under review.

For and on behalf of the Board

Balakrishnan Suresh
Managing Director
(DIN: 01479827)

Parag Shah
Director
(DIN: 00374944)

Mumbai, April 28, 2015

ANNEXURE I TO THE DIRECTORS' REPORT

PARTICULARS AS PER THE COMPANIES (ACCOUNTS) RULES, 2014 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2015.

A. CONSERVATION OF ENERGY

(a) the steps taken or impact on conservation of energy:

The Company has adopted sustainability concepts in its operations and being in Engineering, Project Advisory and Infrastructure Consulting sector, the Company has taken steps to implement sustainability initiatives in its assignment like water conservation, rainwater harvesting, zero discharge, water recycling, 3-R concepts, scientific management of waste disposal, renewable energy technologies, waste minimization and management concepts. The Company has also taken active measures in promoting sustainability concepts, through conducting awareness campaign program, academia industry initiatives, guest lectures etc. The Company is actively involved in National/International seminars/committees on water, environment, green marketing, sustainable infrastructure development, etc.

(b) the steps taken by the company for utilizing alternate sources of energy: None

(c) the capital investment on energy conservation equipments: NIL

B. TECHNOLOGY ABSORPTION

i) the efforts made towards technology absorption: None

ii) the benefits derived like product improvement, cost reduction, product development or import substitution: Not Applicable

iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year) –

(a) the details of technology imported: None

(b) the year of import: Not Applicable

(c) whether the technology been fully absorbed: Not Applicable

(d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof: Not Applicable

iv. the expenditure incurred on Research and Development: NIL

C. FOREIGN EXCHANGE EARNINGS AND OUTGO: (in terms of actual inflow and outflow)

Total Foreign Exchange Earned and Used:

	(Rupees in Lakhs)	
	For the Financial Year Ended 31 st March, 2015	For the Financial Year Ended 31 st March, 2014
Total Foreign Exchange Earned	747.35	686.15
Total Foreign Exchange Used	90.27	38.76

For and on behalf of the Board

Balakrishnan Suresh
Managing Director
(DIN: 01479827)

Parag Shah
Director
(DIN: 00374944)

Mumbai, April 28, 2015

ANNEXURE II TO THE DIRECTORS' REPORT**Particulars of Transactions with Related Parties for year ended 31st March 2015****FORM NO. AOC -2****(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014.)**

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arms length transaction under third proviso thereto.

1. Details of contracts or arrangements or transactions not at Arm's length basis - NIL
2. Details of contracts or arrangements or transactions at Arm's length basis: #

Sr. No.	Particulars	1	2	3	4	5
a)	Name (s) of the related party & nature of relationship	Mahindra & Mahindra Ltd.	Mahindra World City Developers Ltd.	Mahindra Holidays & Resorts	Mahindra EPC Services Private Ltd	Mahindra World City (Jaipur) Ltd
b)	Nature of contracts/ arrangements/transaction	Professional services rendered	Professional services rendered	Professional services rendered	Professional services rendered	Professional services rendered
c)	Duration of the contracts/ arrangements/transaction	Nine months	One year	Two months	Six months	Six months
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	Contract value - Rs. 90 Lakhs	Contract value - Rs. 93.94 Lakhs	Contract value - Rs. 3.75 Lakhs	Contract value - Rs. 54.24 Lakhs	Contract value - Rs.0. 95 Lakhs
e)	Date of approval by the Board	N.A.	N.A.	N.A.	N.A.	N.A.
f)	Amount paid as advances, if any	Nil	Nil	Nil	Nil	Nil

Pursuant to notification dated 14th August, 2014 issued by the Ministry of Corporate Affairs, New Delhi (G.S.R. 590(E)).

For and on behalf of the Board

Balakrishnan Suresh
Managing Director
(DIN: 01479827)

Parag Shah
Director
(DIN: 00374944)

Mumbai, April 28, 2015

ANNEXURE III TO THE DIRECTORS' REPORT**Form No. MGT-9****Extract of Annual Return**as on the financial year ended on 31st March, 2015

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS

1.	CIN	U74210MH1993PLC074723
2.	Registration Date	26.10.1993
3.	Name of the Company	MAHINDRA CONSULTING ENGINEERS LTD.
4.	Category/Sub-Category of the Company	PUBLIC COMPANY
5.	Address of Registered office and contact details	Gateway Building, Apollo Bunder Mumbai 400 001. Tel : 022-24905828
6.	Whether listed Company (Yes/No)	No
7.	Name, Address and Contact details of Registrar and Transfer Agent, if any	Sharepro Services (India) Private Limited, 13AB Samhita Warehousing Complex, 2 nd Floor, Sakinaka Telephone Exchange Lane, Andheri (E), Mumbai 400 072, Tel: 022-67720300

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sr. No	Name and Description of Main Product/Services	NIC Code of the Product	% to total turnover of the Company.
1	Engineering Advisory Services	99833100	86.26%
2	Project Management Services	99833300	13.74%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No	Name and Address of the Company	CIN/GIN	Holding/ Subsidiary of the Company	% of shares held	Applicable Section
1.	Mahindra & Mahindra Limited Gateway Building, Apollo Bunder, Mumbai – 400 001	L65990MH1945PLC004558	Holding Company	54.18%	2(46)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**i. Category-wise Share Holding**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1. Indian									
a. Individual/HUF									
b. Central Govt.									
c. State Govt.									
d. Bodies Corp.	11,50,993	7	11,51,000	54.16%	11,50,993	7	11,51,000	54.16%	–
e. Bank/FI									
f. Any Other	1,13,542	–	1,13,542	5.34%	1,14,792	6,55,250	7,70,042	36.23%	30.89%
Sub-Total- A-(1)	12,64,535	7	12,64,542	59.50%	12,65,785	6,55,257	19,21,042	90.39%	30.89%

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
2. Foreign									
a. NRI-Individuals	-	-	-	-	-	-	-	-	-
b. Other Individuals	-	-	-	-	-	-	-	-	-
c. Body Corporate	-	6,55,250	6,55,250	30.83%	0	-	0	-	(30.83%)
d. Bank/FI	-	-	-	-	-	-	-	-	-
e. Any Others	-	-	-	-	-	-	-	-	-
Sub Total- A (2)	-	6,55,250	6,55,250	30.83%	0	-	0	-	(30.83%)
Total Share Holding of Promoters (1+2)	12,64,535	6,55,257	19,19,792	90.33%	12,65,785	6,55,257	19,21,042	90.39%	0.06%
B. Public Shareholding									
1. Institution									
a. Mutual Funds	-	-	-	-	-	-	-	-	-
b. Bank/FI	-	-	-	-	-	-	-	-	-
c. Cent. Govt.	-	-	-	-	-	-	-	-	-
d. State Govt.	-	-	-	-	-	-	-	-	-
e. Venture Capital	-	-	-	-	-	-	-	-	-
f. Insurance Co.	-	-	-	-	-	-	-	-	-
g. FIs	-	-	-	-	-	-	-	-	-
h. Foreign Portfolio Corporate	-	-	-	-	-	-	-	-	-
i. Foreign Venture Capital Fund	-	-	-	-	-	-	-	-	-
j. Others	-	-	-	-	-	-	-	-	-
Sub-Total-B (1)	-	-	-	-	-	-	-	-	-
2. Non-Institution									
a. Body Corp.	-	-	-	-	-	-	-	-	-
b. Individual									
i. Individual shareholders holding nominal share capital upto ₹ 1 lakh	47,958	-	47,958	2.26%	46,708	-	46,708	2.20%	(0.06%)
ii. Individual shareholders holding nominal share capital in excess of ₹ 1 Lakh	1,57,500	-	1,57,500	7.41%	1,57,500	-	1,57,500	7.41%	-

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
c. Others									
i. NRI (Rep)	–	–	–	–	–	–	–	–	–
ii. NRI (Non-Rep)	–	–	–	–	–	–	–	–	–
iii. Foreign National	–	–	–	–	–	–	–	–	–
iv. OCB	–	–	–	–	–	–	–	–	–
v. Trust	–	–	–	–	–	–	–	–	–
vi. In Transit	–	–	–	–	–	–	–	–	–
Sub-Total-B (2)	–	–	–	–	–	–	–	–	–
Net Total (1+2)	–	–	–	–	–	–	–	–	–
C. Shares held by Custodian for GDRs & ADRs									
Promoter and Promoter Group	–	–	–	–	–	–	–	–	–
Public	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	14,69,993	6,55,257	21,25,250	100%	14,69,993	6,55,257	21,25,250	100%	–

ii. Shareholding of Promoters:

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share-holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	
1.	Mahindra & Mahindra Limited	1,150,993	54.16%	–	1,150,993	54.16%	–	–
2.	Mahindra Consulting Engineers Employees' Stock Option Trust	1,13,542	5.34%	–	7,70,042	36.23%	–	30.89%
3.	Mahindra & Mahindra Limited jointly with Mr. Bharat Doshi*	1	–	–	1	–	–	–
4.	Mahindra & Mahindra Limited jointly with Mr. A. K. Nanda*	1	–	–	1	–	–	–
5.	Mahindra & Mahindra Limited jointly with Mr. Anand G. Mahindra*	1	–	–	1	–	–	–
6.	Mahindra & Mahindra Limited jointly with Mr. M. A. Nazareth*	1	–	–	1	–	–	–
7.	Mahindra & Mahindra Limited jointly with Mr. Ulhas Yargop*	1	–	–	1	–	–	–

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share-holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	
8.	Mahindra & Mahindra Limited jointly with Mr. U. Y. Phadke*	1	–	–	1	–	–	–
9.	Mahindra & Mahindra Limited jointly with Mr. Narayan Shankar*	1	–	–	1	–	–	–
10.	SAFEGE, France	6,55,250	30.83%	–	0	–	–	(30.83%)
	Total	19,19,792	90.33%	–	19,21,042	90.39%	–	0.06%

* Jointly held with Mahindra & Mahindra Limited for the purpose of compliance with the statutory provisions of Companies Act with regard to minimum number of members.

iii. Change in Promoters' Shareholding:

Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
Mahindra Consulting Engineers Employees Stock Option Trust				
At the beginning of the year	1,13,542	5.34%		
Increase – On 28 th July, 2014 transfer of shares by Mr. Uday Phadke	3,750	–	1,17,292	–
Increase – On 28 th July, 2014 transfer of shares by Mr. Anoop Mathur	3,750	–	1,21,042	–
Decrease – On 12 th September, 2014 transfer of shares to Mr. Anjanikumar Choudhari	(1,250)	–	1,19,792	–
Decrease – On 1 st October, 2014 transfer of shares to Mr. Bharat Doshi	(5,000)	–	1,14,792	–
Increase – On 24 th March, 2015 transfer of shares by SAFEGE, France	6,55,250	–	7,70,042	–
At the end of the year	–	–	7,70,042	36.23%
SAFEGE, France				
At the beginning of the year	6,55,250	30.83%		
Decrease – On 24 th March, 2015 transfer of shares to Mahindra Consulting Engineers Employee Stock Option Trust	(6,55,250)	–	0	–
At the end of the year	–	–	0	–

iv. Shareholding pattern of top ten shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No of shares	% of total shares of the Company	No of shares	% of total shares of the Company
Mr. A. K. Nanda	60,000	2.82%	60,000	2.82%
Mr. Narayan CS	22,500	1.06%	22,500	1.06%
Mr. Srinivasan A	8,088	0.38%	8,088	0.38%
Mr. Balaji S.	8,055	0.38%	8,055	0.38%
Mr. Anjanikumar Choudhari	3,750	0.18%	5,000	0.24%
Mr. Bharat Doshi	–	–	5,000	0.24%

Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No of shares	% of total shares of the Company	No of shares	% of total shares of the Company
Mr. Ulhas Yargop	3,750	0.18%	3,750	0.18%
Mr. Rajeev Dubey	3,750	0.18%	3,750	0.18%
Ms. Vijaya R	2,250	0.11%	2,250	0.11%
Ms. Sreedevi K	2,074	0.10%	2,074	0.10%
Mr. Somassoundarame C	1,856	0.09%	1,856	0.09%

v. Shareholding of Directors and Key Managerial Personnel

Sr. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Shareholding at the end of the year	
	Name of the Director/KMP	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Mr. Balakrishnan Suresh	75,000	3.53%	75,000	3.53%

V. INDEBTEDNESS
Indebtedness of the Company including interest outstanding/accrued but not due for payment

(₹ In Crores)

Particulars	Secured Loans Excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year 01.04.2014				
1) Principal Amount	–	–	–	–
2) Interest due but not paid	–	–	–	–
3) Interest accrued but not due	–	–	–	–
Total of (1+2+3)	–	–	–	–
Change in Indebtedness during the financial year				
+ Addition	–	–	–	–
– Reduction	–	–	–	–
Net change	–	–	–	–
Indebtedness at the end of the financial year-31.03.2015				
1) Principal Amount	–	–	–	–
2) Interest due but not paid	–	–	–	–
3) Interest accrued but not due	–	–	–	–
Total of (1+2+3)	–	–	–	–

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-Time Directors and/or Manager:

Sr. No	Particulars of Remuneration	Name of MD/WTD/Manager	Total Amount (₹ In Lacs)
		Mr. Balakrishnan Suresh - MD	
1.	Gross Salary	37,33,192	37,33,192
	a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	25,99,512	-
	b) Value of perquisites u/s 17(2) Income Tax Act, 1961	11,33,680	-
	c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	-	-
2.	Stock Option	-	-
3.	Sweat Equity	-	-
4.	Commission – As % of Profit – Others, specify	-	-
5.	Others, please specify	-	-
	Total (A)	37,33,192	37,33,192
	Ceiling as per the Act	As per Schedule V of the Companies Act, 2013	

B. Remuneration of other directors:

I. Independent Directors :-

Particulars of Remuneration	Name of Directors					Total Amount (₹ In Lacs)
Fee for attending board/committee meetings	-	-	-	-	-	-
Commission	-	-	-	-	-	-
Others	-	-	-	-	-	-
Total (1)	-	-	-	-	-	-

II. Other Non-Executive Directors :- Nil

Other Non-Executive Directors							Total Amount (₹ In Lacs)
Fee for attending board/committee meetings	-	-	-	-	-	-	-
Commission	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-
Total (2)	-	-	-	-	-	-	-
Total B = (1+2)	-	-	-	-	-	-	-
Ceiling as per the Act	-						

C. Remuneration to Key Managerial Personnel Other Than MD/Manager/WTD:- Nil

Sr. No	Particulars of Remuneration	Name of the KMP		Total Amount (₹ In Lacs)
1.	Gross Salary	-	-	-
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	-	-	-
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission – As % of Profit – Others, specify	-	-	-
5.	Others, please specify	-	-	-
	Total (C)	-	-	-

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES – Nil

	Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority (RD/ NCLT/court)	Appeal made, if any (give details)
A. COMPANY						
Penalty	-	-	-	-	-	-
Punishment	-	-	-	-	-	-
Compounding	-	-	-	-	-	-
B. DIRECTORS						
Penalty	-	-	-	-	-	-
Punishment	-	-	-	-	-	-
Compounding	-	-	-	-	-	-
C. OTHER OFFICERS IN DEFAULT						
Penalty	-	-	-	-	-	-
Punishment	-	-	-	-	-	-
Compounding	-	-	-	-	-	-

For and on behalf of the Board

Balakrishnan Suresh
Managing Director
(DIN: 01479827)

Parag Shah
Director
(DIN: 00374944)

Mumbai, April 28, 2015

ANNEXURE IV TO THE DIRECTORS' REPORT

Disclosure pursuant to Employee Stock Option and Employee Stock Purchase Schemes

The Board of Directors, shall, inter alia, disclose in the Directors Report for the year, the following details of the Employees Stock Option Scheme:

- a) Options granted; Nil during the current year.
- b) Options vested; Nil Shares
- c) Options exercised; 6,250 shares
- d) The total number of shares arising as a result of exercise of option; Nil shares
- e) Options lapsed; Nil
- f) The exercise price; Rs 10 per option/share
- g) Variation of terms of options; Nil
- h) Money realized by exercise of options; Not Applicable
- i) Total number of options in force; 80,529 shares
- j) Employee wise details of options granted to;- No grant during the current year
 - i. Key Managerial Personnel; Nil
 - ii. any other employee who receives a grant of options in any one year of option amounting to five percent or more of options granted during that year; Nil
 - iii. identified employees who were granted option, during any one year, equal to or exceeding one percent of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant; Nil

For and on behalf of the Board

Balakrishnan Suresh
Managing Director
(DIN: 01479827)

Parag Shah
Director
(DIN: 00374944)

Mumbai, April 28, 2015

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MAHINDRA CONSULTING ENGINEERS LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **Mahindra Consulting Engineers Limited** ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2015, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books
 - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of the written representations received from the directors as on 31st March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
 - (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company does not have any pending litigations which would impact its financial position.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Firm's Registration No. 008072S)

Geetha Suryanarayanan
Partner
(Membership No. 29519)

Place : CHENNAI
Date : April 28, 2015

**ANNEXURE TO THE INDEPENDENT AUDITOR’S REPORT
(Referred to in paragraph 1 under ‘Report on Other Legal and Regulatory Requirements’
section of our report of even date)**

Having regard to the nature of the Company’s business/ activities/results during the year, clauses (ii), (v), (vi), (ix), (xi), of CARO 2013 are not applicable.

- (i) In respect of its fixed assets:
 - a. The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
 - b. The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
- (ii) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013.
- (iii) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of fixed assets and for rendering of services and during the course of our audit we have not observed any continuing failure to correct major weaknesses in such internal control system. The Company does not purchase inventory nor does it sell any goods in the ordinary course of its business.
- (iv) According to the information and explanations given to us in respect of statutory dues:
 - a. The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees’ State Insurance, Income-tax, Service Tax, Cess and other material statutory dues applicable to it with the appropriate authorities.
 - b. There were no undisputed amounts payable in respect of Provident Fund, Employees’ State

Insurance, Income-tax, Service Tax, Cess and other material statutory dues in arrears as at 31st March, 2015 for a period of more than six months from the date they became payable.

- c. Details of dues of Income tax which have not been deposited as on 31st March, 2015, on account of disputes are given below:

Statute	Nature of dues	Forum where dispute is pending	Period to which the amount relates	Amount involved (Rs.)
Income Tax Act	Income tax	Income Tax Appellate Tribunal	AY 1997-98	26,28,231

- d. There are no amounts that are due to be transferred to the Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and Rules made thereunder.
- (v) The Company does not have accumulated losses at the end of the financial year and the Company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (vi) According to the information and explanations given to us, the Company has not given guarantees for loans taken by others from banks and financial institutions.
- (vii) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Firm’s Registration No. 008072S)

Geetha Suryanarayanan
Partner
(Membership No. 29519)

Place : CHENNAI
Date : April 28, 2015

BALANCE SHEET AS AT 31st MARCH, 2015

Particulars	Note No	As at 31-Mar-15 (in Rupees)	As at 31-Mar-14 (in Rupees)
I. EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	3	21,252,500	21,252,500
(b) Reserves and surplus	4	97,498,575	83,602,487
2 Current liabilities			
(a) Trade payables	5	19,317,529	16,045,245
(b) Other current liabilities	6	83,213,404	1,692,578
(c) Short-term provisions	7	10,024,792	5,418,480
TOTAL		231,306,800	128,011,290
II. ASSETS			
1 Non-current assets			
(a) Fixed assets	8		
Tangible assets		1,931,278	3,184,772
(b) Deferred tax assets (net)	9	1,956,198	904,286
(c) Long-term loans and advances	10	13,534,418	10,785,647
(d) Other non current assets	11	1,827,655	3,711,649
2 Current assets			
(a) Trade receivables	12	70,970,542	41,772,447
(b) Cash and cash equivalents	13	111,888,092	5,510,151
(c) Short-term loans and advances	14	2,264,702	2,172,964
(d) Other current assets	15	26,933,915	59,969,374
TOTAL		231,306,800	128,011,290

See accompanying notes forming part of the financial statements

In terms of our report attached
For **Deloitte Haskins & Sells**
Chartered Accountants

For and on behalf of the Board

B. Suresh CEO
and Managing Director

Geetha Suryanarayanan
Partner

S. Venkatraman Director

Parag C. Shah Director

Place: Chennai
Date : April 28, 2015

Place : Mumbai
Date : April 28, 2015

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2015

Particulars	Note No	For the year ended 31-Mar-15 (in Rupees)	For the year ended 31-Mar-14 (in Rupees)
Revenue from operations:			
Revenue from consultancy services (Gross)		278,327,656	114,585,723
Less: Service Tax		19,672,806	5,747,318
		<u>258,654,850</u>	<u>108,838,405</u>
Other income	16	1,266,298	1,182,083
Total Revenue		<u>259,921,148</u>	<u>110,020,488</u>
Expenses:			
Sub consultancy/sub contractors		91,543,436	1,670,823
Employee benefits expenses	17	81,424,179	63,126,172
Depreciation		1,169,448	768,387
Other expenses	18	55,042,035	41,487,408
Total expenses		<u>229,179,098</u>	<u>107,052,790</u>
Profit before Tax		<u>30,742,050</u>	<u>2,967,698</u>
Tax expense:			
Current tax		10,805,000	1,250,000
Deferred tax		(757,245)	(134,105)
Profit for the year		<u>20,694,295</u>	<u>1,851,803</u>
Earnings per equity share: (of Rs.10/- each)			
Basic & Diluted	20	9.74	0.87

See accompanying notes forming part of the financial statements

In terms of our report attached
For **Deloitte Haskins & Sells**
Chartered Accountants

Geetha Suryanarayanan
Partner

Place: Chennai
Date : April 28, 2015

For and on behalf of the Board

B. Suresh CEO
and Managing Director

S. Venkatraman Director

Parag C. Shah Director

Place : Mumbai
Date : April 28, 2015

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2015

Particulars	For the year ended March 31, 2015 (in Rupees)	For the year ended March 31, 2014 (in Rupees)
A. Cash flow from operating activities:		
Profit before taxation	30,742,050	2,967,698
Adjustments for:		
Depreciation	1,169,448	768,387
Unrealised exchange differences	(176,716)	(21,160)
(Profit)/Loss on sale of fixed assets (Net)	-	(2,500)
Interest income	(1,206,739)	(882,594)
Employee Compensation expenses on account of ESOS	-	6,717,256
Bad debts written off	25,185,940	12,638,727
Operating profit before working capital changes	55,713,983	22,185,814
 Adjustment for (increase)/decrease in operating assets:		
Trade Receivables	(30,522,863)	(32,739,462)
Other Non current assets	1,883,994	(1,729,329)
Other Current Assets	10,131,162	13,111,503
Short Term Loans & Advances	(91,738)	797,628
Long Term Loans & Advances	(1,257,388)	(1,350,580)
 Adjustment for increase/(decrease) in operating liabilities:		
Trade payables	3,272,284	6,208,905
Other Current Liabilities	81,520,826	(961,604)
Short Term Provisions	866,798	(60,150)
Cash generated from/(used in operations)	121,517,058	5,462,726
 Income-tax paid	(12,296,382)	(8,011,207)
Net Cash generated from/(used in operating activities)	109,220,676	(2,548,481)
 B. Cash flow from investing activities		
Purchase of Fixed Assets	(784,591)	(463,712)
Proceeds from sale of Fixed Assets	1,712	3,222
Interest received	426,580	1,630,679
Bank balances not considered as cash and cash equivalents	(57,165,879)	10,538,676
Net cash generated from/(used in investing activities)	(57,522,178)	11,708,866

Notes forming part of the financial statements for the year ended 31st March 2015

1. Corporate Information

Mahindra Consulting Engineers Limited (MACE) is a multidisciplinary engineering consultancy organization providing Engineering, Project Advisory Services and Infrastructure Consulting. The sectors of operation covers urban infrastructure, industrial infrastructure, water and wastewater, environment, transportation sector, tourism infrastructure, renewable energy, sustainable development studies, buildings and structures, industrial plants and systems, agribusiness and food infrastructure, social infrastructure, institutional studies. The company offers wide range of services in both domestic and international market right from project conceptualization, market demand, feasibility studies, planning, design, engineering, project management, Public Private Partnership (PPP) transaction advisory etc across several sectors. The clientele base includes Central Government, State Government, Public Sector Undertakings, Infrastructure Development Agencies, Private Sector, Financial Institutions, International Consulting firms, etc.

2. Significant Accounting Policies

2.1 Basis of accounting and preparation of Financial Statements

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act")/Companies Act, 1956 ("the 1956 Act"), as applicable. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

2.2 Use of Estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known/materialise.

2.3 Cash and cash equivalents (for purposes of Cash Flow Statement)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

2.4 Cash flow statement

Cash flows are reported using the indirect method, whereby profit/(loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

2.5 Depreciation and amortization

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost less its estimated residual value.

Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets, in whose case the life of the assets has been assessed based on "Consumer Durable Scheme" of the company taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset and past history of replacement.

- | | |
|---|-----------|
| a. Computers under consumer durable scheme | – 5 years |
| b. Furniture & fixtures under consumer durable scheme | – 5 years |
| c. Office equipments under consumer durable scheme | – 5 years |

Amortization on intangible fixed assets has been provided over a period of five years, being the estimated useful life, on straight line basis.

2.6 Revenue Recognition

- The Company recognizes revenue on the percentage of completion method, which involves technical estimates with respect to costs to completion, of each contract/activity. Such estimates, made by the Company and certified to the auditors, have been relied upon by them, as these are of a technical nature. The percentage of completion of a contract is determined considering the proportion that contract costs incurred for work performed upto the reporting date bear to the estimated total contract costs.
- Revenue from project supervision services is recognized based on monthly billings and covers personnel costs of employees deputed for the project and includes appropriate overheads and margins.

2.7 Other income

Interest income on fixed deposits is accrued proportionately based on period for which the same is placed.

2.8 Fixed assets (Tangible and Intangible assets)

Fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. The cost of fixed assets comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses and interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use. Subsequent expenditure on fixed assets after its purchase/completion is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance. When an asset is scrapped or otherwise disposed off, the cost and related depreciation are removed from the books of account and resultant profit or loss, if any, is reflected in the Statement of Profit & Loss.

2.9 Foreign currency transactions and translations

Transactions in foreign currencies entered into by the Company are accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction. Foreign currency monetary items of the Company, outstanding at the balance sheet date are restated at the year-end rates. Non-monetary items of the Company are carried at historical cost. Exchange differences arising on settlement/restatement of short-term foreign currency monetary assets and liabilities of the Company are recognised as income or expense in the Statement of Profit and Loss.

2.10 Employee Benefits

Employee benefits include provident fund, superannuation fund, gratuity fund and compensated absences.

a. Defined contribution plans

The Company's contribution to provident fund and superannuation fund are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

b. Defined benefit plans

For defined benefit plans in the form of gratuity fund, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the schemes.

c. Short term employee benefit plans

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are

recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

The cost of short-term compensated absences is accounted as under:

- (a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and
 - (b) in case of non-accumulating compensated absences, when the absences occur.
- d. Long term employee benefit plans

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the Balance Sheet date.

2.11 Employee Share Based Payments

During the year ended 31st March, 2010, the Employee Stock Option Scheme ("Scheme") was formulated by the Remuneration/Compensation Committee of the Directors of the Company. Employee Stock Options granted on or after March 31, 2010 are accounted under the 'Intrinsic Value Method' stated in the Guidance Note on Employee Share Based Payments issued by the Institute of Chartered Accountants of India.

2.12 Segment reporting

The Company identifies primary segments based on the dominant source, nature of risks and returns and the internal organisation and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit/loss amounts are evaluated regularly by the executive Management in deciding how to allocate resources and in assessing performance.

The accounting policies adopted for segment reporting are in line with the accounting policies of the Company. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment.

Inter-segment revenue is accounted on the basis of transactions which are primarily determined based on market/fair value factors.

Revenue, expenses, assets and liabilities which relate to the Company as a whole and are not allocable to segments on reasonable basis have been included under "unallocated revenue/expenses/assets/liabilities".

2.13 Leases

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rentals under operating leases are recognised in the Statement of Profit and Loss on a straight-line basis over the lease term.

2.14 Earnings Per Share

Basic earnings per share is computed by dividing the profit/(loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit/(loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits/reverse share splits and bonus shares, as appropriate.

2.15 Taxes on income

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 and other applicable tax laws.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward of losses and items relating to capital losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that there will be sufficient future taxable income available to realise the assets. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each balance sheet date for their realisability.

Current and deferred tax relating to items directly recognised in reserves are recognised in reserves and not in the Statement of Profit and Loss.

2.16 Impairment of Assets

The carrying values of assets/cash generating units at each balance sheet date are reviewed for impairment if any indication of impairment exists. The following intangible assets are tested for impairment each financial year even if there is no indication that the asset is impaired:

- (a) an intangible asset that is not yet available for use; and (b) an intangible asset that is amortised over a period exceeding ten years from the date when the asset is available for use.

If the carrying amount of the assets exceed the estimated recoverable amount, an impairment is recognised for such excess amount. The impairment loss is recognised as an expense in the Statement of Profit and Loss, unless the asset is carried at revalued amount, in which case any impairment loss of the revalued asset is treated as a revaluation decrease to the extent a revaluation reserve is available for that asset.

The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor.

When there is indication that an impairment loss recognised for an asset (other than a revalued asset) in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, to the extent the amount was previously charged to the Statement of Profit and Loss. In case of revalued assets such reversal is not recognised.

2.17 Provisions and Contingencies

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes. Contingent assets are not recognised in the financial statements.

2.18 Service tax Input Credit

Service tax input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is reasonable certainty in availing/utilising the credits.

2.19 Operating Cycle

Based on the nature of products/activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

Notes to Accounts

Note 3: Share Capital

Particulars	As at 31-Mar-15 (in Rupees)	As at 31-Mar-14 (in Rupees)
Authorized		
4,000,000 equity shares of Rs. 10 each (Previous Year: 4,000,000 Equity Shares of Rupees 10 each)	40,000,000	40,000,000
Issued, Subscribed & Paid-up		
2,125,250 equity shares of Rs. 10 each	21,252,500	21,252,500
Notes:		
(i) There is no movement in the number of equity shares during the year		
(ii) The Company has only one class of equity shares having a par value of Rs. 10/- Each holder is entitled to one vote per equity share.		
(iii) The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders at the Annual General Meeting.		
(iv) Repayment of capital will be in proportion to the number of equity shares held.		
	21,252,500	21,252,500

Details of shares held by each shareholder holding more than 5% shares:

Class of shares/Name of Shareholder	As at 31 March, 2015		As at 31 March, 2014	
	Number of shares held	% holding	Number of shares held	% holding
Mahindra & Mahindra Ltd and its nominees (Holding Company)	1,151,000	54.16%	1,151,000	54.16%
Mahindra Consulting Engineers Employees Stock Option Trust (MCET)	770,042	36.23%	113,542	5.34%
SAFEGE, France [Refer Note 27]	-	-	655,250	30.83%

Note 4: Reserves & Surplus

Particulars	As at 31-Mar-15 (in Rupees)	As at 31-Mar-14 (in Rupees)
(a) Capital reserve	1,627,959	1,627,959
(b) Securities premium account	17,351,250	17,351,250
(c) Share options outstanding account (ESOS)		
Opening balance	2,796,768	2,962,355
Add: Additions during the year	-	6,717,256
Less: Transferred to general reserve on allotment of shares	209,375	6,882,843
Closing balance	2,587,393	2,796,768
(d) General Reserve		
Opening balance	14,737,938	7,855,095
Add: Transferred from surplus in statement of profit and Loss	2,069,430	-
Add: Transferred from share option outstanding account	209,375	6,882,843
Closing balance	17,016,743	14,737,938

Particulars	As at 31-Mar-15 (in Rupees)	As at 31-Mar-14 (in Rupees)
(e) Surplus in Statement of Profit and Loss		
Opening balance	47,088,572	47,723,205
Less: Depreciation on transition to schedule II of the Companies Act, 2013 on tangible fixed assets with Nil remaining useful life (net of deferred tax) [Refer Note 24]	572,257	-
Add: Profit for the year	20,694,295	1,851,803
Less: Proposed Dividend Rs. 2.434 per equity share (previous year Re. 1 per equity share)	5,172,859	2,125,250
Tax on dividend	1,053,091	361,186
Amount transferred to general reserve	2,069,430	-
Closing Balance	58,915,230	47,088,572
Total	97,498,575	83,602,487

Note 5: Trade payables

Particulars	As at 31-Mar-15 (in Rupees)	As at 31-Mar-14 (in Rupees)
Trade Payables		
Amounts payable to related party [Refer Note 27]	10,283,175	9,830,270
Other payables [Refer Note 31]	9,034,354	6,214,975
	19,317,529	16,045,245

Note 6: Other Current Liabilities

Particulars	As at 31-Mar-15 (in Rupees)	As at 31-Mar-14 (in Rupees)
Gratuity Payable [Refer Note 26]	784,692	619,787
Statutory remittances (Contribution to PF and ESIC, TDS, service tax etc)	2,972,443	1,072,791
Advance from customers	79,456,269	-
	83,213,404	1,692,578

Note 7: Short Term Provisions

Particulars	As at 31-Mar-15 (in Rupees)	As at 31-Mar-14 (in Rupees)
(a) Provision for employee benefits:		
Compensated absences	3,798,842	2,932,044
	3,798,842	2,932,044
(b) Provision - Others:		
(i) proposed equity dividend	5,172,859	2,125,250
(ii) tax on proposed dividends	1,053,091	361,186
	6,225,950	2,486,436
	10,024,792	5,418,480

Note 8: Fixed Assets

Details	Gross Block			Accumulated Depreciation					Net Block		
	Balance as at 1-Apr-14	Additions	Disposals	Balance as at 31-Mar-15	Balance as at 1-Apr-14	Depreciation for the year	Transition adjustment recorded against surplus balance in Statement of Profit & Loss	On disposals	Balance as at 31-Mar-15	Balance as at 31-Mar-15	Balance as at 31-Mar-14
	(in Rupees)			(in Rupees)					(in Rupees)		
(i) Tangible Assets											
Furniture and Fixtures	246,712 (285,375)	54,600 (10,200)	5,500 (48,863)	295,812 (246,712)	215,231 (257,666)	12,681 (6,428)	4,842 (-)	5,445 (48,863)	227,309 (215,231)	68,503 (31,481)	31,481 (27,709)
Vehicles	2,174,612 (2,045,186)	- (129,426)	- (-)	2,174,612 (2,174,612)	1,155,762 (949,612)	439,005 (206,150)	- (-)	- (-)	1,594,767 (1,155,762)	579,845 (1,018,150)	1,018,850 (1,095,574)
Office equipments	3,068,862 (3,059,314)	147,126 (81,547)	125,700 (71,999)	3,090,288 (3,068,862)	1,693,620 (1,587,571)	385,817 (177,327)	596,411 (-)	124,443 (71,278)	2,551,405 (1,693,620)	538,882 (1,375,242)	1,375,242 (1,471,743)
Computers	3,594,129 (3,351,590)	582,865 (242,539)	40,000 (-)	4,136,994 (3,594,129)	2,834,930 (2,456,448)	331,945 (378,482)	265,571 (-)	39,600 (-)	3,392,946 (2,834,930)	744,048 (759,199)	759,199 (895,142)
Total	9,084,315	784,591	171,200	9,697,706	5,899,543	1,169,448	866,924	169,488	7,766,427	1,931,278	3,184,772
<i>Previous Year</i>	8,741,465	463,712	120,862	9,084,315	5,251,297	768,387	-	120,141	5,899,543	3,184,772	3,490,168
(ii) Intangible Assets											
Technical Knowhow	4,069,438 (4,069,438)	- (-)	- (-)	4,069,438 (4,069,438)	4,069,438 (4,069,438)	- (-)	- (-)	- (-)	4,069,438 (4,069,438)	- (-)	- (-)
Total	4,069,438	-	-	4,069,438	4,069,438	-	-	-	4,069,438	-	-
<i>Previous Year</i>	4,069,438	-	-	4,069,438	4,069,438	-	-	-	4,069,438	-	-
Grand Total	13,153,753	784,591	171,200	13,767,144	9,968,981	1,169,448	866,924	169,488	11,835,865	1,931,278	3,184,772
<i>Previous Year</i>	12,810,903	463,712	120,862	13,153,753	93,20,735	768,387	-	120,141	9,968,981	3,184,772	3,490,168

Previous year's figures are in brackets

Note 9: Deferred tax assets

Particulars	As at 31-Mar-15 (in Rupees)	As at 31-Mar-14 (in Rupees)
Tax effect of items constituting deferred tax liability		
On difference between book balance and tax balance of fixed assets	-	(248,106)
Tax effect of items constituting deferred tax asset		
Provision for compensated absences and gratuity	1,557,943	1,152,392
On difference between book balance and tax balance of fixed assets	398,255	-
	1,956,198	904,286

Deferred tax reconciliation

Particulars	As at 31-Mar-15 (in Rupees)	As at 31-Mar-14 (in Rupees)
Income on account of deferred tax for the year based on the movement in net deferred tax asset as at the beginning and end of the year as shown above	1,051,912	134,105
Less : Deferred tax impact netted off from depreciation on tangible fixed assets on transition to Schedule II of the Companies Act 2013 adjusted to opening surplus [Refer Note 4 and Note 24]	(294,667)	-
Deferred Tax credited to the Statement of Profit & Loss	757,245	134,105

Note 10: Long-term loans and advances (Unsecured and Considered Good)

Particulars	As at 31-Mar-15 (in Rupees)	As at 31-Mar-14 (in Rupees)
Advance Income tax (net of provisions)	9,887,684	8,396,301
Security deposits	3,646,734	2,389,346
	13,534,418	10,785,647

Note 11: Other non current assets

Particulars	As at 31-Mar-15 (in Rupees)	As at 31-Mar-14 (in Rupees)
Fixed deposits held as security against contracts	1,827,655	3,711,649
	1,827,655	3,711,649

Note 12: Trade receivables (Unsecured, considered good unless otherwise stated)

Particulars	As at 31-Mar-15 (in Rupees)	As at 31-Mar-14 (in Rupees)
(i) Trade receivables outstanding for a period exceeding six months from the date they were due for payment	13,916,912	12,236,481
(ii) Other Trade receivables	57,053,630	29,535,966
	70,970,542	41,772,447

Note 13: Cash and cash equivalents

Particulars	As at 31-Mar-15 (in Rupees)	As at 31-Mar-14 (in Rupees)
Cash and cash equivalents		
Cash on hand	-	-
Cheques on hand	-	135,593
Balances with banks:		
In current accounts	49,462,733	115,078
	<u>49,462,733</u>	<u>250,671</u>
Other bank balances		
In deposit accounts more than 3 months and less than 12 months maturity	58,100,000	1,950,000
In earmarked accounts		
margin money	-	890,998
deposit accounts	4,325,359	2,418,482
	<u>62,425,359</u>	<u>5,259,480</u>
	<u>111,888,092</u>	<u>5,510,151</u>

Note 14: Short-term loans and advances (Unsecured and considered good)

Particulars	As at 31-Mar-15 (in Rupees)	As at 31-Mar-14 (in Rupees)
(a) Security deposits	1,645,008	1,911,905
(b) Prepaid expenses	192,291	200,159
(c) Advances to employees	323,403	60,900
(d) Other Recoverables	104,000	-
	<u>2,264,702</u>	<u>2,172,964</u>

Note 15: Other Current Assets

Particulars	As at 31-Mar-15 (in Rupees)	As at 31-Mar-14 (in Rupees)
Unbilled revenue	25,988,729	59,804,347
Interest accrued but not due on fixed deposits	945,186	165,027
	<u>26,933,915</u>	<u>59,969,374</u>

Note 16: Other Income

Particulars	For the year ended 31-Mar-15 in Rupees	For the year ended 31-Mar-14 in Rupees
Interest Income		
– From Bank Deposits	1,206,739	882,594
– On income tax refund	-	63,266
Profit on Sale of Fixed Asset (Net)	-	2,500
Net gain on foreign currency transactions	59,559	233,723
	<u>1,266,298</u>	<u>1,182,083</u>

Note 17: Employee benefits expense

Particulars	For the year ended 31-Mar-15 in Rupees	For the year ended 31-Mar-14 in Rupees
Salaries & wages	75,849,653	52,790,262
Contribution to Provident & other funds [Refer Note 26]	3,551,380	1,963,425
Staff welfare expenses	2,023,146	1,655,229
Employee Compensation expenses on account of ESOS [Refer (iii) of Note 32]	-	6,717,256
	<u>81,424,179</u>	<u>63,126,172</u>

Note 18: Other Expenses

Particulars	For the year ended 31-Mar-15 in Rupees	For the year ended 31-Mar-14 in Rupees
Rent	3,031,385	2,311,524
Rates and taxes	26,514	49,907
Repairs and maintenance-others	201,649	245,752
Power and fuel	716,670	839,559
Professional charges	2,758,594	2,471,328
Postage, telephone and fax	1,607,666	1,695,808
Insurance	460,646	433,632
Printing and stationery	1,572,761	1,659,591
Traveling & conveyance expenses	15,092,062	14,904,970
Vehicle expenses	736,206	674,513
Interest paid on Income Tax	-	658,256
Unbilled revenue accrued in earlier years written off	23,684,456	12,638,727
Bad debts	1,501,484	-
Expenditure on Corporate Social Responsibility	478,750	266,000
Miscellaneous expenses	3,173,192	2,637,841
	<u>55,042,035</u>	<u>41,487,408</u>

Amount paid/payable to the statutory auditors (included under professional charges in Note 18)

Particulars	(Amount in Rupees)	
	Year Ended 31-Mar-15	Year Ended 31-Mar-14
Statutory Audit fees	550,000	550,000
For other services	175,000	210,000
Reimbursement of expenses	764	6,150

Additional information to the financial statements

Note 19:

- (a) In respect of contracts entered into by the Company, the Company has recognised revenue on the percentage of completion method, which is measured with reference to the proportion of personnel and sub-consultancy costs incurred to the total estimated personnel and sub-consultancy costs for each contract.
- (b) Disclosures pursuant to Accounting Standards (AS) 7 (revised):

Particulars	2014 - 2015 Rs.	2013 - 2014 Rs.
i) Contract revenue recognized for the year ended	258,654,850	108,838,405
ii) In respect of contracts in progress as at 31 st March 2015, the aggregate costs incurred and recognised profits (net) upto the year end	173,606,931	200,836,890
iii) Retention money for contracts in progress	1,587,824	990,051

Note 21: Earnings per share – Basic & Diluted

Particulars	Year Ended 31-Mar-15	Year Ended 31-Mar-14
Net profit after Tax (Rs)	20,694,295	1,851,803
Number of equity shares (Nos.)	2,125,250	2,125,250
Basic & Diluted Earnings per share (Rs)	9.74	0.87
Nominal value per share (Rs)	10.00	10.00

Note 22: Earnings in foreign exchange

Particulars	Year Ended 31-Mar-15	Year Ended 31-Mar-14
Consultancy fees	74,734,574	68,615,034

Note 23: Expenditure in foreign currency

Particulars	Year Ended	Year Ended
	31-Mar-15	31-Mar-14
Salary	6,037,175	3,308,038
Travel	2,864,200	568,362
Computer software	125,883	-
Total	9,027,258	3,876,400

Note 24:

During the year, pursuant to the notification of Schedule II to the Companies Act, 2013 with effect from April 1, 2014 the company has revised the estimated useful life of its assets to align the useful life with those specified in Schedule II. The details of previously applied depreciation method, rates/useful life are as follows:

Asset	Revised useful life based on SLM (Schedule II rates)	Previous depreciation rate/useful life (Based on SLM)
Furniture and fixtures	10 years	6.33%~15 years
Vehicles	8 years	9.50%~10 years
Office equipments	5 years	4.75%~20 years
Computers	3 years	16.21%~6 years

Pursuant to the transition provisions prescribed in Schedule II to the Companies Act, 2013, the company has fully depreciated the carrying value of assets (determined after considering the revised useful life as prescribed by Schedule II) net of residual value, where the remaining useful life was determined to be Nil as on April 1, 2014 and has adjusted an amount of Rs. 572,257/- (net of deferred tax of Rs. 294,667/-) against the opening Surplus balance in the Statement of Profit and Loss under Reserves and Surplus [Refer Note 4].

The depreciation expense in the Statement of Profit and Loss for the year is higher by Rs. 494,980/- consequent to the change in useful life of the assets.

Note 25: Amounts remitted in foreign currency during the year on account of dividend

Particulars	Year Ended 31-Mar-15	Year Ended 31-Mar-14
Amount of dividend remitted in foreign currency	655,250	3,276,250
Total number of non-resident shareholders (to whom the dividends were remitted in foreign currency)	1	1
Total number of shares held by them on which dividend was due	655,250	655,250
Year to which the dividend relates	2013-14	2012-13

Note 26: Disclosure as required under Accounting Standard – 15 on "Employee Benefits" is as under:

- a) The Company has recognized Rs. 1,448,290/- (Previous Year Rs. 1,154,992/-) towards Company's Contribution to Provident Fund and Rs. 1,495,425 (Previous Year Rs. NIL) towards Company's Contribution to Superannuation Fund in the Statement of Profit & Loss.
- b) The Company operates funded post retirement defined benefit plans for gratuity, details of which are as follows

(Amount in Rupees)		
Employee Defined Benefit Plans	Year Ended 31-Mar-15	Year Ended 31-Mar-14
I. Assumptions:		
Discount Rate	7.80%	9.10%
Rate of Return on Plan Assets	8.75%	9.15%
Salary Escalation	5.00%	5.00%
Attrition rate	3.00%	3.00%
Mortality Table - LIC (94-96) Ultimate Mortality		
A Net Asset/(Liability) recognized in the Balance Sheet		
Present value of obligation	4,065,706	3,229,676
Fair value of plan assets	3,281,014	2,609,889
Net Asset/(Liability)	(784,692)	(619,787)
B Expense recognized in the Profit & Loss account		
Current service cost	318,446	333,768
Interest cost	293,901	166,140
Expected return on plan assets	(259,061)	(185,777)
Actuarial (gains)/Losses	254,380	(759,795)
Past service cost	-	1,254,098
Total expense included under Note 17	607,665	808,434

(Amount in Rupees)

Employee Defined Benefit Plans		Year Ended 31-Mar-15	Year Ended 31-Mar-14
C	Change in present value of Obligation		
	Present value of defined benefit obligation as at the beginning of the year		2,076,747
	Current service cost	318,446	333,768
	Interest cost	293,901	166,140
	Benefits paid	-	-
	Actuarial (gains)/losses	(223,683)	(601,077)
	Past Service Cost	-	1,254,098
	Present value of defined benefit obligation as at the end of the period	4,065,706	3,229,676
D	Change in fair value of plan assets		
	Plan assets at the beginning of the year	2,609,889	1,795,315
	Expected return on plan assets	259,061	185,777
	Actuarial gains/(losses)	30,696	158,719
	Contributions by employer	442,760	470,078
	Benefits paid and adj. to opening balance	-	-
	Plan assets at the end of the year	3,281,014	2,609,889

Estimates of future salary increases considered in actuarial valuation take account of inflation, seniority, promotion, increments and other relevant factors such as supply and demand in the employment market.

In the absence of the relevant information from the actuary, the above details do not include the composition of plan assets. The expected contribution to the fund for the year ending March 31, 2016 is Rs. 465,000/-.

Experience Adjustments:

(Amount in Rupees)

	31.03.2015	31.03.2014	31.03.2013	31.03.2012	31.03.2011
Experience Adjustments on plan liabilities – (loss)/gain	136,774	415,467	(73,253)	597,767	446,084
Experience Adjustments on plan assets – (loss)/gain	(30,696)	158,719	(161,641)	5,265	4,642

Note 27: Related Party Transactions

a) Details of Related Parties :-

	Particulars	Nature of relationship	March 31, 2015	March 31, 2014
1	Mahindra & Mahindra Limited	Holding Company	√	√
2	Mahindra Consulting Engineers Employees Stock Option Trust	Employee Welfare Trust	√	√
3	SAFEGE (Refer Note (i))	Entity having significant influence	√	√
4	Mahindra World City Developers Limited	Fellow Subsidiary	√	√
5	Mahindra Infrastructure Developers Limited	Fellow Subsidiary	√	√
6	Mahindra Lifespace Developers Limited	Fellow Subsidiary	√	√
7	Mahindra Holidays & Resorts India Limited.	Fellow Subsidiary	√	√
8	Mahindra EPC Service Pvt. Ltd.	Fellow Subsidiary	√	√
9	Mahindra World City (Jaipur) Limited	Fellow Subsidiary	√	√
10	Mr. B. Suresh, CEO & Managing Director	Key Managerial Personnel (KMP)	√	√

Note

- (i) During the year, 655,250 equity shares of Rs.10/- each held by SAFEGE, France has been sold to Mahindra Consulting Engineers Employees Stock Option Trust vide Share Subscription-Cum-Offer for Sale and Shareholders Agreement Termination & Settlement Agreement dated 23rd March 2015 for an agreed consideration of INR 37,676,857.
- (ii) Related parties have been identified by the Management and disclosed where transaction entered into and relied upon by the auditors.

b) Details of related party transactions during the year ended 31st March 2015 and balances outstanding as at 31st March 2015 :

Sr. No.	Nature of transaction	Holding Company	Fellow Subsidiaries							Welfare Trust	Entity having significant influence	KMP
			Mahindra World City Developers Ltd.	Mahindra Infrastructure Developers Ltd.	Mahindra Lifespaces Developers Ltd.	Mahindra Holidays & Resorts	Mahindra EPC Services Private Limited	Mahindra World City (Jaipur Ltd.)	Mahindra Consulting Engineers Employees Stock Option Trust			
1	2	3	4	5	6	7	8	9	10	11	12	
1	Income from consultancy services	4,250,000	9,394,000 (8,854,972)	-	-	375,000	5,424,032 (3,275,000)	95,000 (543,175)	-	4,621,602 (4,519,046)	-	
2	Reimbursement of expenses	3,069,700 (2,186,378)	-	-	-	-	-	-	-	-	-	
3	Rent	2,537,664 (1,829,682)	-	-	-	-	-	-	-	-	-	
4	Purchase	-	-	185,500 (266,000)	-	-	-	-	-	-	-	
5	Purchase of air tickets	-	-	-	-	2,039,304 (1,012,732)	-	-	-	-	-	
6	Dividend paid	1,151,000 (5,755,000)	-	-	-	-	-	-	121,042 (1,595,000)	655,250 (3,276,250)	-	
7	Professional charges	-	-	-	-	-	-	-	-	-	-	
8	Managerial Remuneration	-	-	-	-	-	-	-	-	-	133,78,143 (3,000,000)	
9	Outstanding as at year end:											
	Payables	10,045,358 (8,711,459)	-	-	97,095 (97,095)	140,722 (1,021,716)	-	-	-	-	-	
	Receivables	-	-	-	-	-	-	-	104,000	392,179 (377,938)	-	

Previous year's figures are in brackets

Note 28: Details of foreign currency exposures that are not hedged by derivative instruments or otherwise

Particulars	Client	Currency	As at March 31, 2015	
			Amount in foreign currency	Equivalent amount in Rs
Exports	SAFEGE	SAR	23,600 (23,600)	392,179 (377,938)
	SGIRE Investments Ltd.	USD	5,000 (5,000)	311,678 (300,297)
	UNIDO	USD	- (75,100)	- (4,510,457)
	HMR Consultants	OMR	15,000 (22,500)	2,428,658 (3,510,874)
	Fundo para o Fomento de Habitacao	USD	35,316 (89,644)	2,201,442 (5,383,960)
	Ministry of Trade and Industry (Minicom)	USD	55,200 (-)	3,440,921 (-)
	Si3 Infra Services Limited	AED	125,000 (-)	2,121,642 (-)
	Rwanda Energy Development Corpn. Ltd.	USD	10,392 (-)	647,791 (-)
	TradeMark East Africa	USD	17,880 (-)	1,114,559 (-)
	Signature I3S Infra Services Limited	USD	650,000 (200,000)	40,518,095 (12,011,870)

Figures in brackets are in respect of the previous year

Note 29

The company has not taken any premises on non cancellable operating lease.

Note 30: a. Segment Reporting

The Company has a single reportable business segment viz. income from consultancy services for the purpose of Accounting Standard 17 on Segment Reporting.

b. Segment Information

Information about Geographical segment is as follows:

Particulars	2014-15			2013-14		
	Within India	Outside India	Total	Within India	Outside India	Total
Segment Revenue	183,920,276	74,734,574	258,654,850	40,223,371	68,615,034	108,838,405
Segment Assets	158,130,150	61,332,769	219,462,919	78,451,255	40,259,448	118,710,703
Additions to fixed assets	784,591	-	784,591	463,712	-	463,712

Note 31: There are no dues to enterprises as defined under Micro, Small and Medium Enterprises Development Act, 2006, as at 31st March, 2015 which is on the basis of such parties having been identified by the management and relied upon by the auditors.

Note 32: Employees Stock Option Scheme ("ESOS")

Mahindra Consulting Engineers Employees Stock Option Trust ("the Trust") had purchased 490,000 shares of the Company from the market during 2006. During the year ended 31st March, 2010, the Employee Stock Option Scheme

("Scheme") was formulated by the Remuneration/Compensation Committee of the Directors of the Company. Under the said Scheme, the Trust will grant options to eligible employees and directors of the Company and its Holding Company (Beneficiaries), whereby the Beneficiaries will be entitled to acquire the equity shares lying with the Trust pursuant to the Options granted and vested in them in accordance with the Scheme and accordingly the said shares lying with the Trust will get transferred to the Beneficiaries upon due exercise of the options granted. In accordance with the said Scheme, shares held by the Trust have been granted to the Beneficiaries on 31st March 2010.

(i) The details of the Employees' Stock Option Scheme are as under:

Date of grant	March 31, 2010
Type of Arrangement	Equity settled option plan administered through Employee Stock Option Trust
Number of Options Granted	319,000
Number of Options lapsed during the year	Nil
Number of option lapsed as at March 31, 2015	30,057
Vesting period	4 years
Vesting Conditions	25% each on expiry of 12, 24, 36 and 48 months from the date of grant
Exercise Period	Within a period of five (5) years from the date of vesting
Exercise Price	Rs.10/-
Method of Settlement	By issue of one equity share each for every option exercised.
No. of options exercisable in each tranche.	Minimum of 100 and a maximum of all options vested till that date.
Number of options vested as at March 31, 2015	288,943
Number of options exercised and allotted as at March 31, 2015	211,708
Number of options vested but not exercised	77,235

(ii) The company has adopted the intrinsic value method in accounting for employee cost on account of ESOS. The intrinsic value of the shares based on the valuation obtained from an independent Valuer is Rs. 43.50 per equity share as at March 31, 2010 based on the Discounted Cash Flow Method.

(iii) In accordance with the Guidance Note issued by the Institute of Chartered Accountants of India, the difference between the intrinsic value of Rs. 43.50 and the exercise price per share of Rs.10 on options granted amounting to Rs. 9,679,591/- has been charged to Statement of Profit and Loss over the vesting period of the options as employee compensation cost and is being carried forward as Employees Options Outstanding account and disclosed separately in the Balance Sheet. Accordingly an amount of Rs. Nil (Previous Year Rs. 6,717,256/-) has been debited to employee compensation cost for the year and credited to share option outstanding account. As and when the options are exercised and the shares are transferred to the eligible employees by the Trust, the corresponding amount would be transferred from Share Options Outstanding Account to the General Reserve.

(iv) The fair value of options, based on the valuation of the independent Valuer as on the date of Grant i.e. March 31, 2010 is Rs. 35.24 per share.

Had the company adopted the fair value method in respect of options granted, the impact on the financial statements for the current year would be Rs. Nil (Previous Year Rs. 502,761/-) and basic and diluted earnings per share would have been lower by Rs. Nil (Previous Year Rs. 0.24).

The fair value as at March 31, 2010 has been calculated using the Black Scholes Options Pricing Model and the significant assumptions made in this regard are as follows:

Risk free interest rate	6.25%
Expected life	2.50%
Expected volatility	0%
Expected dividend yield	0%

Note 33:

- (i) The company did not enter into any derivative contracts during the year.
- (ii) There are no amounts required to be transferred to the investor education and protection fund by the Company during the year

Note 34: Previous year's figures have been regrouped/reclassified wherever necessary to correspond with current year's classification/disclosure.

For and on behalf of the Board

B. Suresh

CEO
and Managing Director

S. Venkatraman

Director

Parag C. Shah

Director

Place: Mumbai

Date: April 28, 2015

DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2015

Your Directors are pleased to present their report together with the Audited Accounts of your Company for the year ended March 31, 2015.

	Year ended March 31, 2015 USD	Year ended March 31, 2015 INR	Year ended March 31, 2014 USD	Year ended March 31, 2014 INR
Total income.....	404,853	25,359,992	910,308	57,021,693
Loss before taxes.....	(1,446,709)	(90,621,852)	(889,418)	(55,713,144)
Loss after taxes.....	(1,446,709)	(90,621,852)	(889,418)	(55,713,144)

Review for the year ended March 31, 2015:

Your Company's subsidiaries worldwide reported improved revenues and net profit. The company and its subsidiaries continue to focus on cost control measures to maintain profitability.

Outlook for the current year ending March 31, 2016:

Your Company expects an improved business climate, which will have a positive impact on the Company's financial performance during the current year.

Acknowledgement:

The Board acknowledges the continued support the Company receives from its employees worldwide and its parent holding company, Mahindra & Mahindra Ltd.

Ulhas N. Yargop
Chairman

Place: Mountain View, CA, USA

Date: 6th May, 2015

INDEPENDENT AUDITOR'S REPORT

Grant Thornton India LLP
(Formerly Grant Thornton India)
16th Floor, Tower II
Indiabulls Finance Centre
S B Marg, Elphinstone (W)
Mumbai – 400 013 India

T +91 22 6626 2600
F +91 22 6626 2601
www.grantthornton.in

Board of Directors and Shareholders
Bristlecone Limited

We have audited the accompanying special purpose parent-only financial statements of Bristlecone Limited (the 'Company', a Cayman Island corporation and subsidiary of Mahindra & Mahindra Limited), which comprise the statements of assets and liabilities as of March 31, 2015 and 2014, and the related special purpose parent-only statements of revenues and expenses, cash flows and statements of changes in equity for each of the two years in the period ended March 31, 2015, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these special purpose parent-only financial statements in accordance with note A (3.1); this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these special purpose parent-only financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting

estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the special purpose parent-only financial statements referred to above present fairly, in all material respects, the assets and liabilities of the Company as of March 31, 2015 and 2014, and the revenues, expenses and cash flows for each of the two years in the period ended March 31, 2015, on the basis of accounting described in Note A (3).

Basis of accounting

As discussed in Note A (3.1), the accompanying special purpose financial statements have been prepared for the purpose of consolidation with the financial statements of Mahindra & Mahindra Limited, the Holding Company on the basis of accounting described in Note A (3), and are not intended to be a presentation in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Restriction on use

This report is intended solely for the information and use of the Board of Directors and management of Bristlecone Limited and Mahindra & Mahindra Limited for the purpose of meeting the requirements of consolidation of the attached special purpose parent-only financial statements with the financial statements of Mahindra & Mahindra Limited, the Holding Company and is not intended to be and should not be used by anyone other than these specified parties or for any other purpose.

Grant Thornton India LLP

Place: Mumbai, India

Date: April 30, 2015

STATEMENTS OF ASSETS AND LIABILITIES

	Notes Ref.	As at March 31, 2015 <u>USD</u>	As at March 31, 2015 <u>INR</u> (Refer note K)	As at March 31, 2014 <u>USD</u>	As at March 31, 2014 <u>INR</u> (Refer note K)
ASSETS					
Current assets					
Cash and cash equivalents.....	B	953,153	59,705,504	410,010	25,683,026
Other receivable – related party		–	–	43,494	2,724,465
Total current assets		<u>953,153</u>	<u>59,705,504</u>	<u>453,504</u>	<u>28,407,491</u>
Non-current assets					
Investments in subsidiaries.....	C	32,579,732	2,040,794,412	32,579,732	2,040,794,412
Total non-current assets		<u>32,579,732</u>	<u>2,040,794,412</u>	<u>32,579,732</u>	<u>2,040,794,412</u>
Total assets		<u>33,532,885</u>	<u>2,100,499,916</u>	<u>33,033,236</u>	<u>2,069,201,903</u>
LIABILITIES AND STOCKHOLDERS' EQUITY					
Current liabilities					
Amounts payable to subsidiary		3,866,908	242,223,117	3,217,583	201,549,399
Other liabilities, related party		6,482,244	406,047,764	5,378,727	336,923,459
Other liabilities, others		65,796	4,121,461	68,822	4,311,010
Loan from Holding Company	E	18,140,000	1,136,289,600	18,140,000	1,136,289,600
Total current liabilities		<u>28,554,948</u>	<u>1,788,681,942</u>	<u>26,805,132</u>	<u>1,679,073,468</u>
Stockholders' equity					
Common stock		9,349	585,621	8,925	559,062
Series A preferred stock		8,076	505,881	7,300	457,272
Series B preferred stock		6,920	433,469	6,920	433,469
Additional paid-in-capital		16,679,362	1,044,795,236	16,621,111	1,041,146,393
Stockholders' notes receivable	F	–	–	(137,091)	(8,587,380)
Accumulated deficit		(11,725,770)	(734,502,233)	(10,279,061)	(643,880,381)
Total stockholders' equity		<u>4,977,937</u>	<u>311,817,974</u>	<u>6,228,104</u>	<u>390,128,435</u>
Total liabilities and stockholders' equity		<u>33,532,885</u>	<u>2,100,499,916</u>	<u>33,033,236</u>	<u>2,069,201,903</u>

(The accompanying notes are an integral part of these financial statements)

STATEMENTS OF REVENUES AND EXPENSES

	Year ended March 31, 2015 <u>USD</u>	Year ended March 31, 2015 <u>INR</u> (Refer note K)	Year ended March 31, 2014 <u>USD</u>	Year ended March 31, 2014 <u>INR</u> (Refer note K)
Income	404,853	25,359,992	910,308	57,021,693
Total Income	404,853	25,359,992	910,308	57,021,693
Expenses				
Salaries, bonus and other remuneration	665,416	41,681,658	631,830	39,577,831
General and administrative expenses	82,629	5,175,881	64,379	4,032,701
Interest	1,103,517	69,124,305	1,103,517	69,124,305
Total expenses	1,851,562	115,981,844	1,799,726	112,734,837
Net loss before tax	(1,446,709)	(90,621,852)	(889,418)	(55,713,144)
Income tax	-	-	-	-
Net loss	(1,446,709)	(90,621,852)	(889,418)	(55,713,144)

(The accompanying notes are an integral part of these financial statements)

STATEMENTS OF CASH FLOWS

	Year ended March 31, 2015 <u>USD</u>	Year ended March 31, 2015 <u>INR</u> (Refer note K)	Year ended March 31, 2014 <u>USD</u>	Year ended March 31, 2014 <u>INR</u> (Refer note K)
Cash flow from operating activities				
Net loss	(1,446,709)	(90,621,852)	(889,418)	(55,713,144)
Adjustments to reconcile net loss to net cash used in operating activities				
Stock compensation expense	16,091	1,007,940	2,530	158,479
Changes in assets and liabilities				
Decrease / (increase) in current assets, related party	43,494	2,724,465	(6,855)	(429,396)
Increase in current liabilities, related party	1,752,842	109,798,023	1,145,617	71,761,449
Increase in current liabilities, others	134,065	8,397,831	2,102	131,669
Net cash generated from operating activities	<u>499,783</u>	<u>31,306,407</u>	<u>253,976</u>	<u>15,909,057</u>
Cash flow from financing activities				
Proceeds from issue of common stock	42,584	2,667,462	20,932	1,311,180
Proceeds from issue of Preference stock	776	48,609	-	-
Net cash generated from financing activities	<u>43,360</u>	<u>2,716,071</u>	<u>20,932</u>	<u>1,311,180</u>
Net increase in cash and cash equivalents	543,143	34,022,478	274,908	17,220,237
Cash and cash equivalents at the beginning of the year ...	410,010	25,683,026	135,102	8,462,789
Cash and cash equivalents at the end of the year	<u>953,153</u>	<u>59,705,504</u>	<u>410,010</u>	<u>25,683,026</u>
Other disclosures				
Interest paid	-	-	591,220	37,034,021

(The accompanying notes are an integral part of these financial statements)

STATEMENTS OF CHANGES IN EQUITY

Amounts in USD

	Preferred stock				Common stock				Additional paid in capital	Accumulated deficit	Stockholders' notes receivable	Total stockholders' equity
	Authorized		Issued and outstanding		Authorized		Issued and outstanding					
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount				
Balance as at April 1, 2013	20,200,000	20,200	14,219,977	14,220	37,000,000	37,000	8,716,119	8,716	16,597,858	(9,389,643)	(137,091)	7,094,060
Stock issued during the year	-	-	-	-	-	-	209,327	209	20,723	-	-	20,932
Stock compensation expense	-	-	-	-	-	-	-	-	2,530	-	-	2,530
Net loss for the year	-	-	-	-	-	-	-	-	-	(889,418)	-	(889,418)
Balance as at March 31, 2014	20,200,000	20,200	14,219,977	14,220	37,000,000	37,000	8,925,446	8,925	16,621,111	(10,279,061)	(137,091)	6,228,104
Increase in Authorized Preferred stock	800,000	800	-	-	-	-	-	-	-	-	-	-
Stock issued during the year	-	-	775,549	776	-	-	423,868	424	42,160	-	-	43,360
Stock compensation expense	-	-	-	-	-	-	-	-	16,091	-	-	16,091
Stock holders' notes received	-	-	-	-	-	-	-	-	-	-	137,091	137,091
Net loss for the year	-	-	-	-	-	-	-	-	-	(1,446,709)	-	(1,446,709)
Balance as at March 31, 2015	21,000,000	21,000	14,995,526	14,996	37,000,000	37,000	9,349,314	9,349	16,679,362	(11,725,770)	-	4,977,937

STATEMENTS OF CHANGES IN EQUITY

Amount in INR (Refer note K)

	Preferred stock				Common stock				Additional paid in capital	Accumulated deficit	Stockholders' notes receivable	Total stockholders' equity
	Authorized		Issued and outstanding		Authorized		Issued and outstanding					
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount				
Balance as at April 1, 2013	20,200,000	1,265,328	14,219,977	890,741	37,000,000	2,317,680	8,716,119	545,970	1,039,689,827	(588,167,238)	(8,587,380)	444,371,920
Stock issued during the year	-	-	-	-	-	-	209,327	13,092	1,298,088	-	-	1,311,180
Stock compensation expense	-	-	-	-	-	-	-	-	158,479	-	-	158,479
Net loss for the year	-	-	-	-	-	-	-	-	-	(55,713,144)	-	(55,713,144)
Balance as at March 31, 2014	20,200,000	1,265,328	14,219,977	890,741	37,000,000	2,317,680	8,925,446	559,062	1,041,146,394	(643,880,382)	(8,587,380)	390,128,435
Increase in Authorized Preferred stock	800,000	50,112	-	-	-	-	-	-	-	-	-	-
Stock issued during the year	-	-	775,549	48,609	-	-	423,868	26,559	2,640,902	-	-	2,716,071
Stock compensation expense	-	-	-	-	-	-	-	-	1,007,940	-	-	1,007,940
Stock holders' note received	-	-	-	-	-	-	-	-	-	-	8,587,380	8,587,380
Net loss for the year	-	-	-	-	-	-	-	-	-	(90,621,852)	-	(90,621,852)
Balance as at March 31, 2015	21,000,000	1,315,440	14,995,526	939,350	37,000,000	2,317,680	9,349,314	585,621	1,044,795,236	(734,502,233)	-	311,817,974

(The accompanying notes are an integral part of these financial statements)

NOTES TO SPECIAL PURPOSE PARENT-ONLY FINANCIAL STATEMENTS

NOTE A – BACKGROUND INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. NATURE OF OPERATIONS

Bristlecone Limited (the "Company") is the Holding Company for the Bristlecone Group, which comprises of the Company and its wholly owned subsidiaries, Bristlecone India Limited, Bristlecone Inc., Bristlecone UK Ltd, Bristlecone GmbH, Bristlecone (Singapore) Pte. Limited, Bristlecone (Malaysia) SDN BHD, Bristlecone Consulting Ltd (Canada) and Bristlecone International AG (Switzerland). The Group is engaged in providing technology solutions and consulting services with principal operations in the United States of America, India, Singapore, Malaysia, Germany and Switzerland. The Group's primary focus is on providing supply chain services ranging from supply chain strategy and network design to supply chain system implementations. The Group also provides application outsourcing services, data management services and development and integration services to independent software vendors.

2. GENERAL INFORMATION

The Company was incorporated under the laws of 'The Cayman Islands' on February 3, 2004. The Company commenced commercial operations on May 17, 2004 and is a subsidiary of Mahindra & Mahindra Limited ("Holding Company"), an Indian Company, which is also the Group's ultimate Holding Company.

In 2004, pursuant to a Contribution Agreement, the Company acquired the business of Mahindra Consulting Limited, Mahindra Consulting Inc., Mahindra Intertrade (UK) Limited, (all subsidiaries of Mahindra & Mahindra Limited), and Bristlecone Inc. The consideration was settled through the issue of Common Stock and Preferred Stock to Mahindra & Mahindra Limited and the issue of Common Stock, Preferred Stock and cash payments to the erstwhile shareholders of Bristlecone Inc.

The Company does not have active commercial operations. It engages in financing and treasury functions for the Group as a whole.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies applied in the preparation of the accompanying special purpose financial statements is as follows:

3.1. OVERALL CONSIDERATIONS

The accompanying financial statements have been prepared under the historical cost convention on the accrual basis of accounting in accordance with the accounting policies described in these notes to reflect the financial position, revenues and expenses and cash flows of the Company.

These special purpose financial statements have been prepared for the purpose of consolidation with the financial statements of Mahindra & Mahindra Limited, the Holding Company and are not intended to be a presentation in conformity with accounting principles generally accepted in the United States of America.

These special purpose financial statements have been prepared on a going concern basis, which assumes the realization of assets and satisfaction of liabilities in the normal course of business. These financial statements have been presented in the United States Dollars ('\$'), which is the functional and reporting currency of the Company.

3.2. USE OF ESTIMATES

In preparing the Company's financial statements in conformity with the accounting policies stated herein, the Company's management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements as well as the reported amounts of other income and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates. The management's estimates for expected forfeitures of employee stock options and realization of carrying value of investments represent certain of these particularly sensitive estimates.

3.3. CASH AND CASH EQUIVALENTS

The Company considers all highly liquid investments and deposits with an original maturity of three months or less to be cash equivalents. Cash equivalents are readily convertible into known amounts of cash and are subject to an insignificant risk of changes in value. Cash comprises cash on hand and balance with banks.

3.4. OTHER RECEIVABLES

Receivables that management has the intent and ability to hold for the foreseeable future, or until maturity or payoff, are reported in the balance sheets at outstanding amount less any charge-offs and allowance for doubtful accounts. These amounts primarily consist of receivables from related parties and are deemed collectible, in full.

3.5. INVESTMENTS

Investments in subsidiaries are carried at cost. Cost is determined based on the cash paid and other liabilities assumed by the Company. Consideration that has been settled by issue of the Company's shares is also considered in arriving at the cost of investments.

3.6. INTEREST EXPENSE

Interest expense on inter corporate deposits availed from the Holding Company is recorded on accrual basis.

3.7. STOCK COMPENSATION

The Company accounts for equity-settled options granted to employees in accordance with ASC 718, "Stock Compensation". ASC 718 addresses the accounting for stock payment transactions in which an enterprise receives employee services in exchange for equity instruments of the enterprise or liabilities that are based on the fair value of the enterprise's equity instruments or that may be settled by the issuance of such equity instruments.

In accordance with the provisions of ASC 718, stock compensation for the awards is recognized on a straight line basis over the requisite service period, which is generally the vesting period of the award.

ASC 718 requires the use of a valuation model to calculate the fair value of stock awards. The Company elected to use the Black-Scholes-Merton pricing model to determine the fair value of stock awards on the date of grant.

NOTE B – CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise of:

	As at March 31, 2015 USD	As at March 31, 2015 INR	As at March 31, 2014 USD	As at March 31, 2014 INR
	(Refer note K)		(Refer note K)	
Balance in checking and money market accounts	953,153	59,705,504	410,010	25,683,026

The balances of the Company are held in checking accounts and money market accounts, which are non-interest bearing, with the banks participating in the Transaction Account Guarantee Program of Federal Deposit Insurance Corporation (FDIC). Under that program, through March 2015, all non-interest bearing transaction accounts are fully guaranteed by the FDIC for the entire amount in the account.

As at the year ended March 31, 2015, the Company does not have cash balances in excess of the federally insured amounts.

NOTE C – INVESTMENTS

Investments as at year end comprise of investment in subsidiary companies:

	As at March 31, 2015 USD	As at March 31, 2015 INR	As at March 31, 2014 USD	As at March 31, 2014 INR
	(Refer note K)		(Refer note K)	
Bristlecone India Limited	5,141,789	322,081,663	5,141,789	322,081,663
Bristlecone Inc.	23,214,889	1,454,180,647	23,214,889	1,454,180,647
Bristlecone UK Limited	4,134,053	258,957,080	4,134,053	258,957,080

	As at March 31, 2015 USD	As at March 31, 2015 INR (Refer note K)	As at March 31, 2014 USD	As at March 31, 2014 INR (Refer note K)
Bristlecone (Malaysia) SDN. BHD.	30,239	1,894,171	30,239	1,894,171
Bristlecone Consulting Ltd.	1	63	1	63
Bristlecone International AG.	58,761	3,680,788	58,761	3,680,788
	32,579,732	2,040,794,412	32,579,732	2,040,794,412

NOTE D – DIVIDEND INCOME

During the current year, Bristlecone (Malaysia) SDN BHD paid a dividend of US\$ 401,901 (INR 25,175,079) 2014: US\$ 901,481 (INR 56,468,770). Dividend income is recognised by the Company when the right to receive payment is established.

NOTE E – LOAN FROM THE HOLDING COMPANY

Loan comprises unsecured loan of US\$ 18,140,000 (INR 1,136,289,600) [2014: US\$ 18,140,000 (INR 1,136,289,600)] being inter corporate deposits availed from the Holding Company, received on various dates during the earlier years. The loan bears an interest rate of 6% [2014: 6%] as at March 31, 2015 and is repayable on demand. No demand has been raised by the Holding Company till the date of the financial statements.

NOTE F – STOCKHOLDERS' EQUITY

The Company's authorized share capital comprised of 9,000,000 Series A Preferred Stock at par of US\$ 0.001 each, 12,000,000 Series B Preferred Stock at par of US\$ 0.001 each and 37,000,000 Common Stock at par of US\$ 0.001 each as at March 31, 2015 of which 8,075,526 Series A Preferred Stock, 6,920,000 Series B Preferred Stock and 9,349,314 Common Stock were issued and outstanding as at March 31, 2015.

Conversion of Preferred Stock

Each Series A Preferred Stock and Series B Preferred Stock are entitled to be converted, without payment of any additional consideration, into one fully paid Common Stock.

Voting

Every member, present in person or by proxy, is entitled to one vote for each Common Stock held. Each Series A Preferred Stockholder and Series B Preferred Stockholder is entitled to votes derived based on ratio of conversion between Preferred Stock and Common Stock on the record date of the Meeting or if no record date is established, the date the poll is taken.

Liquidation

In the event of any liquidation, dissolution or winding up of the Company, holders of Series A & B Preferred Stock are entitled to an amount of one hundred and fifty percent (150%) of the original purchase price of such Stock (as adjusted for any recapitalization, stock combinations, dividends, stock splits and the like) in preference to any distribution to holders of Common Stock.

Additional Paid in Capital

Additional Paid in Capital comprises the capital contributions relating to the issue of the Company's Common Stock and Preferred Stock and amounts adjusted on accounting for the Group reorganization involving acquisition of stake in various subsidiary companies and on accounting for stock compensation.

Stockholders' notes receivable

Stockholders' notes receivable comprises of non-recourse notes granted to a director and accounted for in accordance with ASC 718-10-25. During the year, the amounts so granted were recovered in totality.

Preferred stock issued against share warrants

During the year, the Company issued 775,549 Series A Preferred stock against share warrants exercised by the holders, in accordance with the terms of the arrangement.

NOTE G – STOCK COMPENSATION

Bristlecone Limited has four Stock Option Plans:

1. Bristlecone Limited 2004 Stock Option Plan (arising out of conversion of the earlier Bristlecone Inc. Existing Stock Option Plan) and Bristlecone Limited 2008 Stock Option Plan:

Pursuant to the terms of the acquisition of Bristlecone Inc. on May 17, 2004 by Bristlecone Limited (the "transaction"), the then existing outstanding options of Bristlecone Inc., aggregating to a total of 2,058,493 options were cancelled and fresh options were issued by Bristlecone Limited under 2004 stock option plan based on the exchange criteria set out in the transaction documents.

Options granted under these plans include incentive stock options and non-statutory stock options. As per these plans, 25 per cent of the Shares subject to the Option, vest on the one (1) year anniversary of the vesting commencement date, and 1/48 of the options vest each month thereafter on the same day of the month as the vesting commencement date, subject to the grantee continuing to be an employee through each such date. The term of each Option is stated in the Option Agreement; provided, however, that the term shall be no more than 10 years from the date of grant thereof. The exercise price of each option, (a) granted to an employee who at the time of grant of such option, owns stock representing more than 10 per cent of the voting power of all classes of stock of the Company or any Parent or Subsidiary, shall be no less than 110 per cent of the Fair Market Value per Share as determined by the Board on the date of grant (b) granted to any other employee, the exercise price shall be no less than 100 per cent of the Fair Market Value per Share determined by the Board on the date of grant, unless otherwise ratified by the Board.

2. Bristlecone Limited Amended and Restated 2004 Stock Option Plan and Bristlecone Limited 2005 Stock Option Plan for Bristlecone India employees:

Options granted under these plans include incentive stock options and non-statutory stock options. As per these plans, 25 cent of the Shares subject to the Option, vest on the completion of 12 calendar months from the vesting commencement date, and no vesting shall occur prior to the completion of such period of 12 months. Subsequently, 6.25 per cent of the options vest on the completion of each 3 month period thereafter until full vesting is completed, subject to the grantee continuing to be an employee through each such date. The term of each Option is stated in the Option Agreement; provided, however, that the term shall be no more than 10 years from the date of grant thereof. The exercise price of each option, (a) granted to an employee who at the time of grant of such option, owns stock representing more than 10 per cent of the voting power of all classes of stock of the Company or any Parent or Subsidiary, shall be no less than 110 per cent of the Fair Market Value per Share as determined by the Board on the date of grant (b) granted to any other employee, the exercise price shall be no less than 100 per cent of the Fair Market Value per Share determined by the Board on the date of grant.

The following table summarizes information about the options issued under different Plans:

	Options outstanding Year ended March 31, 2015	Weighted average exercise price March 31, 2015	Options outstanding Year ended March 31, 2014	Weighted average exercise price March 31, 2014
Stock Option 2008 Plan				
Outstanding at April 1	1,578,437	US\$ 0.10	1,367,188	US\$ 0.10
Granted	109,500	US\$ 0.10	460,500	US\$ 0.10
Exercised	249,268	US\$ 0.10	119,477	US\$ 0.10
Expired / forfeited	179,617	US\$ 0.10	129,774	US\$ 0.10
Outstanding at March 31	1,259,052		1,578,437	
Stock Option 2004 Amended Plan				
Outstanding at April 1	265,750	US\$ 0.10	350,750	US\$ 0.10
Granted	–	–	–	–
Exercised	165,000	US\$ 0.10	75,000	US\$ 0.10
Expired / forfeited	32,850	US\$ 0.10	10,000	US\$ 0.10
Outstanding at March 31	67,900		265,750	

	Options outstanding Year ended March 31, 2015	Weighted average exercise price March 31, 2015	Options outstanding Year ended March 31, 2014	Weighted average exercise price March 31, 2014
Stock Option 2005 Plan				
Outstanding at April 1	45,400	US\$ 0.10	67,400	US\$ 0.10
Granted	-	-	-	-
Exercised	9,600	US\$ 0.10	14,850	US\$ 0.10
Expired / forfeited	2,150	US\$ 0.10	7,150	US\$ 0.10
Outstanding at March 31	33,650		45,400	

The Company has a total option pool of 2,232,589 options as at March 31, 2015 towards all the above options and the unallocated options against this pool as at March 31, 2015 is 871,987 options.

Additional information on outstanding options

Exercise price range for the options outstanding is given below:

Exercise price (US\$)	No of options outstanding	
	March 31, 2015	March 31, 2014
US\$ 0.10	1,360,602	1,889,587

Options outstanding that have vested and are expected to vest as of March 31, 2015 are as follows:

	Outstanding Options	Weighted Average Exercise Price in US\$	Weighted Average Remaining Contract Term (in years)
Stock Option 2008 Plan			
Vested	959,458	0.10	6.11
Expected to vest	299,594	0.10	8.03

Stock Option 2004 Amended Plan			
Vested	67,900	0.10	1.77

Stock Option 2005 Plan			
Vested	33,650	0.10	0.72

The aggregate intrinsic value is calculated based on the difference between the fair value of the Company's shares on March 31, 2014 of US\$ 0.77 and the exercise price for all in-the-money options outstanding.

Stock compensation expense has been determined based on the fair values of the options estimated on the date of grant using the Black-Scholes model with the following assumptions:

	Year ended March 31, 2015
Dividend yield	0 percent
Expected life	7.31 years
Risk free interest rate	2.34 percent
Volatility	35.00 percent

The Black-Scholes option-pricing model was developed for estimating fair value of traded options that have no vesting restrictions and are fully transferable. Since options pricing models require use of subjective assumptions, changes therein can materially affect fair value of the options. The options pricing models do not necessarily provide a reliable measure of fair value of the options.

Additional disclosures pertaining to compensation expenses, net of costs allocated to Group entities in accordance with FASB Interpretation No. 44 "Accounting for Certain Transactions Involving Stock Compensation":

The Company has recognized stock compensation expense of US\$ 16,091 (INR 1,007,940) [2014: US\$ 2,530 (INR 158,479)] for the year ended March 31, 2015. The Company received an amount of US\$ 42,387 (INR 2,655,122) [2014: US\$ 20,932 (INR 1,311,180)] for exercise of stock options in the current year.

Unrecognized compensation expense associated under the fair value method for shares expected to vest (unvested options net of expected forfeitures) as of March 31, 2015 was approximately US\$ 68,228 (INR 4,273,802) [2014: US\$ 10,414 (INR 652,333)] and is expected to be recognized over a weighted average period of 2.58 years.

The aggregate fair value of all options granted during the year is US\$ 75,639 (INR 4,738,027) and weighted average grant date fair value of options vested during the year is US\$ 16,091 (INR 1,007,940).

NOTE H - CONTINGENCIES

The Company may be subject to legal claims in the normal course of business. Management believes that there are no such claims that would be material to the financial condition or results of operations.

NOTE I - RELATED PARTY TRANSACTIONS

The Company had the following transactions with its parent, subsidiaries and key management personnel:

1. List of related parties and relationships (where there are transactions):

Name of Related Party and Relationship
Holding company
Mahindra and Mahindra Limited
Subsidiaries
Bristlecone Inc.
Bristlecone (Malaysia) Sdn Bhd
Directors
Ashok Santhanam (till August 31, 2014)

2. Related Party Transactions and Balances:

Nature of transaction	Name of related party	March 31, 2015		March 31, 2014	
		Amount (in USD)	Amount (in INR)	Amount (in USD)	Amount (in INR)
Interest paid during the year	Mahindra & Mahindra Ltd.	-	-	591,220	37,034,021
Accrued interest during the year	Mahindra & Mahindra Ltd.	1,103,517	69,124,305	1,103,517	69,124,305
Reimbursement of expenses paid	Bristlecone Inc.	649,325	40,673,718	635,200	39,788,928
Dividend received during the year	Bristlecone (Malaysia) Sdn Bhd	401,901	25,175,079	901,481	56,468,770
Interest income during the year	Ashok Santhanam	2,873	179,965	6,855	429,397
Stockholders' notes received	Ashok Santhanam	137,091	8,587,380	-	-
Interest payable as at year end	Mahindra & Mahindra Ltd.	6,482,244	406,047,764	5,378,727	336,923,459
Principal amount of loan repayable as at year end	Mahindra & Mahindra Ltd.	18,140,000	1,136,289,600	18,140,000	1,136,289,600
Issue of preference shares for consideration	Mahindra & Mahindra Ltd	715	44,788	-	-
Issue of preference shares without any consideration	Mahindra & Mahindra Ltd	61	3,821	-	-

Nature of transaction	Name of related party	March 31, 2015		March 31, 2014	
		Amount (in USD)	Amount (in INR)	Amount (in USD)	Amount (in INR)
Amount repayable as at year end	Bristlecone Inc.	3,866,908	242,223,117	3,217,583	201,549,399
Amount receivable as at year end	Ashok Santhanam	-	-	43,494	2,724,464
Stockholders' notes receivable	Ashok Santhanam	-	-	137,091	8,587,380

NOTE J – FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amount of the Company's cash equivalents, current assets and current liabilities approximated their fair values due to their short maturities.

NOTE K – CONVENIENCE TRANSLATION

For the convenience of the readers, the financial statements for the year ended March 31, 2015 along with comparatives for the year ended March 31, 2014 have been translated into Indian Rupees ("INR") at the average of the telegraphic transfer buying and selling rates quoted by the Mumbai Branch of State Bank of India on March 31, 2015 of 1 US\$ = 62.64 INR. The convenience translation should not be construed as a representation that the Indian Rupee amounts or the US\$ amounts referred to in these financial statements have been, could have been, or could in the future be, converted into US\$ or INR, as the case may be, at this or at any other rate of exchange, or at all.

NOTE L – SUBSEQUENT EVENTS

The Company has evaluated subsequent events through April 30, 2015, the date these financial statements were available to be issued. The Company is not aware of any additional subsequent events that would require recognition or disclosure in the financial statements.

DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2015

Your Directors are pleased to present their report together with the Audited Accounts of your Company for the period ended March 31, 2015.

	Year ended March 31, 2015 USD	Year ended March 31, 2015 INR	Year ended March 31, 2014 USD	Year ended March 31, 2014 INR
Revenues	35,350,612	2,214,362,336	27,560,791	1,726,407,948
Profit before tax	3,124,763	195,735,154	908,991	56,939,196
Profit after tax.....	2,989,763	187,278,754	893,991	55,999,596

Review of Operations:

Revenues from Operations for the year ended March 31, 2015 were **\$35.35m** (INR 2,214.36m) as compared to **\$27.56m** (INR 1,726.41m) for the same period in the previous year. During the year the Company revenues grew by 28.3%. The revenue growth coupled with the Company's efforts to control costs had an impact in increased profits after tax during the financial year. Profits after tax for the year ended March 31, 2015 were at **\$2.99m** (INR 187.28m) as compared to **\$0.89m** (INR 56.00m) in the previous year.

Outlook for the current year:

Your Company expects continued growth and profitability in the coming financial year with the introduction of new service offerings and continued focus on controlling costs.

Acknowledgement:

The Board acknowledges the continued support the Company receives from its employees and its holding company, Bristlecone Limited.

Ulhas N. Yargop
Chairman

Place: Mountain View, CA, USA
Date: 5th May, 2015

INDEPENDENT AUDITOR'S REPORT

Grant Thornton India LLP
(Formerly Grant Thornton India)
16th Floor, Tower II
Indiabulls Finance Centre
S B Marg, Elphinstone (W)
Mumbai – 400013, India

T +91 22 6626 2600
F +91 22 6626 2601
www.grantthornton.in

Board of Directors and Shareholders
Bristlecone, Inc.

We have audited the accompanying financial statements of Bristlecone, Inc. (a California Corporation and wholly owned subsidiary of Bristlecone Limited), which comprise the balance sheets as of March 31, 2015 and 2014, and the related statements of comprehensive income, cash flows and changes in equity for each of the two years in the period ended March 31, 2015, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment,

including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bristlecone, Inc. as of March 31, 2015 and 2014, and the results of their operations and their cash flows for each of the two years in the period ended March 31, 2015, in accordance with accounting principles generally accepted in the United States of America.

Grant Thornton India LLP

Place: Mumbai, India
Date: April 30, 2015

BALANCE SHEETS

	Note Ref	As at March 31, 2015 US\$	As at March 31, 2015 INR (refer Note Q)	As at March 31, 2014 US\$	As at March 31, 2014 INR (refer Note Q)
ASSETS					
Current assets					
Cash and cash equivalents.....	B	3,417,240	214,055,914	4,246,643	266,009,718
Accounts receivable:					
– Due from related parties		–	–	769,575	48,206,178
– Others		5,523,434	345,987,906	5,874,242	367,962,519
Unbilled revenue		3,546,808	222,172,053	385,079	24,121,349
Other current assets:					
– Due from related parties		3,873,349	242,626,581	3,387,310	212,181,098
– Others	D	1,203,194	75,368,072	787,163	49,307,890
Total current assets		17,564,025	1,100,210,526	15,450,012	967,788,752
Non-current assets.....					
Equipment and software, net.....	E	158,407	9,922,615	319,821	20,033,587
Other assets		6,991	437,916	138,630	8,683,783
Total non-current assets		165,398	10,360,531	458,451	28,717,370
Total assets		17,729,423	1,110,571,057	15,908,463	996,506,122
LIABILITIES AND STOCKHOLDERS' EQUITY					
Current liabilities					
Accounts payable:					
– Due to related parties.....		1,801,541	112,848,528	2,913,757	182,517,738
– Others		506,441	31,723,464	1,076,090	67,406,278
Employee related liabilities.....		3,272,449	204,986,205	2,257,027	141,380,171
Accrued expenses and other current liabilities...	F	1,410,035	88,324,592	1,268,015	79,428,460
Obligations under capital leases.....		98,012	6,139,472	155,448	9,737,263
Deferred rent		7,358	460,905	19,319	1,210,142
Short term borrowing	G	500,000	31,320,000	1,000,000	62,640,000
Total current liabilities		7,595,836	475,803,166	8,689,656	544,320,052
Non-current liabilities					
Obligations under capital leases.....		23,101	1,447,047	97,808	6,126,693
Deferred rent		–	–	7,357	460,842
Total non-current liabilities		23,101	1,447,047	105,165	6,587,535
Total liabilities		7,618,937	477,250,213	8,794,821	550,907,587
Stockholders' equity					
Series A Preferred stock, no par value.....		774,518	48,515,808	774,518	48,515,808
Series B Preferred stock, no par value		5,939,606	372,056,920	5,939,606	372,056,920
Common stock, no par value		136,664	8,560,633	136,664	8,560,633
Additional paid-in capital		17,608,331	1,102,985,854	17,601,250	1,102,542,299
Accumulated deficit		(14,348,633)	(898,798,371)	(17,338,396)	(1,086,077,125)
Total stockholders' equity.....		10,110,486	633,320,844	7,113,642	445,598,535
Total liabilities and stockholders' equity		17,729,423	1,110,571,057	15,908,463	996,506,122

(The accompanying notes are an integral part of these financial statements)

STATEMENTS OF COMPREHENSIVE INCOME

	Year ended March 31, 2015 <u>US\$</u>	Year ended March 31, 2015 <u>INR</u> (refer Note Q)	Year ended March 31, 2014 <u>US\$</u>	Year ended March 31, 2014 <u>INR</u> (refer Note Q)
Revenues	35,350,612	2,214,362,336	27,560,791	1,726,407,948
Operating expenses				
Cost of revenues	23,214,548	1,454,159,287	18,794,217	1,177,269,753
Selling, general and administrative.....	8,777,530	549,824,479	7,590,260	475,453,886
Depreciation and amortization	205,225	12,855,294	207,518	12,998,928
Total operating expenses	<u>32,197,303</u>	<u>2,016,839,060</u>	<u>26,591,995</u>	<u>1,665,722,567</u>
Operating Profit	3,153,309	197,523,276	968,796	60,685,381
Interest expense	(28,546)	(1,788,122)	(59,805)	(3,746,185)
Net profit before tax	<u>3,124,763</u>	<u>195,735,154</u>	<u>908,991</u>	<u>56,939,196</u>
Income tax				
Current tax expense	(135,000)	(8,456,400)	(15,000)	(939,600)
Profit for the year and total comprehensive income ...	<u>2,989,763</u>	<u>187,278,754</u>	<u>893,991</u>	<u>55,999,596</u>

(The accompanying notes are an integral part of these financial statements)

STATEMENTS OF CASH FLOWS

	Year ended March 31, 2015 <u>US\$</u>	Year ended March 31, 2015 <u>INR</u> (refer Note Q)	Year ended March 31, 2014 <u>US\$</u>	Year ended March 31, 2014 <u>INR</u> (refer Note Q)
Cash flow from operating activities				
Net profit	2,989,763	187,278,754	893,991	55,999,596
Adjustments to reconcile net profit to net cash from operating activities				
Depreciation and amortization	205,224	12,855,231	207,518	12,998,928
Loss on disposal of Equipment and Software	1,610	100,850	18	1128
Unrealised exchange (gain)/loss (net)	(6,659)	(417,119)	12,793	801,354
Provision for doubtful debts	-	-	8,781	550,042
Stock compensation expense	7,081	443,554	14,916	934,338
Changes in assets and liabilities				
Decrease/(Increase) in accounts receivable from related parties	769,576	48,206,241	(83,471)	(5,228,623)
(Increase)/Decrease in accounts receivable and unbilled revenue	(2,804,262)	(175,658,971)	(1,447,624)	(90,679,168)
(Increase) in other current assets, related parties	(486,039)	(30,445,483)	(74,090)	(4,640,998)
(Increase)/Decrease in other current assets, others	(284,392)	(17,814,315)	171,271	10,728,415
(Decrease) in accounts payable, related parties	(1,112,216)	(69,669,210)	(2,150,043)	(134,678,693)
(Decrease)/Increase in accounts payable, others	(569,648)	(35,682,751)	722,697	45,269,740
Increase in other current liabilities	1,138,124	71,292,087	7,293	456,834
Net cash (used in) operating activities	(151,838)	(9,511,132)	(1,715,950)	(107,487,107)
Cash flow from investing activities				
Purchase of property, equipment and software	(27,304)	(1,710,323)	(30,247)	(1,894,672)
Sale of property and equipment	2,653	166,184	25	1,566
Net cash (used in) investing activities	(24,651)	(1,544,139)	(30,222)	(1,893,106)
Cash flow from financing activities				
Repayment of term loan	(500,000)	(31,320,000)	-	-
Finance lease payments	(152,914)	(9,578,533)	(210,495)	(13,185,407)
Net cash (used in) financing activities	(652,914)	(40,898,533)	(210,495)	(13,185,407)
Net (decrease) in cash and cash equivalents	(829,403)	(51,953,804)	(1,956,667)	(122,565,620)
Cash and cash equivalents at the beginning of the year	4,246,643	266,009,718	6,203,310	388,575,338
Cash and cash equivalents at the end of the year	3,417,240	214,055,914	4,246,643	266,009,718
Supplemental cash flow information				
Interest paid	28,546	1,788,121	59,805	3,746,185
Income taxes paid	90,145	5,646,683	13,112	821,336
Assets acquired under capital lease	20,771	1,301,095	63,012	3,947,072

(The accompanying notes are an integral part of these financial statements)

STATEMENTS OF CHANGES IN EQUITY

Amounts in US\$

	Preferred stock				Common stock				Additional paid-in capital	Accumulated deficit	Total stockholders' equity
	Authorized		Issued and outstanding		Authorized		Issued and outstanding				
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount			
Balance as at April 1, 2013	4,494,500	–	3,615,535	6,714,124	30,000,000	–	8,492,157	136,664	17,586,334	(18,232,387)	6,204,735
Stock compensation expense	–	–	–	–	–	–	–	–	14,916	–	14,916
Profit for the year	–	–	–	–	–	–	–	–	–	893,991	893,991
Balance as at March 31, 2014	4,494,500	–	3,615,535	6,714,124	30,000,000	–	8,492,157	136,664	17,601,250	(17,338,396)	7,113,642
Stock compensation expense	–	–	–	–	–	–	–	–	7,081	–	7,081
Profit for the year	–	–	–	–	–	–	–	–	–	2,989,763	2,989,763
Balance as at March 31, 2015	4,494,500	–	3,615,535	6,714,124	30,000,000	–	8,492,157	136,664	17,608,331	(14,348,633)	10,110,486

Amounts in INR (Refer Note Q)

	Preferred stock				Common stock				Additional paid-in capital	Accumulated deficit	Total stockholders' equity
	Authorized		Issued and outstanding		Authorized		Issued and outstanding				
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount			
Balance as at April 1, 2013	4,494,500	–	3,615,535	420,572,727	30,000,000	–	8,492,157	8,560,633	1,101,607,963	(1,142,076,722)	388,664,601
Stock compensation expense	–	–	–	–	–	–	–	–	934,338	–	934,338
Profit for the year	–	–	–	–	–	–	–	–	–	55,999,596	55,999,596
Balance as at March 31, 2014	4,494,500	–	3,615,535	420,572,727	30,000,000	–	8,492,157	8,560,633	1,102,542,301	(1,086,077,126)	445,598,535
Stock compensation expense	–	–	–	–	–	–	–	–	443,554	–	443,554
Profit for the year	–	–	–	–	–	–	–	–	–	187,278,754	187,278,754
Balance as at March 31, 2015	4,494,500	–	3,615,535	420,572,727	30,000,000	–	8,492,157	8,560,633	1,102,985,855	(898,798,372)	633,320,843

(The accompanying notes are an integral part of these financial statements)

NOTES TO FINANCIAL STATEMENTS

NOTE A - BACKGROUND INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. NATURE OF OPERATIONS

Bristlecone, Inc. (the "Company") is engaged in providing technology solutions and consulting services, with operations and customers primarily in the United States of America (the 'US' or 'USA'). The Company's primary focus is on providing supply chain services ranging from supply chain strategy and network design to supply chain system implementations. The Company also provides application outsourcing services, data management services and development and integration services to independent software vendors.

2. GENERAL INFORMATION

The Company was incorporated under the laws of the State of California in 1998. In May 2004, the Company became a wholly-owned subsidiary of Bristlecone Limited, a Cayman Island Company. The Company's then stockholders and stock option holders, in exchange for their stock interest in Bristlecone, Inc., received cash, common stock, preferred stock, warrants and common stock options of Bristlecone Limited. Mahindra & Mahindra Limited, an Indian Company is the Company's ultimate parent.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies applied in the preparation of the accompanying financial statements is as follows:

3.1 OVERALL CONSIDERATIONS

The accompanying financial statements have been prepared on a going concern basis under the historical cost convention and on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

These financial statements have been presented in United States Dollars ('US\$'), which is the functional and reporting currency of the Company.

3.2 USE OF ESTIMATES

In preparing the Company's financial statements in conformity with accounting principles generally accepted in the United States of America, the Company's management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates. The management's estimates for allowance for uncollectible amounts, useful lives of assets, efforts to completion for fixed price projects and realization of deferred tax assets and provision for variable pay represent certain of these particularly sensitive estimates.

3.3 FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION

Transactions in foreign currencies are translated at the rate of exchange prevailing on the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rate of exchange prevailing at the balance sheet date. All foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities at year-end are recorded in the statement of comprehensive income.

3.4 CASH AND CASH EQUIVALENTS

The Company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Cash equivalents are readily convertible into known amounts of cash and are subject to an insignificant risk of changes in value. Cash comprises balance held with banks.

3.5 ACCOUNTS RECEIVABLE

Accounts receivable that management has the intent and ability to hold for the foreseeable future, or until maturity or payoff, are reported in the balance sheets at outstanding amount less any charge-offs and the allowance for

doubtful accounts. The Company performs ongoing credit evaluations of its customers, and generally extends credit without requiring collateral. The Company maintains an allowance for doubtful accounts based on management's expectations of future losses, which is determined based on historical experience and current economic environment.

Accounts are charged to bad debt expense when they are deemed uncollectible based upon management's periodic review of the accounts.

3.6 EQUIPMENT AND SOFTWARE

Equipment and software are stated at historical cost less accumulated depreciation and amortization.

Assets under capital lease obligations are recorded at lower of the present value of the minimum lease payments or the fair market value of the leased asset, at the inception of the lease.

Depreciation/amortization is calculated on the straight-line method over the estimated useful life of the respective assets. Assets under capital leases and leasehold improvements are amortized over lower of their estimated useful lives and the term of the lease.

The Company has determined the estimated useful lives of assets for depreciation/amortization purposes as follows:

Computer	3 – 5 years
Furniture and fixtures	5 – 7 years
Office equipment	5 years
Software	3 years
Leased furniture and fixtures	6 years
Leased computers	3 years
Leased office equipment	5 years
Leasehold improvements	Over the shorter of primary lease period and the useful life of the asset

Expenditure for maintenance and repairs are expensed as incurred. When assets are retired or otherwise disposed of, the cost of the asset and related accumulated depreciation are eliminated from the financial records. Any gain or loss on disposition is credited or charged to the statement of comprehensive income.

3.7. IMPAIRMENT OF LONG LIVED ASSETS

Long-lived assets to be held and used are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. Such assets are considered to be impaired if the carrying amount of the assets is higher than the future undiscounted net cash flows expected to be generated from the assets. The impairment amount to be recognized is measured at the amount by which the carrying value of the assets exceeds its fair value. Management has performed its impairment review and concludes that the Company's long lived assets are not impaired as of March 31, 2015.

3.8 REVENUE RECOGNITION

Revenue is recognized when the provision of services is complete and there are either no unfulfilled obligations on the Company or any obligations are inconsequential or perfunctory and will not affect the customer's final acceptance of the services including the satisfaction of the following criteria: (i) persuasive evidence of an arrangement exists; (ii) delivery has occurred; (iii) the fee is fixed and determinable; and (iv) collectability is reasonably assured.

Revenue from Services

Revenues with respect to time and material contracts are recognized as related costs are incurred and services are performed in accordance with the terms of the specific contracts.

Revenues from fixed-price contracts are recognized in accordance with percentage of completion method measured by the percentage of man-hours incurred to date in relation to the estimated total man-hours for each of such contracts. This method is used because the management considers man-hours to be the best available measure of progress on these contracts. Provisions for estimated losses on uncompleted contracts are recorded in the period in which such losses become probable based on current contract estimates.

Amounts included in the financial statements, which relate to recoverable costs and accrued margins, if any, not yet billed on contracts are classified as "Unbilled revenue". Billings on uncompleted contracts in excess of accrued cost and accrued margins, if any, are classified in current liabilities under the heading "Unearned revenue".

Revenue from Multiple element arrangements

The Company also derives revenues from projects involving multiple-element revenue arrangements, which may include any combination of services, software, hardware and/or financing. The revenue from such projects is accounted for in accordance with the Financial Accounting Standards Board's ("FASB") Accounting Standard Codification ("ASC") 605-25, "Multiple-Element Arrangements." To the extent that a deliverable in a multiple-element arrangement is subject to specific guidance, such as software which is subject to ASC 985-605, "Software: Revenue recognition" on whether and/or how to separate multiple deliverable arrangements into separate units of accounting (separability) and how to allocate the arrangement consideration among those separate units of accounting (allocation), that deliverable is accounted for in accordance with such specific guidance. For all other deliverables in multiple-element arrangements, the separability and allocation is assessed on the basis of principles enumerated in ASC 605-25.

Revenue from Hosting arrangements

Hosting arrangements entered into by the Company typically do not have a software element. After the arrangement consideration has been allocated to each unit of accounting, the Company applies the appropriate revenue recognition method for each unit based on the nature of the arrangement and the services included in each unit of accounting. All deliverables that do not meet the separation criteria of ASC 605-25 are combined into one unit of accounting and the most appropriate revenue recognition method is applied. The Company has adopted a policy of combining the setup fee and related services together and recognizing them over the contractual life.

Revenue from Gross versus Net

The Company evaluates the criteria outlined in ASC 605-45, "Principal Agent Considerations", in determining whether it is appropriate to record the gross amount of software consulting revenues and related costs or the net amount of consultancy charges earned as a sub-contractor. In contracts with customers, the Company is not the primary obligor and hence does not take contractual risk and the amounts earned as consultancy charges are based on a fixed rate. Accordingly, the Company does not reflect the revenues or the cost of sales for acting as the flow-through entity for providing these services, and instead presents these amounts on a net basis. During the years ended March 31, 2015 and March 31, 2014, the Company has not entered into any such transactions that will require recognition of revenue on net basis in accordance with ASC 605-45 "Principal Agent Considerations".

Reimbursements

In accordance with ASC 605-45, "Principal Agent Considerations", the Company has accounted for reimbursements received for out-of-pocket expenses incurred on a gross basis in the statements of comprehensive income. The Company typically incurs travel related costs that are billed to and reimbursed by customers. Accordingly, revenues include reimbursements of out-of-pocket expenses amounting to US\$ 1,654,404 (INR 103,631,867) [2014: US\$ 1,571,140 (INR 98,416,210)].

3.9 COST OF REVENUES

Cost of revenues comprises salaries and employee benefits, stock compensation expense, sub-contractor fees, off-shore consultancy charges, project related travel and other costs, including those reimbursed by customers.

3.10 EMPLOYEE BENEFITS

Contributions to defined contribution plans are charged to statements of comprehensive income in the year in which they accrue.

The Company's liability towards compensated absences is determined on an arithmetical basis for the entire unavailed vacation balance standing to the credit of each employee as at year-end.

The Company has a 401(k) plan that provides defined contribution retirement benefits for all the employees. Participants may contribute a

portion of their compensation to the plan, subject to the limitations under the Internal Revenue Code. The Company's contributions to the plan are at the discretion of the Board and expense is recorded in the year to which such contributions pertain.

3.11 STOCK COMPENSATION

The employees of the Company participate in various stock compensation plans which are operated by the Holding Company, based on which the employees of the Company have been granted stock options of the Holding Company. The Company accounts for stock compensation in accordance with FASB Interpretation No. 44 "Accounting for Certain Transactions Involving Stock Compensation".

The Company applies the same accounting principles as the Holding Company for recording stock compensation in respect of stock of the Holding Company granted to employees of the Company for the purposes of reporting in the separate financial statements of the Company. An amount equal to such compensation expense for the year is recorded as a capital contribution in stockholders' equity in the separate financial statements of the Company.

The Company accounts for the equity-settled options granted to its employees in accordance with ASC 718, "Stock Compensation". ASC 718 addresses the accounting for stock based compensation transactions in which an enterprise receives employee services in exchange for equity instruments of the enterprise or liabilities that are based on the fair value of the enterprise's equity instruments or that may be settled by the issuance of such equity instruments.

In accordance with the provisions of ASC 718, stock compensation for all awards granted, modified or settled on or after April 1, 2006, that the Company expects to vest is recognized on a straight line basis over the requisite service period, which is generally the vesting period of the award.

ASC 718 requires the use of a valuation model to calculate the fair value of stock-based awards. The Company elected to use the Black-Scholes-Merton pricing model to determine the fair value of stock-based awards on the date of grant.

3.12 INCOME TAXES

The Company applies the asset and liability method of accounting for income taxes as described in ASC 740, "Income Taxes". Under this method, deferred tax assets and liabilities are recognized for future tax consequences attributable to differences between the financial statements carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carry forwards.

Deferred tax assets and liabilities are measured using tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. Valuation allowances are recognized to reduce the deferred tax assets to an amount that is more likely than not to be realized. In assessing the likelihood of realization, management considers estimates of future taxable income and the effect of temporary differences.

Further ASC 740-10 requires the Company to recognize a provision for uncertainty in income taxes based on minimum recognition threshold. The Company applies a two-step approach for recognizing and measuring uncertain tax positions. The first step is to evaluate the tax position for recognition by determining, based on the technical merits, that the position will be more likely than not sustained upon examination. The second step is to measure the tax benefit as the largest amount of the tax benefit that is greater than 50% likely of being realized upon settlement.

3.13 LEASES

The Company classifies all leases at the inception date as either a capital lease or an operating lease. Lease of assets under which there is transfer of substantially the entire risk and rewards incident to ownership as per ASC 840 "Leases" are classified as capital leases otherwise all leases are classified as operating lease.

Assets under capital leases are capitalized and lease payments are appropriated towards the lease obligation and interest on the obligation amount.

Lease rental expenses on operating leases are charged to expense over the lease term as they become payable. Certain operating lease agreements provide for scheduled rent increases over the lease term. Rental expense for these leases is recognized on a straight-line basis over the primary lease term.

NOTE B - CASH AND CASH EQUIVALENTS

Cash and cash equivalent comprises of:

	As at March 31, 2015 US\$	As at March 31, 2015 INR (refer Note Q)	As at March 31, 2014 US\$	As at March 31, 2014 INR (refer Note Q)
Balance in checking and money market accounts	3,417,240	214,055,914	4,246,643	266,009,718

Cash balances of the Company are held in checking accounts, which are non-interest bearing, with the banks participating in the Transaction Account Guarantee Program of Federal Deposit Insurance Corporation (FDIC). Under that program, through March 2015, all non-interest bearing transaction accounts are guaranteed by the FDIC for US\$ 250,000 per tax ID for State Bank of India, California and for full amount for Silicon Valley Bank.

As at March 31, 2015 the Company has US\$ 2,700,477 (INR 169,157,879) [2014: US\$ 2,959,011 (INR 185,352,449)] in balances in excess of the federally insured amounts.

NOTE C - PROVISION FOR UNCOLLECTIBLE ACCOUNTS RECEIVABLE

Accounts receivable are net of provision for uncollectible amounts which reflected the following activity during the year:

	As at March 31, 2015 US\$	As at March 31, 2015 INR (refer Note Q)	As at March 31, 2014 US\$	As at March 31, 2014 INR (refer Note Q)
Balance at the beginning	6,793	425,513	278,021	17,415,235
Less: Adjusted with doubtful receivables	-	-	(280,009)	(17,539,764)
Add: Allowance created during the year	-	-	8,781	550,042
	6,793	425,513	6,793	425,513

NOTE D - OTHER CURRENT ASSETS

Other current assets comprises of the following:

	As at March 31, 2015 US\$	As at March 31, 2015 INR (refer Note Q)	As at March 31, 2014 US\$	As at March 31, 2014 INR (refer Note Q)
Prepaid expenses	517,410	32,410,562	386,051	24,182,235
Taxes paid/withheld at source, net	218,112	13,662,536	130,790	8,192,685
Others	467,672	29,294,974	270,322	16,932,970
	1,203,194	75,368,072	787,163	49,307,890

NOTE E - EQUIPMENT AND SOFTWARE, NET

Equipment and software consists of the following:

	As at March 31, 2015 US\$	As at March 31, 2015 INR (refer Note Q)	As at March 31, 2014 US\$	As at March 31, 2014 INR (refer Note Q)
Computers	216,761	13,577,909	403,519	25,276,430
Furniture and fixtures	47,385	2,968,195	47,371	2,967,319

	As at March 31, 2015 US\$	As at March 31, 2015 INR (refer Note Q)	As at March 31, 2014 US\$	As at March 31, 2014 INR (refer Note Q)
Office equipments	7,809	489,156	6,809	426,516
Software	56,812	3,558,704	55,819	3,496,502
Lease hold improvements	42,651	2,671,659	42,651	2,671,659
Capital Lease - Computers	458,493	28,720,002	437,722	27,418,906
Capital Lease - Furniture and fixtures	34,439	2,157,259	34,439	2,157,259
Capital Lease - Office Equipments	278,803	17,464,220	278,803	17,464,220
	1,143,153	71,607,104	1,307,133	81,878,811
Less: Accumulated depreciation and amortization	(984,746)	(61,684,489)	(987,312)	(61,845,224)
	158,407	9,922,615	319,821	20,033,587

Depreciation and amortization expense for the year ended March 31, 2015 was US\$ 205,225 (INR 12,855,231) and March 31, 2014 was US\$ 207,518 (INR 12,998,928).

NOTE F - ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

Accrued expenses and other current liabilities comprises of the following:

	As at March 31, 2015 US\$	As at March 31, 2015 INR (refer Note Q)	As at March 31, 2014 US\$	As at March 31, 2014 INR (refer Note Q)
Unearned revenue	952,820	59,684,645	780,664	48,900,793
Provision for tax	228,851	14,335,226	96,674	6,055,659
Other accruals	228,364	14,304,721	390,677	24,472,008
	1,410,035	88,324,592	1,268,015	79,428,460

NOTE G - SHORT TERM BORROWING

Short term borrowing comprises of the following:

	As at March 31, 2015 US\$	As at March 31, 2015 INR (refer Note Q)	As at March 31, 2014 US\$	As at March 31, 2014 INR (refer Note Q)
Line of credit	500,000	31,320,000	1,000,000	62,640,000
	500,000	31,320,000	1,000,000	62,640,000

The Company has a revolving line of credit amounting to US\$ 1,500,000 (INR 93,960,000) from State Bank of India (California) which is due for renewal in one year from the last renewal date i.e. February 28, 2015. The terms of the Line of Credit provide a ceiling for the total limit to the lower of US\$ 1,500,000 or aggregate of eligible receivables. It bears an interest rate of 4.25% which is 100 basis points above WSJ Prime with a floor rate of 3.25% p.a. [WSJ Prime as at March 31, 2015] and also carries a commitment charge of 0.25% on the unutilized portion of the facility, if the unutilized portion exceeds 60% during any month.

As of March 31, 2015, the Company has drawn US\$ 500,000 (INR31,320,000) [2014: US\$ 1,000,000 (INR 62,640,000)] against the said line of credit.

The line of credit is secured by a charge on the current assets of the Company and requires the bank's approval, prior to distribution of dividends during any year, in excess of 50 per cent of the net income for the year. The agreement does not contain any financial covenants.

The remaining availability on the line of credit was US\$ 1,000,000 (INR 62,640,000) as at March 31, 2015 and US\$ 500,000 (INR 31,320,000) as at March 31, 2014.

Interest expense for the year ended March 31, 2015 towards the line of credit is US\$26,503 (INR 1,660,148) [2014: US\$ 52,938 INR (3,316,036)].

NOTE H - INCOME TAXES

Income tax expense for the year comprises of the following:

	Year ended March 31, 2015 US\$	Year ended March 31, 2015 INR (refer Note Q)	Year ended March 31, 2014 US\$	Year ended March 31, 2014 INR (refer Note Q)
Current tax	135,000	8,456,400	15,000	939,600
	135,000	8,456,400	15,000	939,600

The difference between the amounts of income tax benefit that would result from applying domestic federal statutory income tax rates to the net profit and the net deferred tax assets is related to certain nondeductible expenses, state income taxes and the change in the valuation allowance. Permanent differences are primarily on account of non-deductible meals and entertainment expenses.

Following is the summary of deferred tax assets and liabilities:

	As at March 31, 2015 US\$	As at March 31, 2015 INR (refer Note Q)	As at March 31, 2014 US\$	As at March 31, 2014 INR (refer Note Q)
Deferred tax assets – non current				
Net operating loss carry forwards and tax credits	5,610,444	351,438,212	7,242,984	453,700,518
Sub-total	5,610,444	351,438,212	7,242,984	453,700,518
Deferred tax assets – current				
Allowance for bad debts	2,717	170,193	2,717	170,193
Accrued Payroll (bonus and vacation)	1,221,846	76,536,433	894,657	56,041,314
Sub-total	1,224,563	76,706,626	897,374	56,211,507
Valuation allowance	(6,823,250)	(427,408,380)	(8,134,876)	(509,568,633)
Total deferred tax asset	11,757	736,458	5,482	343,392
Deferred tax liability – non current				
Property, equipment and software	(11,757)	(736,458)	(5,482)	(343,392)
Net deferred tax asset	-	-	-	-

As at March 31, 2015, the Company had US\$ 14,026,111 (INR 878,595,593) [2014: US\$ 18,107,460 (INR 1,134,251,294)] in US Federal Net Operating Loss ("NOL") carryovers, including US\$ Nil (INR Nil) [2014 : US\$ 119,702 (INR 7,498,133) of Mahindra Consulting Inc.(subject to certain limitations under US Tax laws), which can be carried forward for future utilization within 20 years subject to certain limitations under US tax laws.

As at March 31, 2015, the Company also had US\$ 13,778,034 (INR 863,056,050) [2014: US\$ 16,560,306 (INR 1,037,337,568)] in State Operating Losses carried forward, which can be carried forward for future utilization within 5-17 years.

Additionally, the Company has federal and state tax credit carry forwards of approximately US\$ 254,583 (INR 15,947,079) and US\$ 149,858 (INR 9,387,105) [2014: US\$ 254,583 (INR 15,947,079) and US\$ 267,784 (INR 16,773,990)]. The federal tax credit carry forward expire beginning in 2023 and state tax credit carry forward have no expiration.

The Company earned profits for the fiscal year ended March 31, 2015 and March 31, 2014 after incurring losses over several years. At the current date, although the Company remains optimistic, until the financial performance of the Company stabilizes, it is likely that the deferred tax asset arising from the carry

forward of federal and state net operating losses and tax credits will not be realized and therefore a valuation allowance of US\$ 6,886,914 (INR 431,396,293) [2014: US\$ 8,134,876 (INR 509,568,633)], representing a net change of US\$ 1,250,588 [INR (78,336,832)], was recorded against the net deferred tax assets on Net Operating loss (NOL) carry forwards, accrued expenses and bad debts allowance.

The carry forward of the NOLs prior to the date of change of ownership will be impacted by Sec 382 limitation under the International Revenue Code. In terms of this limitation, while the carry forward of all the NOL's will not be restricted, there will be a limitation on the annual amounts available for set-off under the Code, (currently computed as the value of Bristlecone Inc. prior to the Transaction * 4.45%)

No statutes have been extended on any of the Company's federal income tax filings. The statute of limitations on the Company's March 2012, March 2013 and March 2014 Federal income tax returns will expire on December 15, 2015, December 15, 2016 and December 15, 2017, respectively.

The Company is currently not under examination by any state authority for income tax purposes and no statutes of limitations for state income tax filings have been extended.

As of March 31, 2015 the Company does not have any uncertain tax position in respect of unrecognized tax positions as per ASC 740-10.

NOTE I - STOCKHOLDERS' EQUITY

The Company's authorized stock comprised of 4,494,500 preferred stock at no par value and 30,000,000 common stock at no par value as at March 31, 2015 of which 865,540 preferred stock Series A, 2,749,995 preferred stock series B and 8,492,157 common stock were issued and outstanding as at March 31, 2015.

Conversion of preferred stock

Each preferred stock series A and preferred stock series B are entitled to be converted, without payment of any additional consideration, into one fully paid common stock.

Voting

Every holder of preferred stock series A and preferred stock series B are entitled to one vote for each common stock held into which such Series A or Series B preferred stock could be converted.

Liquidation

In the event of a liquidation, dissolution or winding up of the Company:

- holders of Preferred Stock series A and Preferred Stock series B, shall on a pari passu basis, in preference to any distribution to holders of Common Stock receive an amount per stock equal to (i) US\$ 0.94 for each outstanding stock of preferred stock Series A and (ii) US\$ 2.21 for each outstanding stock of preferred stock Series B subject to appropriate adjustments for stock splits, stock dividends, combinations or recapitalization etc. If upon the occurrence of such event the assets available for distribution shall be insufficient to permit the payment of the full aforesaid preferential amounts, then the available funds shall be distributed rateably in proportion to the preferential amount each such holder is otherwise entitled to receive pursuant to this clause.
- Upon the completion of distribution required by clause (a) above, the remaining assets available for distribution shall be distributed among the holders of Series A Preferred Stock, Series B Preferred Stock and Common Stock pro rata based on the number of stocks of Common Stock held by each, provided that the Common Stock holders shall not receive any distribution unless the Series A Preferred Stock holders have received an aggregate of US\$ 0.47 per stock and the Series B Preferred Stock holders have received an aggregate of US\$ 1.11 per stock (not including amounts paid pursuant to clause (a) above).

NOTE J - EMPLOYEE BENEFIT PLANS

Accrual for compensated absences at current employee compensation rates during the year ended March 31, 2015 is US\$ 745,734 (INR 46,712,778) [2014: US\$ 649,925 (INR 40,711,302)].

The Company did not make any contributions to the 401(k) plan during the current or preceding year.

NOTE K - STOCK COMPENSATION

Bristlecone Limited, the Holding Company has three Stock Option Plans under which the options are granted to the employees of the Company

1. Bristlecone Limited 2004 Stock Option Plan (arising out of conversion of the earlier Bristlecone Inc. Existing Stock Option Plan) and Bristlecone Limited 2008 Stock Option Plan:

Pursuant to the terms of the acquisition of Bristlecone Inc. on May 17, 2004 by Bristlecone Limited (the "transaction"), the then existing outstanding options of Bristlecone Inc., aggregating to a total of 2,058,493 options were cancelled and fresh options were issued by Bristlecone Limited under 2004 stock option plan based on the exchange criteria set out in the transaction documents.

Features of these plans are as under:

Options granted under these plans include incentive stock options and non-statutory stock options. As per these plans, 25 per cent of the Shares subject to the Option, vest on the one (1) year anniversary of the vesting commencement date, and 1/48 of the options vest each month thereafter on the same day of the month as the vesting commencement date, subject to the grantee continuing to be an employee through each such date. The term of each Option is stated in the Option Agreement; provided, however, that the term shall be no more than 10 years from the date of grant thereof. The exercise price of each option, (a) granted to an employee who at the time of grant of such option, owns stock representing more than 10 per cent of the voting power of all classes of stock of the Company or any Parent or Subsidiary, shall be no less than 110 per cent of the Fair Market Value per Share as determined by the Board on the date of grant (b) granted to any other employee, the exercise price shall be no less than 100 per cent of the Fair Market Value per Share determined by the Board on the date of grant, unless otherwise ratified by the Board.

2. Bristlecone Limited Amended and Restated 2004 Stock Option Plan:

Options granted under this plan include incentive stock options and non-statutory stock options. As per this plan, 25 cent of the Stocks subject to the Option vest on the completion of 12 calendar months from the vesting commencement date, and no vesting shall occur prior to the completion of such period of 12 months. Subsequently, 6.25 per cent of the options vest on the completion of each 3 month period thereafter until full vesting is completed, subject to the grantee continuing to be an employee through each such date. The term of each Option is stated in the Option Agreement; provided, however, that the term shall be no more than 10 years from the date of grant thereof. The exercise price of each option, (a) granted to an employee who at the time of grant of such option, owns stock representing more than 10 per cent of the voting power of all classes of stock of the Company or any Parent or Subsidiary, shall be no less than 110 per cent of the Fair Market Value per Stock as determined by the Board on the date of grant (b) granted to any other employee, the exercise price shall be no less than 100 per cent of the Fair Market Value per Stock determined by the Board on the date of grant.

The following table summarizes information about the options issued under different Plans:

	Options outstanding Year ended March 31, 2015	Weighted average exercise price March 31, 2015	Options outstanding Year ended March 31, 2014	Weighted average exercise price March 31, 2014
Stock Option 2008 Plan				
Outstanding at April 1	1,242,375	US\$ 0.10	992,854	US\$ 0.10
Granted	65,000	US\$ 0.10	374,000	US\$ 0.10
Exercised	187,497	US\$ 0.10	42,187	US\$ 0.10
Expired/Forfeited	167,741	US\$ 0.10	82,292	US\$ 0.10
Outstanding at March 31	952,137		1,242,375	

	Options outstanding Year ended March 31, 2015	Weighted average exercise price March 31, 2015	Options outstanding Year ended March 31, 2014	Weighted average exercise price March 31, 2014
Stock Option 2004 Plan				
Outstanding at April 1	233,200	US\$ 0.10	318,200	US\$ 0.10
Granted	-	-	-	-
Exercised	165,000	US\$ 0.10	75,000	US\$ 0.10
Expired/Forfeited	32,850	US\$ 0.10	10,000	US\$ 0.10
Outstanding at March 31	35,350		233,200	

Additional information on outstanding options

Exercise price range for the options outstanding is given below:

Exercise Price (US\$)	No of options outstanding	
	March 31, 2015	March 31, 2014
US\$ 0.10	987,487	1,475,575

Options outstanding that have vested and are expected to vest as of March 31, 2015 are as follows:

	Outstanding Options	Weighted Average Exercise Price in US\$	Weighted Average Remaining Contract Term (in years)
Stock Option 2008 Plan			
Vested	752,533	0.10	5.94
Expected to vest	199,604	0.10	7.98
Stock Option 2004 Amended Plan			
Vested	35,350	0.10	1.69

The aggregate intrinsic value is calculated based on the difference between the fair value of the Company's stocks on March 31, 2014 of US\$ 0.77 and the exercise prices for all in-the-money options outstanding.

Stock based compensation expense has been determined based on the fair values of the options estimated on the date of grant using the Black-Scholes model with the following assumptions:

Year ended March 31, 2015	
Dividend yield	0 percent
Expected life	7.31 years
Risk free interest rate	2.34 percent
Volatility	35.00 percent

The Black-Scholes option-pricing model was developed for estimating fair value of traded options that have no vesting restrictions and are fully transferable. Since options pricing models require use of subjective assumptions, changes therein can materially affect fair value of the options. The options pricing models do not necessarily provide a reliable measure of fair value of the options.

The Company has recognized stock compensation expense of US\$ 7,081 (INR 443,554) [2014: US\$ 14,916 (INR 934,338)] for the year ended March 31, 2015.

Unrecognized compensation expense associated under the fair value method for shares expected to vest (unvested options net of expected forfeitures) as of March 31, 2015 was approximately US\$ 38,384 (INR 2,404,374) [2014: US\$ 33,436 (INR 2,094,431)] and is expected to be recognized over a weighted average period of 2.43 years.

The aggregate fair value of all options granted during the year is US\$ 44,900 (INR 2,812,536) and weighted average grant date fair value of options vested during the year is US\$ 7,081 (INR 443,554).

There have been no modifications or cancellations of these plans during the current or preceding year.

NOTE L - CONTINGENCIES

The Company evaluates contingencies as per its assessments of probable, reasonably possible and remote, as per ASC 450 "Contingencies". It is subject to legal claims in the normal course of business. However, based on its evaluation, management believes that there are no claims or contingencies, potential outcomes of which could be material to the financial condition or results of operations of the Company.

NOTE M - OPERATING LEASES

The Company uses office space under operating leases expiring through the financial year 2015-16 some of which contain annual rent escalation clauses. The rental expense on these leases is recognized on a straight line basis. Total rent expense was US\$ 285,462 (INR 17,881,326) [2014: US\$ 275,562 (INR 17,261,2014) for the year ended March 31, 2015.

Future minimum lease payments under capital leases and operating leases consisted of the following as of March 31, 2015:

Year ending March 31	In US\$		In INR	
	Capital lease	Operating lease	Capital lease	Operating lease
2016	98,613	84,339	6,177,118	5,282,995
2017	16,060		1,005,998	
2018	7,198	–	450,883	–
Total minimum payments	121,871	84,339	7,633,999	5,282,995
Amount representing interest	758		47,480	
Present value of minimum lease payment	<u>121,113</u>		<u>7,586,519</u>	
Obligation under capital leases				
Current	98,013		6,139,534	
Long term	23,100		1,446,985	
	<u>121,113</u>		<u>7,586,519</u>	

2. Related Party Transactions and Balances

Nature of transaction	Name of related party	March 31, 2015		March 31, 2014	
		Amount (in USD)	Amount (in INR)	Amount (in USD)	Amount (in INR)
Reimbursement of Expenses made	Mahindra and Mahindra Limited	–	–	7,366	461,406
Reimbursement of Expenses received	Bristlecone Ltd	649,325	40,673,718	635,200	39,788,928
Reimbursement of Expenses paid	Bristlecone India Ltd	703,203	44,048,636	384,804	24,104,123
Reimbursement of Expenses paid	Bristlecone Consulting Ltd	15,650	980,316	4,729	296,225
Reimbursement of Expenses paid	Bristlecone International AG	87,328	5,470,226	1,612	100,976
Reimbursement of Expenses received	Mahindra Tractor Assembly Inc.	–	–	120,739	7,563,091
Reimbursement of Expenses received	Bristlecone India Ltd	–	–	48,286	3,024,635
Reimbursement of Expenses received	Bristlecone GmbH	8,610	539,330	16,012	1,002,992
Reimbursement of Expenses received	Bristlecone Consulting Ltd	500	31,320	54,099	3,388,761
Reimbursement of Expenses received	Bristlecone International AG	72,687	4,553,114	9,517	596,145
Expenses paid	Bristlecone India Ltd	46,843	2,934,246	33,138	2,075,764
Subcontracting Services Received	Bristlecone India Ltd	7,973,784	499,477,830	5,785,096	362,378,413
Subcontracting Services Received	Bristlecone GmbH	–	–	160,386	10,046,579
Subcontracting Services Received	Bristlecone Consulting Ltd	47,711	2,988,617	32,590	2,041,438
Subcontracting Services provided	Bristlecone Consulting Ltd	–	–	81,760	5,121,446
Subcontracting Services provided	Bristlecone International AG	–	–	349,057	21,864,930
Amount Receivable as at year end	Mahindra & Mahindra Limited	7,366	461,406	7,366	461,406
Amount Receivable as at year end	Bristlecone Ltd	3,866,908	242,223,117	3,217,583	201,549,399
Amount Receivable as at year end	Bristlecone Consulting Ltd	–	–	519,147	32,519,368
Amount Receivable as at year end	Bristlecone International AG	–	–	358,574	22,461,075
Amount Payable as at year end	Bristlecone India Ltd	1,801,541	112,848,528	2,771,075	173,580,138
Amount Payable as at year end	Bristlecone Consulting Ltd	–	–	37,319	2,337,662
Amount Payable as at year end	Bristlecone International AG	–	–	105,362	6,599,876

NOTE N - RELATED PARTY TRANSACTIONS**1. List of related parties and relationships (where there are transactions):**

Name of Related Party and Relationship
Ultimate Holding Company
Mahindra and Mahindra Limited
Holding company
Bristlecone Limited
Fellow subsidiaries
Bristlecone India Limited
Bristlecone Consulting Limited
Bristlecone International AG
Mahindra Tractor Assembly Inc.

NOTE O - CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash equivalents, trade receivables and bank deposits. By their nature, all such financial instruments involve risk including the credit risk of non-performance by counter parties.

The Company's cash equivalents and bank deposits are invested with banks with high investment grade credit ratings.

Trade receivables (primarily denominated in US\$) are typically unsecured and are derived from revenues earned from large multinational customers. The Company monitors the credit worthiness of its customers to which it grants credit terms in the normal course of the business. The Company had 5 major customers in 2015. Revenues from these customers amounted to US\$ 21,012,405 (INR 1,316,217,060) [2014: US\$ 19,778,590 (INR 1,238,930,878)] or 59.44% [2014: 72.76%] of total revenue. Total accounts receivable from these customers are US\$ 2,718,555 (INR 170,290,285) [2014: US\$ 3,684,986 (INR 230,827,523)] at March 31, 2015 or 50.3% [2014: 59.9%] of total receivables.

During the current year ended March 31, 2015, the sales in North America including Canada accounted for 98.80% of the total sales (2014: 97.87%)

NOTE P - FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amount of the Company's cash equivalents, accounts payable and accrued expenses approximated their fair values due to their short maturities. The carrying value of short term borrowings and lease obligations approximates fair value based upon the market interest rate available to the Company for debt with similar risk and maturities.

NOTE Q - CONVENIENCE TRANSLATION

For the convenience of the readers, the financial statements for the year ended March 31, 2015 along with comparatives for the year ended March 31, 2014 have been translated into Indian Rupees ("INR") at the average of the telegraphic transfer buying and selling rates quoted by the Mumbai Branch of State Bank of India on March 31, 2015 of 1 US\$ = INR 62.64. The convenience translation should not be construed as a representation that the US\$ amounts or the Indian Rupee amounts referred to in these financial statements have been, could have been, or could in the future be, converted into INR or US\$, as the case may be, at this or at any other rate of exchange, or at all.

NOTE R - RECLASSIFICATIONS

Certain reclassifications have been made to the prior years' financial statements to conform to the current year presentation.

NOTE S - SUBSEQUENT EVENTS

In accordance with ASC 855-10 "Subsequent events", the Company has evaluated subsequent events through April 30, 2015, the date these financial statements were available to be issued. The Company is not aware of any additional subsequent events that would require recognition or disclosure in the financial statements.

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors present their Twenty Fourth Report together with the audited accounts of the Company for the financial year ended 31st March, 2015.

FINANCIAL HIGHLIGHTS AND STATE OF COMPANY'S AFFAIRS

Particulars	(Rupees in lakhs)	
	For the year ended 31 st March, 2015	For the year ended 31 st March, 2014
Revenue	17,117.94	13,989.37
Profit before Depreciation, Interest, Taxation and prior period items	3,000.79	1,982.33
Depreciation	(433.83)	(318.36)
Profit before Interest, Taxation and prior period items	2,566.96	1,663.97
Interest	(29.89)	(125.16)
Profit before Taxation and prior period items	2,537.07	1,538.81
Provision for Taxation for the year		
— Current Tax	(985.00)	(485.00)
— Deferred Tax	145.81	(52.33)
Profit for the year after Taxation	1,697.88	1,001.48
Balance of Profit for earlier years	3,824.85	2,823.37
Depreciation on transition to Schedule II of the Companies Act, 2013	(60.80)	—
Balance of Profit carried forward	5,461.93	3,824.85
Net Worth	7366.87	5729.79

No material changes and commitments have occurred after the closure of the year under review till the date of this report which would affect the financial position of the Company.

OPERATIONS

During the year under review, revenue increased from Rs. 13,989 lakhs to Rs. 17,118 lakhs, registering an increase of 22.4% over the previous year. Earnings before Interest, Tax, Depreciation and Amortization (EBITDA) amounted to Rs. 3,000.79 lakhs (17.5% of revenue) as against Rs. 1,982.33 lakhs (14.2% of revenue) in the previous year. The net profit after tax was Rs. 1,698 lakhs (9.9% of revenue) as compared to Rs. 1,001 lakhs (7.2% of revenue) in the previous year. The increase in profit is largely attributable to higher revenue from overseas operations and cost control measures.

DIVIDEND

With a view to conserve cash resources for the future growth of your Company, the Directors deem it prudent not to recommend a dividend for the year.

OUTLOOK FOR THE CURRENT YEAR

In line with the current year performance, the Company will continue to focus on increasing its market share in the markets your Company operates in, through increased business with its existing clients and identifying new customers for its offerings. Driving operational efficiencies within the organization and cost reduction will continue to be the focus areas for the year ahead. The Company expects these measures to further result in increased revenues and lower costs which would reflect in improved margins.

SHARE CAPITAL

The paid up Equity Share Capital as on 31st March, 2015 was Rs. 19,04,94,400/-. During the year under review the Company has not issued any shares or any convertible instruments.

SUBSIDIARY COMPANIES

As on 31st March, 2015 your Company has the following two subsidiaries:

1. **Bristlecone GmbH** was incorporated in 2004, in Frankfurt am Main, to cater to the requirements of customers based

in Germany. Your Company holds 100% of the share capital and voting power of Bristlecone GmbH. During the year, the company earned revenue of Rs. 3,906 lakhs (previous year Rs. 2,679 lakhs) and recorded a profit of Rs. 391 lakhs (previous year Rs. 208 lakhs).

2. **Bristlecone Singapore Pte Ltd.** was incorporated in 2003, in the Republic of Singapore, to pursue business in the Asia Pacific region. Your Company holds 100% of the share capital and voting power of Bristlecone Singapore Pte Ltd. During the year, the company has earned revenue of Rs. 52 lakhs (previous year Rs. 113 lakhs) and registered a loss of Rs. 33 lakhs (previous year profit of Rs. 17 lakhs).

The audited statements of accounts for the year ended 31st March, 2015 of the Company's subsidiaries, together with the reports of their Directors and Auditors and Statement pursuant to section 129 of the Companies Act, 2013 are attached.

BOARD OF DIRECTORS

During the year under review Mr. P. R. Barpande (DIN: 00016214) and Mr. Nikhilesh Panchal (DIN: 00041080) who, in the opinion of the Board, are persons with integrity and possess relevant expertise and experience, and who have given declarations to the effect that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 were appointed as Independent Directors with effect from 2nd March, 2015 at the Extra-ordinary General Meeting of the Company held on 2nd March, 2015 for a period of five consecutive years and they shall not be liable to retire by rotation.

Mr. S. Venkatraman (DIN: 00077193) has resigned as Director of your Company with effect from 1st October, 2014. The Board places on record its sincere appreciation for the sterling services and guidance provided by Mr. Venkatraman during his tenure on the board.

Mr. C. Krishnadas (DIN: 00126027) retires by rotation and being eligible, offers himself for re-appointment at the forthcoming Annual General Meeting.

Mr. P. R. Barpande (DIN: 00016214) and Mr. Nikhilesh Panchal (DIN: 00041080), Independent Directors have furnished disclosures to the

Board that they meet the criteria of independence provided under Section 149 of the Companies Act, 2013.

DIRECTOR'S RESPONSIBILITY STATEMENT

Pursuant to section 134 (3) (c) of the Companies Act, 2013, your Directors based on the representation received from the Operating Management and after due enquiry, confirm that:

- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed and there are no material departures from the same;
- (b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the company for that period;
- (c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) the directors had prepared the annual accounts on a going concern basis; and
- (e) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

CODES OF CONDUCT

Your Company has in place Codes of Conduct for Corporate Governance ("the Codes") for its Directors and Senior Management Personnel and Employees. These Codes enunciate the underlying principles governing the conduct of your Company's business and seek to reiterate the fundamental precept that good governance must and would always be an integral part of your Company's ethos.

Pursuant to the above Codes of Conduct, your Company has for the year under review received declaration under the Codes from all the Board Members, Senior Management Personnel and Employees of your Company affirming compliance with the respective Codes.

MEETINGS

Your Board of Directors met four times during the year under review viz; on 23rd April, 2014, 24th July, 2014, 12th November, 2014 and 10th February, 2015.

AUDIT COMMITTEE

The Audit Committee presently comprises of Mr. P. R. Barpande (Chairman) (DIN: 00016214), Mr. Nikhilesh Panchal (DIN: 00041080) and Mr. K. Chandrasekar (DIN: 01084215). Pursuant to Section 177 of Companies Act, 2013, the Audit Committee of your Company was re-constituted with the induction of Independent Directors Mr. P. R. Barpande & Mr. Nikhilesh Panchal and withdrawal of nomination of Mr. Ulhas Yargop and Mr. C. Krishnadas with effect from 31st March, 2015.

The Audit Committee met three times during the year under review viz; on 23rd April, 2014, 12th November, 2014 and 10th February, 2015.

NOMINATION AND REMUNERATION COMMITTEE

Your Company has constituted a Nomination and Remuneration Committee and have adopted the terms of reference pursuant to provisions of Section 178 of Companies Act, 2013. The Nomination and Remuneration Committee presently comprises of Mr. Nikhilesh Panchal (Chairman) (DIN: 00041080), Mr. P. R. Barpande (DIN: 00016214), Mr. Ulhas Yargop (DIN: 00054530) and Mr. C Krishnadas (DIN: 00126027). All the members of the Committee are Non-Executive Directors out of which not less than one half comprises of Independent Directors.

The Nomination and Remuneration Committee met once viz; on 10th February, 2015 during the year under review. The Nomination and Remuneration Committee carried out an evaluation of the performance of individual directors through a structured questionnaire process covering various aspects such as skills, performance, attendance, knowledge etc.

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Your Company's Corporate Social Responsibility Committee presently comprises of Mr. Ulhas Yargop (Chairman) (DIN: 00054530), Mr. C. Krishnadas (DIN: 00126027) and Mr. Nikhilesh Panchal (DIN: 00041080). Pursuant to Section 135 of Companies Act, 2013 the Corporate Social Responsibility Committee of your Company was re-constituted by induction of Mr. Nikhilesh Panchal, Independent Director and withdrawal of nomination of Mr. K. Chandrasekar as Member with effect from 31st March, 2015. All the members of the Committee are Non-Executive Directors out of which Mr. Nikhilesh Panchal is an Independent Director.

The Corporate Social Responsibility Committee met once i.e on 24th July, 2014 during the year under review.

KEY MANAGERIAL PERSONNEL

Pursuant to provisions of Section 2(51) and Section 203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, your Company has appointed Mr. Satish Moorjani as Chief Executive Officer and Mr. Harsh Vaish as Chief Financial Officer of the Company with effect from 1st April, 2014 and Ms. Payal Vyas as Company Secretary of the Company with effect from 10th February, 2015.

RISK MANAGEMENT POLICY

Your Company has formulated a Risk Management Policy including therein identification of elements of risk which in the opinion of Board may threaten the existence of the Company. Your Company's risk management policy sets out the objectives and elements of risk management within the organization and helps to promote risk awareness amongst employees and to integrate risk management within the corporate culture.

Implementation of Risk Management Policy is expected to be helpful in managing the risks associated with business of the Company.

CORPORATE SOCIAL RESPONSIBILITY POLICY

Your Company has adopted Corporate Social Responsibility (CSR) Policy, as formulated and recommended by the Corporate Social Responsibility Committee, in accordance with the provisions of Companies Act, 2013.

The objective of this policy is to promote a unified and strategic approach to CSR across the Company by incorporating under one 'Rise for Good' umbrella the diverse range of its philanthropic giving, identifying select constituencies and causes to work with, thereby ensuring a high social impact. The Policy also seeks to ensure an increased commitment at all levels in the organisation, by encouraging employees to participate in the Company's CSR and give back to society in an organised manner.

Annual Report on Corporate Social Responsibility activities of the Company is furnished as Annexure I and forms part of this report.

POLICY FOR REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES AND CRITERIA FOR APPOINTMENT/REMOVAL OF DIRECTORS AND SENIOR MANAGEMENT PERSONNEL

In line with the principles of transparency and consistency and upon recommendation of the Nomination and Remuneration Committee, your Board has approved

- Policy on the appointment/removal of directors and senior management personnel, together with the criteria for determining qualifications, positive attributes and independence of directors.
- Policy on the remuneration of directors, key managerial personnel and other employees.

These policies are provided as Annexure II and forms part of this report.

STATUTORY AUDITORS

M/s. Deloitte Haskins & Sells LLP, Chartered Accountants, Mumbai (ICAI Registration Number:- 117366W/W-100018) were appointed as Auditors of the Company and they retire as Auditors of the Company at the conclusion of the forthcoming Annual General Meeting (AGM). The company has received their consent for re-appointment. The members are requested to appoint Auditors from the conclusion of forthcoming Annual General Meeting until the conclusion of next Annual General Meeting and fix their remuneration.

As required under the provisions of Section 139 read with Section 141 of the Companies Act, 2013, your Company has received a written consent and certificate from the above Auditors to the effect that their reappointment, if made, would be in conformity with the conditions and criteria specified.

The Auditor's Report does not contain any qualification, reservation or adverse remark.

EXTRACT OF ANNUAL RETURN

Pursuant to Section 92(3) of the Companies Act, 2013 and read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of Annual Return in Form MGT 9 is provided as Annexure III which forms a part of this Report.

INTERNAL CONTROLS

Your Company has an adequate system of internal control and monitoring procedures as well as financial controls on financial statements commensurate with the size, scale and complexity of its operations. During the year, such controls were tested and no reportable material weakness in the design or operation were observed. Besides the Company regularly conducts reviews to assess the adequacy of financial and operating controls for various businesses of the Company. Significant issues, if any, are brought to the attention of the Audit Committee.

PARTICULARS OF PUBLIC DEPOSITS, LOANS, GUARANTEES OR INVESTMENTS

Your Company has not accepted any deposits from the public, or its employees, within the meaning of Section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014 during the year under review.

The Company has not made any loans and advances of the nature which are required to be disclosed in the annual accounts of the Company pursuant to Clause 32 of the Listing Agreement of the ultimate parent company, Mahindra and Mahindra Limited with the Stock Exchanges.

The details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in Annexure IV which forms part of this Report.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES

All the contracts/arrangements/transactions entered, during the year under review, with related parties referred to in sub section 1 of Section 188 of Companies Act, 2013, and Rules made thereunder, were carried out in ordinary course of business and at arm's length.

Particulars of material contracts or arrangements or transactions with related parties, required to be furnished in terms of Section 134 of companies Act, 2013 are furnished in form AOC – 2 as Annexure V and the same forms part of this Report.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars relating to the energy conservation, technology absorption and foreign exchange earnings and outgo, as required under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Account) Rules, 2014 is furnished in Annexure VI and forms part of this Report.

SAFETY, HEALTH AND ENVIRONMENTAL PERFORMANCE

Your Company's commitment towards safety, health and environment is being continuously enhanced and persons working at all locations are given adequate training on safety and health. The requirements relating to various environmental legislations and environment protection have been duly complied with by your Company.

SUSTAINABILITY

Your Company continues with its journey on sustainable development with conscious efforts to minimize the environmental impact caused by its operations and simultaneously taking responsibility to enable communities to Rise without losing focus on economic performance.

THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

During the year under review no complaints were received under the The Sexual Harassment of Women at Workplace (Prevention, Prohibition And Redressal) Act, 2013 and rules framed thereunder.

GENERAL DISCLOSURES

Your Directors state that no disclosure or reporting is required in respect of the following items as they were not applicable to your Company during the year under review:

1. Issue of equity shares with differential rights as to dividend, voting or otherwise.
2. Details relating to deposits covered under Chapter V of the Companies Act, 2013.
3. Issue of Shares (Including Sweat Equity Shares) to employees of the Company under any Scheme.
4. There were no Shares having voting rights not exercised directly by the employees and for the purchase of which or subscription to which loan was given by the Company.
5. Disclosure of remuneration of employees under Section 197(12) of the Companies Act, 2013 read with Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, since your Company is an unlisted Company.

No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and the Company's operations in future.

ACKNOWLEDGEMENT

The Board acknowledges the continued support received from its holding company, Bristlecone Limited and its ultimate parent company, Mahindra and Mahindra Limited and all employees of the Company.

For and on behalf of the Board

Ulhas N. Yargop
Chairman

Mumbai, 22nd April, 2015

ANNEXURE I TO THE DIRECTORS' REPORT

ANNUAL REPORT ON CSR ACTIVITIES

(1) A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or Programmes.

The objective of your Company's CSR policy is to –

- Promote a unified and strategic approach to CSR across the Company by incorporating under one 'Rise for Good' umbrella the diverse range of its philanthropic giving, identifying select constituencies and causes to work with, thereby ensuring a high social impact.
- Ensure an increased commitment at all levels in the organisation, by encouraging employees to participate in the Company's CSR and give back to society in an organised manner.

During the year under review your Company have contributed to CSR through two Implementation Agencies viz;

- The American India Foundation Trust: Placement of AIF fellow at KCMET for Project Nanhi Kali
- K C Mahindra Education Trust: Providing education support to 277 girl children

(2) The Composition of the CSR Committee.

Ulhas Yargop

Krishnadas Chillara

Nikhilesh Panchal

(3) Average net profit of the company for last three financial years (in lakhs): **1,023.72**

(4) Prescribed CSR Expenditure (two per cent. Of the amount as in item 3 above)(in lakhs): **20.47**

(5) Details of CSR spent during the financial year.

(a) Total amount to be spent for the financial year (in lakhs)-**20.50**

(b) Amount unspent, if any-**NIL**

(c) Manner in which the amount spent during the financial year is detailed below

S. No.	Particulars	(1)	(2)	TOTAL
(1)	CSR project or activity identified	Contribution to American India Foundation Trust Fellowship	Contribution to K. C. Mahindra Education Trust	
(2)	Sector in which the project is covered	2C - Education of the girl child	2C - Education of the girl child	

S. No.	Particulars	(1)	(2)	TOTAL
(3)	Projects or programme (1) Local area or other (2) Specify the state and district where projects or programs was undertaken	Other Pan India	Other Pan India	
(4)	Amount outlay (budget project or programme wise	9,03,000	11,47,000	20,50,000
(5)	Amount spent on the project or programme Sub Heads; (1) Direct expenditure on projects or programmes (2) Overheads	9,03,000	11,47,000	20,50,000
(6)	Cumulative expenditure up to the reporting period			
(7)	Amount Spent direct or through implementing agency	Paid to Implementing agency - The American India Foundation Trust	Paid to Implementing agency - K C Mahindra Education Trust	

* Details of implementing agency:

- In case the company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report.: **Not applicable**
- Your Company's CSR Committee confirms that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the company.

For and on behalf of the Board

Krishnadas Chillara

Director

Ulhas Yargop

Chairman - CSR Committee

Mumbai, 22nd April, 2015

ANNEXURE II TO THE DIRECTORS' REPORT

POLICY ON APPOINTMENT OF DIRECTORS AND SENIOR MANAGEMENT AND SUCCESSION PLANNING FOR ORDERLY SUCCESSION TO THE BOARD AND THE SENIOR MANAGEMENT

DEFINITIONS

The definitions of some of the key terms used in this Policy are given below.

“**Board**” means Board of Directors of the Company.

“**Company**” means Bristlecone India Ltd.

“**Committee(s)**” means Committees of the Board for the time being in force.

“**Employee**” means employee of the Company whether employed in India or outside India including employees in the Senior Management Team of the Company.

“**HR**” means the Human Resource department of the Company.

“**Key Managerial Personnel**” (KMP) refers to key managerial personnel as defined under the Companies Act, 2013 and includes:

- (i) Managing Director (MD), or Chief Executive Officer (CEO); or Manager; or Whole time Director (WTD)
- (ii) Chief Financial Officer (CFO); and
- (iii) Company Secretary (CS).

“**Nomination and Remuneration Committee**” (NRC) means Nomination and Remuneration Committee of Board of Directors of the Company for the time being in force.

“**Senior Management**” means personnel of the Company who are members of its Core Management Team excluding Board of Directors comprising of all members of management one level below the executive directors including the functional heads.

I. APPOINTMENT OF DIRECTORS

- The NRC reviews and assesses Board composition and recommends the appointment of new Directors. In evaluating the suitability of individual Board member, the NRC shall take into account the following criteria regarding qualifications, positive attributes and independence of director:
 1. All Board appointments will be based on merit, in the context of the skills, experience, independence and knowledge, for the Board as a whole to be effective.
 2. Ability of the candidates to devote sufficient time and attention to his professional obligations as Independent Director for informed and balanced decision making.

3. Adherence to the Code of Conduct and highest level of Corporate Governance in letter and in spirit by the Independent Directors

- Based on recommendation of the NRC, the Board will evaluate the candidate(s) and decide on the selection of the appropriate member. The Board through the Chairman or the Managing Director or any other Director will interact with the new member to obtain his/her consent for joining the Board. Upon receipt of the consent, the new Director will be co-opted by the Board in accordance with the applicable provisions of the Companies Act, 2013 and Rules made thereunder.

REMOVAL OF DIRECTORS

If a Director is attracted with any disqualification as mentioned in any of the applicable Act, rules and regulations thereunder or due to non - adherence to the applicable policies of the company, the NRC may recommend to the Board with reasons recorded in writing, removal of a Director subject to the compliance of the applicable statutory provisions.

SENIOR MANAGEMENT PERSONNEL

The NRC shall identify persons who are qualified to become directors and who may be appointed in senior management team in accordance with the criteria as enumerated above.

Senior Management personnel are appointed or promoted and removed/relieved with the authority of Chairman or Managing Director based on the business need and the suitability of the candidate. The details of the appointment made and the personnel removed one level below the Key Managerial Personnel during a quarter shall be presented to the Board.

II. SUCCESSION PLANNING:

Purpose

The Talent Management Policy sets out the approach to the development and management of talent in the Mahindra Group to ensure the implementation of the strategic business plans of the Group and the Group Aspiration of being among the Top 50 globally most-admired brands by 2021.

Board:

The successors for the Independent Directors shall be identified by the NRC atleast one quarter before expiry of the scheduled term. In case of separation of Independent Directors due to resignation or otherwise, successor will be appointed at the earliest but not later than the immediate next Board meeting or three months from the date of such vacancy, whichever is later.

The successors for the Executive Director(s) shall be identified by the NRC from among the Senior Management or through external source as the Board may deem fit.

The NRC will accord due consideration for the expertise and other criteria required for the successor.

The Board may also decide not to fill the vacancy caused at its discretion.

Senior Management Personnel:

A good succession-planning program aims to identify high growth individuals, train them and feed the pipelines with new talent. It will ensure replacements for key job incumbents in KMPs and senior management positions in the organization.

Significantly, we have a process of identifying Hi-pots and critical positions. Successors are mapped for these positions at the following levels:

1. Emergency successor
2. Ready now
3. Ready in 1 to 2 years
4. Ready in 2 to 5 years
5. Ready in more than 5 years

in order to ensure talent readiness as per a ladder approach.

The talent pipeline is maintained and developed so as to ensure that there is a seamless flow of talent. An important part of this exercise is drawing up and implementing IDAPs (Individual Development Action Plans) for every Executive concerned using the 3E approach mentioned above.

POLICY FOR REMUNERATION OF THE DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES

Purpose

This Policy sets out the approach to Compensation of Directors, Key Managerial Personnel and other employees in Bristlecone India Limited (Bristlecone).

Policy Statement

We have a well-defined Compensation policy for Directors, Key Managerial Personnel and all other employees. The overall compensation philosophy which guides us is that in order to achieve global leadership and dominance in domestic markets, we need to attract and retain high performers by compensating them at levels that are broadly comparable with the median of the comparator basket while differentiating people on the basis of performance, potential and criticality for achieving competitive advantage in the business.

In order to effectively implement this, we have built our Compensation structure by a regular benchmarking over the years with relevant players across the industry we operate in.

Non-Executive Including Independent Directors

The Nomination and Remuneration Committee (NRC) shall decide the basis for determining the compensation, both Fixed and variable, to the Non-Executive Directors, including Independent Directors, whether as commission or otherwise. The NRC shall take into consideration various factors such as director's participation in Board and Committee meetings during the year, other responsibilities undertaken, such as membership or Chairmanship of committees, time spent in

carrying out their duties, role and functions as envisaged in Schedule IV of the Companies Act 2013 and such other factors as the NRC may consider deem fit for determining the compensation. The Board shall determine the compensation to Non-Executive Directors within the overall limits specified in the Shareholders resolution.

Executive Directors

The remuneration to Executive Director(s) shall be recommended by NRC to the Board. The remuneration consists of both fixed compensation and variable compensation and shall be paid as salary, commission, performance bonus, stock options (where applicable), perquisites and fringe benefits as approved by the Board and within the overall limits specified in the Shareholders resolution. While the fixed compensation is determined at the time of their appointment, the variable compensation will be determined annually by the NRC based on their performance.

Key Managerial Personnel (KMPs)

The terms of remuneration of Chief Executive Officer (CEO), Chief Financial Officer (CFO) and Company Secretary shall be determined by the Board and revised either by any Director or such other person as may be authorised by the Board from time to time. The remuneration shall be consistent with the competitive position of the salary for similar positions in the industry and their Qualifications, Experience, Roles and Responsibilities. Pursuant to the provisions of section 203 of the Companies Act 2013 the Board shall approve the remuneration at the time of their appointment.

The remuneration to directors, KMPs and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

Employees

We follow a differential approach in choosing the comparator basket for benchmarking, depending upon the level in the organization:

- a. For Leadership Team, we have a position-based approach and the comparator basket includes benchmarks from across relevant industries.
- b. For all other employees we benchmark with a set of comparators from the same industry.

We have a CTC (Cost to Company) concept which includes a fixed component (Guaranteed Pay) and a variable component (Performance pay). The percentage of the variable component increases with increasing hierarchy levels, as we believe employees at higher positions have a far greater impact and influence on the overall business result. The CTC is reviewed once every year and the compensation strategy for positioning of individuals takes into consideration the following elements:

- Performance
- Potential
- Criticality

Remuneration for the new employees other than KMPs and Senior Management Personnel will be decided by the HR, in consultation with the concerned business unit head at the time of hiring, depending upon the relevant job experience, last compensation and the skill-set of the selected candidate.

The Company may also grant Stock Options to the Employees in accordance with the ESOP Scheme of the Holding Company, Bristlecone Limited and subject to the compliance of the applicable statutes and regulations.

We, at all times, act in compliance with all the applicable statutory requirements regarding compensation and benefits.

For and on behalf of the Board

Ulhas N. Yargop
Chairman

Mumbai, 22nd April, 2015

ANNEXURE III TO THE DIRECTORS' REPORT**Form No. MGT-9****Extract of Annual Return as on the financial year ended on 31st March, 2015**

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

1.	CIN	U30007MH1991PLC064368
2.	Registration Date	10/12/1991
3.	Name of the Company	BRISTLECONE INDIA LIMITED
4.	Category/Sub-Category of the Company	Company limited by shares/Indian Non – Government Company
5.	Address of the Registered office and contact details	Gateway Building, Apollo Bunder, Mumbai 400001. Tel: +91 22 24901441 Fax: +91 22 24900833.
6.	Whether listed Company (Yes/No)	No
7.	Name, Address and Contact details of Registrar and Transfer Agent, if any	Not Applicable

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sr. No.	Name and Description of Main Product/Services	NIC Code of the Product	% to total turnover of the Company
1	IT Services	620	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

Sr. No.	Name and Address of the Company	CIN/GIN	Holding/ Subsidiary of the Company	% of shares held	Applicable Section
1	Bristlecone Limited M&C Corporate Services Ltd., P.O. Box 309GT, Ugland House, South Church St. George Town, Grand Cayman, Cayman Islands.	Not Applicable	Holding	100%	2(46)
2	Mahindra & Mahindra Limited Gateway Building, Apollo Bunder, Mumbai 400001.	Not Applicable	Ultimate Holding company	–	2(46)
3	Bristlecone GmbH De-Saint-Exupéry-Straße 8, Condor Platz, 60549 Frankfurt am main, Germany	Not Applicable	Subsidiary	100%	2(87)
4	Bristlecone Singapore Pte. Ltd. 3, Anson Road, #27-01 Springleaf tower, Singapore 079909	Not Applicable	Subsidiary	100%	2(87)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**i. Category-wise Share Holding.**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1. Indian	–	–	–	–	–	–	–	–	–
a. Individual/HUF	–	–	–	–	–	–	–	–	–
b. Central Govt.	–	–	–	–	–	–	–	–	–
c. State Govt.	–	–	–	–	–	–	–	–	–
d. Bodies Corp.	–	–	–	–	–	–	–	–	–

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
e. Bank/FI	-	-	-	-	-	-	-	-	-
f. Any Other	-	-	-	-	-	-	-	-	-
Sub-Total- A-(1)	-	-	-	-	-	-	-	-	-
2. Foreign	-	-	-	-	-	-	-	-	-
a. NRI-Individuals	-	-	-	-	-	-	-	-	-
b. Other Individuals	-	-	-	-	-	-	-	-	-
c. Body Corporate	-	19,04,944*	19,04,944*	100%	-	19,04,944*	19,04,944*	100%	Nil
d. Bank/FI	-	-	-	-	-	-	-	-	-
e. Any Others	-	-	-	-	-	-	-	-	-
Sub Total- A (2)	-	-	-	-	-	-	-	-	-
Total Share Holding of Promoters (A) = (A)(1) + (A)(2)	-	19,04,944	19,04,944	100%	-	19,04,944	19,04,944	100%	Nil
B. Public Shareholding									
1. Institution									
a. Mutual Funds	-	-	-	-	-	-	-	-	-
b. Bank/FI	-	-	-	-	-	-	-	-	-
c. Cent. Govt.	-	-	-	-	-	-	-	-	-
d. State Govt.	-	-	-	-	-	-	-	-	-
e. Venture Capital	-	-	-	-	-	-	-	-	-
f. Insurance Co.	-	-	-	-	-	-	-	-	-
g. FIs	-	-	-	-	-	-	-	-	-
h. Foreign Venture Capital Fund	-	-	-	-	-	-	-	-	-
i. Others (specify)									
Sub-Total-B (1)	-	-	-	-	-	-	-	-	-
2. Non- Institution									
a. Body Corp.	-	-	-	-	-	-	-	-	-
i. Indian									
ii. Overseas									
b. Individual	-	-	-	-	-	-	-	-	-
i. Individual shareholders holding nominal share capital upto ₹ 1 lakh	-	-	-	-	-	-	-	-	-
ii. Individual shareholders holding nominal share capital in excess of ₹ 1Lakh	-	-	-	-	-	-	-	-	-
c. Others (specify)									
Sub-Total-B (2)	-	-	-	-	-	-	-	-	-
Total Public Shareholding (B) = (B)(1) + (B)(2)	-	19,04,944	19,04,944	100%	-	19,04,944	19,04,944	100%	Nil
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	-	19,04,944	19,04,944	100%	-	19,04,944	19,04,944	100%	Nil

Note: * includes 36 shares held by nominees of Bristlecone Limited jointly with Bristlecone Limited.

ii. Shareholding of Promoters:

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	
1	Bristlecone Ltd.	19,04,908	100%	Nil	19,04,944	100%	Nil	0.00%
2	Bristlecone Ltd. Jointly with Mr. Ulhas N. Yargop**	1	0.00%	Nil	1	0.00%	Nil	0.00%
3	Bristlecone Ltd. Jointly with Mr. Anjanikumar Choudhari**	1	0.00%	Nil	1	0.00%	Nil	0.00%
4	Bristlecone Ltd., Jointly with Mr. K. Chandrasekar**	10	0.00%	Nil	10	0.00%	Nil	0.00%
5	Bristlecone Ltd. Jointly with Mr. Narayan Shankar**	22	0.00%	Nil	22	0.00%	Nil	0.00%
6	Bristlecone Ltd. Jointly with Mr. S. Venkatraman**	1	0.00%	Nil	1	0.00%	Nil	0.00%
7	Bristlecone Ltd. Jointly with Mr. Krishnadas Chillara**	1	0.00%	Nil	1	0.00%	Nil	0.00%
	Total	19,04,944	100%	Nil	19,04,944	100%	Nil	0.00%

iii. Change in Promoters' Shareholding (please specify, if there is no change) There is no change in the shareholding of the Promoter Group.

iv. Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	Top Ten Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	Not Applicable				

v. Shareholding of Directors and Key Managerial Personnel:

Sr. No.	For Each of the Directors and KMP Name of the Director/KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Ulhas Yargop jointly with Bristlecone Ltd.**	1	0.00	1	0.00
2.	K. Chandrasekar jointly with Bristlecone Ltd.**	10	0.00	10	0.00
3.	Krishnadas Chillara jointly with Bristlecone Ltd.**	1	0.00	1	0.00
4.	Nikhilesh Panchal	Nil	0.00	Nil	0.00
5.	P. R. Barpande	Nil	0.00	Nil	0.00
6.	Satish Moorjani	Nil	0.00	Nil	0.00
7.	Harsh Vaish	Nil	0.00	Nil	0.00
8.	Payal Vyas	Nil	0.00	Nil	0.00

Note: ** The shares are held jointly held with Bristlecone Limited to comply with the statutory provisions of Companies Act with regard to minimum number of members.

V. INDEBTEDNESS**Indebtedness of the Company including interest outstanding/accrued but not due for payment**

(Rs. in lakhs)

Particulars	Secured Loans Excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year 01.04.2014				
1) Principal Amount	633.66	Nil	Nil	633.66
2) Interest due but not paid	Nil	Nil	Nil	Nil
3) Interest accrued but not due	2.21	Nil	Nil	2.21
Total of (1+2+3)	635.87			635.87
Change in Indebtedness during the financial year				
+ Addition	Nil	Nil	Nil	Nil
- Reduction	585.81	Nil	Nil	585.81
Net change	585.81	Nil	Nil	585.81
Indebtedness at the end of the financial year-31.03.2015				
1) Principal Amount	50.06	Nil	Nil	50.06
2) Interest due but not paid	Nil	Nil	Nil	Nil
3) Interest accrued but not due	Nil	Nil	Nil	Nil
Total of (1+2+3)	50.06	Nil	Nil	50.06

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**A. Remuneration to Managing Director, Whole-Time Directors and/or Manager:**

The Company does not have any Managing Director, Whole-Time Directors and/or Manager

B. Remuneration of other directors:**I. Independent Directors:-**

Particulars of Remuneration	Name of Directors		Total Amount (Rs. In Lacs)
	P.R. Barpande	Nikhilesh Panchal	
Fee for attending board committee meetings	Nil	Nil	Nil
Commission	0.25	0.25	0.50
Others	Nil	Nil	Nil
Total (1)	0.25	0.25	0.50

II. Other Non-Executive Directors:-

Other Non-Executive Directors	UlhasYargop	K. Chandrasekar	Krishnadas Chillara	Total Amount (Rs. In Lacs)
Fee for attending board committee meetings	Nil	Nil	Nil	Nil
Commission	Nil	Nil	Nil	Nil
Others	Nil	Nil	Nil	Nil
Total (2)	Nil	Nil	Nil	Nil
Total B = (1+2)				0.50
Total Managerial Remuneration				0.50
Overall Ceiling as per the Act				279.08

C. Remuneration to Key Managerial Personnel other than MD/Manager/s WTD

Sr. No.	Particulars of Remuneration	Name of the KMP			Total Amount (Rs. In Lacs)
		Satish Moorjani	Harsh Vaish	Payal Vyas	
1.	Gross Salary				
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act	74.66	43.89	–	118.55
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	11.13	–	–	11.13
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	–	–	–	–
2.	Stock Option	–	–	–	–
3.	Sweat Equity	–	–	–	–
4.	Commission				
	– As % of profit	–	–	–	–
	– Others, specify	–	–	–	–
5.	Others, Contribution to Provident Fund	1.71	1.17	–	2.88
6.	Others			2.63	2.63
	Total (C)	87.50	45.06	2.63	135.19

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES (Under the Companies Act):

	Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority (RD/ NCLT/court)	Appeal made, if any (give details)
A. COMPANY						
Penalty	–	–	Not applicable	Not applicable	Not applicable	Not applicable
Punishment	–	–	Not applicable	Not applicable	Not applicable	Not applicable
Compounding	–	–	Not applicable	Not applicable	Not applicable	Not applicable
B. DIRECTORS						
Penalty	–	–	Not applicable	Not applicable	Not applicable	Not applicable
Punishment	–	–	Not applicable	Not applicable	Not applicable	Not applicable
Compounding	–	–	Not applicable	Not applicable	Not applicable	Not applicable
C. OTHER OFFICERS IN DEFAULT						
Penalty	–	–	Not applicable	Not applicable	Not applicable	Not applicable
Punishment	–	–	Not applicable	Not applicable	Not applicable	Not applicable
Compounding	–	–	Not applicable	Not applicable	Not applicable	Not applicable

For and on behalf of the Board

Ulhas N. Yargop
ChairmanMumbai, 22nd April, 2015

ANNEXURE IV TO THE DIRECTORS REPORT**LOANS, GUARANTEES OR INVESTMENTS**

The particulars of loans, guarantees or investment under Section 186 of the Companies Act, 2013 is as under:

Details of Investments:

Sr. No.	Particulars of the loans given, investment made or guarantee given or security provided Date of making loan	Purpose for which the loan or guarantee or security is proposed to be utilised by the recipient of the loan or guarantee or security	Amount
A	Investments made		
1	Investment in Subsidiary Company: Bristlecone (Singapore) Pte. Ltd.	Strategic Investment	Rs. 376.10 lakhs (Net of Provision for Diminution in value of investment of Rs. 125.37 lakhs)
2	Investment in Subsidiary Company: Bristlecone GmbH	Strategic Investment	Rs. 277.04 lakhs
3	Other Investment: Zoroastrian Co-operative Bank Limited	Investment for the purpose of availing loan	Rs 1.00 lakhs

For and on behalf of the Board

Ulhas N. Yargop
Chairman

Mumbai, 22nd April, 2015

ANNEXURE V TO THE DIRECTORS' REPORT**FORM NO. AOC.2**

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

1. Details of contracts or arrangements or transactions not at arm's length basis: NIL
2. Details of material contracts or arrangement or transactions at arm's length basis:

Sr. No.	Nature of contracts/transactions	Name of the related party	Nature of relationship	Duration of contracts	Salient terms of contracts/ transactions	Amount in lakhs
1.	Professional Services	Mahindra & Mahindra Limited	Ultimate Holding Company	1 Year	At market rates	3451.56
2	Professional Services	Bristlecone GmbH	Subsidiary Companies	1 Year	At market rates	3220.15
3	Professional Services	Bristlecone Inc.	Fellow Subsidiary	1 Year	At market rates	4889.14
4	Professional Services	Bristlecone (Malaysia) Sdn.Bhd.	Fellow Subsidiary	1 Year	At market rates	1546.00

Note: for the purpose of materiality, the following criteria have been considered.

- 10% of turnover of the Company or Rs. one hundred crore, whichever is lower is considered as material for the purpose of disclosure in respect of Contracts/transactions/arrangements for sale, purchase, or supply of any goods or materials.
- 10% of net worth of the Company or Rs. one hundred crore, whichever is lower is considered as material for the purpose of disclosure in respect of Contracts/transactions/arrangements for selling or otherwise disposing of or buying property of any kind.
- 10% of the net worth of the Company or 10% of turnover of the Company or Rs. one hundred crore, whichever is lower is considered as material for the purpose of disclosure in respect of Contracts/transactions/arrangements for leasing of property of any kind.
- 10% of turnover of the Company or Rs. fifty crores, whichever is lower is considered as material for the purpose of disclosure in respect of Contracts/transactions/arrangements for rendering of services.

For and on behalf of the Board

Ulhas N. Yargop
Chairman

Mumbai, 22nd April, 2015

ANNEXURE VI TO THE DIRECTORS' REPORT**PARTICULARS AS PER RULE 8(3) OF THE COMPANIES (ACCOUNTS) RULES, 2014****CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE OUTGO:****(A) Conservation of energy:**

- (i) Steps taken or impact on conservation of energy:

The operations of your Company are not energy-intensive. However, adequate measures have been initiated to reduce energy consumption

- (ii) Steps taken by the company for utilizing alternate sources of energy: Not applicable

- (iii) Capital investment on energy conservation equipment - Nil

(B) Technology absorption:

1. Efforts, in brief, made towards technology absorption. - None
2. Benefits derived as a result of the above efforts, e.g., product improvement, cost reduction, product development, import substitution, etc. – Not Applicable
3. In case of imported technology (imported during the last 3 years reckoned from the beginning of the financial year), following information may be furnished: Not Applicable
4. Expenditure incurred on Research and Development: Nil

(C) Foreign exchange earnings and Outgo

Foreign exchange earnings and outgo during the year under review are as follows:

	(Rupees in lakhs)	
	For the year ended 31st March, 2015	For the year ended 31 st March, 2014
Foreign Currency Earnings	10,403.62	8,292.52
Foreign Exchange Outgo	378.07	318.89

For and on behalf of the Board

Ulhas N. Yargop
Chairman

Mumbai, 22nd April, 2015

INDEPENDENT AUDITORS' REPORT

To the members of Bristlecone India Limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **BRISTLECONE INDIA LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of the appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor

considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2015, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of Section 143 (11) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required under provisions of section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of the written representations received from the directors as on 31st March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015, from being appointed as a director in terms of section 164(2) of the Act.

(f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- (i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 2.24 to the financial statements.
- (ii) The Company did not have any long term contracts including derivative contracts that require provision under any law or accounting standards for which there were any material foreseeable losses.

(iii) There were no amounts which are required to be transferred to the Investor Education and Protection Fund by the Company during the year.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm Registration No. 117366W/W-100018)

Sunil S Kothari
Partner

Pune, 22 April, 2015

(Membership No. 208238)

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1 under the heading of 'Report on Other Legal and Regulatory Requirements' of our report of even date)

- (i) Having regard to the nature of the Company's business/activities/result, clauses (ii) and (vi) of the Order are not applicable.
- (ii) In respect of its fixed assets:
- (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
- (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. No material discrepancies were noticed on such verification.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 189 of the Act. Therefore the requirement of clause (iii)(a) and (iii)(b) of paragraph 3 of the Order are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchases of fixed assets and for the sale of services. During the course of our audit we have not observed any continuing failure to correct major weaknesses in such internal control system. During the year, the operations of the Company do not entail purchase of inventory and sale of goods.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit within the meaning of provisions of sections 73 to 76 or any other relevant provisions of the Act and the rules framed thereunder. Therefore, the provisions of clause (v) of paragraph 3 of the Order are not applicable to the Company.
- (vi) In respect of statutory dues:
- (a) According to the records of the Company, undisputed statutory dues, including Provident Fund, Income-tax, Sales Tax, Service Tax, Custom Duty, Value Added tax, Cess and any other material statutory dues have been regularly deposited with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at March 31, 2015 for a period of more than six months from the date of becoming payable.

According to the information and explanations given to us, during the year the Company was not required to deposit any amounts with respect to the Employees' State Insurance, Excise duty and Wealth tax.

- (b) According to the information and explanations given to us and records of the company, the details of the dues of the Sales tax/Income tax/Custom duty/Wealth tax/Service tax/cess, which have not been deposited on account of any dispute, are given below:

Name of Statute	Nature of Dues	Forum where Dispute is pending	Period to which the amount relates	Amount involved (₹ in lakhs)
Income Tax Act, 1961	Income Tax	Commissioner of Income Tax (Appeals), Mumbai	A.Y. 2011-12	29.55
Income Tax Act, 1961	Income Tax	Income Tax Appellate Tribunal, Mumbai	A.Y. 2010-11	54.08

- (c) According to the information and explanations given to us, there are no amounts that are required to be transferred to investor education and protection fund, in accordance with the relevant provisions of the Companies Act 1956 (1 of 1956) and rules made thereunder, during the year.
- (vii) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current year and immediately preceding financial year.
- (viii) Based on our audit procedures and as per the information and explanations given by the management, the Company has not defaulted in repayment of dues to banks. The Company has not borrowed any funds from financial institutions and debenture holders during the year under audit.
- (ix) According to the information and explanations given to us, the Company has not given any guarantees for loans taken by others from banks or financial institutions. Therefore the provisions of clause (x) of paragraph 3 of the Order are not applicable to the Company.
- (x) The Company has not taken any term loan during the year.
- (xi) Based upon the audit procedures performed and according to the information and explanations given and representations made by the management, no fraud by the Company and no material fraud on the Company had been noticed or reported during the year.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm Registration No. 117366W/W-100018)

Sunil S Kothari
Partner
(Membership No. 208238)

Pune, 22 April, 2015

BALANCE SHEET AS AT MARCH 31, 2015

(₹ In Lakhs)

Particulars	Notes	As at March 31, 2015	As at March 31, 2014
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share capital.....	2.1	1,904.94	1,904.94
Reserves and surplus.....	2.2	5,550.27	3,913.19
		7,455.21	5,818.13
NON-CURRENT LIABILITIES			
Long term borrowings.....	2.3	21.27	50.13
Other long term liabilities.....	2.4	3.06	7.13
Long term provisions.....	2.5	612.53	505.82
		636.86	563.08
CURRENT LIABILITIES			
Short term borrowings.....	2.6	–	373.92
Trade payables.....	2.7	1,574.17	1,867.80
Other current liabilities.....	2.8	181.32	528.73
Short term provisions.....	2.9	336.92	250.86
		2,092.41	3,021.31
		10,184.48	9,402.52
TOTAL			
ASSETS			
NON-CURRENT ASSETS			
Fixed assets - Tangible.....	2.10	992.96	1,343.83
Non-current investments.....	2.11	654.14	779.51
Deferred tax assets.....	2.12	444.52	267.40
Long term loans and advances.....	2.13	516.11	538.50
		2,607.73	2,929.24
CURRENT ASSETS			
Trade receivables.....	2.14	2,323.16	4,617.43
Cash and cash equivalents.....	2.15	4,519.06	898.64
Short term loans and advances.....	2.16	291.48	385.61
Other current assets.....	2.17	443.05	571.60
		7,576.75	6,473.28
		10,184.48	9,402.52
TOTAL			

SIGNIFICANT ACCOUNTING POLICIES 1

See accompanying notes forming part of the financial statements

In terms of our report attached
For **Deloitte Haskins & Sells LLP**
Chartered Accountants

Sunil S Kothari
Partner

Pune, April 22, 2015

For and on behalf of the Board

Ulhas N. Yargop
Director
K. Chandrasekar
Director

Nikhilesh Panchal
Director

Harsh Vaish
Chief Financial Officer

Mumbai, April 22, 2015

P. R. Barpande
Director
Satish Moorjani
Chief Executive Officer
Payal Vyas
Company Secretary

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2015

Particulars	Notes	(₹ In Lakhs)	
		Year ended March 31, 2015	Year ended March 31, 2014
Revenue from operations.....	2.18	16,521.01	13,568.60
Other income.....	2.19	596.93	420.77
Total Revenue		17,117.94	13,989.37
Expenditure			
Employee benefits expense.....	2.20	10,675.10	8,950.61
Finance costs.....	2.21	29.89	125.16
Depreciation.....	2.10	433.83	318.36
Other expenses.....	2.22	3,442.05	3,056.43
Total Expenditure		14,580.87	12,450.56
Profit before tax		2,537.07	1,538.81
Tax expense.....			
– Current tax.....		985.00	485.00
– Deferred tax.....	2.12	(145.81)	52.33
		839.19	537.33
Profit for the year		1,697.88	1,001.48
Earnings per equity share (Nominal Value of equity share ₹100/- per Share).....			
Basic and Diluted.....	2.32	89.13	52.57
SIGNIFICANT ACCOUNTING POLICIES.....	1		
See accompanying notes forming part of the financial statements			

In terms of our report attached
For **Deloitte Haskins & Sells LLP**
Chartered Accountants

Sunil S Kothari
Partner

Pune, April 22, 2015

For and on behalf of the Board

Ulhas N. Yargop

Director

K. Chandrasekar

Director

Nikhilesh Panchal

Director

Harsh Vaish

Chief Financial Officer

Mumbai, April 22, 2015

P. R. Barpande

Director

Satish Moorjani

Chief Executive Officer

Payal Vyas

Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2015

Particulars	(₹ In Lakhs)	
	Year ended March 31, 2015	Year ended March 31, 2014
A Cash flow from operating activities		
Profit before tax	2,537.07	1,538.81
Adjustments for:		
Depreciation	433.83	318.36
Unrealised exchange (gain)/loss	2.17	163.25
Finance costs	29.89	125.16
Interest income	(230.66)	(94.42)
Dividend from non-current investments	(0.15)	(0.15)
(Profit)/loss on scrap/sale of fixed assets (net)	11.76	(2.42)
Provision for losses (diminution in value of investments) in subsidiary companies	125.37	–
Trade receivables written off	–	296.00
	372.21	805.78
Operating profit before working capital changes	2,909.28	2,344.59
Changes in working capital:		
Adjustments for (increase)/decrease in operating assets:		
Trade receivables	2,292.10	(179.06)
Short-term loans and advances	94.13	(79.25)
Other current assets	225.24	(246.26)
Long-term loans and advances	(2.27)	(4.76)
	2,609.20	(509.33)
Adjustments for increase/(decrease) in operating liabilities:		
Trade payables	(293.63)	(257.39)
Other current liabilities	(4.25)	191.80
	(297.88)	(65.59)
Cash flow from operations		
Direct tax (paid)/refunded (net)	(927.01)	34.32
Net cash flow from operating activities	4,293.59	1,803.99
B Cash flow from investing activities:		
Purchase of fixed assets	(199.03)	(301.28)
Proceeds from sale of fixed assets	7.30	51.80
Fixed deposits with bank (net)	(2,181.38)	(0.05)
Dividend from current investments	0.15	0.15
Interest received	133.97	93.57
Net cash used in investing activities	(2,238.99)	(155.81)

Particulars	(₹ In Lakhs)	
	Year ended March 31, 2015	Year ended March 31, 2014
C Cash flow from financing activities:		
Finance costs paid	(32.10)	(122.95)
Repayment of finance lease.....	(28.79)	(27.49)
Decrease in cash credit from banks.....	(373.92)	(459.74)
Repayment of loan	(180.75)	(372.47)
Net cash used in financing activities	(615.56)	(982.65)
Net increase/(decrease) in cash and cash equivalents (A+B+C)	1,439.04	665.53
Cash and cash equivalents at the commencement of the year, comprising:		
Cheques on hand.....	16.84	1.69
Balances with banks (with maturity less than 3 months)	881.75	70.06
Funds in transit.....	-	161.31
	898.59	233.06
Cash and cash equivalents at the end of the year, comprising:		
Cheques on hand.....	-	16.84
Balances with banks (with maturity less than 3 months)	2,320.63	881.75
Funds in transit	17.00	-
	2,337.63	898.59
Net increase/(decrease) in cash and cash equivalents (A+B+C)	1,439.04	665.53

In terms of our report attached
For **Deloitte Haskins & Sells LLP**
Chartered Accountants

Sunil S Kothari
Partner

Pune, April 22, 2015

For and on behalf of the Board

Ulhas N. Yargop

Director

K. Chandrasekar

Director

Nikhilesh Panchal

Director

Harsh Vaish

Chief Financial Officer

Mumbai, April 22, 2015

P. R. Barpande

Director

Satish Moorjani

Chief Executive Officer

Payal Vyas

Company Secretary

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2015 AND FOR THE YEAR ENDED ON THAT DATE

1. Significant accounting policies:

Basis for preparation of accounts:

The financial statements have been prepared under the historical cost convention on an accrual basis and are in accordance with the requirements of the Companies Act, 2013, and comply with the Accounting Standards (AS) specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014, as applicable.

Use of estimates:

The preparation of financial statements in conformity with the generally accepted accounting principles require the management to make estimates and assumptions to be considered in the reported amounts of assets and liabilities (including contingent liabilities) on the date of the financial statements and the reported amounts of revenues and expenses during the year. The management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Further results could differ due to these estimates and differences between the actual results and the estimates are recognised in the period in which the results are known/materialise.

Revenue recognition:

Revenue from software services performed on 'time and material' basis is recognised as and when services are performed.

Revenues from fixed price contracts are recognized over the life of the contract using the proportionate completion method, with man hours input determining the degree of completion. The estimation of man hours required to complete the project requires significant judgment. When adjustments in estimated project man hours are identified, anticipated losses, if any, are recognized in the period in which they are determined.

Fixed assets - Tangible:

All fixed assets are stated at cost less depreciation. Costs comprise purchase price and any attributable costs of bringing the asset to its working condition for its intended use.

Depreciation on fixed assets:

Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013.

	Previous Useful life	Revised useful life
A Owned assets		
Leasehold improvement*	5 years	5 years
Furniture and fittings	15 years	10 years
Office equipment	20 years	5 years
Office equipment -mobile handset*	3 years	3 years
Computer and equipment		
IT equipment -server	6 years	6 years
IT equipment – non server	6 years	3 years
Vehicles	10 years	8 years
B Assets under finance lease		
Computer and equipment		
IT equipment – non server	6 years	3 years
Furniture and fittings*	5 years	5 years
Office equipment*	5 years	5 years

* For these class of assets, based on internal assessment the management believes that the useful lives as given above best represent the period over which management expects to use these assets. Hence the useful life for these assets is different from the useful lives as prescribed under Part C of Scheduled II of the companies Act 2013.

Investments:

Investments are valued at cost. Provision for diminution in the value is made to recognise a decline, other than temporary, in the value of the investments.

Borrowing costs:

Borrowing costs that are attributable to acquisition or construction of the qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use or sale. All other borrowing costs are charged to revenue.

Employee benefits:

- Short term employee benefits are recognised as an expense at the undiscounted amount in the statement of Profit and Loss for of the year in which the related service is rendered.

2. Long term benefits:

a. Defined contribution plan

i. Provident and family pension fund

The eligible employees of the Company are entitled to receive post employment benefits in respect of provident and family pension fund, in which both employees and the Company make monthly contribution at a specified percentage of the employees' eligible salary (currently 12% of employees' eligible salary). The contributions are made to Regional Provident Fund Commissioner. Provident fund and family pension fund are classified as defined contribution plans as the Company has no further obligations beyond making the contribution.

ii. Superannuation

The eligible employees of the Company are entitled to receive post employment benefits in respect of superannuation fund in which the Company makes yearly contribution at a specified percentage of the employees' eligible salary (currently 13% of employees' eligible salary). The contributions are made to the Life Insurance Corporation of India. Superannuation is classified as defined contribution plan as the Company has no further obligations beyond making the contribution.

The Company's contributions to defined contribution plans are charged to the Statement of Profit and Loss as incurred.

b. Defined benefit plan – Gratuity

The Company has obligation towards gratuity, a defined benefit retirement plan, covering eligible employees. The plan provides a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service or part thereof in excess of six months. Vesting occurs upon completion of five years of service. The Company accounts for gratuity benefits payable in future based on an independent actuarial valuation carried out as at the year end. Actuarial gain or loss is recognised in the statement of Profit and Loss.

c. Other long term benefits – Compensated absences

The Company provides for the encashment of leave or leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits for future encashment/availment. The liability is provided based on the number of days of unutilised leave at each Balance Sheet date on the basis of an independent actuarial valuation carried out as at the year end. Actuarial gain or loss is recognised in the statement of Profit and Loss.

Foreign currency transactions:

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of transaction. Monetary items denominated in foreign currencies are revalued at the exchange rate prevailing as at the year end. The exchange differences arising out of settlement or on conversion at the closing rate are recognised in the Statement of Profit and Loss.

Income taxes:

Tax expense comprises of current tax and deferred tax. Current tax is measured at the amount expected to be paid to the tax authorities using the applicable tax rate. Deferred tax is recognised for timing differences between taxable income and accounting income that are capable of reversal in one or more subsequent years and are measured using enacted/substantially enacted tax rate. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. In situations where the Company has unabsorbed depreciation or carry forward tax losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

Minimum alternative tax credit:

Minimum alternative tax (MAT) credit is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2015 AND FOR THE YEAR ENDED ON THAT DATE (contd.)

normal tax during the specified period as per the Income-tax Act, 1961. In the year, in which MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in the guidance note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the Statement of Profit and Loss and shown as MAT credit entitlement. MAT credit is reviewed at each balance sheet date and the carrying amount of MAT credit is written down to the extent there is no longer convincing evidence to the effect that the Company will pay normal income tax during such specified period i.e. presently ten succeeding years from the year in which MAT credit becomes allowable.

Impairment of assets:

At each Balance Sheet date, the Company assesses whether there is any indication of impairment based on internal/external factors. If any of such indication exists impairment loss is provided to the extent the carrying amount of assets exceed their recoverable amount. Recoverable amount is the higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Net selling price is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the cost of disposal.

Provision and contingencies:

A provision is recognised when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation in respect of which reliable estimates can be made. Provisions are not discounted to their present values and are determined based on the management estimates of amount required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current management estimates. Contingent liabilities are disclosed in the notes.

Leases:

a. Operating lease:

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. Operating lease payments are recognised as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term.

b. Finance lease:

Lease arrangements whereby the company essentially assumes the same rights as ownership of the assets are classified as finance lease.

Assets taken under finance lease are capitalized at fair value or present value of the minimum lease payments, whichever is lower.

Depreciation on the assets taken under finance lease is charged at the rate applicable to similar type of the fixed assets as per the Company's accounting policy for depreciation as stated above.

Lease liability is recognized at present value of the minimum lease payment considering interest rate implicit in the lease.

Lease payments made are apportioned between the finance charges and reduction of the outstanding lease liabilities in respect of the assets taken under lease.

Cash flow statement:

Cash flows are reported using the indirect method, whereby profit for the year is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

Earnings per share:

Basic earnings per share is computed by dividing the profit for the year by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit for the year as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted

as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits/reverse share splits and bonus shares, as appropriate.

Segment reporting:

The Company identifies primary segments based on the dominant source, nature of risks and returns and the internal organisation and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit/loss amounts are evaluated regularly by the executive management in deciding how to allocate resources and in assessing performance.

2. Notes to the financial statements

2.1 Share Capital

Particulars	As at	
	March 31, 2015	March 31, 2014
	(₹ In Lakhs)	
Authorised:		
2,500,000 (previous year 2,500,000) Equity shares of ₹100/- each	2,500.00	2,500.00
Issued:		
1,924,130 (previous year 1,924,130) Equity shares of ₹100/- each	1,924.13	1,924.13
Subscribed and Paid-up (See footnotes):		
1,904,944 (previous year 1,904,944) Equity shares of ₹100/- each fully paid-up	1,904.94	1,904.94
	<u>1,904.94</u>	<u>1,904.94</u>

- All the above shares are held by Bristlecone Limited, Cayman Island, the holding company, including 36 equity shares held jointly with its nominees. The ultimate holding company is Mahindra & Mahindra Limited.
- The Company has only one class of shares i.e. equity shares having a par value of ₹100. Each holder of equity share is entitled to one vote per share held. In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive remaining assets after deducting all its liabilities, in proportion to the number of equity shares held.
- Details of shareholder holding more than 5% of paid-up capital:

Name of shareholder	As at March 31, 2015		As at March 31, 2014	
	No. of shares	% holding	No. of shares	% holding
Bristlecone Limited (including 36 Equity shares held jointly with its nominees)	1,904,944	100	1,904,944	100

2.2 Reserves and surplus

Particulars	As at	
	March 31, 2015	March 31, 2014
	(₹ In Lakhs)	
Capital Reserve		
As per last Balance Sheet	88.34	88.34
Surplus in the statement of Profit and Loss		
Opening Balance	3,824.85	2,823.37
Less: Depreciation on transition to Schedule II of the Companies Act, 2013 on tangible fixed assets with nil remaining useful life (Net of deferred tax) (Refer Note no. 2.34)	(60.80)	-

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2015 AND FOR THE YEAR ENDED ON THAT DATE (contd.)

Particulars	₹ In Lakhs	
	As at March 31, 2015	As at March 31, 2014
Add: Profit for the year transferred from statement of profit and loss	1,697.88	1,001.48
Closing Balance	5,461.93	3,824.85
	5,550.27	3,913.19

2.3 Long-term borrowings

Particulars	₹ In Lakhs	
	As at March 31, 2015	As at March 31, 2014
Long term maturities of finance lease obligations (Secured) [see footnotes 1 and 2]	21.27	50.13
	21.27	50.13

- (1) The Company has taken certain assets on finance lease. The lease obligation is secured by the assets acquired under the finance lease (see note 2.8).
- (2) The future minimum lease payments and present value (PV) of future minimum lease payments at the interest rate implicit in the lease are as follow;

Particulars	₹ In Lakhs			
	Future minimum lease payments		PV of future minimum lease payments	
	As at March 31, 2015	As at March 31, 2014	As at March 31, 2015	As at March 31, 2014
Not later than one year	33.75	37.33	28.86	28.79
Later than one year but not later than five years	22.65	56.40	21.27	50.13
Later than five years	-	-	-	-
	56.40	93.73	50.13	78.92

- (3) Term loan from bank is secured by exclusive charge by way of hypothecation of movable assets funded by the term loan and pari-passu charge with the other banks [see note 2.6 (2)], by way of first hypothecation, on entire movable fixed assets of the company except vehicles funded by term loan from financial institution and leased assets. Term loan from bank carries interest at 12% per annum and is repayable in 9 monthly installments (Originally repayable in 48 monthly installments starting from December 2013).

2.4 Other long term liabilities

Particulars	₹ In Lakhs	
	As at March 31, 2015	As at March 31, 2014
Payables on purchase of fixed assets	3.06	7.13
	3.06	7.13

2.5 Long-term provisions

Particulars	₹ In Lakhs	
	As at March 31, 2015	As at March 31, 2014
Provision for employee benefits		
– Gratuity [see note 2.25(2)(b)]	293.02	254.61
– Compensated absences	319.51	251.21
	612.53	505.82

2.6 Short-term borrowings

Particulars	₹ In Lakhs	
	As at March 31, 2015	As at March 31, 2014
Cash credit from banks (See footnotes)	-	373.92
	-	373.92

- (1) Cash credit from banks is repayable on demand.
- (2) Cash credit from banks are secured by charge *pari-passu* amongst banks by way of hypothecation of present and future book debts and movable fixed assets excluding assets referred in note 2.3 (3) and ranking.

2.7 Trade payables

Particulars	₹ In Lakhs	
	As at March 31, 2015	As at March 31, 2014
Trade payables	1,574.17	1,867.80
	1,574.17	1,867.80

There are no amounts due to suppliers covered under the Micro, Small and Medium Enterprises Development Act, 2006; this information takes into account only those suppliers who have responded to the enquiries made by the Company for this purpose.

2.8 Other current liabilities

Particulars	₹ In Lakhs	
	As at March 31, 2015	As at March 31, 2014
Current maturities of finance lease obligations [See note 2.3 (2)]	28.86	28.79
Current maturities of term loans from banks [See note 2.3 (3)]	-	180.75
Interest accrued but not due on borrowings	-	2.21
Income received in advance [see notes 2.26 (2) (b)]	75.37	38.06
Statutory remittances (Contributions to PF, Withholding Taxes, Service Tax etc.)	71.94	174.65
Payables on purchase of fixed assets	5.15	5.98
Security deposit received	-	24.00
Other payables	-	74.29
	181.32	528.73

2.9 Short term provisions

Particulars	₹ In Lakhs	
	As at March 31, 2015	As at March 31, 2014
Provision for employee benefits		
– Gratuity [see note 2.25(2)(b)]	94.38	74.17
– Compensated absences	135.80	103.28
Provision for fringe benefit tax (net of advance tax ₹ 35.93 Lakhs (As at 31st March, 2014 ₹ 35.93 Lakhs))	6.89	6.89
Provision for income-tax (net of advance tax ₹ 229.05 Lakhs (As at 31st March, 2014 ₹ 197.61 Lakhs))	99.85	66.52
	336.92	250.86

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2015 AND FOR THE YEAR ENDED ON THAT DATE (contd.)

2.10 Fixed Assets - Tangible

		(₹ In Lakhs)											
Description of assets	Original Cost				Depreciation					Net book value			
	Opening as at April 01, 2014	Additions during the year	Deductions/ Retirement during the year	Closing as at March 31, 2015	Opening as at April 01, 2014	For the year	Deductions during the year	Transition adjustment recorded against Surplus balance in Statement of Profit and Loss	As at March 31, 2015	As at March 31, 2015	Closing as at March 31, 2014		
A Owned assets													
Leasehold improvement	504.83 (599.04)	– (14.69)	– (108.90)	504.83 (504.83)	251.84 (269.23)	69.69 (91.51)	– (108.90)	– (–)	321.53 (251.84)	183.30		(252.99)	
Furniture and fittings	302.90 (303.03)	19.61 (7.81)	4.01 (7.94)	318.50 (302.90)	67.33 (53.33)	32.78 (17.61)	3.33 (3.61)	3.92 (–)	100.70 (67.33)	217.80		(235.57)	
Office equipment	273.72 (291.43)	3.88 (15.74)	0.63 (33.45)	276.97 (273.72)	59.03 (52.12)	43.90 (22.93)	0.37 (16.02)	46.59 (–)	149.15 (59.03)	127.82		(214.69)	
Computer and equipment	1,209.74 (1,082.08)	155.61 (226.15)	162.82 (98.49)	1,202.53 (1,209.74)	713.56 (642.58)	249.00 (146.75)	144.70 (75.77)	30.04 (–)	847.90 (713.56)	354.63		(496.18)	
Vehicles	77.26 (91.73)	15.03 (–)	– (14.47)	92.29 (77.26)	16.33 (17.98)	11.59 (7.92)	– (9.57)	– (–)	27.92 (16.33)	64.37		(60.93)	
B Assets under finance lease [See note 2.3 (1)]													
Computer equipment	29.46 (29.46)	– (–)	– (–)	29.46 (29.46)	16.40 (11.63)	– (4.77)	– (–)	11.56 (–)	27.96 (16.40)	1.50		(13.06)	
Furniture and fittings	90.97 (90.97)	– (–)	– (–)	90.97 (90.97)	43.29 (25.10)	18.19 (18.19)	– (–)	– (–)	61.48 (43.29)	29.49		(47.68)	
Office equipment	43.39 (43.39)	– (–)	– (–)	43.39 (43.39)	20.66 (11.98)	8.68 (8.68)	– (–)	– (–)	29.34 (20.66)	14.05		(22.73)	
TOTAL	2,532.27	194.13	167.46	2,558.94	1,188.44	433.83	148.40	92.11	1,565.98	992.96			
Previous year	(2,531.13)	(264.39)	(263.25)	(2,532.27)	(1,083.95)	(318.36)	(213.87)	(–)	(1,188.44)			(1,343.83)	

Figures in bracket pertain to previous year

2.11 Non-current investments

Particulars	(₹ In Lakhs)	
	As at March 31, 2015	As at March 31, 2014
Other than trade at cost (Unquoted)		
Investments in equity instruments (fully paid up)		
(a) 1,670,000 (previous year 1,670,000) shares of face value of SGD 1/- each of Bristlecone (Singapore) Pte. Ltd. (wholly owned subsidiary)[see footnote 1]	501.47	501.47
Less: Provision for diminution in value of investment	(125.37)	–
	<u>376.10</u>	501.47
(b) 1 (previous year 1) Share of face value of Euro 50,000/- of Bristlecone GmbH (wholly owned subsidiary)[see footnote 2]	277.04	277.04
	<u>653.14</u>	778.51
(c) 4,000 (previous year 4,000) Equity shares of ₹ 25/- each of The Zoroastrian Co-operative Bank Ltd.	1.00	1.00
	<u>654.14</u>	779.51

(1) The Company has investment of SGD 1,670,000 (₹ 501.47 Lakhs) in Bristlecone (Singapore) Pte. Ltd, a wholly owned subsidiary company. The accumulated losses, as at March 31, 2015, of the subsidiary on the basis of audited financial statements for the year ended March 31, 2015 is SGD 1,620,675 (previous year SGD 1,548,029).

Due to the continuous losses incurred by Bristlecone (Singapore) Pte. Ltd. and the expected volume in pipeline, the management of the Company believes that there is a permanent diminution in the value of the investment in subsidiary.

Accordingly, the Company has made a provision amounting to ₹ 125.37 Lakhs (i.e. 25% of the value of the investment) and carrying the investment in the subsidiary at 75% of the investment as on 31st March, 2015.

(2) Includes ₹ 248.54 Lakhs (previous year ₹ 248.54 Lakhs) invested towards capital reserve of the company in accordance with German Commercial Code.

2.12 Deferred tax assets

The components of deferred tax liabilities and assets are as follows:

Particulars	(₹ In Lakhs)		
	Deferred tax asset/(liability) as at March 31, 2014	(Charge)/credit for the year*	Deferred tax asset/(liability) as at March 31, 2015
Deferred tax liabilities:			
– Depreciation	(52.15)	81.89	29.74
Deferred tax assets:			
– Provision for doubtful Trade receivables	1.30	–	1.30
– Expenses covered under section 43B	210.28	76.16	286.44
– Expenses disallowed under section 40 (a) (ia)	107.97	19.07	127.04
	<u>319.55</u>	<u>95.23</u>	<u>414.78</u>
	<u>267.40</u>	<u>177.12</u>	<u>444.52</u>

* Deferred Tax impact of depreciation on transition to Schedule II of the Companies Act, 2013 on tangible fixed assets with nil remaining useful life of ₹ 31.31 lakhs adjusted against the opening surplus balance in the Statement of Profit and Loss. (Refer Note no. 2.34)

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2015 AND FOR THE YEAR ENDED ON THAT DATE (contd.)

2.13 Long-term loans and advances

(unsecured considered good, unless stated otherwise)

Particulars	₹ In Lakhs	
	As at March 31, 2015	As at March 31, 2014
Security deposits		
– for rented premises	184.62	179.64
– for others	1.57	4.28
Advance tax (net of provision ₹ 1,871.68 Lakhs (As at 31st March, 2014 ₹ 988.60 Lakhs))	318.50	343.16
Fringe benefit tax paid	11.42	11.42
	<u>516.11</u>	<u>538.50</u>

2.14 Trade Receivables (unsecured, unless stated otherwise)

Particulars	₹ In Lakhs	
	As at March 31, 2015	As at March 31, 2014
Trade receivable outstanding for a period exceeding six months from the date they were due for payment		
Considered good	35.08	15.84
Considered doubtful	3.81	3.81
	<u>38.89</u>	<u>19.65</u>
Less: Provision for doubtful Trade receivables	(3.81)	(3.81)
	<u>35.08</u>	<u>15.84</u>
Others (considered good)	2,288.08	4,601.59
	<u>2,323.16</u>	<u>4,617.43</u>

See note 2.26(2)(b) for 'Trade receivables' from related parties.

2.15 Cash and cash equivalents

Particulars	₹ In Lakhs	
	As at March 31, 2015	As at March 31, 2014
Cash and cash equivalents		
– Cheques on hand	–	16.84
– Balances with banks		
– In current accounts	494.14	75.65
– In other deposit accounts		
– original maturity of 3 months or less	1,826.49	806.10
	<u>2,320.63</u>	<u>881.75</u>
Other bank balances		
– In other deposit accounts		
– original maturity more than 3 months	2,181.43	0.05
Remittance in transit	17.00	–
	<u>4,519.06</u>	<u>898.64</u>

2.16 Short-term loans and advances

(unsecured considered good, unless stated otherwise)

Particulars	₹ In Lakhs	
	As at March 31, 2015	As at March 31, 2014
Security deposits for rented premises	12.50	18.70
Prepaid expenses	44.00	124.98
Balance with Central Excise (Service tax credit)	21.66	77.81
Travel advances to employees	59.71	46.12

Particulars	₹ In Lakhs	
	As at March 31, 2015	As at March 31, 2014
Claims receivable	132.41	56.64
Other advances	21.20	61.36
	<u>291.48</u>	<u>385.61</u>

2.17 Other current assets

Particulars	₹ In Lakhs	
	As at March 31, 2015	As at March 31, 2014
Unbilled revenue [see note 2.26(2)(b)]	345.51	570.75
Interest accrued on fixed deposit	97.54	0.85
	<u>443.05</u>	<u>571.60</u>

2.18 Revenue from operations

Particulars	₹ In Lakhs	
	Year ended March 31, 2015	Year ended March 31, 2014
Sale of services	16,505.48	13,549.61
Other operating revenue (Towards usage of IT & mobile)	15.53	18.99
	<u>16,521.01</u>	<u>13,568.60</u>

2.19 Other income

Particulars	₹ In Lakhs	
	Year ended March 31, 2015	Year ended March 31, 2014
Dividend income from long-term investment	0.15	0.15
Interest income		
– Deposits with a bank	198.51	16.34
– Income tax refund	32.15	78.08
Net gain on foreign currency transactions and translation (other than considered as finance cost)	–	273.46
Profit on write off/sale of fixed assets (net)	–	2.42
Liabilities/provisions no longer required written back	366.12	50.32
	<u>596.93</u>	<u>420.77</u>

2.20 Employee benefits expense

Particulars	₹ In Lakhs	
	Year ended March 31, 2015	Year ended March 31, 2014
Salaries, bonus, etc.	10,150.65	8,515.44
Contribution to provident and other funds	314.81	268.28
Gratuity [see note 2.25(2)(c)]	93.70	70.40
Staff welfare	115.94	96.49
	<u>10,675.10</u>	<u>8,950.61</u>

2.21 Finance costs

Particulars	₹ In Lakhs	
	Year ended March 31, 2015	Year ended March 31, 2014
Interest on		
– Cash credit from banks	7.82	43.60
– Term loans	9.20	59.70
– Finance leases	8.99	12.23
Others		

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2015 AND FOR THE YEAR ENDED ON THAT DATE (contd.)

Particulars	(₹ In Lakhs)		Particulars	(₹ Lakhs)	
	Year ended March 31, 2015	Year ended March 31, 2014		Year ended March 31, 2015	Year ended March 31, 2014
– Interest on delayed payment of income tax	3.88	9.63	Later than five years	–	–
	<u>29.89</u>	<u>125.16</u>		<u>163.93</u>	<u>436.34</u>
2.22 Other expenses			(2) During the year the Company has given a part of its leased premises on sub-lease. The rent received on account of sub-lease is ₹ 70.77 Lakhs (previous year ₹ 23.94 Lakhs).		
Particulars	(₹ In Lakhs)		2.24 Contingent liabilities to the extent not provided for	(₹ Lakhs)	
Particulars	Year ended March 31, 2015	Year ended March 31, 2014	Particulars	Year ended March 31, 2015	Year ended March 31, 2014
Power	90.62	97.58	Income tax matters	255.86	216.88
Rent [net of recovery ₹ 70.77 lakhs (Previous year: ₹ 23.94 lakh)]	352.20	408.66	Note: As on 31st March, 2015 the company's management does not expect any outflow in respect of these pending litigations related to direct tax matters stated above based on the legal advice obtained.		
Rates and taxes	1.40	3.23	2.25 The disclosures as required under Accounting Standard 15 on "Employee Benefits"		
Communication expenses	227.16	242.04	(1) Defined Contribution Plan		
Travelling and conveyance	849.88	675.07	Contribution for the year to Defined Contribution Plan is recognised in the Statement of Profit and Loss included under employee benefits expense note 2.20. Contribution to provident and other funds as disclosed in note 2.20 are as under:		
Recruitment expenses	170.73	110.92			
Repairs and maintenance – computer and office equipment	26.37	49.78			
Repairs and maintenance – Others	24.47	21.96			
Insurance	4.77	4.79			
Legal and professional fees (Including audit fees; see note 2.31)	897.15	732.73			
Business promotion expenses	–	23.88			
Software expenses	193.25	151.20			
Training expenses	81.90	59.93			
Bad debts written off (See note below)	–	75.62			
Commission on sales	39.42	53.49			
Loss on write off/sale of fixed assets (net)	11.76	–			
Provision for losses (diminution in value of investments) in subsidiary companies	125.37	–			
Expenditure on Corporate Social Responsibility	20.50	16.93			
Net loss on foreign currency transactions and translation (other than considered as finance cost)	67.67	–			
Miscellaneous expenses	257.43	328.62			
	<u>3,442.05</u>	<u>3,056.43</u>			
2.22 (a) Bad debts written off					
Particulars	(₹ In Lakhs)		Particulars	(₹ In Lakhs)	
Particulars	Year ended March 31, 2015	Year ended March 31, 2014	Particulars	Year ended March 31, 2015	Year ended March 31, 2014
Bad debts written off	–	296.00	Present value of Defined Benefit Obligation (DBO) as at the beginning of the year	328.78	330.70
Add/(Less):-			Current service cost	78.74	79.27
Provision for the doubtful debts	–	(220.38)	Interest cost	31.44	28.44
	<u>–</u>	<u>75.62</u>	Actuarial loss/(gain)	(16.48)	(37.31)
			Benefits paid	(35.08)	(72.32)
2.23 Operating Lease			Present value of Defined benefit obligation as at the end of the year	<u>387.40</u>	<u>328.78</u>
(1) The Company has taken office premises/guest houses on operating lease. The lease term is on the basis of individual agreements entered into with the landlord. Certain agreements provide for increase in rent. There are no restrictions imposed by lease arrangements. The lease rental expense recognised in the statement of profit and loss for the year ₹ 352.20 Lakhs (previous year ₹ 408.66 Lakhs).			(b) Break up of closing defined benefit obligation into current and non-current.		
The future minimum lease payments under non-cancellable operating leases for each of the following periods:					
Particulars	(₹ Lakhs)		Particulars	(₹ In Lakhs)	
Particulars	Year ended March 31, 2015	Year ended March 31, 2014	Particulars	Year ended March 31, 2015	Year ended March 31, 2014
Not later than one year	163.93	266.39	Current	94.38	74.17
Later than one year but not later than five years	–	169.95	Non-current	293.02	254.61

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2015 AND FOR THE YEAR ENDED ON THAT DATE (contd.)

(c) Expenses recognised during the year in the Statement of Profit and Loss.

Particulars	Year ended	
	March 31, 2015	Year ended March 31, 2014
Current service cost	78.74	79.27
Interest cost	31.44	28.44
Actuarial loss/(gain)	(16.48)	(37.31)
Gratuity expense recognised in the statement of profit and loss [see note (2.20)]	93.70	70.40

(d) Assumptions:

Particulars	Year ended	
	March 31, 2015	Year ended March 31, 2014
Discount rate	7.95%	8.70%
Salary escalation rate	7.00%	8.00%

The discount rate is based on the prevailing market yields of the Indian Government securities as at the balance sheet date for the estimated term of the obligations.

The estimates of future increase in salary considered in actuarial valuation takes into account inflation, seniority, promotion and other relevant factors.

(e) Net liability recognised in the Balance Sheet and experience adjustments as at/for the year end and as at/for the previous four years end.

Particulars	Gratuity (Unfunded)				
	As at March 31, 2011	As at March 31, 2012	As at March 31, 2013	As at March 31, 2014	As at March 31, 2015
Present value of defined benefit obligation	282.83	261.25	330.70	328.78	387.40
Experience adjustment arising on:					
Plan liabilities [loss/(gain)]	(7.03)	(49.93)	0.07	(24.28)	(12.00)

(f) The above information has been certified by the actuary.

2.26 Related party disclosures

(1) List of Related parties and relationships

Name of the Related Party and Nature of Relationship

(a) Holding company and ultimate holding company

Bristlecone Limited (Holding company)

Mahindra and Mahindra Limited (Ultimate Holding company)

(b) Subsidiary companies

Bristlecone (Singapore) Pte. Ltd.

Bristlecone GmbH

(c) Fellow subsidiaries (where there are transactions)

Bristlecone Inc.

Bristlecone UK Limited

Bristlecone (Malaysia) Sdn. Bhd..

Bristlecone International AG

Bristlecone Consulting Limited

Mahindra First Choice Services Limited

Mahindra Life Space Developers Limited

Mahindra Trucks and Buses Limited

Mahindra Retail Private Limited

Mahindra Shubhlabh Services Limited

Mahindra USA Inc.

Mahindra Two Wheelers Limited

Mahindra Integrated Business Solutions Limited

Mahindra and Mahindra Financial Services Limited

Mahindra Holidays and Resorts India Limited

Mahindra Vehicles Manufacturers Limited

Mahindra Logistics Limited

Mahindra Aerostructures Private Limited

(d) Key Managerial Personnel

Satish Moorjani – Chief Executive Officer

Harsh Vaish – Chief Financial Officer

Payal Vyas – Company Secretary

(2) Related Party Transactions and Balances

Particulars	Year ended			
	Ultimate Holding Company	Subsidiary Companies	Fellow Subsidiary Companies	Holding Company
(a) Transactions with related parties				
Reimbursement of expenses paid	21.60	–	–	–
	(11.85)	(–)	(28.99)	(–)
Reimbursement of expenses received	9.20	23.68	581.25	–
	(6.63)	(29.69)	(500.89)	(–)
Income from services rendered	3,451.56	3,257.21	7,271.74	–
	(2,903.92)	(2,409.61)	(5,854.42)	(–)
Business promotion expenses	–	–	–	–
	(–)	(23.88)	(–)	(–)
Interest on loans	–	–	–	–
	(–)	(–)	(1.79)	(–)
Loan repaid	–	–	–	–
	(–)	(–)	(21.21)	(–)
Professional fees	–	–	12.51	–
	(–)	(–)	(10.43)	(–)
Other expenses	–	–	7.79	–
	(1.25)	(45.89)	(0.20)	(–)
(b) Related party balances as at the year end				
Debit/(Credit) balances (net) outstanding as at the year end.	133.75	332.51	1,505.66	–
	(172.71)	(1,077.23)	(2,858.45)	(–)
Provision for doubtful trade receivables as at the year end.	3.81	–	–	–
	(3.81)	(–)	(–)	(–)
Unbilled Revenues as at the year end.	45.87	–	8.34	–
	(–)	(234.97)	(–)	(–)
Income received in advance	55.00	–	–	–
	(31.54)	(–)	(2.22)	(–)

[Figures in brackets "()" pertain to the previous year]

(c) Transactions with Key managerial Personnel

Particulars	Year ended	
	March 31, 2015	March 31, 2014
Salaries, bonus, etc.	132.56	–

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2015 AND FOR THE YEAR ENDED ON THAT DATE (contd.)

- (3) Out of the above items, transactions with subsidiary companies and fellow subsidiary companies in excess of 10% of total related party transactions are as under:

Transactions	(₹ in Lakhs)	
	For the year ended March 31, 2015	For the year ended March 31, 2014
Reimbursement of expenses paid:-		
<i>Fellow Subsidiary Companies</i>		
Bristlecone Inc.	-	28.99
Reimbursement of expenses received:-		
<i>Fellow Subsidiary Companies</i>		
Bristlecone Inc.	433.75	233.43
Bristlecone International AG	104.18	213.96
Income from services rendered:-		
<i>Subsidiary companies</i>		
Bristlecone GmbH	3,220.15	2,325.86
<i>Fellow Subsidiary companies</i>		
Bristlecone Inc.	4,889.14	3,515.69
Bristlecone (Malaysia) Sdn.Bhd.	1,546.00	1,125.31
Professional fees		
<i>Fellow Subsidiary company</i>		
Mahindra Integrated Business Solutions Limited	12.51	10.43
Other expenses		
<i>Fellow Subsidiary company</i>		
Mahindra Holidays and Resorts India Limited	7.79	0.20
Business promotion expenses:-		
<i>Subsidiary Companies</i>		
Bristlecone (Singapore) Pte. Limited	-	23.88
Loan repaid		
<i>Fellow subsidiary</i>		
Mahindra and Mahindra Financial Services Limited	-	21.21
Interest on loans		
<i>Fellow Subsidiary</i>		
Mahindra and Mahindra Financial Services Limited	-	1.79

2.27 Segment Reporting:

(1) Primary Segment: Business Segment

The Company's business activity falls within a single business segment viz. 'Information Technology Services'. All other activities of the company revolve around its main business. Hence, there are no separate reportable primary segments as defined by Accounting Standard 17 on "Segment Reporting".

(2) Secondary Segment: Geographical Segment

The Company has identified two segments under this category based on geographical locations of customers.

Particulars	(₹ in Lakhs)		
	Domestic	Overseas	Total
Revenue attributable to location of customers	6,117.39	10,403.62	16,521.01
(i.e. income from services and sale of computer hardware/software)	(5,276.08)	(8,292.52)	(13,568.60)
Assets - Trade receivables	516.83	1,806.33	2,323.16
	(548.51)	(4,068.92)	(4,617.43)
Assets - Unbilled revenues	345.51	-	345.51
	(317.64)	(253.11)	(570.75)
Capital Expenditure	194.13	-	194.13
	(264.39)	(-)	(264.39)

Notes:

- (a) The Company's operating facilities are located in India. Most of the assets are not identifiable separately to any reportable segment as these are used interchangeably between the segments.

- (b) Figures for the previous year are given in bracket.

2.28(a) Details of Derivative Instruments (for hedging): None

2.28(b) The year end foreign currency exposures that have not been specifically hedged by a derivative instrument or otherwise are given below:

Sr. No.	Particulars	As at March 31, 2015 ₹ In Lakhs	As at March 31, 2015 In Foreign Currency	As at March 31, 2014 ₹ In Lakhs	As at March 31, 2014 In Foreign Currency
		(a) Amounts receivable in foreign currency on account of the following:			
	Unbilled Revenues	Nil	EUR – Nil	228.13	EUR – 276,592
		Nil	USD – Nil	24.98	USD – 41,634
	Debtors	1,307.02	USD – 2,087,553	2,237.07	USD – 3,735,910
		176.61	MYR – 1,047,349	761.91	MYR – 4,147,981
		1.82	SGD – 4,000	20.69	SGD – 43,501
		320.88	EUR – 474,368	1,049.25	EUR – 1,272,123
(b) Amounts payable in foreign currency on account of the following:					
	Creditors	Nil	USD – Nil	37.36	USD – 62,397
		Nil	SGD – Nil	23.79	SGD – 50,000

2.29 Expenditure in foreign currency (on accrual basis):

Sr. No.	Particulars	(₹ In Lakhs)	
		Year ended March 31, 2015	Year ended March 31, 2014
(i)	Travelling	212.80	183.70
(ii)	Business promotion expenses	-	23.88
(iii)	Software purchase expenses	99.89	90.30
(iv)	Subcontracting expenses	65.38	21.01

2.30 Earning in foreign currency:

Particulars	(₹ In Lakhs)	
	Year ended March 31, 2015	Year ended March 31, 2014
Professional and consultancy fees in respect of services rendered (including unbilled revenue)	10,403.62	8,292.52

2.31 Remuneration to auditors (excluding service tax):

Particulars	(₹ In Lakhs)	
	Year ended March 31, 2015	Year ended March 31, 2014
As statutory auditors	10.50	9.00
For taxation matter	10.50	7.75
For other services	-	1.00
For reimbursement of expenses	0.12	0.10
	21.12	17.85

2.32 Earnings per share:

Sr. No.	Particulars	(₹ In Lakhs)	
		Year ended March 31, 2015	Year ended March 31, 2014
(i)	Profit for the year (₹ In Lakhs)	1,697.88	1,001.48
(ii)	Weighted average number of Equity Shares (for Basic and Diluted)	1,904,944	1,904,944
(iii)	Nominal value per equity share (₹)	100	100
(iv)	Earnings Per Share in (₹) [Basic and Diluted]	89.13	52.57

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2015 AND FOR THE YEAR ENDED ON THAT DATE (contd.)

2.33 Capital Commitments as at 31st March, 2015 ₹ Nil (Previous Year ₹ Nil).

2.34 During the year, pursuant to the notification of Schedule II to the Companies Act, 2013 with effect from April 1, 2014, the Company has revised the estimated useful life of some of its assets to align the useful life with those specified in Schedule II.

Asset	Previous Useful life	Revised useful life
A Owned assets		
Leasehold improvement	5 years	5 years
Furniture and fittings	15 years	10 years
Office equipment	20 years	5 years
Office equipment -mobile handset	3 years	3 years
Computer and equipment		
IT equipment – server	6 years	6 years
IT equipment – non server	6 years	3 years
Vehicles	10 years	8 years

Asset	Previous Useful life	Revised useful life
B Assets under finance lease		
Computer and equipment		
IT equipment – non server	6 years	3 years
Furniture and fittings	5 years	5 years
Office equipment	5 years	5 years

Pursuant to the transition provisions prescribed in Schedule II to the Companies Act, 2013, the Company has fully depreciated the carrying value of assets, net of residual value, where the remaining useful life of the asset was determined to be nil as on April 1, 2014, and has adjusted an amount of Rs. 60.80 lakhs (net of deferred tax of Rs. 31.31 lakhs) against the opening surplus balance in the Statement of Profit and Loss under Reserves and Surplus.

The depreciation expense in the Statement of Profit and Loss for the year is higher by Rs. 62.41 lakhs consequent to the change in the useful life of the assets.

2.35 Previous Year's figures have been regrouped/rearranged wherever necessary in order to confirm to current year's groupings and classifications.

For and on behalf of the Board

Ulhas N. Yargop

Director

K. Chandrasekar

Director

Nikhilesh Panchal

Director

Harsh Vaish

Chief Financial Officer

P. R. Barpande

Director

Satish Moorjani

Chief Executive Officer

Payal Vyas

Company Secretary

Mumbai, April 22, 2015

Form AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures**Part "A": Subsidiaries**

(Amount in Rs.)

Sr. No.	Particulars	Details	
		Bristlecone (Singapore) Pte Ltd	Bristlecone GmBH
1.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Year ended March 31, 2015	Year ended March 31, 2015
2.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	Reporting Currency: SGD Exchange Rate 1 SGD = 45.52 INR	Reporting Currency: EURO Exchange Rate 1 EURO = 67.66 INR
3.	Share capital	7,60,18,400	3,21,38,500
4.	Reserves & surplus	(7,37,73,126)	7,94,31,667
5.	Total assets	29,48,786	17,17,30,657
6.	Total Liabilities	29,48,786	17,17,30,657
7.	Investments	NIL	NIL
8.	Turnover	51,89,280	39,06,30,279
9.	Profit before taxation	(33,06,846)	5,19,11,299
10.	Provision for taxation	NIL	1,27,91,201
11.	Profit after taxation	(33,06,846)	3,91,20,099
12.	Proposed Dividend	NIL	NIL
13.	% of shareholding	100%	100%

- Names of subsidiaries which are yet to commence operations: **None**
- Names of subsidiaries which have been liquidated or sold during the year: **None**

Part "B": Associates and Joint Ventures: Not Applicable

Nil

Ulhas N. Yargop
Director

P. R. Barpande
Director

K. Chandrasekar
Director

Satish Moorjani
Chief Executive Officer

Nikhilesh Panchal
Director

Payal Vyas
Company Secretary

Harsh Vaish
Chief Financial Officer

Mumbai, April 22, 2015

REPORT OF THE DIRECTORS

The directors present their report together with the audited financial statements for the financial year ended 31st March 2015.

DIRECTORS

The directors of the Company in office at the date of this report are as follows:

Mr. Krishnadas Chillara
Mr. Lim Tiong Beng
Mr. Satish Moorjani

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTEREST IN SHARES OR DEBENTURES

(a) According to the register of director's shareholding, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	<u>Holdings registered in name of director or nominee</u>	
	<u>As at</u>	<u>As at</u>
	<u>31.3.2015</u>	<u>1.4.2014</u>
Ultimate holding corporation – Mahindra & Mahindra Ltd <u>(No. of ordinary shares of Indian rupee 5 each)</u> Krishnadas Chillara	13,402	11,159

(b) According to the register of director's shareholding, certain directors holding office at the end of the financial year had interest in options to subscribe for ordinary shares of the immediate or ultimate holding corporations.

	<u>Holdings registered in name of director or nominee</u>	
	<u>As at</u>	<u>As at</u>
	<u>31.3.2015</u>	<u>1.4.2014</u>
Ultimate holding corporation – Mahindra & Mahindra Ltd <u>(No. of options of Indian rupee 5 each)</u> Krishnadas Chillara	3,811	6,054
Penultimate holding corporation – Bristlecone Ltd., Cayman Islands <u>(No. of options of US\$0.001 each)</u> Satish Moorjani	87,500	80,000

DIRECTORS' CONTRACTUAL BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member or with a company in which he has a substantial financial interest, except that certain directors receive remuneration as a result of their employment with related corporations.

SHARE OPTIONS

No options were granted during the financial year to subscribe for unissued shares of the Company.

No shares were issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company.

There were no unissued shares of the Company under option at the end of the financial year.

INDEPENDENT AUDITOR

The independent auditor, Nexia TS Public Accounting Corporation, has expressed its willingness to accept re appointment.

On behalf of the Directors

Krishnadas Chillara **Satish Moorjani**
Director Director

Place: Mumbai
Date: 16th April, 2015

STATEMENT OF DIRECTORS

In the opinion of the directors,

- (a) the financial statements as set out herein are drawn up so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2015 and of the results of the business, changes in equity and cash flows of the Company for the financial year then ended; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

On Behalf of the Directors

Krishnadas Chillara	Satish Moorjani
Director	Director

Place : Mumbai

Date : 16th April, 2015

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF BRISTLECONE (SINGAPORE) PTE. LTD.

Report on the Financial Statements

We have audited the accompanying financial statements of Bristlecone (Singapore) Pte. Ltd. (the "Company") set out herein, which comprise the balance sheet as at 31st March, 2015, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial

statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2015, and of the results, changes in equity and cash flows of the Company for the financial year ended on that date.

Other matter

The financial statements of the Company for the financial year ended 31st March, 2014 were audited by another auditor who issued an unmodified opinion on those financial statements on 17th April, 2014.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Nexia TS Public Accounting Corporation
Public Accountants and
Chartered Accountants

Singapore
16 April, 2015

BALANCE SHEET AS AT 31ST MARCH, 2015

	Note	2015	2015	2014	2014
		\$	INR	\$	INR
ASSETS					
Current assets					
Cash and cash equivalents	4	60,078	27,34,751	1,32,696	60,40,322
Trade receivables	5	-	-	63,500	28,90,520
Other current assets	6	4,702	2,14,035	5,546	2,52,454
Total assets		64,780	29,48,786	2,01,742	91,83,296
LIABILITIES					
Current liabilities					
Trade and other payables	7	15,455	7,03,512	79,771	36,31,176
Total liabilities		15,455	7,03,512	79,771	36,31,176
NET ASSETS		49,325	22,45,274	1,21,971	55,52,120
EQUITY					
Share capital	8	16,70,000	7,60,18,400	16,70,000	7,60,18,400
Accumulated losses		(16,20,675)	(7,37,73,126)	(15,48,029)	(7,04,66,280)
		49,325	22,45,274	1,21,971	55,52,120

The accompanying notes form an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2015

	Note	2015	2015	2014	2014
		\$	INR	\$	INR
Revenue	9	1,14,000	51,89,280	2,47,950	1,12,86,684
Cost of sales		(96,237)	(43,80,708)	(2,23,336)	(1,01,66,255)
Gross profit		17,763	8,08,572	24,614	11,20,429
Other Income	10	1,953	88,901	71,125	32,37,610
Other gains/(losses)	11	23	1,047	(699)	(31,818)
Expenses					
- Selling and marketing		(57,955)	(26,38,112)	(7,093)	(3,22,873)
- Administrative expenses		(34,430)	(15,67,254)	(50,753)	(23,10,277)
(Loss)/Profit before income tax		(72,646)	(33,06,846)	37,194	16,93,071
Income tax expense	14	-	-	-	-
Total comprehensive (loss)/profit, representing net (loss)/profit		(72,646)	(33,06,846)	37,194	16,93,071

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2015

	Share capital		Accumulated losses		Total	
	\$	INR	\$	INR	\$	INR
2015						
Beginning of financial year	16,70,000	7,60,18,400	(15,48,029)	(7,04,66,280)	1,21,971	55,52,120
Total comprehensive loss for the financial year	–	–	(72,646)	(33,06,846)	(72,646)	(33,06,846)
End of financial year	16,70,000	7,60,18,400	(16,20,675)	(7,37,73,126)	49,325	22,45,274
2014						
Beginning of financial year.....	16,70,000	7,60,18,400	(15,85,223)	(7,21,59,351)	84,777	38,59,049
Total comprehensive profit for the financial year.....	–	–	37,194	16,93,071	37,194	16,93,071
End of financial year.....	16,70,000	7,60,18,400	(15,48,029)	(7,04,66,280)	1,21,971	55,52,120

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2015

	2015		2014	
	\$	INR	\$	INR
Cash flows from operating activities				
(Loss)/Profit before income tax.....	(72,646)	(33,06,846)	37,194	16,93,071
Adjustments for:				
Changes in working capital				
– Trade receivables.....	63,500	28,90,520	3,21,952	1,46,55,255
– Other current assets	844	38,419	465	21,167
– Trade and other payables	(64,316)	(29,27,664)	(3,68,576)	(1,67,77,580)
Net Cash used in operating activities	(72,618)	(33,05,571)	(8,965)	(4,08,087)
Net decrease in cash and cash equivalents	(72,618)	(33,05,571)	(8,965)	(4,08,087)
Cash and cash equivalents				
Beginning of financial year	1,32,696	60,40,322	1,41,661	64,48,409
End of financial year	60,078	27,34,751	1,32,696	60,40,322

The accompanying notes form an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS 31ST MARCH, 2015

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

These financial statements were authorised for issue in accordance with a resolution of the directors of Bristlecone (Singapore) Pte. Ltd. on 16 April 2015.

1. GENERAL INFORMATION

The Company is incorporated and domiciled in the Republic of Singapore. The registered office is at 3, Anson Road, #27-01, Springleaf Tower, Singapore 079909 and the principal place of business is at 3, Temasek Avenue, #21-00 Centennial Tower, Singapore 039190.

The principal activity of the Company is those of providing software related consulting services.

The Company's immediate holding corporation is Bristlecone India Limited., incorporated in India. The Company's penultimate holding corporation is Bristlecone Ltd., incorporated in Cayman Islands. The Company's ultimate holding corporation is Mahindra & Mahindra Limited, incorporated in India.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS") under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Company's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. There are no areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements.

Interpretations and amendments to published standards effective in 2014

On 1 April 2014, the Company adopted the new or amended FRS and Interpretations of FRS ("INT FRS") that are mandatory for application for the financial year. Changes to the Company's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

2.2 Trade and other receivables

Trade and other receivables are initially recognised at their fair values plus transaction costs and subsequently carried at amortised cost using the effective interest method, less accumulated impairment losses.

The Company assesses at each balance sheet date whether there is objective evidence that these financial assets are impaired and recognises an allowance for impairment when such evidence exists. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

These assets are presented as current assets except for those that are expected to be realised later than 12 months after the balance sheet date, which are presented as non-current assets.

2.3 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Company prior to the end of financial period which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

2.4 Revenue recognition

Sales comprise the fair value of the consideration received or receivable for the rendering of services in the ordinary course of the Company's activities. Sales are represented, net of goods and services tax, rebates and discounts.

The Company recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that the collectability of the related receivables is reasonably assured and when the specific criteria for each of the Company's activities are met as follows:

Rendering of services

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract. The stage of completion of the contract is determined as follows:

- installation fees are recognised by reference to the stage of completion of the installation, determined as the proportion of the total time expected to install that has elapsed at the end of reporting period;
- servicing fees are recognised by reference to the proportion of the total cost of providing the servicing;
- revenue from time and material contracts is recognised at the contractual rates as labour hours are delivered and direct expenses are incurred; and
- where the outcome of a contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

2.5 Employee compensation

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

(a) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Company pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Company has no further payment obligations once the contributions have been paid.

(b) Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

2.6 Leases

When the Company is the lessee – Operating lease

The Company lease office under operating leases from non-related party.

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease.

2.7 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of an asset or liability that affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences where the Company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

- (i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date; and
- (ii) based on the tax consequence that will follow from the manner in which the Company expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in profit or loss.

2.8 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand and deposits with financial institutions which are subject to an insignificant risk of change in value.

2.9 Provisions for other liabilities and charges

Provisions for other liabilities and charges are recognised when the Company has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

2.10 Currency translation

(a) Functional and presentation currency

The financial statements are presented in Singapore Dollars, which is the functional currency of the Company.

Amounts are translated for convenience into Indian Rupees at the exchange rate of INR45.52 = SGD1 which is the average of the telegraphic transfer buying and selling rates quoted by Mumbai Branch of State Bank of India on 31st March 2015. Comparative figures are also translated at this rate.

(b) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss.

All other foreign exchange gains and losses impacting profit or loss are presented in the income statement within "Other gains/(losses)".

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

2.11 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

2.12 Fair value estimation of financial assets and liabilities

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

3. Critical accounting estimates, assumptions and judgements

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

Impairment of loans and receivables

Management reviews its loans and receivables for objective evidence of impairment once every quarter. Significant financial difficulties of the debtor, the probability that the debtor will enter bankruptcy, and default or significant delay in payments are considered objective evidence that a receivable is impaired.

In determining this, management has made judgements as to whether there is observable data indicating that there has been a significant change in the payment ability of the debtor, or whether there have been significant changes with adverse effect in the technological, market, economic or legal environment in which the debtor operates in.

The carrying amounts of trade and other receivables of the balance sheet date are disclosed in Note 5.

4. CASH AND CASH EQUIVALENTS

	2015	2015	2014	2014
	\$	INR	\$	INR
Cash at bank	60,078	27,34,751	1,32,696	60,40,322

5. TRADE RECEIVABLES

	2015	2015	2014	2014
	\$	INR	\$	INR
Trade receivables				
– non-related parties	54,000	24,58,080	13,500	6,14,520
– immediate holding corporation	–	–	50,000	22,76,000
	54,000	24,58,080	63,500	28,90,520
Less: allowance for impairment (Note 16(b)(ii))	(54,000)	(24,58,080)	–	–
	–	–	63,500	28,90,520

6. OTHER CURRENT ASSETS

	2015	2015	2014	2014
	\$	INR	\$	INR
Deposits	3,196	1,45,482	3,728	1,69,699
Prepayments	1,506	68,553	318	14,475
Other	–	–	1,500	68,280
	4,702	2,14,035	5,546	2,52,454

7. TRADE AND OTHER PAYABLES

	2015	2015	2014	2014
	\$	INR	\$	INR
Trade payables				
– immediate holding corporation	4,000	1,82,080	43,500	19,80,120
– related corporation	–	–	1,963	89,356
	4,000	1,82,080	45,463	20,69,476
Non-trade payables				
– non-related parties	–	–	280	12,746
Accrued operating expenses	11,455	5,21,432	34,028	15,48,954
	15,455	7,03,512	79,771	36,31,176

8. SHARE CAPITAL

All issued ordinary shares are fully paid. There is no par value for this ordinary share.

The Company's share capital comprise fully paid-up 1,670,000 (2014: 1,670,000) ordinary shares with no par value, amounting to a total of \$1,670,000 (INR 7,60,18,400) (2014: \$1,670,000, INR 7,60,18,400).

Fully paid ordinary share carry one vote per share and carry a right to dividends as and when declared by the Company.

9. REVENUE

	2015	2015	2014	2014
	\$	INR	\$	INR
Rendering of service	1,14,000	51,89,280	2,47,950	1,12,86,684

10. OTHER INCOME

	2015	2015	2014	2014
	\$	INR	\$	INR
Reversal of allowance for impairment on trade receivables (Note 16(b)(i))	-	-	9,749	4,43,774
Marketing support fees	-	-	50,000	22,76,000
Other	1,953	88,901	11,376	5,17,836
	1,953	88,901	71,125	32,37,610

11. OTHER GAINS/(LOSSES), NET

	2015	2015	2014	2014
	\$	INR	\$	INR
Currency translation gains/(losses), net	23	1,047	(699)	(31,818)

12. EXPENSES BY NATURE

	2015	2015	2014	2014
	\$	INR	\$	INR
Expenses recognised in profit or loss include the following:				
Allowance for impairment on trade receivables (Note 16(b)(ii))	54,000	24,58,080	-	-
Bad debts written off	-	-	13,100	5,96,312
Employee compensation (Note 13)	98,237	44,71,748	2,24,832	1,02,34,353
Rental expense on operating lease	3,826	1,74,160	3,680	1,67,514
Professional and consulting fee	17,698	8,05,613	24,662	11,22,614

13. EMPLOYEE COMPENSATION

	2015	2015	2014	2014
	\$	INR	\$	INR
Salaries, bonus and allowances	96,237	43,80,708	2,22,832	1,01,43,313
Directors' fees	2,000	91,040	2,000	91,040
	98,237	44,71,748	2,24,832	1,02,34,353

14. INCOME TAX EXPENSE

The tax on the Company's (loss)/profit before tax differs from the theoretical amount that would arise using the Singapore standard rate of income tax is as follows:

	2015	2015	2014	2014
	\$	INR	\$	INR
(Loss)/profit before income tax	(72,646)	(33,06,846)	37,194	16,93,071
Tax calculated at a tax rate of 17% (2014: 17%)	(12,350)	(5,62,172)	6,323	2,87,823
Effects of:				
- Unrecognised deferred tax benefits	12,350	5,62,172	-	-
- Utilisation of deferred benefit previously not recognised	-	-	(6,323)	(2,87,823)
Tax charge	-	-	-	-

Deferred income tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The Company has unrecognised tax losses of approximately \$1,516,414 (INR 6,90,27,165) (2014: \$1,443,768) (2014: INR 6,57,20,319) at the reporting date which can be carried forward and used to offset against future taxable income subject to the agreement of the tax authorities and compliance with certain statutory requirements. The tax losses have no expiry date.

15. RELATED PARTY TRANSACTIONS

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Company and related parties at terms agreed between the parties:

(a) Sales and purchase of goods and services

	2015	2015	2014	2014
	\$	INR	\$	INR
<i>Holding corporation</i>				
Marketing support fees	-	-	(50,000)	(22,76,000)
Subcontracting fees	77,865	35,44,415	1,74,069	79,23,621
	77,865	35,44,415	1,24,069	56,47,621

Related parties comprise mainly companies which are controlled or significantly influenced by the Group's key management personnel and their close family members.

Outstanding balances as at 31 March 2015 and 2014, arising from sales and purchases of goods and services, are unsecured and receivable/payable within 12 months from balance sheet date and are disclosed in Notes 5 and 7 to the financial statements.

(b) Key management compensation

Except for the directors of the Company, there are no other key management personnel. Among the three directors, other than Mr Lim Tiong Beng (Note 13), remuneration for the two of them is paid by its holding corporation.

16. FINANCIAL RISK MANAGEMENT

The Company's activities expose it to market risk (including currency risk, price risk and interest rate risk), credit risk, liquidity risk and capital risk. The financial risk management is handled by the immediate holding corporation as part of the operations of the Group.

(a) Market risk**(i) Currency risk**

The Company's business operations is not exposed to significant foreign currency risks as it has no significant transactions denominated in foreign currencies.

(ii) Interest rate and price risks

The Company has insignificant financial assets or liabilities that are exposed to interest rate and price risks.

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The major class of financial assets of the Company is trade receivables. For trade receivables, the Company adopts the policy of dealing only with customers of appropriate credit history, and obtaining sufficient security where appropriate of mitigate credit risk.

(i) Financial assets that are past due but not impaired

There is no other class of financial assets that is past due and/or impaired except for trade receivables.

(ii) Financial assets that are past due and/or impaired

The carrying amount of trade receivables individually determined to be impaired and the movements in the related allowance for impairment are as follows:

	2015	2015	2014	2014
	\$	INR	\$	INR
Gross amount	54,000	24,58,080	9,749	4,43,774
Less: Allowance for impairment	(54,000)	(24,58,080)	(9,749)	(4,43,774)
	-	-	-	-
Beginning of financial year	-	-	9,749	4,43,774
Allowance/(reversal) of impairment (Note 10)	54,000	24,58,080	(9,749)	(4,43,774)
End of financial year (Note 5)	54,000	24,58,080	-	-

The impaired trade receivables arise from customer that management is of the opinion that payments are not forthcoming.

(c) Liquidity risk

The Company monitors and maintains a level of cash and bank balances deemed adequate by management to finance the Company's operations and to mitigate effects of fluctuations in cash flows.

All financial liabilities of the Company are current for the financial years ended 31 March 2015 and 2014.

(d) Capital risk

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Company may adjust the amount of dividend payout to shareholder or obtain borrowings.

The Company reviews its capital structure at least annually to ensure that the Company will be able to continue as a going concern. The capital structure of the Company comprises only of issued capital. The Company's overall strategy remains unchanged from 2014.

The Company is not subject to any externally imposed capital requirements for the financial years ended 31 March 2015 and 2014.

(e) Fair value measurement

The fair values of financial assets and liabilities approximate their carrying amounts.

(f) Financial instruments by category

The carrying amount of the different categories of financial instruments is as disclosed on the face of the balance sheet, except for the following:

	2015	2015	2014	2014
	\$	INR	\$	INR
Loans and receivables	63,274	28,80,232	2,01,424	91,68,820
Financial liabilities at amortised cost	15,455	7,03,512	79,771	36,31,176

17. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

Certain new standards, amendments and interpretations to existing standards that have been published and are mandatory for accounting periods beginning on or after 1 April 2015 or later periods and which the Company has not early adopted. The management anticipates that the adoption of the new standards, amendments and interpretations in the future periods will not have a material impact on the financial statements of the Company in the period of their initial adoption.

MANAGING DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Managing Directors present their Twelfth Report together with the audited accounts for the financial year ended 31st March, 2015.

Financial Results

Particulars	Financial year ended	Financial year ended	Financial year ended	Financial year ended
	31 st March, 2015 (EURO)	31 st March, 2015 (INR)	31 st March, 2014 (EURO)	31 st March, 2014 (INR)
Sales and Income from Operations.....	5,883,083	398,049,429	4,122,595	278,934,807
Other Income.....	5	368	28	1,878
Total	5,883,088	398,049,797	4,122,623	278,936,685
(Loss)/Profit before Interest, Depreciation, Taxation and Extraordinary Items.....	769,686	52,076,931	399,008	26,996,867
Less: Depreciation.....	2,448	165,632	3,869	261,752
(Loss)/Profit before Tax.....	767,238	51,911,299	395,139	26,735,115
Tax on Income	189,052	12,791,201	87,517	5,921,421
Net Profit/(Loss) after Tax.....	578,187	39,120,099	307,622	20,813,694
Balance of Profit/(Loss) brought forward from last year.....	595,797	40,311,568	288,175	19,497,874
Profit & Loss Account Balance carried forward.....	1,173,984	79,431,667	595,797	40,311,568

Share Capital

The Company's share capital is € 475,000 (INR 32,138,500) including Capital Reserve of € 425,000 (INR 28,755,500). The share capital is fully paid up by the sole shareholder Bristlecone India Limited, Mumbai, India.

Directors' Responsibility Statement

The Directors state as an averment of the responsibility that:

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed;
- (ii) they have, in the selection of the accounting policies, consulted the Statutory Auditors and these have been applied consistently and reasonable and prudent judgments and estimates have been made so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2015 and of the Profit of the Company for the year ended on that date;
- (iii) proper and sufficient care has been taken for the maintenance of adequate accounting records for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) the annual accounts have been prepared on a going concern basis.

Management and Representative Authority

Mr. Kulashekar Raghavan, Mr. Satish Moorjani and Mr. Krishnadas Chillara are Managing Directors of the Company. Each Managing Director of the Company represents the Company jointly with another Managing Director.

Auditors

The auditors WWS Wirtz, Walter, Schmitz GmbH, have expressed their willingness to accept re-appointment.

For and on behalf of the Board

Satish Moorjani **C. Krishnadas**
Managing Directors

Mumbai
13th April, 2015

A. Audit engagement

After appointment as auditor at the shareholder meeting of

Bristlecone GmbH, Frankfurt am Main,

(hereinafter also referred to "the Company") the management of the Company has assigned us to audit the annual financial statements for the year ended March 31, 2015, including the accounting records.

The terms governing this assignment are set out in the General Terms of Engagement for public accountants and firms of public accountants in the version of January 1, 2002, which are attached as Annexure 5 to this report.

The performance and results of our audit are included in this report to which the audited financial statements (consisting of balance sheet, income statement and Notes) are enclosed as annexures 1 - 3. This report includes remarks in connection with HGB § 321 (1) sentence 3 (German Commercial Code) as well as a summary of the other results of the audit and the audit opinion. The performance and the results of the audit are specified in chapter C. and D. of this report in detail.

According to § 321 (4a) HGB we confirm that we have followed the independence rules for the audit.

Prepared this report in accordance with the German standard of auditing No. 450, which is published by the IDW (Institut der Wirtschaftsprüfer; German Institute of Public Accountants).

B. Basic conclusions

Though the year end audit is not aimed to detect criminal liabilities and breach of by law outside the accounting, we are bound by law to indicate such facts, which represent serious violations of the legal representatives or of employees against the law or the bylaw of the company. Our audit has not revealed any such facts.

C. Objects, nature and scope of the audit

We have audited the annual financial statements, including the accounting records, of Bristlecone GmbH for the financial year ended March 31, 2015. The bookkeeping and the preparation of the annual financial statements is the responsibility of the Company's management. Our responsibility is to express an opinion on the annual financial statements based on our audit.

The audit of the compliance of other legal regulations is only part of the annual year end audit, if the regulations have usually an impact on the financial statements.

We have conducted the audit of the annual financial statements in accordance with § 316 HGB considering the German generally accepted standard on auditing No 200: "Objectives and general principles of orderly performance of financial statements audits". The standard requires to plan and perform the audit, that reasonable assurance can be obtained, that the accounting records and the financial statements are free of material misstatements. The audit

includes the assessment of the accounting, valuation and classification-principles as well as the evaluation of the overall presentation of the annual financial statements. We believe that our audit provides a reasonable basis for our opinion.

Within the audit the following main audit procedures were carried out:

- Reconciliation statements for trade debtors
- Reconciliation of liabilities due to shareholder
- Reconciliation statements of the banks
- Completeness and valuation of accruals
- Check of the significant expenses and income positions with regard to completeness as well as consistency in classification and presentation compared to last year

We have carried out the audit within April 2015.

All requested information and verifications were given to us. The management supplied us with a letter of representation confirming the completeness of the accounting records and the financial statements.

D. Observations and explanations of the financial accounting

I. Accuracy of the accounting

1. Accounting records and further documents

The Company's accounting records are properly maintained. The function of the accounting documents comply with requirement. The accounting records and further documents audited, comply with German legal regulations and the supplementary articles of the association.

2. Financial statements

The financial statements as of March 31, 2015, are orderly developed from the accounting records and other necessary records of the Company.

The balance sheet and the income statement are prepared in accordance with the regulations in German Commercial Code for the accounting of private limited companies [GmbH]. The notes to the financial statements include all legally required information.

We have no knowledge of significant matters that happened after the end of the financial year 2014/2015, which should be reported.

II. Overall statement of financial statements

1. Observation to overall statement of the financial statements

In our opinion, the financial statements show a true and fair view of the Company in accordance with the German principles of proper accounting.

2. Essential valuation methods

The essential valuation methods are specified correctly by the company in the Notes. Essential changes of the valuation methods in comparison with the year before cannot be recorded.

III. Analysis of the financial statements of the company

The economic situation in the financial year ended March 31, 2015, compared with the previous financial year ended March 31, 2014, can be summarised as follows:

1. Composition of assets, shareholder equity and liabilities

	March 31, 2015		March 31, 2014		+/- K€
	K€	%	K€	%	
Intangible assets and Property, plant and equipment	7	0,3	4	0,1	3
Non-current assets	7	0,3	4	0,1	3
Receivables and other assets	1.358	53,5	1.021	34,1	337
Cash	1.160	45,7	1.957	65,3	-797
Prepaid expenses	13	0,5	13	0,5	0
Current assets	2.531	99,7	2.991	99,9	-460
Total assets	2.538	100,0	2.995	100,0	-457
	March 31, 2015		March 31, 2014		+/- K€
	K€	%	K€	%	K€
Subscribed capital	50	2,0	50	1,7	0
Capital reserves	425	16,7	425	14,2	0
Profit carried forward	596	23,5	288	9,6	308
Net profit for the financial year	578	22,8	308	10,3	270
Total equity	1.649	65,0	1.071	35,8	578
Accrued liabilities	352	13,8	527	17,6	-175
Short-term liabilities	48	1,9	81	2,7	-33
Liabilities due to shareholder	489	19,3	1.316	43,9	-827
Total Liabilities	889	35,0	1.924	64,2	-1.035
Total shareholder equity and liabilities	2.538	100,0	2.995	100,0	-457

2. Cash flow statement

	2014/2015 K€	2013/2014 K€
Net profit for the year	+ 578	+ 308
Depreciation on fixed assets	+ 2	+ 3
Cash Earnings according to DVFA/SG	+ 580	+ 311

	2014/2015 K€	2013/2014 K€
In- (+)/decrease (-) of accounts trade receivables as well as other assets, which have not to be allocated to cash flow from investment and financing operation	- 337	- 192
In- (+)/decrease (-) of accounts payable trade as well as other liabilities which have not to be allocated to cash flow from investment and financing operation	- 1.035	+ 1.161
= Cash flow from operations	- 792	+ 1.280
Payments for investments in fixed assets	- 5	0
= Cash flow from investments	- 5	0
Effective cash variations of liquid funds	- 797	+ 1.280
Liquid funds at the beginning of the fiscal year	+ 1.957	+ 677
= Liquid funds at the end of the fiscal year	+ 1.160	+ 1.957
Composition of the liquid funds at the end of fiscal year:		
Cash at banks	+ 1.160	+ 1.957

3. Results of operation

	2014/2015		2013/2014		+/- K€
	K€	%	K€	%	
Sales	5.773	100	3.960	100,0	+1.813
Operating income	5.773	100	3.960	100,0	+1.813
Cost of purchased services	4.274	74,0	2.809	70,9	+1.465
Personnel expenses	547	9,5	483	12,2	+64
Depreciation on fixed assets	2	0,0	3	0,1	-1
Other operating expenses	292	5,1	432	10,9	-140
Operating expenses	5.115	88,6	3.727	94,1	+1.388
Other operating income	109	1,9	163	4,1	-54
Taxes on income	189	3,3	88	2,2	+101
Net result	578	10,0	308	7,8	270

E. Replication of the Audit Opinion

We have granted the following audit opinion as stated below to the financial statements as of March 31, 2015 of Bristlecone GmbH, Frankfurt am Main:

“Audit Opinion

To Bristlecone GmbH:

We have audited the annual financial statements, comprising the balance sheet, the income statement and the notes to the financial statements, together with the bookkeeping system of Bristlecone GmbH, Frankfurt am Main, for the business year from April 1, 2014 until March 31, 2015. The maintenance of the books and records and the preparation of the annual financial statements in accordance with German Commercial Code and supplementary provisions in the articles of incorporation are the responsibility of the Company’s management. Our responsibility is to express an opinion on the annual financial statements including the bookkeeping system based on our audit.

We conducted our audit of the annual financial statements in accordance with § 317 HGB [“Handelsgesetzbuch: German Commercial Code”] and the German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer in Deutschland (IDW). Those standards require that we plan and perform the audit, such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements are detected with reasonable assurance.

Knowledge of the business activities and the economic and legal environment of the company and expectations as to possible misstatements are taken into account in the determination of audit procedures. The evidence supporting the disclosures in the books and records and the annual financial statements are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall presentation of the annual financial statements. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the annual financial statements comply with the legal requirements and supplementary provisions of the articles of incorporation and give a true and fair view of the net assets, financial position and results of operations of the company in accordance with German principles of proper accounting.”

Nettetal, April 20, 2015 WWS Wirtz, Walter, Schmitz GmbH
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Schmedt Post
Wirtschaftsprüfer Wirtschaftsprüfer

Annexure 1

Balance Sheet as of March 31, 2015

	2015/3/31 €	2015/3/31 Rs.	2014/3/31 €	2014/3/31 Rs.
Assets				
A. Fixed assets				
I. Intangible assets				
1. Software	2,00	135	2,00	135
II. Property, plant and equipment				
1. Other equipment, operational and office equipment	6.818,00	4,61,306	4.194,00	2,83,766
B. Current assets				
I. Accounts receivable and other assets				
1. Accounts receivable, trade	1.287.621,83	8,71,20,493	825.273,56	5,58,38,009
2. Receivables due from affiliated companies	68.804,00	46,55,279	185.113,00	1,25,24,746
3. Other assets	2.021,08	1,36,746	10.534,42	7,12,759
– thereof with a remaining term of more than one year: € 2.021,08 (Rs. 1,36,746) {(prior year: € 2.021,08 (Rs. 1,36,746))}				
	1.358.446,91	9,19,12,518	1.020.920,98	6,90,75,514
II. Cash in banks	1.159.916,50	7,84,79,950	1.957.160,28	13,24,21,465
C. Prepaid expenses				
	12.958,14	8,76,748	12.842,65	8,68,934
	<u>2.538.141,55</u>	<u>17,17,30,657</u>	<u>2.995.119,91</u>	<u>20,26,49,813</u>
	2015/3/31 €	2015/3/31 Rs.	2014/3/31 €	2014/3/31 Rs.
Shareholder's equity and liabilities				
A. Equity				
I. Subscribed capital	50.000,00	33,83,000	50.000,00	33,83,000
II. Capital reserves	425.000,00	2,87,55,500	425.000,00	2,87,55,500
III. Profit carried forward	595.796,16	4,03,11,568	288.174,32	1,94,97,874
IV. Net profit	578.186,50	3,91,20,099	307.621,84	2,08,13,694
	<u>1.648.982,66</u>	<u>1,11,57,067</u>	<u>1.070.796,16</u>	<u>7,24,50,068</u>
B. Provisions				
1. Tax provisions	211.754,16	1,43,27,286	77.226,01	52,25,112
2. Other provisions	140.453,00	95,03,050	450.246,97	3,04,63,710
	<u>352.207,16</u>	<u>2,38,30,336</u>	<u>527.472,98</u>	<u>3,56,88,822</u>
C. Liabilities				
1. Accounts payable, trade	11.939,55	8,07,830	5.747,93	3,88,905
– thereof with a remaining term of less than one year: € 11.939,55 (Rs. 8,07,830) {(prior year: € 5.747,93 (Rs. 3,88,905))}				
2. Liabilities due to shareholder	488.934,91	3,30,81,336	1.316.097,32	8,90,47,145
– thereof with a remaining term of less than one year: € 488.934,91 (Rs. 3,30,81,336) {(prior year: € 1.316.097,32 (Rs. 8,90,47,145))}				
3. Other liabilities	36.077,27	24,40,988	75.005,52	50,74,873
– thereof with a remaining term of less than one year: € 36.077,27 (Rs. 24,40,988) {(prior year: € 75.005,52 (Rs. 50,74,873))}				
– thereof for taxes: € 34.607,57 (Rs. 23,41,548) {(prior year: € 75.005,52 (Rs. 50,74,873))}				
	536.951,73	3,63,30,154	1.396.850,77	9,45,10,923
	<u>2.538.141,55</u>	<u>17,17,30,657</u>	<u>2.995.119,91</u>	<u>20,26,49,813</u>

Annexure 2

Income Statement for the period April 1, 2014 through March 31, 2015

	2014/4/1 - 2015/3/31		2014/4/1 - 2015/3/31		2013/4/1 - 2014/3/31		2013/4/1 - 2014/3/31	
	€	€	Rs.	Rs.	€	€	Rs.	Rs.
1. Sales	5.773.430,07		39,06,30,279		3.959.630,91		26,79,08,628	
2. Other operating income	109.653,41		74,19,150		162.964,52		1,10,26,179	
– thereof from foreign currency translation: € 56.637,83 (Rs. 38,32,116) {(prior year: € 58.869,75) (Rs. 39,83,127)}								
3. Costs of purchased services	4.273.724,94		28,91,60,229		2.808.560,39		19,00,27,196	
– thereof to affiliated companies: € 4.273.724,94 (Rs. 28,91,60,229) {(prior year: € 2.808.560,39) (Rs. 19,00,27,196)}								
4. Personnel expenses								
a) Wages and Salaries	527.006,33		3,56,57,248		457.606,11		30,961,629	
b) Social security, pension and other benefit costs	20.340,54		13,76,241		25.564,29		17,29,680	
	547.346,87		3,70,33,489		483.170,40		3,26,91,309	
5. Depreciation on intangible assets, plant and equipment	2.448,00		1,65,632		3.868,63		2,61,752	
6. Other operating expenses	292.331,46		1,97,79,149		431.884,62		2,92,21,313	
– thereof from foreign currency translation: € 5.033,71 (Rs. 3,40,581) {(prior year: € 75.898,32) (Rs. 51.35.280)}								
7. Other interest and similar income	5,44		368		27,76		1,878	
8. Results from ordinary operations	767.237,65		5,19,11,299		395.139,15		2,67,35,115	
9. Taxes on income	189.051,15		1,27,91,201		87.517,31		59,21,421	
– thereof deferred taxes: € 3.848,39 (Rs. 2,60,382) {(prior year: € 17.199,89) (Rs. 11,63,745)}								
10. Net profit	578.186,50		3,91,20,099		307.621,84		2,08,13,694	

Annexure 3

Notes to the financial statements as of March 31, 2015**I. GENERAL EXPLANATIONS TO THE BALANCE SHEET AND INCOME STATEMENT**

The financial statements of Bristlecone GmbH, Frankfurt am Main, (referred to below as the 'Company') for the fiscal year as of March 31, 2015, have been prepared according to the regulations of the German Commercial Code (HGB) and the Law on Limited Liabilities Companies (GmbH).

The cost-summary method has been applied in accordance with Sect. 275 Para. 2 German Commercial Code (HGB).

The Company is a small corporation according to Sect. 267 Para. 1 German Commercial Code (HGB).

II. ACCOUNTING POLICIES**1. Fixed assets**

Purchased intangible assets are stated at acquisition cost less regular depreciation according to the rates permitted by tax law.

Tangible assets are stated at acquisition cost less regular depreciation according to the rates permitted by tax law.

Depreciation on additions to tangible assets is calculated pro rata temporis.

Low value items are fully depreciated in the year of acquisition since April 1, 2011.

The following depreciation methods have been used for the depreciation of fixed assets:

Item	Depreciation method	Useful lifetime
Software	straight line	1 - 3 years
Other equipment, operational and office equipment	straight line	3 - 13 years
Compound item	straight line	5 years

2. Accounts receivable and other assets

Accounts receivable and other assets are stated at nominal value or their net realizable value.

3. Accrued Liabilities

Provisions for uncertain liabilities are stated at the settlement amount based on reasonable business judgement.

4. Liabilities

Liabilities disclosed in the balance sheet are stated at the settlement amount.

5. Foreign currency translation

The financial statements contain currency transactions, which are translated into Euro.

Receivables and payables in foreign currencies are stated with the rate of the day of the business transaction.

Receivables and payables in foreign currencies with a remaining term of less than one year are stated with the average spot exchange rate of the balance sheet date.

Receivables and payables in foreign currencies with a remaining term of more than one year are stated with the average spot exchange rate of the balance sheet date or the lower or higher market value.

6. Deferred taxes

Deferred taxes were set up according to § 249 German Commercial Law (HGB) and are stated within the tax provisions.

7. Affiliated companies

Companies, which are directly or indirectly controlled by Mahindra & Mahindra Ltd., Mumbai, India, are considered as affiliated companies.

III. INDIVIDUAL COMMENTS TO THE BALANCE SHEET**1. Fixed assets**

Reference is made to the separate analysis of fixed assets.

2. Other provisions

Other provisions in the amount of K€ 140 (Rs. 94,72,400) mainly represent provisions for personnel expenses (K€ 84) (Rs. 56,83,440), provisions for travel expenses (K€ 26) (Rs. 17,59,160), provisions for outstanding invoices (K€ 16) (Rs. 10,82,560) as well as provisions for the audit of the financial statements (K€ 9) (Rs. 6,08,940) and for legal and advisory fees (K€ 3) (Rs. 2,02,980).

3. Liabilities

All liabilities stated in the balance sheet are with a remaining term of less than one year.

4. Liabilities due to shareholder and affiliated companies

Liabilities due to the shareholder and affiliated companies result from current business operations.

5. Deferred taxes

The deferred tax liabilities are calculated with the tax rate of 25,10%.

Term	Valuation Commercial Balance Sheet	Valuation Tax Balance Sheet	Temporary Differences
	€	€	€
Cash in banks	203.210,58	166.127,29	37.083,29
Accounts receivable in foreign currency	24.317,42	20.223,53	4.093,89
Vacation provision	50.570,00	27.655,21	- 22.914,79
			18.262,39
Deferred tax liabilities			4.583,86

Term	Valuation Commercial Balance Sheet	Valuation Tax Balance Sheet	Temporary Differences
	Rs.	Rs.	Rs.
Cash in banks	1,37,49,228	1,12,40,172	25,09,056
Accounts receivable in foreign currency	16,45,317	13,68,324	2,76,993
Vacation provision	34,21,566	18,71,152	- 15,50,414
			12,35,635
Deferred tax liabilities			3,10,144

IV. OTHER INDIVIDUAL COMMENTS**1. Financial commitments**

As of March 31, 2015, the Company had concluded the following rental commitments:

	Total amount K€	Total amount K Rs.
Offices	34	2,300

The future rental payments refer to the following years:

	Total amount K€	Total amount K Rs.
2015/2016	12	812
2016/2017 and later	22	1,488
	34	2,300

As of balance sheet date no lease contracts have been signed.

2. Contingent liabilities

As of balance sheet date, there are no contingent liabilities according to Sect. 251 German Commercial Code (HGB), which have to be reported on.

3. Management and representative authority

The managing directors of the Company during the fiscal year were the following:

- Kulashekar Raghavan, Los Gatos, California, USA;
- Satish Moorjani, Mumbai, India;
- Krishnadas Chillara, Mumbai, India.

Each managing director of the Company represents the Company jointly with another managing director. If only one managing director is appointed, he has single power of representation. The managing directors are released from the regulations of Sect. 181 of the German Civil Code (BGB).

4. Headcount at yearly average

During the fiscal year the Company employed an average of 2 employees (prior year: 2 employees).

5. Consolidated financial statements

Mahindra & Mahindra Ltd., Mumbai, India, is the ultimate parent company responsible for preparing the consolidated financial statements for the largest and smallest group of companies.

The consolidated financial statements are available in the office of Mahindra & Mahindra Ltd., Mumbai, India.

6. Disposition of earnings

The net profit for the fiscal year as of March 31, 2015, in the amount of € 578.186,50 (Rs. 3,91,20,099) and the profit carried forward as of April 1, 2014, in the amount of € 595.796,16 (Rs. 4,03,11,568) will be carried forward to new account.

7. Translation into Indian Rupees

The amounts in Euros are translated for convenience into Indian Rupees at the exchange rate of Euro 1 = Rs. 67,66 (prior year: Euro 1 = Rs. 67,66), which is the average of the telegraphic transfer buying and selling rates quoted by the Mumbai Branch of State Bank of India on March 31, 2015.

Frankfurt am Main, April 13, 2015

Kulashekar Raghavan

Krishnadas Chillara

Satish Moorjani

Development of fixed assets for the year ended March 31, 2015

	At costs				Accumulated depreciation				Net book value	
	April 1, 2014	Additions	Retirements	March 31, 2015	April 1, 2014	Additions	Reversals	March 31, 2015	March 31, 2015	March 31, 2014
	€	€	€	€	€	€	€	€	€	€
I. Intangible assets										
1. Software	1.074,60	0,00	0,00	1.074,60	1.072,60	0,00	0,00	1.072,60	2,00	2,00
Rs.	72,707	0,00	0,00	72,707	72,572	0,00	0,00	72,572	135	135
II. Property, plant and equipment										
1. Other equipment, operational and office equipment	40.312,57	5.072,00	0,00	45.384,57	36.118,57	2.448,00	0,00	38.566,57	6.818,00	4.194,00
Rs.	27,27,548	3,43,172	0,00	30,70,720	24,43,782	1,65,632	0,00	26,09,414	4,61,306	2,83,766
	<u>41.387,17</u>	<u>5.072,00</u>	<u>0,00</u>	<u>46.459,17</u>	<u>37.191,17</u>	<u>2.448,00</u>	<u>0,00</u>	<u>39.639,17</u>	<u>6.820,00</u>	<u>4.196,00</u>
Rs.	28,00,255	3,43,172	0,00	31,43,427	25,16,354	1,65,632	0,00	26,81,986	4,61,441	2,83,901

Annexure 4

Audit Opinion

To *Bristlecone GmbH*:

We have audited the annual financial statements, comprising the balance sheet, the income statement and the notes to the financial statements, together with the book-keeping system of Bristlecone GmbH, Frankfurt am Main, for the business year from April 1, 2014 until March 31, 2015. The maintenance of the books and records and the preparation of the annual financial statements in accordance with German Commercial Code and supplementary provisions in the articles of incorporation are the responsibility of the Company's management. Our responsibility is to express an opinion on the annual financial statements including the bookkeeping system based on our audit.

We conducted our audit of the annual financial statements in accordance with § 317 HGB ["Handelsgesetzbuch: German Commercial Code"] and the German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer in Deutschland (IDW). Those standards require that we plan and perform the audit, such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the company and expectations as to possible misstatements are taken into account in the determination of audit procedures. The evidence supporting the disclosures in the books and records and the annual financial statements are examined primarily on a test basis within the framework of the audit. The audit

includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall presentation of the annual financial statements. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the annual financial statements comply with the legal requirements and supplementary provisions of the articles of incorporation and give a true and fair view of the net assets, financial position and results of operations of the company in accordance with German principles of proper accounting.

Nettetal, April 20, 2015

WWS Wirtz, Walter, Schmitz GmbH
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Schmedt Post
Wirtschaftsprüfer Wirtschaftsprüfer

Explanations to the financial statements
Balance sheet as of March 31, 2015

ASSETS

A. Fixed assets

I. Intangible assets

1. <u>Software</u>	2015/3/31	2015/3/31	2014/3/31	2014/3/31
	€	Rs.	€	Rs.
	<u>2,00</u>	<u>135</u>	<u>2,00</u>	<u>135</u>

II. Property, plant and equipment

1. <u>Other equipment, operational and office equipment</u>	2015/3/31	2015/3/31	2014/3/31	2014/3/31
	€	Rs.	€	Rs.
	<u>6.818,00</u>	<u>4,61,306</u>	<u>4.194,00</u>	<u>2,83,766</u>

B. Current assets

I. Accounts receivable and other assets

1. <u>Accounts receivable, trade</u>	2015/3/31	2015/3/31	2014/3/31	2014/3/31
	€	Rs.	€	Rs.
	<u>1.287.621,83</u>	<u>8,71,20,493</u>	<u>825.273,56</u>	<u>5,58,38,009</u>

2. <u>Receivables due from affiliated companies</u>	2015/3/31	2015/3/31	2014/3/31	2014/3/31
	€	Rs.	€	Rs.
	<u>68.804,00</u>	<u>46,55,279</u>	<u>185.113,00</u>	<u>1,25,24,746</u>

3. <u>Other assets</u>	2015/3/31	2015/3/31	2014/3/31	2014/3/31
	€	Rs.	€	Rs.
	<u>2.021,08</u>	<u>1,36,746</u>	<u>10.534,42</u>	<u>7,12,759</u>

Content:

Rent deposit	2.021,08	1,36,746	2.021,08	1,36,746
Receivables due from employees	0,00	0,00	8.513,34	5,76,013
	<u>2.021,08</u>	<u>1,36,746</u>	<u>10.534,42</u>	<u>7,12,759</u>

II. Cash in banks

	2015/3/31	2015/3/31	2014/3/31	2014/3/31
	€	Rs.	€	Rs.
	<u>1.159.916,50</u>	<u>7,84,79,950</u>	<u>1.957.160,28</u>	<u>13,24,21,465</u>

Content:

Commerzbank AG, Frankfurt am Main, current account	923.483,82	6,24,82,915	1.613.426,35	10,91,64,427
Commerzbank AG, Frankfurt am Main, currency account USD	203.210,58	1,37,49,228	310.511,83	2,10,09,230
Commerzbank AG, Frankfurt am Main, time deposit account	33.222,10	22,47,807	33.222,10	22,47,807
	<u>1.159.916,50</u>	<u>7,84,79,950</u>	<u>1.957.160,28</u>	<u>13,24,21,465</u>

The cash in bank accounts with Commerzbank AG, Frankfurt am Main, agree to the bank statements as of March 31, 2015.

C. Prepaid expenses

	2015/3/31	2015/3/31	2014/3/31	2014/3/31
	€	Rs.	€	Rs.
	<u>12.958,14</u>	<u>8,76,748</u>	<u>12.842,65</u>	<u>8,68,934</u>

SHAREHOLDER'S EQUITY AND LIABILITIES**A. Equity**

	2015/3/31	2015/3/31	2014/3/31	2014/3/31
	€	Rs.	€	Rs.
I. <u>Subscribed capital</u>				
	<u>50.000,00</u>	<u>33,83,000</u>	<u>50.000,00</u>	<u>33,83,000</u>
II. <u>Capital reserves</u>				
	<u>425.000,00</u>	<u>2,87,55,500</u>	<u>425.000,00</u>	<u>2,87,55,500</u>
III. <u>Profit carried forward</u>				
	<u>595.796,16</u>	<u>4,03,11,568</u>	<u>288.174,32</u>	<u>1,94,97,874</u>
IV. <u>Net profit</u>				
	<u>578.186,50</u>	<u>3,91,20,099</u>	<u>307.621,84</u>	<u>2,08,13,694</u>

B. Provisions

1. <u>Tax provisions</u>	2015/3/31	2015/3/31	2014/3/31	2014/3/31
	€	Rs.	€	Rs.
	<u>211.754,16</u>	<u>1,43,27,286</u>	<u>77.226,01</u>	<u>52,25,112</u>

Content:

Corporate income tax 12/13	0,00	0.00	- 6.883,19	- 4,65,717
Corporate income tax 13/14	24.316,17	16,45,232	24.316,17	16,45,233
Corporate income tax 14/15	72.427,61	49,00,452	0,00	0.00
	<u>96.743,78</u>	<u>65,45,684</u>	<u>17.432,98</u>	<u>11,79,516</u>
Solidarity surcharge 12/13	0,00	0.00	- 378,47	- 25,608
Solidarity surcharge 13/14	1.337,43	90,491	1.337,43	90,491
Solidarity surcharge 14/15	3.983,54	2,69,526	0,00	0.00
	<u>5.320,97</u>	<u>3,60,017</u>	<u>958,96</u>	<u>64,883</u>
Trade tax 12/13	19.403,30	13,12,827	19.403,30	13,12,827
Trade tax 13/14	21.556,30	14,58,499	38.695,30	26,18,124
Trade tax 14/15	64.145,95	43,40,115	0,00	0.00
	<u>105.105,55</u>	<u>71,11,441</u>	<u>58.098,60</u>	<u>39,30,951</u>
Deferred taxes 13/14	0,00	0.00	735,47	49,762
Deferred taxes 14/15	4.583,86	3,10,144	0,00	0.00
	<u>4.583,86</u>	<u>3,10,144</u>	<u>735,47</u>	<u>49,762</u>
	<u>211.754,16</u>	<u>1,43,27,286</u>	<u>77.226,01</u>	<u>52,25,112</u>

2. <u>Other provisions</u>	2015/3/31	2015/3/31	2014/3/31	2014/3/31
	€	Rs.	€	Rs.
	140.453,00	95,03,050	450.246,97	3,04,63,710
<u>Content:</u>				
Outstanding invoices	15.834,00	10,71,328	284.874,07	1,92,74,580
Bonuses to employees	33.720,00	22,81,495	96.481,00	65,27,904
Travel expenses	25.979,00	17,57,739	20.343,00	13,76,407
Vacation not yet taken	50.570,00	34,21,566	29.000,00	19,62,140
Audit expenses	9.000,00	6,08,940	9.000,00	6,08,940
Legal and consultancy fees	2.800,00	1,89,448	7.450,00	5,04,067
Miscellaneous	2.550,00	1,72,534	3.098,90	2,09,672
	140.453,00	95,03,050	450.246,97	3,04,63,710
C. <u>Liabilities</u>				
1. <u>Accounts payable, trade</u>	2015/3/31	2015/3/31	2014/3/31	2014/3/31
	€	Rs.	€	Rs.
	11.939,55	8,07,830	5.747,93	3,88,905
2. <u>Liabilities due to shareholder</u>	2015/3/31	2015/3/31	2014/3/31	2014/3/31
	€	Rs.	€	Rs.
	488.934,91	3,30,81,336	1.316.097,32	8,90,47,145
Bristlecone India Ltd., Mumbai, India, liabilities resulting from current operations.				
3. <u>Other liabilities</u>	2015/3/31	2015/3/31	2014/3/31	2014/3/31
	€	Rs.	€	Rs.
	36.077,27	24,40,988	75.005,52	50,74,873
<u>Content:</u>				
Value-added tax	34.607,57	23,41,548	75.005,52	50,74,873
Travel expenses	1.469,70	99,440	0,00	0,00
	36.077,27	24,40,988	75.005,52	50,74,873

INCOME STATEMENT FOR THE PERIOD APRIL 1, 2014 THROUGH MARCH 31, 2015

	2014/4/1- 2015/3/31 €	2014/4/1- 2015/3/31 Rs.	2013/4/1- 2014/3/31 €	2013/4/1- 2014/3/31 Rs.
1. Sales				
Sales from offshore projects, subject to value-added tax	5.109.418,76	34,57,03,273	3.350.140,84	22,66,70,529
Sales from offshore projects, non value-added taxable	0,00	0,00	- 5.270,00	- 3,56,568
Revenues from other projects, subject to value-added tax	355.486,84	2,40,52,240	283.613,39	1,91,89,282
Granted rebates subject to VAT	- 35.465,00	- 23,99,562	0,00	0,00
Revenues from other projects, non value-added taxable	343.989,47	2,32,74,328	331.146,68	2,24,05,385
	<u>5.773.430,07</u>	<u>39,06,30,279</u>	<u>3.959.630,91</u>	<u>26,79,08,628</u>
2. Other operating income				
Income from exchange gains	56.637,83	38,32,116	58.869,75	39,83,127
Income from recharge of expenses	0,00	0,00	47.626,14	32,22,385
Income from reversal of accruals	51.453,07	34,81,315	50.042,83	33,85,898
Miscellaneous	1.562,51	1,05,719	6.425,80	4,34,769
	<u>109.653,41</u>	<u>74,19,150</u>	<u>162.964,52</u>	<u>1,10,26,179</u>
3. Costs of purchased services	<u>4.273.724,94</u>	<u>28,91,60,229</u>	<u>2.808.560,39</u>	<u>19,00,27,196</u>
4. Personnel expenses				
a) Wages and salaries	527.006,33	3,56,57,248	457.606,11	3,09,61,629
b) Social security, pension and other benefit costs	20.340,54	13,76,241	25.564,29	17,29,680
	<u>547.346,87</u>	<u>3,70,33,489</u>	<u>483.170,40</u>	<u>3,26,91,309</u>
5. Depreciation on intangible assets, plant and equipment	<u>2.448,00</u>	<u>1,65,632</u>	<u>3.868,63</u>	<u>2,61,752</u>
6. Other operating expenses				
Exchange losses	5.033,71	3,40,581	75.898,32	51,35,280
Travel expenses	94.183,06	63,72,426	58.673,87	39,69,874
Bad debt allowance	0,00	0,00	80.584,54	54,52,350
Communication expenses	44.562,17	30,15,076	32.255,00	21,82,373
	<u>143.778,94</u>	<u>97,28,083</u>	<u>247.411,73</u>	<u>1,67,39,877</u>

	2014/4/1- 2015/3/31 €	2014/4/1- 2015/3/31 Rs.	2013/4/1- 2014/3/31 €	2013/4/1- 2014/3/31 Rs.
	143.778,94	97,28,083	247.411,73	1,67,39,877
Fees for the preparation and audit of the financial statements	20.060,00	13,57,260	19.100,00	12,92,306
Accounting fees	33.733,24	22,82,391	32.775,00	22,17,557
Bank charges	8.722,30	5,90,151	8.799,51	5,95,375
Rent	12.126,48	8,20,478	12.126,48	8,20,478
Legal and consultancy fees	14.433,41	9,76,565	42.120,25	28,49,856
Representation and entertainment expenses	3.472,02	2,34,917	4.202,93	2,84,370
External services	47.112,95	31,87,662	53.186,61	35,98,606
Miscellaneous	5.082,41	3,43,877	10.219,86	6,91,475
Contributions and dues	2.950,95	1,99,661	967,26	65,445
Office supplies	858,76	58,104	974,99	65,968
	292.331,46	1,97,79,149	431.884,62	2,92,21,313
7. <u>Other interest and similar income</u>	5,44	368	27,76	1,878
8. <u>Results from ordinary operations</u>	767.237,65	5,19,11,299	395.139,15	2,67,35,115
9. <u>Taxes on income</u>	189.051,15	1,27,91,201	87.517,31	59,21,421
10. <u>Net profit</u>	578.186,50	3,91,20,099	307.621,84	2,08,13,694

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2015

The directors present their report with the financial statements of the company for the year ended 31 March 2015.

PRINCIPAL ACTIVITY

The principal activity of the Company in the year under review was that of providing IT consulting services.

REVIEW OF BUSINESS

The results for the year and financial position of the Company are as shown in the annexed financial statements.

DIVIDENDS

No dividend will be distributed for the year ended 31st March 2015.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 April 2014 to the date of this report.

Krishnadas Chillara

Kulashekar Raghavan

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, Butler & Co LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

ON BEHALF OF THE BOARD:

Kulashekar Raghavan
Director

Place : Mountain View, California
Date : 16th April, 2015

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF BRISTLECONE UK LIMITED

We have audited the financial statements of Bristlecone UK Limited for the year ended 31 March 2015. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out herein the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report of the Directors to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2015 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies' exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Directors.

Mukesh Desai (Senior Statutory Auditor)
for and on behalf of Butler & Co LLP
 Chartered Accountants
 & Statutory Auditor

Third Floor
 126-134 Baker Street
 London W1U 6UE

Date: April 16, 2015

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2015

	Notes	2015 £	2015 INR	2014 £	2014 INR
TURNOVER		-	-	163,039	15,090,890
Cost of Sales		-	-	90,611	8,386,954
GROSS PROFIT		-	-	72,428	6,703,936
Administrative Expenses		8,190	758,066	28,319	2,621,207
		(8,190)	(758,066)	44,109	4,082,729
Other operating income		-	-	14,676	1,358,411
OPERATING PROFIT/(LOSS)	3	(8,190)	(758,066)	58,785	5,441,140
Interest receivable and similar income		190	17,586	303	28,046
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		(8,000)	(740,480)	59,088	5,469,186
Tax on profit/(loss) on ordinary activities.....	4	-	-	61	5,646
PROFIT/(LOSS) FOR THE FINANCIAL YEAR...		(8,000)	(740,480)	59,027	5,463,540

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current year or previous year.

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the loss for the current year and the profit for the previous year.

The notes form part of these financial statements

BRISTLECONE UK LIMITED (REGISTERED NUMBER: 03169221)

BALANCE SHEET AS ON 31 MARCH 2015

	Notes	2015 £	2015 INR	2014 £	2014 INR
CURRENT ASSETS					
Debtors.....	6	3,919	362,743	51,838	4,798,125
Cash at bank		440,520	40,774,531	408,641	37,823,811
		444,439	41,137,274	460,479	42,621,936
CREDITORS					
Amounts falling due within one year	7	8,221	760,936	16,261	1,505,118
NET CURRENT ASSETS		436,218	40,376,338	444,218	41,116,818
TOTAL ASSETS LESS CURRENT LIABILITIES		436,218	40,376,338	444,218	41,116,818
CAPITAL AND RESERVES					
Called up share capital	9	2,350,000	217,516,000	2,350,000	217,516,000
Profit and loss account	10	(1,913,782)	(177,139,662)	(1,905,782)	(176,399,182)
SHAREHOLDERS' FUNDS	13	436,218	40,376,338	444,218	41,116,818

The financial statements were authorised for issue by the Board of Directors on April 16, 2015 and were signed on its behalf by:

Kulashekar Raghavan
Director

Date: April 16, 2015
Place: Mountain View, California

The notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention

Financial reporting standard number 1

Exemption has been taken from preparing a cash flow statement on the grounds that the company qualifies as a small company.

Turnover

Turnover represents the invoiced amounts of services provided and it is stated net of Value Added Tax.

Revenue for software services is recognised on the basis of services rendered. For time and material contracts, invoices are raised on the basis of customer approved timesheets. For fixed price projects, invoices are raised for prescribed milestones achieved on the basis of acceptance/sign-off received from the customer. Revenue on fixed price contracts is recognised based on the percentage completion method.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Plant and machinery	-	50% on cost
Computer equipment	-	50% on cost

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

2. STAFF COSTS

	2015 £	2015 INR	2014 £	2014 INR
Wages and salaries	6,070	561,839	43,525	4,028,674
Social security costs	(107)	(9,904)	5,060	468,354
	<u>5,963</u>	<u>551,935</u>	<u>48,585</u>	<u>4,497,028</u>

The average monthly number of employees during the year was as follows:

	2015	2014
Management	2	2
Administrative	1	1
Consultants	-	1
	<u>3</u>	<u>4</u>

3. OPERATING (LOSS)/PROFIT

The operating loss (2014 - operating profit) is stated after charging/(crediting):

	2015 £	2015 INR	2014 £	2014 INR
Auditors' remuneration	4,900	453,544	3,100	286,936
Foreign exchange differences	(3,871)	(358,300)	8,844	818,601
Directors' remuneration	-	-	-	-

4. TAXATION

Analysis of the tax charge

The tax charge on the loss on ordinary activities for the year was as follows:

	2015 £	2015 INR	2014 £	2014 INR
Current tax:				
UK corporation tax	-	-	61	5,646
Tax on profit/(loss) on ordinary activities	-	-	61	5,646

Factors affecting the tax charge

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2015 £	2015 INR	2014 £	2014 INR
Profit/(Loss) on ordinary activities before tax	(8,000)	(740,480)	59,088	5,469,185
Profit/(Loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 21% (2014 - 23%)	(1,680)	(155,501)	13,590	1,257,890
Effects of:				
Capital allowances in excess of depreciation	(196)	(18,142)	(262)	(24,251)
Utilisation of tax losses	-	-	(13,259)	(1,227,253)
Adjustment for small profits rate	-	-	(8)	(740)
Tax losses carried forward	1,876	173,643	-	-
Current Tax Charge	-	-	61	5,646

5. TANGIBLE FIXED ASSETS

	Plant and machinery £	Plant and machinery INR	Computer equipment £	Computer equipment INR	Totals £	Totals INR
--	--------------------------	----------------------------	-------------------------	---------------------------	-------------	---------------

COST

At 1 April 2014 and 31 March 2015	104	9,626	26,195	2,424,609	26,299	2,434,235
-----------------------------------	-----	-------	--------	-----------	--------	-----------

DEPRECIATION

At 1 April 2014 and 31 March 2015	104	9,626	26,195	2,424,609	26,299	2,434,235
-----------------------------------	-----	-------	--------	-----------	--------	-----------

NET BOOK VALUE

At 31 March 2015	-	-	-	-	-	-
At 31 March 2014	-	-	-	-	-	-

6. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2015 £	2015 INR	2014 £	2014 INR
Trade debtors	-	-	47,838	4,427,885
Amounts owed by group undertakings	2,974	275,274	1,508	139,580
Other debtors	-	-	2,492	230,660
VAT	945	87,469	-	-
	<u>3,919</u>	<u>362,743</u>	<u>51,838</u>	<u>4,798,125</u>

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2015 £	2015 INR	2014 £	2014 INR
Payments on account	1,920	177,715	-	-
Amounts owed to group undertakings	-	-	1,661	153,742
Tax	-	-	61	5,646
VAT	-	-	65	6,016
Other creditors	2,976	275,459	7,129	659,860
Accrued expenses	3,325	307,762	7,345	679,854
	<u>8,221</u>	<u>760,936</u>	<u>16,261</u>	<u>1,505,118</u>

8. OPERATING LEASE COMMITMENTS

The following operating lease payments are committed to be paid within one year:

	Other operating leases		Other operating leases	
	2015 £	2015 INR	2014 £	2014 INR
Expiring:				
Within one year	<u>-</u>	<u>-</u>	<u>5,400</u>	<u>499,824</u>

9. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value	2015 £	2015 INR	2014 £	2014 INR
2,350,000	ordinary	£1	<u>23,50,000</u>	<u>217,516,000</u>	23,50,000	217,516,000

10. RESERVES

	Profit and loss account £	Profit and loss account INR
At 1 April 2014	(1,905,782)	(176,399,182)
Profit for the year	(8,000)	(740,480)
At 31 March 2015	<u>(1,913,782)</u>	<u>(177,139,662)</u>

11. ULTIMATE PARENT COMPANY

In the opinion of the directors, the immediate parent company is Bristlecone Limited, a company incorporated in the Cayman Islands.

The directors consider the company's ultimate holding company and controlling party to be Mahindra & Mahindra Limited which is incorporated in India.

12. RELATED PARTY DISCLOSURES

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 8 Related Party Disclosures, not to disclose related party transactions with wholly owned subsidiaries within the group.

13. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2015 £	2015 INR	2014 £	2014 INR
Profit/(Loss) for the financial year	(8,000)	(740,480)	59,027	5,463,540
Shares issued	-	-	-	-
Net addition/(reduction) to shareholders' funds	(8,000)	(740,480)	59,027	5,463,540
Opening shareholders' funds	444,218	41,116,818	385,191	35,653,278
Closing shareholders' funds	436,218	40,376,338	444,218	41,116,818

14. FOREIGN CURRENCY TRANSLATION

The foreign currency amounts are translated for convenience into Indian Rupees at the exchange rate of Rs. 92.56 = 1.00 GBP which is the average telegraphic transfer buying and selling rates quoted by the Mumbai Branch of the State Bank of India on 31st March 2015.

TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2015

	2015 £	2015 INR	2014 £	2014 INR
Consulting Income	-	-	163,039	15,090,890
Cost of sales				
Consultants Wages	-	-	39,025	3,612,154
Social Security	-	-	4,865	450,304
Sub contractors	-	-	46,721	4,324,496
Other direct costs	-	-	-	-
	-	-	90,611	8,386,954
GROSS PROFIT	-	-	72,428	6,703,936
Other income				
Sundry receipts	-	-	14,676	1,358,411
Deposit account interest	190	17,586	303	28,046
	190	17,586	14,979	1,386,457
	190	17,586	87,407	8,090,393
Expenditure				
Wages	6,070	561,839	4,500	416,520
Social security	(107)	(9,904)	195	18,049
Telephone & Fax Services	541	50,075	1,929	178,548
Advertising	-	-	-	-
Travelling	-	-	1,779	164,664
Sundry expenses	-	-	93	8,608
Bonus	(4,107)	(380,144)	4,288	396,897
Sales commission	-	-	(2,000)	(185,120)
Professional Expenses	4,238	392,269	4,655	430,867
Legal fees	-	-	201	18,605
Auditors' remuneration	4,900	453,544	3,100	286,936
Foreign exchange losses	(3,871)	(358,300)	8,844	818,601
	7,664	709,379	27,584	2,553,175
	(7,474)	(691,793)	59,823	5,537,218
Finance costs				
Bank charges	526	48,687	735	68,032
NET PROFIT/(LOSS)	(8,000)	(740,480)	59,088	5,469,186

This page does not form part of the statutory financial statements

DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2015

The Directors hereby submit their report together with the audited financial statements of the Company for the financial year ended 31st March 2015.

Principal activities

The principal activities of the Company are to act as information technology service advisors, business consultants and implementers of computerised systems and to render a full range of information technology services including application and programming services, computer networks and other forms of computer and electronic technology services, administration and management control, technical, scientific and operational assistance, systems design, project management and technical training of personnel, management of a computer and electronic service facility and generally, any type of business or activity relating to the information technology and electronic industry and to provide support and training in connection therein.

There have been no significant changes in the nature of these activities during the financial year.

Financial results

	RM	INR
Profit for the year	2,539,852	42,694,922

Dividends

The Company declared and paid the following dividends since the end of the previous financial year:

	RM	INR
Final single tier dividends of RM15 per share on 100,000 ordinary shares declared on 9 March 2015 in respect of financial year ended 31 March 2015, paid on 12 March 2015	1,500,000	25,215,000
	<u>1,500,000</u>	<u>25,215,000</u>

Reserves and provisions

All material transfers to or from reserves or provisions during the financial year have been disclosed in the financial statements.

Issue of shares and debentures

There were no new issue of shares or debentures during the financial year.

Directors

The Directors of the Company who held office since the date of the last report are as follows:

Krishnadas Chillara
Oh Swee Chin
Yeap Kok Leong
Satish Moorjani

Retirement and re-election of the Directors at the Annual General Meeting will be in accordance with the Company's Articles of Association.

Directors' interests

According to the Register of Directors' shareholdings, particulars of interests in the shares of the Company's related corporations during the financial year of those Directors who held office at the end of the financial year were as follows:

	Units of Indian Rupee 5 each			
	At 1.4.2014	Bought/ allotted	Sold/ exercised	At 31.3.2015
The ultimate holding corporation				
Mahindra & Mahindra Ltd (Equity shares)				
Krishnadas Chillara	11,159	2,243	–	13,402
Mahindra & Mahindra Ltd (Options)				
Krishnadas Chillara	6,054	–	(2,243)	3,811

	Units of US \$0.001 each			
	At 1.4.2014	Bought/ allotted	Sold/ exercised	At 31.3.2015
The immediate holding corporation				
Bristlecone Limited (Options)				
Satish Moorjani	80,000	7,500	–	87,500

The immediate holding corporation

Bristlecone Limited (Options)

Satish Moorjani	80,000	7,500	–	87,500
-----------------	--------	-------	---	--------

None of the other Directors in office at the end of the financial year held any interest in the shares of the Company or related corporations during the financial year.

Directors' benefits

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with any Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

Neither during nor at the end of the financial year was the Company a party to any arrangement whose object was to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Other statutory information

Before the financial statements of the Company were made out, the Directors took reasonable steps:

- to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and had satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

- (b) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount to which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

- (a) which would render the amounts written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Company inadequate to any substantial extent; or
- (b) which would render the values attributed to current assets in the financial statements of the Company misleading; or
- (c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate; or
- (d) not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

In the opinion of the Directors:

- (a) the results of the Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
- (b) no contingent or other liability of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Company to meet its obligations when they fall due.

In the interval between the end of the financial year and the date of this report:

- (a) no item, transaction or event of a material and unusual nature has arisen which, in the opinion of the Directors, would affect substantially the results of the operations of the Company for the financial year in which this report is made; and
- (b) no charge has arisen on the assets of the Company which secures the liability of any other person nor has any contingent liability arisen in the Company.

Holding corporations

The Directors regard Bristlecone Limited, a corporation incorporated in Cayman Island, as the immediate holding corporation, and Mahindra & Mahindra Ltd, a corporation incorporated in India, as the ultimate holding corporation.

Auditors

The auditors, Messrs SSY Partners, have indicated their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 17 April 2015.

Satish Moorjani
Director

Krishnadas Chillara
Director

Place : Mumbai
Date : 17 April 2015

STATEMENT BY DIRECTORS

Pursuant to Section 169(15) of the Companies Act 1965

We, Satish Moorjani and Krishnadas Chillara, being two of the Directors of Bristlecone (Malaysia) Sdn. Bhd., do hereby state that, in the opinion of the Directors, the accompanying financial statements set out herein are drawn up in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of Company Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as at 31 March 2015 and of its financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 17 April 2015.

Satish Moorjani
Director

Krishnadas Chillara
Director

Place : Mumbai
Date : 17 April 2015

STATUTORY DECLARATION

Pursuant to Section 169(16) of the Companies Act 1965

I, Krishnadas Chillara, being the Director primarily responsible for the financial management of Bristlecone (Malaysia) Sdn. Bhd., do solemnly and sincerely declare that the accompanying financial statements set out herein are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the India Notary Act 1952

Subscribed and solemnly declared by the above named Krishnadas Chillara at Mumbai in the state of Maharashtra, India on 17 April 2015.

Krishnadas Chillara
Director

Before me,

Independent Auditors' Report to the Members of Bristlecone (Malaysia) Sdn. Bhd.
(Company No: 772033-T)
(Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of Bristlecone (Malaysia) Sdn. Bhd., which comprise the statement of financial position as at 31 March 2015, and the statement of comprehensive income, statement of changes in equity and statement of cash flows, and a summary of significant accounting policies and other explanatory information, as set out herein.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform our audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

Our audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the

effectiveness of the Company's internal control. Our audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of Companies Act 1965 in Malaysia as to give a true and fair view of the financial position of the Company as at 31 March 2015 and of its financial performance and cash flows for the year then ended.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report that in our opinion the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Other Matters

This report is made solely to the Members of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

SSY Partners

AF: 0040

Chartered Accountants

Subang Jaya

17 April 2015

Jason Sia Sze Wan

No. 2376/05/16 (J)

Partner

Statement of Financial Position as at 31 March 2015

	Note	2015 RM	2015 INR	2014 RM	2014 INR
ASSETS					
Non-current assets					
Plant and equipment	6	1,374	23,098	–	–
Current assets					
Trade receivables	7	2,190,765	36,826,759	2,060,173	34,631,508
Other receivables	8	48,302	811,958	38,209	642,293
Cash and bank balances		2,115,397	35,559,825	5,178,985	87,058,738
		<u>4,354,464</u>	<u>73,198,542</u>	<u>7,277,367</u>	<u>122,332,539</u>
TOTAL ASSETS		<u>4,355,838</u>	<u>73,221,640</u>	<u>7,277,367</u>	<u>122,332,539</u>
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company					
Share capital	9	100,000	1,681,000	100,000	1,681,000
Retained earnings		2,513,436	42,250,869	1,473,584	24,770,947
TOTAL EQUITY		<u>2,613,436</u>	<u>43,931,869</u>	<u>1,573,584</u>	<u>26,451,947</u>
Current liabilities					
Trade payables	10	1,047,349	17,605,933	4,147,981	69,727,561
Other payables and accruals	11	637,785	10,721,158	1,348,509	22,668,436
Provision for taxation		57,268	962,680	207,293	3,484,595
TOTAL LIABILITIES		<u>1,742,402</u>	<u>29,289,771</u>	<u>5,703,783</u>	<u>95,880,592</u>
TOTAL EQUITY AND LIABILITIES		<u>4,355,838</u>	<u>73,221,640</u>	<u>7,277,367</u>	<u>122,332,539</u>

The accompanying notes form an integral part of these financial statements.

Statement of Comprehensive Income for the year ended 31 March 2015

	Note	2015 RM	2015 INR	2014 RM	2014 INR
Revenue		12,583,326	211,525,718	9,632,117	161,915,887
Cost of services		(8,978,034)	(150,920,753)	(6,475,903)	(108,859,929)
Gross profit		3,605,292	60,604,965	3,156,214	53,055,958
Administrative expenses.....		(235,324)	(3,955,789)	(556,993)	(9,363,052)
Profit before taxation	12	3,369,968	56,649,176	2,599,221	43,692,906
Taxation	13	(830,116)	(13,954,254)	(684,598)	(11,508,092)
Profit for the year		2,539,852	42,694,922	1,914,623	32,184,814

The accompanying notes form an integral part of these financial statements.

Statement of Changes in Equity for the year ended 31 March 2015

In Ringgit Malaysia

	Note	Share capital RM	Retained earnings RM	Total RM
At 1 April 2014		100,000	1,473,584	1,573,584
Dividends paid	14	–	(1,500,000)	(1,500,000)
Profit for the year		–	2,539,852	2,539,852
At 31 March 2015		<u>100,000</u>	<u>2,513,436</u>	<u>2,613,436</u>
At 1 April 2013		100,000	2,558,961	2,658,961
Dividends paid	14	–	(3,000,000)	(3,000,000)
Profit for the year		–	1,914,623	1,914,623
At 31 March 2014		<u>100,000</u>	<u>1,473,584</u>	<u>1,573,584</u>

In Indian Rupee

	Note	Share capital INR	Retained earnings INR	Total INR
At 1 April 2014		1,681,000	24,770,947	26,451,947
Dividends paid	14	–	(25,215,000)	(25,215,000)
Profit for the year		–	42,694,922	42,694,922
At 31 March 2015		<u>1,681,000</u>	<u>42,250,869</u>	<u>43,931,869</u>
At 1 April 2013		1,681,000	43,016,134	44,697,134
Dividends paid	14	–	(50,430,000)	(50,430,000)
Profit for the year		–	32,184,813	32,184,813
At 31 March 2014		<u>1,681,000</u>	<u>24,770,947</u>	<u>26,451,947</u>

The accompanying notes form an integral part of these financial statements.

Statement of Cash Flows for the year ended 31 March 2015

	2015 RM	2015 INR	2014 RM	2014 INR
Cash flows from operating activities				
Profit before taxation	3,369,968	56,649,176	2,599,221	43,692,906
Adjustments for:				
Bad debts written off	-	-	78,001	1,311,197
Depreciation of plant and equipment	125	2,100	833	14,003
Net loss/(gain) on foreign exchange – unrealised	8,287	139,301	(19)	(319)
Operating profit before working capital changes	3,378,380	56,790,577	2,678,036	45,017,787
(Increase)/decrease in trade and other receivables	(148,972)	(2,504,217)	1,034,311	17,386,768
(Decrease)/increase in trade and other payables	(3,811,356)	(64,068,905)	3,352,219	56,350,801
Cash (used in)/generated from operations	(581,948)	(9,782,545)	7,064,566	118,755,356
Tax paid	(980,141)	(16,476,170)	(517,086)	(8,692,216)
Net cash (used in)/generated from operating activities	(1,562,089)	(26,258,715)	6,547,480	110,063,140
Cash flows from investing activities				
Proceeds from disposal of plant and equipment	-	-	2,167	36,427
Purchase of plant and equipment	(1,499)	(25,198)	-	-
Net cash (used in)/generated from investing activities..	(1,499)	(25,198)	2,167	36,427
Cash flows from financing activities				
Dividends paid	(1,500,000)	(25,215,000)	(3,000,000)	(50,430,000)
Net cash used in financing activities	(1,500,000)	(25,215,000)	(3,000,000)	(50,430,000)
Net (decrease)/increase in cash and cash equivalents	(3,063,588)	(51,498,913)	3,549,647	59,669,567
Cash and cash equivalents at beginning of the year	5,178,985	87,058,738	1,629,338	27,389,171
Cash and cash equivalents at end of the year	2,115,397	35,559,825	5,178,985	87,058,738
Cash and cash equivalents comprise:				
Cash at bank	2,115,397	35,559,825	5,178,985	87,058,738

The accompanying notes form an integral part of these financial statements.

Notes to the Financial Statements for the year ended 31 March 2015

1. Corporate information

The Company is a private limited liability company, incorporated and domiciled in Malaysia. The registered office of the Company is located at Level 18, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur. The principal place of business of the Company is located at 41/F, Vista Tower, The Intermark, 182 Jalan Tun Razak, 50400 Kuala Lumpur, Malaysia.

The principal activities of the Company are to act as information technology service advisors, business consultants and implementers of computerised systems and to render a full range of information technology services including application and programming services, computer networks and other forms of computer and electronic technology services, administration and management control, technical, scientific and operational assistance, systems design, project management and technical training of personnel, management of a computer and electronic service facility and generally, any type of business or activity relating to the information technology and electronic industry and to provide support and training in connection therein. There have been no significant changes in the nature of these activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors dated 17 April 2015.

2. Basis of preparation of the financial statements

The financial statements have been prepared in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

The financial statements of the Company have been prepared under the historical cost convention, unless otherwise indicated in the summary of significant accounting policies (Note 3).

The preparation of financial statements in conformity with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia requires the Directors to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could differ from those estimates.

The financial statements are presented in Ringgit Malaysia (RM).

3. Significant accounting policies

All significant accounting policies set out below are consistent with those applied in the previous financial year.

(a) Plant and equipment and depreciation

Plant and equipment is initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Subsequent to recognition, plant and equipment is stated at cost less accumulated depreciation and impairment losses.

All assets are depreciated on a straight line basis to write off the cost of each asset to its residual value over their estimated useful lives at the following annual rates:

	%
Computer	25

Where an indication of impairment exists, the carrying amount of the assets is assessed and written down immediately to its recoverable amount.

Gains and losses on disposal are determined by comparing proceeds with carrying amount and are included in the income statement.

(b) Receivables

Receivables are carried at anticipated realisable value. Bad debts are written off in the period in which they are identified. An estimate is made for doubtful debts on a review of all outstanding amounts at the year end.

(c) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and bank balances.

(d) Payables

Payables are stated at the fair value of the consideration to be paid in the future for goods and services costs.

(e) Revenue recognition

Revenue from service income are recognised upon delivery of services and customers' acceptances, if any, or performance of services.

Revenue recognised on work completed but not invoiced is classified as "accrued billings" under trade receivables.

(f) Impairment of assets

The carrying amounts of assets, other than investment property, construction contract assets, property development costs, inventories, deferred tax assets and non-current assets (or disposal groups) held for sale, are reviewed at each statement of financial position date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs to.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

An impairment loss is recognised in the statement of comprehensive income in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for as a revaluation decrease to the extent that the impairment loss does not exceed the amount held in the asset revaluation reserve for the same asset.

(g) Financial instruments

Financial assets

Financial assets are recognised in the statements of financial position when the Company becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised and derecognised using trade date accounting.

On initial recognition, financial assets are measured at fair value, plus transaction costs for financial assets not at 'fair value through profit or loss'. Effective interest method is a method of calculating the amortised cost of financial assets and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimate future cash receipts through the expected life of the financial assets or a shorter period to the net carrying amount of the financial assets.

After initial recognition, financial assets are classified into one of four categories: financial assets at 'fair value through profit or loss', 'held-to-maturity' investments, loans and receivables and 'available-for-sale' financial assets.

i Financial assets at 'fair value through profit or loss'

Financial assets are classified as at 'fair value through profit or loss' when the financial assets are either 'held for trading', or upon initial recognition, financial assets are designated as at 'fair value through profit or loss'.

A financial asset is classified as 'held for trading' if:

- it is acquired principally for the purpose of selling it in the near term; or
- on initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective hedging instrument.

Financial assets (other than 'held for trading') are designated as at 'fair value through profit or loss' upon initial recognition if:

- it eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or recognising the gains and losses on them on different bases; or
- a group of financial assets is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- a contract contains one or more embedded derivatives, the entire hybrid contracts are designated as at 'fair value through profit or loss'.

After initial recognition, financial assets at 'fair value through profit or loss' are measured at fair value. Gains or losses on the financial assets at 'fair value through profit or loss' are recognised in profit or loss.

ii 'Held-to-maturity' investments

'Held-to-maturity' investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that and the Company have the positive intention and ability to hold to maturity.

After initial recognition, 'held-to-maturity' investments are measured at amortised cost using the effective interest method less any accumulated impairment losses. Gains or losses are recognised in profit or loss when 'held-to-maturity' investments are derecognised or impaired.

iii Loans and receivables

Loans and receivables are non-derivative financial assets (such as trade receivables, loans assets, unquoted debt instruments and deposits held in banks) with fixed or determinable payments that are not quoted in an active market.

After initial recognition, loans and receivables are measured at amortised cost using the effective interest method less any accumulated impairment losses. Gains or losses are recognised in profit or loss when loans and receivables are derecognised or impaired.

iv 'Available-for-sale' financial assets

Investment in quoted equity and debt instruments that are traded in active market and certain unquoted equity instruments (when the fair value can be determined using a valuation technique) are classified as 'available-for-sale' financial assets. 'Available-for-sale' financial assets are measured at fair value.

Gains or losses on 'available-for-sale' financial assets are recognised in other comprehensive income, except for impairment losses and foreign exchange gains or losses, until the 'available-for-sale' financial assets are derecognised. At that time, the cumulative gains or losses previously recognised in other comprehensive income are reclassified from equity to profit or loss as a reclassification adjustment.

Interest calculated using the effective interest method is recognised in profit or loss. Dividends on 'available-for-sale' equity instruments are recognised in profit or loss when the Company's right to receive payment is established.

v Investment in unquoted equity instruments carried at cost

Investment in equity instruments which do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such an unquoted equity instruments, are measured at cost less any accumulated impairment losses.

vi Impairment of financial assets

At the end of each reporting period, the Company assess whether there is any objective evidence that financial assets held, other than financial assets at 'fair value through profit or loss', are impaired. Financial assets are impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the financial assets which have an impact on the estimated future cash flows of the financial assets that can be reliably measured.

For investment in equity instruments classified as 'available-for-sale', objective evidence that the financial assets are impaired include the disappearance of an active market for the financial assets because of financial difficulties, or the decline of the market price below the cost.

For other financial assets, objective evidence could include:

- significant financial difficulty of the issuer; or
- a breach of contract; or
- the lender granting to the borrower a concession that the lender would not otherwise consider; or
- it becoming probable that the borrower will enter bankruptcy or other financial re-organisation; or
- observable data indicating that there is a measurable decrease in the estimated future cash flows from the financial assets since the initial recognition of those assets.

Impairment losses, in respect of 'held-to-maturity' investments carried at amortised cost are measured as the differences between the assets' carrying amounts and the present values of their estimated future cash flows discounted at the 'held-to-maturity' investments' original effective interest rate.

For certain category of financial assets, such as trade receivables, if it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the assets are included in a group with similar credit risk characteristics and collectively assessed for impairment.

The carrying amounts of the financial assets are reduced directly, except for the carrying amounts of trade receivables which are reduced through the use of an allowance account. Any impairment loss is recognised in profit or loss immediately. If, in later periods, the amount of any impairment loss decreases, the previously recognised impairment losses are reversed directly, except for the amounts related to trade receivables which are reversed to write back the amount previously provided in the allowance account. The reversal is recognised in profit or loss immediately.

If there is objective evidence that impairment losses have been incurred on financial assets carried at cost, the amount of any impairment loss is measured as the differences between the carrying amounts of the financial assets and the present value of their estimated future cash flows discounted at the current market rate of return for a similar financial assets. Such impairment losses are not reversed.

For 'available-for-sale' financial assets, if a decline in fair value has been recognised in other comprehensive income and there is objective evidence that the assets are impaired, the cumulative losses that have been recognised are reclassified to profit or loss.

Impairment losses recognised in profit or loss for an investment in an equity instrument classified as 'available-for-sale' financial assets are not reversed through profit or loss. If the fair value of a debt instrument classified as an 'available-for-sale' financial asset subsequently increases, and the increase can be objectively related to an event occurring after the impairment losses were recognised in profit or loss, the impairment losses are reversed and recognised in profit or loss.

vii Derecognition of financial assets

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire or the Company transfer the financial assets and the transfers qualify for derecognition.

On derecognition of financial assets in their entirety, the differences between the carrying amounts and the sum of the consideration received and any cumulative gains or losses that have been recognised in other comprehensive income are recognised in profit or loss.

Financial liabilities

Financial liabilities are recognised on the statements of financial position when the Company becomes a party to the contractual provisions of the instrument. On initial recognition, financial liabilities are measured at fair value, plus transaction costs for financial liabilities not at 'fair value through profit or loss'. After initial recognition, financial liabilities are either classified as at 'fair value through profit or loss' or amortised cost using the effective interest method.

i Financial liabilities at 'fair value through profit or loss'

Financial liabilities are classified as at 'fair value through profit or loss' when the financial liabilities are either 'held for trading' or upon initial recognition, the financial liabilities are designated as at 'fair value through profit or loss'.

A financial liability is classified as 'held for trading' if:

- it is incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective hedging instrument.

Financial liabilities (other than 'held for trading') are designated as at 'fair value through profit or loss' upon initial recognition if:

- it eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring liabilities or recognising the gains and losses on them on different bases; or
- a group of financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- a contract contains one or more embedded derivatives, the entire hybrid contracts are designated as at 'fair value through profit or loss'.

After initial recognition, financial liabilities at 'fair value through profit or loss' are measured at fair value. Gains or losses on the financial liabilities at 'fair value through profit or loss' are recognised in profit or loss.

ii Financial liabilities at amortised cost using the effective interest method

Effective interest method is a method of calculating the amortised cost of financial liabilities and allocating the interest expense over the relevant period. The effective interest rate is the rate that exactly discounts.

Estimate future cash payments through the expected life of the financial liabilities or a shorter period to the net carrying amount of the financial liabilities. After initial recognition, financial liabilities other than financial liabilities at 'fair value through profit or loss' are measured at amortised cost using the effective interest method. Gains or losses are recognised in profit or loss when the financial liabilities are derecognised or impaired.

iii Derecognition of financial liabilities

Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Any difference between the carrying amounts of financial liabilities derecognised and the consideration paid is recognised in profit or loss.

(h) Equity instruments

Ordinary shares are classified as equity.

(i) Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the balance sheet date.

Deferred tax is provided for, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be recognize. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity.

(j) Foreign currency

i Reporting currency

The financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ("the functional currency").

ii Foreign currency transactions and balances

Foreign currency transactions in the Company are accounted for at exchange rates prevailing at the transactions dates, unless hedged by forward foreign exchange contracts, in which case the rates specified in such forward contracts are used. Foreign currency monetary assets and liabilities are translated at exchange rates prevailing at the balance sheet date, unless hedged by forward foreign exchange contracts, in which case the rates specified in such forward contracts are used. Exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are included in the income statement.

The principal closing rates used in translation of foreign currency amounts are as follows:

	2015 RM	2014 RM
1 Singapore Dollar (SGD)	Not applicable	2.59
1 United States Dollar (USD)	3.71	Not applicable
1 Euro (EUR)	4.01	Not applicable

4. Adoption of new and revised Malaysian Financial Reporting Standards and interpretations

During the financial year, the Company has adopted the following new and revised Malaysian Financial Reporting Standards and amendments to certain standards (collectively referred to as 'MFRSs'), issued by the Malaysian Accounting Standards Board ('MASB') which are effective for the financial year of the Company beginning 1 April 2014:

MFRSs that have been issued but not effective

The following revised MFRSs issued by MASB, effective for financial periods beginning on or after 1 July 2014, have not been adopted, and the adoptions are not expected to have any or significant impact on the financial statements:

Amendments to MFRS 2:	Share-based Payment
Amendments to MFRS 3:	Business Combinations
Amendments to MFRS 8:	Operating Segments
Amendments to MFRS 13:	Fair Value Measurement
Amendments to MFRS 116:	Property, Plant and Equipment
Amendments to MFRS 119:	Employee Benefits
Amendments to MFRS 124:	Related Party Disclosures
Amendments to MFRS 138:	Intangible Assets
Amendments to MFRS 140:	Investment Property

The following new and revised MFRSs issued by MASB, effective for financial periods beginning on or after 1 January 2016, have not been adopted, and the adoptions are not expected to have any or significant impact on the financial statements:

MFRS 14:	Regulatory Deferral Accounts
Amendments to MFRS 5:	Non-current Assets Held for Sale and Discontinued Operations
Amendments to MFRS 7:	Disclosures – Offsetting Financial Assets and Financial "Liabilities
Amendments to MFRS 10:	Consolidated Financial Statements
Amendments to MFRS 11:	Joint Arrangements
Amendments to MFRS 116:	Property, Plant and Equipment
Amendments to MFRS 119:	Employee Benefits
Amendments to MFRS 127:	Separate Financial Statements
Amendments to MFRS 128:	Investment in Associates and Joint Ventures
Amendments to MFRS 134:	Interim Financial Reporting
Amendments to MFRS 138:	Intangible Assets
Amendments to MFRS 141:	Agriculture

The following new MFRS issued by MASB, effective for financial periods beginning on or after 1 January 2017, has not been adopted, and the adoptions are not expected to have any or significant impact on the financial statements:

MFRS 15:	Revenue from Contracts with Customers
----------	---------------------------------------

The following new MFRS issued by MASB, effective for financial periods beginning on or after 1 January 2018, has not been adopted, and the adoptions are not expected to have any or significant impact on the financial statements:

MFRS 9:	Financial Instruments
---------	-----------------------

MFRS 9 requires all recognised financial assets that are within the scope of MFRS 139 Financial Instruments: Recognition and Measurement to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash

flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

The most significant effect of MFRS 9 regarding the classification and measurement of financial liabilities relates to the accounting for changes in the fair value of a financial liability (designated as at 'fair value through profit or loss') attributable to changes in the credit risk of that liability. Specifically, under MFRS 9, for financial liabilities that are designated as at 'fair value through profit or loss', the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss.

5. Significant accounting estimates

Key Sources of Estimation Uncertainty

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Company's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on historical experience and other relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

The key assumptions concerning the future and other key sources of estimation uncertainty at the financial year end, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Depreciation of plant and equipment

The cost of plant and equipment are depreciated on straight-line basis over their useful lives. Management estimates the useful lives of the plant and equipment as stated in Note 3(a). These are common life expectancies applied in the industries. Change in the expected level of usage and technological advancements could impact the economic useful lives and the residual values of these assets, therefore future depreciation charge could be revised.

(b) Income taxes

Significant judgement is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

6. Plant and equipment

	Computer	
	RM	INR
Carrying amount		
At 1 April 2014	–	–
Addition	1,499	25,198
Depreciation charge	(125)	(2,100)
At 31 March 2015	1,374	23,098
At 31 March 2015		
Cost	1,499	25,198
Accumulated depreciation	(125)	(2,100)
Carrying amount	1,374	23,098
At 31 March 2014		
At 1 April 2014	3,000	50,430
Depreciation charge	(833)	(14,003)
Disposal	(2,167)	(36,427)
At 31 March 2014	–	–
Depreciation – 2014	833	14,003

7. Trade receivables

	2015 RM	2015 INR	2014 RM	2014 INR
Trade receivables	1,710,452	28,752,697	1,743,378	29,306,184
Amount due from related corporations - trade	-	-	5,082	85,428
Accrued billings	480,313	8,074,062	311,713	5,239,896
	<u>2,190,765</u>	<u>36,826,759</u>	<u>2,060,173</u>	<u>34,631,508</u>

The currency exposure profile of trade receivables of the Company is as follows:

	2015 RM	2015 INR	2014 RM	2014 INR
Ringgit Malaysia	1,772,506	29,795,839	2,055,091	34,546,080
Singapore Dollar	-	-	5,082	85,428
Euro	393,564	6,615,805	-	-
United States Dollar	24,695	415,115	-	-
	<u>2,190,765</u>	<u>36,826,759</u>	<u>2,060,173</u>	<u>34,631,508</u>

The ageing analysis of the trade receivables is as follows:

	2015 RM	2015 INR	2014 RM	2014 INR
Neither past due nor impaired	1,163,010	19,550,198	243,175	4,087,772
Past due, not impaired				
- 1 to 30 days past due, not impaired	305,807	5,140,616	1,400,900	23,549,129
- 31 to 60 days past due, not impaired	62,500	1,050,625	7,303	122,763
- 61 to 90 days past due, not impaired	171,832	2,888,496	92,000	1,546,520
- 91 to 180 days past due, not impaired	7,303	122,763	-	-
	547,442	9,202,500	1,500,203	25,218,412
Past due and impaired	-	-	-	-
	<u>1,710,452</u>	<u>28,752,698</u>	<u>1,743,378</u>	<u>29,306,184</u>

The balance of receivables that are past due but not impaired are unsecured in nature. The management is confident that the remaining receivables are recoverable as these accounts are still active.

8. Other receivables

	2015 RM	2015 INR	2014 RM	2014 INR
Loan and advances	45,784	769,630	13,778	231,608
Prepayments	-	-	12,163	204,460
Rental deposits	2,518	42,328	12,268	206,225
	<u>48,302</u>	<u>811,958</u>	<u>38,209</u>	<u>642,293</u>

9. Share capital

	2015 RM	2015 INR	2014 RM	2014 INR
Authorised				
500,000 ordinary shares of RM1 each	500,000	8,405,000	500,000	8,405,000
Issued and fully paid:				
100,000 ordinary shares of RM1 each	100,000	1,681,000	100,000	1,681,000

10. Trade payables

	2015 RM	2015 INR	2014 RM	2014 INR
Amount due to related corporations:				
Bristlecone India Limited	1,047,349	17,605,933	4,147,981	69,727,561
	<u>1,047,349</u>	<u>17,605,933</u>	<u>4,147,981</u>	<u>69,727,561</u>

Amount due to related corporation is unsecured, interest free and repayable upon demand.

The currency exposure profile of trade payables of the Company is as follows:

	2015 RM	2015 INR	2014 RM	2014 INR
Ringgit Malaysia	1,047,349	17,605,933	4,147,981	69,727,561
	<u>1,047,349</u>	<u>17,605,933</u>	<u>4,147,981</u>	<u>69,727,561</u>

11. Other payables and accruals

	2015 RM	2015 INR	2014 RM	2014 INR
Advance billings	182,805	3,072,952	789,270	13,267,629
Other payables	398,082	6,691,755	330,731	5,559,588
Provision for expenses	56,898	956,451	228,508	3,841,219
	<u>637,785</u>	<u>10,721,158</u>	<u>1,348,509</u>	<u>22,668,436</u>

Advance billing represents invoices issued to customers of which goods or services sold have not been completed and have been included under trade payables.

12. Profit before taxation

	2015 RM	2015 INR	2014 RM	2014 INR
Profit before taxation is arrived at after charging:				
Auditors' remuneration				
- current year	15,000	252,150	16,000	268,960
- underprovision in previous year	2,500	42,025	-	-
Depreciation of plant and equipment	125	2,100	833	14,003
Loss on foreign exchange - realised	3,083	51,822	11,062	185,952
Loss on foreign exchange - unrealised	8,455	142,129	70	1,177
Staff costs	8,492,644	142,761,342	5,922,361	99,554,888
Rental of guest house (under Cost of Services)	-	-	20,750	348,808
Rental of premises (under Administrative Expenses)	7,068	118,813	7,068	118,813
Bad debts written off	-	-	78,001	1,311,197
and crediting:				
Gain on foreign exchange - unrealised	168	2,828	89	1,496
Gain on foreign exchange - realised	310	5,213	-	-

13. Taxation

	2015 RM	2015 INR	2014 RM	2014 INR
Malaysian income tax				
Current year	857,129	14,408,343	692,000	11,632,520
Overprovision in prior years	(27,013)	(454,089)	(7,402)	(124,428)
	<u>830,116</u>	<u>13,954,254</u>	<u>684,598</u>	<u>11,508,092</u>

The reconciliation of income tax expense applicable to the results of the Company at the statutory income tax rate to income tax expense at the effective income tax rate of the Company is as follows:

	2015 RM	2015 INR	2014 RM	2014 INR
Profit before taxation	3,369,968	56,649,160	2,599,221	43,692,905
Tax at Malaysian statutory tax rate of 25%	842,492	14,162,290	649,805	10,923,222
Tax effects of expenses not deductible for tax purposes	14,637	246,053	42,195	709,298
Over provision of income tax in prior years	(27,013)	(454,089)	(7,402)	(124,428)
	830,116	13,954,254	684,598	11,508,092

14. Dividends

	2015 RM	2015 INR	2014 INR	2014 INR
Final single tier dividends of RM15 per share on 100,000 ordinary shares declared on 9 March 2015 in respect of financial year ended 31 March 2015, paid on 12 March 2015	1,500,000	25,215,000	-	-
Final single tier dividends of RM20 per share on 100,000 ordinary shares declared on 28 August 2013 in respect of financial year ended 31 March 2013, paid on 4 September 2013	-	-	2,000,000	33,620,000
First interim single tier dividends of RM4 per share on 100,000 ordinary shares declared on 6 December 2013 in respect of financial year ended 31 March 2014, paid on 16 December 2013	-	-	400,000	6,724,000
Second interim single tier dividends of RM6 per share on 100,000 ordinary shares declared on 12 February 2014 in respect of financial year ended 31 March 2014, paid on 24 February 2014	-	-	600,000	10,086,000
	1,500,000	25,215,000	3,000,000	50,430,000

15. Significant related party transactions

The Company has transactions with its related corporations and the financial statements reflect the effects of these transactions on the basis agreed upon between the Company and its related corporations which basis might be different from the transactions with unrelated parties.

Significant transactions with related corporations during the year consists of:

	2015 RM	2015 INR	2014 RM	2014 INR
Expenses				
Service charges by related corporations:				
Bristlecone India Limited	8,485,817	142,646,584	5,922,361	99,554,888
Bristlecone GMBH	-	-	26,435	444,372
	8,485,817	142,646,584	5,948,796	99,999,260

16. Non-cancellable operating lease commitment

The future aggregate minimum lease payments under non-cancellable operating leases contracted for as at balance sheet date but not recognised as liabilities are as follows:

	2015 RM	2015 INR	2014 RM	2014 INR
Rental of guest house				
Future minimum rentals payments:				
Not later than 1 year	1,767	29,703	-	-

17. Fair values of the financial instruments

The fair values of the financial instruments of the Company as at 31 March 2015 are not materially different from their carrying values.

18. Financial risk management policies

The Company's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Company's businesses whilst managing its risks. The Board reviews and agrees policies for managing each of these risks and they are summarised below. It is, and has been throughout the year under review, the Company's policy that no trading in derivative financial instruments shall be undertaken.

The main areas of financial risks faced by the Company and the policy in respect of the major areas of treasury activity are set out as follows:

(a) Credit risk

The credit risk is controlled by the application of credit approvals, limits and monitoring procedures. An internal credit review is conducted if the credit risk is material.

(b) Foreign currency risk

The Company is exposed to transactional currency risk primarily through sales and purchases that are denominated in a currency other than the functional currency of the operations to which they relate. The currency giving rise to this risk is mainly Euro (EUR) and United States Dollar (USD). Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level.

Foreign currency risk sensitivity analysis

Amounts are translated for convenience into Indian Rupees at the exchange rate of INR16.81 = RM1 which approximates the market rate as at 31 March 2015. Comparative figures are also translated at this rate.

The sensitivity analysis to a reasonably possible change in the foreign currencies as at the end of the reporting period with all other variables held constant is as follows:

	Increase/(decrease) in the Company's results		Increase/(decrease) in the Company's results	
	2015 RM	2015 INR	2014 RM	2014 INR
Effects on profit before taxation:				
SGD				
- strengthened by 5% (2014: 5%)	-	-	250	4,203
- weakened by 5% (2014: 5%)	-	-	(250)	(4,203)
USD				
- strengthened by 5% (2014: 5%)	1,235	20,760	-	-
- weakened by 5% (2014: 5%)	(1,255)	(20,760)	-	-
EUR				
- strengthened by 5% (2014: 5%)	19,680	330,821	-	-
- weakened by 5% (2014: 5%)	(19,680)	(330,821)	-	-

(c) Liquidity and cash flow risks

The Company relies on its management of working capital to ensure that the cash flow within the operating cycle are sustainable. In the event of additional funds required to operate the Company, the financial support from its holding company and related companies is necessary to meet its short term funding needs.

DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2015

The Directors are pleased to present their report together with the Audited Accounts of your Company for the year ended March 31, 2015.

	Year ended March 31, 2015	Year ended March 31, 2015	Year ended March 31, 2014	Year ended March 31, 2014
	CAD	INR	CAD	INR
Total Income.....	53,751	2,645,624	1,070,040	52,667,369
Profit/(Loss) before tax	57,118	2,811,348	349,146	17,184,966
Profit/(Loss) after tax	41,785	2,056,658	255,418	12,571,674

Review of Operations:

Bristlecone Consulting Ltd., Canada was incorporated on June 1, 2010 under the laws of British Columbia, Canada. During the fiscal year under review, revenue declined to **\$0.054m** (INR 2.65m) from **\$1.07m** (INR 52.67m) and the Profit after tax for the year was at **\$0.042m** (INR 2.06m) as compared to a Profit after tax of **\$0.26m** (INR 12.57m) in the previous year.

The Board acknowledges the continued support the Company receives from its employees and its holding company, Bristlecone Limited.

Irfan Khan
Director

Outlook for the current year:

The Company will pursue opportunities during the year which are expected to have a positive impact on the business.

Place : Mountain View, California
Date : 16th April, 2015

INDEPENDENT AUDITOR'S REPORT

Grant Thornton LLP
Royal Bank Plaza
19th Floor, South Tower
200 Bay Street, Box 55
Toronto, ON
M5J 2P9

T (416) 366-0100
F (416) 360-4949
www.GrantThornton.ca

To The Shareholder of
Bristlecone Consulting Ltd.

We have audited the accompanying financial statements of Bristlecone Consulting Ltd., which comprise the balance sheet as at March 31, 2015 and the statements of earnings and retained earnings and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for private enterprises, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial statements in order to design audit

procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Bristlecone Consulting Ltd. as at March 31, 2015, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for private enterprises.

Other Matter

Our audit was conducted for the purposes of forming an opinion on the financial statements taken as a whole. The Supplementary Information herein is presented for purposes of additional information and is not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Grant Thornton LLP

Place: Toronto, Canada
Date: April 16, 2015

Chartered Accountants
Licensed Public Accountants

STATEMENTS OF EARNINGS AND RETAINED EARNINGS

Year ended March 31

	2015	2015	2014	2014
	\$	INR	\$	INR
Revenue	53,751	2,645,624	1,070,040	52,667,369
Expenses				
Salaries	50,714	2,496,143	223,227	10,987,233
Subcontracting (Note 8).....	-	-	386,326	19,014,966
Rent.....	4,759	234,238	22,078	1,086,679
Office.....	682	33,568	1,239	60,984
Foreign exchange gain	(78,570)	(3,867,215)	(55,863)	(2,749,577)
Travel.....	-	-	79,001	3,888,429
Professional fees	14,602	718,710	39,380	1,938,284
Telephone	1,636	80,524	5,474	269,430
Commissions	-	-	14,647	720,925
Meals and entertainment	-	-	2,518	123,936
Bank charges	2,069	101,836	1,954	96,176
Amortization.....	741	36,472	913	44,938
	<u>(3,367)</u>	<u>(165,724)</u>	720,894	35,482,403
Income before income taxes.....	57,118	2,811,348	349,146	17,184,966
Current income taxes (Note 6)	15,333	754,690	93,728	4,613,292
Net income.....	<u>41,785</u>	<u>2,056,658</u>	255,418	12,571,674
Retained earnings, beginning of year	674,214	33,184,810	418,796	20,613,136
Net income	<u>41,785</u>	<u>2,056,658</u>	255,418	12,571,674
Retained earnings, end of year.....	<u>715,999</u>	<u>35,241,468</u>	674,214	33,184,810

See accompanying notes to the financial statements.

BALANCE SHEET

As at March 31

	2015	2015	2014	2014
	\$	INR	\$	INR
Assets				
Current				
Cash.....	736,403	36,245,756	1,158,232	57,008,179
Accounts receivable.....	-	-	128,925	6,345,689
Amounts due from related companies (Note 4).....	-	-	41,255	2,030,571
Prepays.....	150	7,383	2,515	123,788
	<u>736,553</u>	<u>36,253,139</u>	<u>1,330,927</u>	<u>65,508,227</u>
Capital assets (net of accumulated amortization of \$1,422 (INR 69,991)) ...	803	39,524	1,545	76,045
	<u>737,356</u>	<u>36,292,662</u>	<u>1,332,472</u>	<u>65,584,272</u>
Liabilities				
Current				
Payables and accruals (Note 3).....	5,916	291,186	27,816	1,369,104
Income taxes payable.....	15,440	759,957	4,715	232,072
Amounts due to related companies (Note 4).....	-	-	625,726	30,798,234
	<u>21,356</u>	<u>1,051,142</u>	<u>658,257</u>	<u>32,399,410</u>
Shareholder's equity				
Share capital (Note 5).....	1	49	1	49
Retained earnings.....	715,999	35,241,471	674,214	33,184,813
	<u>716,000</u>	<u>35,241,520</u>	<u>674,215</u>	<u>33,184,862</u>
	<u>737,356</u>	<u>36,292,662</u>	<u>1,332,472</u>	<u>65,584,272</u>

On behalf of the Board

Kulashekar Raghavan
Director

See accompanying notes to the financial statements.

STATEMENT OF CASH FLOWS

Year ended March 31

	2015	2015	2014	2014
	\$	INR	\$	INR
Increase (decrease) in cash				
Operating activities				
Net income	41,785	2,056,658	255,418	12,571,674
Amortization.....	742	36,521	913	44,938
	<u>42,527</u>	<u>2,093,179</u>	<u>256,331</u>	<u>12,616,612</u>
Change in non-cash working capital				
Accounts receivable.....	128,925	6,345,689	445,800	21,942,276
Amounts due from related companies	41,255	2,030,571	(41,255)	(2,030,571)
Prepays	2,365	116,406	1,195	58,818
Payables and accruals.....	(21,900)	(1,077,919)	(53,551)	(2,635,780)
Income taxes payable.....	10,725	527,885	(112,130)	(5,519,039)
Amounts due to related companies.....	(625,726)	(30,798,234)	(116,527)	(5,735,459)
	<u>(421,829)</u>	<u>(20,762,423)</u>	<u>379,863</u>	<u>18,696,857</u>
Financing activities				
Increase in amount due to parent company	-	-	-	-
Investing activities				
Disposal of capital assets.....	-	-	526	25,890
Purchase of capital assets.....	-	-	(2,225)	(109,515)
	<u>-</u>	<u>-</u>	<u>(1,699)</u>	<u>(83,625)</u>
Net increase in cash.....	<u>(421,829)</u>	<u>(20,762,423)</u>	378,164	18,613,232
Cash, beginning of year.....	<u>1,158,232</u>	<u>57,008,179</u>	780,068	38,394,947
Cash, end of year	<u><u>736,403</u></u>	<u><u>36,245,756</u></u>	<u><u>1,158,232</u></u>	<u><u>57,008,179</u></u>

See accompanying notes to the financial statements.

Notes to the Financial Statements March 31, 2015

1. Nature of operations

Bristlecone Consulting Ltd. ("the Company") is engaged in providing technology solutions and consulting services primarily with operations in North America. The Company's primary focus is on providing supply chain services ranging from supply chain strategy and network design to supply chain system implementations. The Company also provides application outsourcing services, data management services and development and integration services to independent software vendors. The Company was incorporated under the laws of Canada on June 1, 2010.

2. Summary of significant accounting policies

These financial statements have been prepared in accordance with Canadian accounting standards for private enterprises ("ASPE").

Use of estimates

In preparing the Company's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the period. Actual results could differ from these estimates.

Financial instruments

Financial assets and financial liabilities are initially recognized at fair value when the Company becomes a party to the contractual provisions of the financial instrument. Subsequently, all of the Company's financial instruments are measured at amortized cost.

With respect to financial assets, the Company recognizes in net earnings an impairment loss, if any, when it determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows. When the extent of impairment of a previously written-down asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss shall be reversed in net earnings in the period the reversal occurs.

Cash

Cash includes cash on hand and balances with banks.

Capital assets

Rates and bases of amortization applied to write-off the cost less estimated salvage value of capital assets over their estimated lives are as follows:

Computer equipment 33%, straight-line

Revenue recognition

Revenue is recognized under the percentage of completion method, whereby work-in-process represents the net realizable value of unbilled professional time and related charges. Unbilled disbursements are recorded at cost and included in work-in-process. Revenue is recognized as services are provided.

Foreign currency translation

The functional currency of the Company is the Canadian dollar. When using the Canadian dollar as the reporting currency, monetary assets and liabilities denominated in foreign currencies are translated at the year end rate of exchange. Revenue and expenses denominated in foreign currencies are translated at the rate of exchange in effect on the dates on which such items are recognized in earnings during the year. The translation adjustment is included in the determination of earnings for the current year.

Income taxes

The Company has elected to apply the taxes payable method of accounting. The taxes payable and provision for income taxes are based on the corporate income tax return filed. There is no adjustment for income taxes related to temporary differences and no recognition of the benefit of income tax losses carried forward.

3. Payables and accruals

Included in payables and accruals are government remittances (other than income taxes) of \$83 (INR 4,085) (2014 - \$6,064 (INR 298,470)).

4. Amounts due to/from related companies

Amounts due from related companies	2015	2015	2014	2014
	\$	INR	\$	INR
Bristlecone Incorporated	-	-	41,255	2,030,571

Amounts due to related companies	2015	2015	2014	2014
	\$	INR	\$	INR
Bristlecone India Limited	-	-	49,228	2,423,003
Bristlecone UK	-	-	2,629	129,399
Bristlecone Incorporated	-	-	573,869	28,245,832
	-	-	625,726	30,798,234

The amounts due to/from related companies are non-interest bearing, unsecured and payable/receivable on demand. The companies are related to due to common ownership.

5. Share capital

Authorized:

Unlimited number of common shares without nominal or par value

Issued and outstanding:

	2015	2015	2014	2014
	\$	INR	\$	INR
1 common share	1	49	1	49

6. Income taxes

The provision for income taxes in the statement of operations varies from the amount that would be computed by applying the combined federal and provincial statutory income tax rates as a result of the following:

	2015	2015	2014	2014
	\$	INR	\$	INR
Income tax expense on earnings at statutory rates	15,136	744,994	92,523	4,553,982
Increase (decrease) resulting from:				
Non-deductible expenses	-	-	495	24,364
Temporary differences	197	9,696	710	34,946
	15,333	754,690	93,728	4,613,292

7. Financial instruments

Credit risk

The Company is subject to credit risk through trade receivables. The Company performs ongoing credit evaluations of its customers' financial condition and limits the amount of credit extended when deemed necessary. The Company maintains provisions for potential credit losses and any such losses to date have been within management's expectations. At March 31, 2015 the Company has not recorded any provision for doubtful accounts.

Interest rate risk

The Company is not subject to interest rate risk.

Currency risk

The Company operates internationally giving rise to risks associated with fluctuations in foreign currency exchange rates. The Company's foreign currency policy is described in Note 2. At the balance sheet date receivables include \$Nil U.S. (2014 - \$116,631 U.S.) and due to related companies include \$Nil U.S. (2014 - \$503,395 U.S.).

8. Related party transactions

During the year, the Company had entered into related party transactions for subcontracting services provided to Bristlecone Incorporated amounting to \$53,751 (INR 2,645,624) (2014 - \$36,027 (INR - 1,773,249)) and services provided to the Company amounted to \$Nil (2014 - \$386,326 (INR 19,014,966)). These transactions were in the normal course of operations and measured at the exchange amount.

Supplementary Information (Unaudited) March 31, 2015

For the convenience of readers of the financial statements, all items in the statement of earnings and retained earnings for the year ended March 31, 2015 and the balance sheet as at March 31, 2015 have been translated from the Company's reporting currency (Canadian dollars) into Indian Rupees ("INR") using the exchange rate on March 31, 2015 of Canadian \$1 = INR 49.22. This convenience translation should not be construed as a representation that the Canadian dollar amounts or the Indian Rupee amounts referred to have been, could have been, or could in the future be, converted into INR or Canadian dollar, as the case may be, at this or at any other rate of exchange, or at all.

DIRECTORS' REPORT TO THE SHAREHOLDERS

Bristlecone International AG was incorporated on 21st June, 2011 under the laws of Switzerland. Your Directors' present their Report together with the audited accounts for the year ended 31st March, 2015.

Financial Results

Particulars	Year ended	Year ended	Period ended	Period ended
	31 st March, 2015	31 st March, 2015	31 st March, 2014	31 st March, 2014
	(CHF)	(INR)	(CHF)	(INR)
Gross Sales.....	1,924,761	124,474,300	3,514,189	227,262,594
Other Income.....	58,491	3,782,636	76,679	4,958,841
Total.....	<u>1,983,252</u>	<u>128,256,936</u>	<u>3,590,868</u>	<u>232,221,435</u>
(Loss)/Profit before Interest, Depreciation, Taxation.....	(872,724)	(56,439,070)	513,924	33,235,502
Less: Depreciation.....	2,582	166,993	2,482	160,514
(Loss)/Profit before Tax.....	<u>(875,306)</u>	<u>(56,606,063)</u>	<u>511,442</u>	<u>33,074,988</u>
Tax on Income.....	-	-	(48,200)	(3,117,107)
Net Profit/(Loss) after Tax.....	<u>(875,306)</u>	<u>(56,606,063)</u>	463,242	29,957,881
Balance of Profit for earlier years.....	1,114,469	72,072,746	683,727	44,216,639
Less: Transfer to Legal Reserve.....	15,000	970,050	32,500	2,101,774
Profit & Loss Account Balance carried forward.....	<u>224,163</u>	<u>14,496,633</u>	<u>1,114,469</u>	<u>72,072,746</u>

Share Capital

The Company's share capital is CHF 100,000 (INR 6,467,000) [Previous year CHF 100,000 (INR 6,467,000)] of which CHF 50,000 (INR 3,233,500) [Previous year CHF 50,000 (INR 3,233,500)] is non paid-up.

Directors' Responsibility Statement

The Directors state as an averment of the responsibility that :

- in the preparation of the annual accounts, the applicable accounting standards have been followed;
- they have, in the selection of the accounting policies, consulted the Statutory Auditors and these have been applied consistently and reasonable and prudent judgments and estimates have been made so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2015 and of the loss of the Company for the period ended on that date;
- proper and sufficient care has been taken for the maintenance of adequate accounting records for

safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

- the annual accounts have been prepared on a going concern basis.

Management and Representative Authority

Mr. Irfan Khan, Mr. Kulashekar Raghavan and Mr. Rajesh Kalra are Directors of the Company.

Auditors

The auditors BDO Ltd., Hodlerstrasse 5, CH-3001 Berne, have expressed their willingness to accept re-appointment.

For and on behalf of the Board

Kulashekar Raghavan
Director

Place : Schaffhausen
Date : 17th April, 2015

REPORT OF THE STATUTORY AUDITOR ON THE LIMITED STATUTORY EXAMINATION OF THE FINANCIAL STATEMENTS FOR THE YEAR 2014/15

(for the period of 1 April 2014 until 31 March 2015)

Report of the statutory auditor on the limited statutory examination to the general shareholders' meeting of Bristlecone International AG, Schaffhausen

As statutory auditor, we have examined the financial statements (balance sheet, income statement and notes) of Bristlecone International AG for the year ended 31 March 2015.

These financial statements are the responsibility of the board of directors. Our responsibility is to perform a limited statutory examination on these financial statements. We confirm that we meet the licensing and independence requirements as stipulated by Swiss law.

We conducted our examination in accordance with the Swiss Standard on the Limited Statutory Examination. This standard requires that we plan and perform a limited statutory examination to identify material misstatements in the financial statements. A limited statutory examination consists primarily of inquiries of company personnel and analytical procedures

as well as detailed tests of company documents as considered necessary in the circumstances. However, the testing of operational processes and the internal control system, as well as inquiries and further testing procedures to detect fraud or other legal violations, are not within the scope of this examination.

Based on our limited statutory examination, nothing has come to our attention that causes us to believe that the accompanying financial statements and the proposed appropriation of available earnings do not comply with Swiss law and the company's articles of incorporation.

Berne, 17 April 2015

BDO Ltd

Karel Hojac
Licensed Audit Expert
Auditor in Charge

ppa Simon Kehrl
Licensed Audit Expert

BALANCE SHEET AS OF MARCH 31, 2015

ASSETS	31.03.2015 CHF	31.03.2015 INR	31.03.2014 CHF	31.03.2014 INR
Cash	1,000.00	64,670.00	3,000.00	194,010.00
Bank accounts	177,533.61	11,481,098.56	1,296,306.28	83,832,127.13
Accounts receivables.....	703,532.03	45,497,416.38	564,473.43	36,504,496.72
Accounts receivables related parties.....	0.00	0.00	108,055.91	6,987,975.70
Provision for doubtful debts.....	-212,328.00	-13,731,251.76	-36,029.38	-2,330,020.00
Other current receivables.....	102,308.97	6,616,321.09	122,388.96	7,914,894.04
Services in progress.....	77,929.33	5,039,689.77	582,907.53	37,696,629.97
Prepaid expenses	16,749.05	1,083,161.06	13,567.57	877,414.75
Current Assets	866,724.99	56,051,105.10	2,654,670.30	171,677,528.31
Non paid up share capital	50,000.00	3,233,500.00	50,000.00	3,233,500.00
Computer hardware and office machines	4,519.44	292,272.18	3,368.02	217,809.85
Office furniture and appliance.....	1,340.09	86,663.62	1,786.85	115,555.59
Rent deposit.....	6,000.00	388,020.00	6,000.00	388,020.00
Fixed Assets	11,859.53	766,955.80	11,154.87	721,385.44
TOTAL ASSETS	928,584.52	60,051,560.90	2,715,825.17	175,632,413.75
LIABILITIES AND EQUITY				
Accounts payable	0.00	0.00	0.00	0.00
Accounts payable related parties	313,544.65	20,276,932.51	1,173,349.81	75,880,532.23
Other current payables.....	24,636.40	1,593,235.99	24,050.90	1,555,371.70
Accrued expenses	216,240.29	13,984,259.55	268,954.91	17,393,314.03
LIABILITIES	554,421.34	35,854,428.05	1,466,355.62	94,829,217.96
Share capital.....	100,000.00	6,467,000.00	100,000.00	6,467,000.00
Legal reserves.....	50,000.00	3,233,500.00	35,000.00	2,263,450.00
Profit carried forward.....	1,099,469.55	71,102,695.80	651,227.23	42,114,864.96
Loss / Profit for the year.....	-875,306.37	-56,606,062.95	463,242.32	29,957,880.83
Available earnings	224,163.18	14,496,632.85	1,114,469.55	72,072,745.79
Equity	374,163.18	24,197,132.85	1,249,469.55	80,803,195.79
TOTAL LIABILITIES AND EQUITY	928,584.52	60,051,560.90	2,715,825.17	175,632,413.75

Bristlecone International AG

Schaffhausen,
Date: 17 April, 2015R. Kulashekar
Director

INCOME STATEMENT FOR THE PERIOD OF 01.04.2014 - 31.03.2015

	01.04.2014 - 31.03.2015 CHF	01.04.2014 - 31.03.2015 INR	01.04.2013 - 31.03.2014 CHF	01.04.2013 - 31.03.2014 INR
Services income	1,924,761.10	124,474,300.34	3,514,188.86	227,262,593.58
Provision for doubtful debts.....	-176,298.62	-11,401,231.76	-1,029.38	-66,570.00
Net income	1,748,462.48	113,073,068.58	3,513,159.48	227,196,023.58
Services expenses.....	-1,517,428.83	-98,132,122.44	-2,318,496.07	-149,937,140.85
Gross profit I	231,033.65	14,940,946.14	1,194,663.41	77,258,882.73
Personnel expenses.....	-788,074.33	-50,964,766.92	-408,341.68	-26,407,456.45
Gross profit II	-557,040.68	-36,023,820.78	786,321.73	50,851,426.28
Office expenses.....	-43,729.00	-2,827,954.43	-39,912.00	-2,581,109.04
Administration expenses.....	-80,486.22	-5,205,043.85	-45,657.56	-2,952,674.41
Consulting, accounting and audit fees.....	-59,282.94	-3,833,827.73	-132,270.22	-8,553,915.13
Advertising expenses.....	0.00	0.00	0.00	0.00
Operating profit before depreciation	-740,538.84	-47,890,646.79	568,481.95	36,763,727.70
Depreciation.....	-2,582.24	-166,993.46	-2,482.05	-160,514.17
Operating profit (level EBIT)	-743,121.08	-48,057,640.25	565,999.90	36,603,213.53
Financial income.....	56,099.85	3,627,977.30	75,494.20	4,882,209.91
Financial expenses.....	-190,676.64	-12,331,058.31	-131,236.53	-8,487,066.40
Other income.....	2,391.50	154,658.31	1,184.95	76,630.72
Profit before taxes	-875,306.37	-56,606,062.95	511,442.52	33,074,987.76
Taxes.....	0.00	0.00	-48,200.20	-3,117,106.93
Profit for the year	-875,306.37	-56,606,062.95	463,242.32	29,957,880.83

Bristlecone International AG

Schaffhausen,
Date: 17 April, 2015

R. Kulashekar
Director

NOTES FOR THE PERIOD OF 1.4.2014 - 31.3.2015

	31.03.2015 CHF	31.03.2015 INR	31.03.2014 CHF	31.03.2014 INR
1. Fire insurance coverage				
Equipment	N/A	N/A	N/A	N/A
2. Risk assessment				
Due to the size and complexity of the company, the management did not yet make a written risk assessment. The management will monitor the risks continuously.				
3. Off-balance-sheet lease obligations				
BMW Group Financial Services (incl. 8% VAT) ..	10,762.50	696,010.88	0.00	0.00

4. Translation into Indian Rupees

The amounts in CHF are translated for convenience into India Rupees at the exchange rate of CHF 1 = INR 64.67, which is the average of the telegraphic transfer buying and selling rates quoted by the Mumbai Branch of State Bank of India on March 31, 2015.

Other facts to disclose in the annual accounts according to Art. 663 b OR do not exist.

PROPOSED APPROPRIATION OF AVAILABLE EARNINGS

	31.03.2015 CHF	31.03.2015 INR	31.03.2014 CHF	31.03.2014 INR
Balance carried forward from last year	1,099,469.55	71,102,695.80	651,227.23	42,114,864.96
Loss / Profit of the year.....	-875,306.37	-56,606,062.95	463,242.32	29,957,880.83
Available earnings	224,163.18	14,496,632.85	1,114,469.55	72,072,745.79
Legal reserves 5%.....	0.00	0.00	15,000.00	970,050.00
Balance to be carried forward	224,163.18	14,496,632.85	1,099,469.55	71,102,695.80
Available earnings	224,163.18	14,496,632.85	1,114,469.55	72,072,745.80

Bristlecone International AG

Schaffhausen,
Date: 17 April, 2015

R. Kulashekar
Director

DIRECTORS' REPORT

Your directors present their Thirty-Seventh Report, together with the audited financial statement of your Company for the year ended March 31, 2015.

FINANCIAL HIGHLIGHTS AND STATE OF COMPANY'S AFFAIRS (Standalone)

	(Rs in cr)	
	For the year ended March 31	
	2015	2014
Income	1,213.69	1,168.87
Profit before depreciation, interest and taxation	116.67	100.02
Less: Depreciation	5.10	5.99
Profit before interest and taxation	111.57	94.03
Less: Interest	1.33	1.46
Profit before tax	110.24	92.57
Less: Provision for taxation:		
Current tax	38.46	29.23
Deferred tax	(0.39)	(1.03)
Profit for the year after tax	72.17	64.37
Balance of profit of earlier years	264.01	225.50
Profit available for appropriation	336.18	289.87
Depreciation adjustment on transition to Schedule II	0.10	-
Proposed dividend on equity shares	16.60	16.60
Income-tax on proposed dividend	3.38	2.82
Transfer to General Reserve	7.22	6.44
Balance carried to Balance Sheet	308.88	264.01
Net Worth	378.35	326.26

Your Company's income for the year increased to Rs. 1,213.69 cr from Rs. 1,168.87 cr in the previous year primarily due to buoyancy in demand for processed steel in the power vertical. Profit before tax for the year was Rs. 110.24 cr (best-ever) as compared to Rs. 92.57 cr in the previous year on account of better product mix, cost control measures, and gain on sale of fixed assets.

No material changes and commitments have occurred after the close of the year till the date of this report which affect the financial position of your Company.

OPERATIONS

Domestic auto industry remained sluggish during the year resulting in subdued demand for processed steel. Demand from the transformer industry recovered during the year resulting in better capacity utilization and margins.

DIVIDEND

Your directors recommend a dividend @ 100% on its equity shares, i.e., Rs. 10 per equity share on 1,21,00,007 fully paid-up equity shares of Rs 10 each, and pro rata dividend of Rs. 3 per equity share on 1,50,00,000 partly paid-up equity shares of Rs. 10 each, Rs. 3 per equity share paid-up, aggregating Rs. 16.60 cr.

If approved by the shareholders at the ensuing Annual General Meeting, the above dividend will be paid to those equity shareholders whose names appear on the Register of Members as on the record date fixed for this purpose, i.e., June 12, 2015.

Equity dividend for the year, together with income tax thereon, will absorb a sum of Rs. 19.98 cr against Rs. 19.42 cr paid for the previous year.

CURRENT YEAR

Your Company expects to sustain its performance in both its verticals, automotive and electrical, during the current year.

SUBSIDIARIES

Mahindra Steel Service Centre Limited (MSSCL):

The financial performance of Mahindra Steel Service Centre Limited improved during the year on account of higher realizations, and increased processing income in the power vertical. Domestic auto industry, however, showed de-growth resulting in the lower processing income. MSSCL's income for the year increased to Rs. 151.06 cr against Rs. 122.37 cr in the previous year. Its profit after tax for the year was significantly higher at Rs. 7.54 cr against Rs. 5.43 cr in the previous year.

Mahindra MiddleEast Electrical Steel Service Centre (FZC)-(MME):

The financial performance of Mahindra MiddleEast Electrical Steel Service Centre (FZC) was affected during the year on account of low demand. MME's total income for the year decreased by 46% to USD 6.08 million (INR 380.71 million) from USD 11.33 million (INR 709.76 million) in the previous year. Its profit for the year was USD 0.00 million (INR 0.25 million) as compared to USD 0.76 million (INR 47.76 million) in the previous year.

Mahindra Electrical Steel Private Limited (MESL):

Mahindra Electrical Steel Private Limited is in the process of evaluating options for its steel service centre projects in western and central India. MESL's income for the year was Rs. 66,764 (Previous year: Rs. Nil) and loss for the year was Rs. 25.99 lakh (Previous year: Rs. 69.00 lakh).

Mahindra Auto Steel Private Limited (MASL):

Mahindra Auto Steel Private Limited, a joint venture between your Company, China Steel Global Trading Corporation, CSGT International Corporation and Mitsui & Co. (Asia-Pacific) Pte Ltd. is expected to commence commercial operations at its steel service centre at Chakan, near Pune, during the current financial year. MASL's income for the year was Rs. 1.25 cr (Previous year: Rs Nil) and profit after tax for the year was Rs. 0.93 cr (Previous year: Rs - 0.73 cr).

CONSOLIDATED FINANCIAL STATEMENT

In accordance with Section 134(7) of the Companies Act, 2013 and Accounting Standard (AS) - 21, the audited consolidated financial statement of your Company is attached.

The audited financial statements of your Company's subsidiaries, together with Reports of Directors and Auditors thereon for the year ended March 31, 2015, and a statement pursuant to the first proviso of Section 129(3) of the Companies Act, 2013 containing the salient features of the said financial statements in Form AOC-1 are attached.

HUMAN RESOURCES

Happy and enthused employees is one of the strategic goals of your Company as reflected in its employee engagement interventions. Your Company's MCARES and Employee as Promoter Score (EPS) - metrics used by the group to assess employee satisfaction - were a robust 4.39/5.00 and 61% respectively, in the top league in the Mahindra group.

Your Company invests in premier learning opportunities to create a future-ready talent pool.

As part of thrust on Diversity & Inclusion (D&I), your Company has constituted a Women's Council and a Young Intertrade Council to focus on gender and generational diversity.

CUSTOMER SATISFACTION

Your Company's Customer as Promoter Score (CaPS), a metrics used by the Company to assess customer satisfaction, stood at a healthy (+) 55%.

Your Company believes that customer is the *raison d'être* of its existence. To reinforce this, during the year, your Company launched the Customer Engagement Programme (CEP), an initiative that seeks to reward employees who excel in external customer interface.

RISK MANAGEMENT POLICY

Your Company is exposed to a variety of risks which may impact its operations. These risks are mitigated by using an integrated risk management approach which covers the full range of risks across verticals.

Your Company has formulated a risk management policy which evaluates risks which may threaten the existence of the Company, and facilitates development of a suitable plan to mitigate the same.

CORPORATE SOCIAL RESPONSIBILITY POLICY

Your Board has approved a Corporate Social Responsibility policy in accordance with the relevant provisions of Companies Act, 2013. The same may be accessed on the Company's website: http://www.mahindraintertrade.com/corporate_social_responsibility.html.

An Annual Report on Corporate Social Responsibility activities is attached as Annexure I and forms part of this Report.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

During the year, your Company implemented a number of CSR initiatives in the areas of education, health and environment.

In an endeavor to improve the education infrastructure around the Company's service centres, classrooms were constructed for Shri Chhatrapati Shivaji Vidya Mandir, a junior college at Kanhe; for New English School at Takwe; ZP Primary School at Jambhul, and at Gonde village, near Nashik. A shed was constructed at Manjusar Primary School, near Vadodara, to facilitate distribution of mid-day meals. In addition, your Company implemented CSR initiatives such as donation of benches and scientific apparatus to local schools, uniforms for needy students and construction of a science laboratory.

To improve recreational facilities for patients and children, gardens and play parks were constructed during the year at the Primary Healthcare Centre at Takwe village and at Asoj Primary school, near Vadodara. Free eye and dental checkup camps were organized for school students in villages near the Company's service centre at Nashik.

The Company successfully ran tree plantation programmes at village Morambi, near Nashik, and at Savli, near Vadodara.

Your Company also contributed funds to the K. C. Mahindra Education Trust to support its initiatives for education of the girl child.

The total spend on CSR – related activities during the year was Rs. 187.26 lakhs.

POLICY ON PREVENTION OF SEXUAL HARASSMENT

Your Company has put in place a policy for prevention of sexual harassment. Your Company has also constituted an "Internal Complaints Committee" to which employees can address their complaints. During the year, no complaints were received by the said Committee.

POLICY FOR REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES AND CRITERIA FOR APPOINTMENT/REMOVAL OF DIRECTORS AND SENIOR MANAGEMENT PERSONNEL

Your Board has, on the recommendation of the Nomination and Remuneration Committee approved policies for the appointment/removal of directors and senior management personnel together with the criteria for determining qualifications, positive attributes and independence of directors, and remuneration of directors, key managerial personnel and other employees.

These policies are provided as Annexure II and form part of this report.

SUSTAINABILITY INITIATIVES

Your Company views sustainability not only as a responsibility but also as an opportunity to create lasting value across economic, environmental and social bottom lines. Sustainability has been integrated in your Company's business operations and decision making processes. Your Company's sustainability performance was covered in the consolidated group sustainability report of Mahindra and Mahindra Limited. This report was externally assured by KPMG with a GRI A+ rating.

Your Company has mapped out a Sustainability Roadmap under which a series of commitments have been made to improve the Company's environmental footprint and the social impact of its business.

AWARDS

Your Company, and its subsidiaries, have been recipients of the following awards during the year:

- a) Top 50: India's Best Companies To Work For 2015, by the Great Place To Work® Institute
Industry Best: India's Best Companies To Work For 2015 in Manufacturing category, by the Great Place To Work® Institute
- b) First Place: Visionary Company of the Year at the Mahindra Partners' Senior Leadership Conclave
- c) First Place: Total Employee Involvement at the CII 7th National Cluster Summit
- d) First Place: Kaizen Cost Competitiveness at the CII 7th National Cluster Summit (MSSCL)
- e) First Place: Alternative Thinking at the Mahindra Rise Awards for Front – end Transformers (MSSCL)
- f) Mahindra Game Changer Award - 2014 for Greening the Bluing process (MSSCL)
- g) Second Place: Energy Efficiency at the CII 7th National Cluster Summit (MSSCL)
- h) Silver: Best HR Strategy at the Greentech HR Awards
- i) 'Best HR company to work for' at the Asian HR Leadership Awards, Dubai
- j) Best Change Management in the private sector at the Asian HR Leadership Awards - 2014, Dubai (MSSCL)
- k) Late B. G. Deshmukh Certificate of Appreciation for CSR initiatives at the MCCIA Innovation and Entrepreneurship Awards - 2014 (MSSCL)
- l) Runner-up: Best of the Best (Most sustained Plant) in Manufacturing Category at the Mahindra Group Safety Awards
- m) 'SAIF Excellence Award' by SAIF Zone, Sharjah, UAE (MME)

INTERNAL CONTROLS

Your Company has implemented a system of internal controls and monitoring procedures as well as internal financial controls on financial statements and the same is, in the

opinion of the Board, commensurate with the Company's size and operations. Your Company regularly conducts reviews to assess the adequacy of financial and operating controls for various businesses of the Company. Significant issues, if any, are brought to the attention of the Audit Committee. Statutory Auditors and Internal Auditor are invited to attend Audit Committee meetings.

SHARE CAPITAL

The authorised share capital of your Company as on March 31, 2015 stood at Rs 46.75 cr divided into 2.80 cr equity shares of Rs 10/- each and 18.75 lakhs cumulative redeemable preference shares of Rs 100 each.

There was no change in the paid-up share capital of your Company during the year. Accordingly, as on March 31, 2015, the paid-up share capital of your Company stood at Rs. 16.60 cr divided into 1.21 cr equity shares of Rs. 10/- each fully paid-up and 1.50 cr equity shares of Rs. 10/- each, Rs. 3/- paid-up.

BOARD OF DIRECTORS

Composition:

Presently the Board comprises of the following directors:

Director (DIN)	Designation	Executive/Non-Executive Director	Independent/Non-Independent Director
Bharat Doshi (00012541)	Chairman	Non-Executive Director	Non-Independent Director
Zhooben Bhiwandiwalla (00110373)	Vice-Chairman	Executive Director	Non-Independent Director
Harsh Kumar (00082621)	Managing Director	Executive Director	Non-Independent Director
Rajeev Dubey (00104817)	Director	Non-Executive Director	Non-Independent Director
Pravin Shah (00056173)	Director	Non-Executive Director	Non-Independent Director
Parag Shah (00374944)	Director	Non-Executive Director	Non-Independent Director
Sudhir Mankad (00086077)	Director	Non-Executive Director	Independent Director
Dr. Punita Kumar-Sinha (05229262)	Director	Non-Executive Director	Independent Director

Mr. Raghunath Murti (DIN: 00082761) ceased to be a director of your Company with effect from the Thirty-Sixth Annual General Meeting held on June 23, 2014.

Mr. Sudhir Mankad and Dr. Punita Kumar-Sinha who, in the opinion of the Board, are persons with integrity and possess relevant expertise and experience, and who have given declarations to the effect that they meet the criteria of independence as laid down under Section 149 of the Companies Act, 2013, have been appointed as independent directors with effect from June 23, 2014 and October 27, 2014 respectively pursuant to Section 149 the Companies Act, 2013 for a period of five consecutive years and they would not be liable to retire by rotation.

Mr. Harsh Kumar's tenure as Managing Director was extended during the year for a period of six months, i.e., up to September 30, 2015.

Mr. Harsh Kumar and Mr. Zhooben Bhiwandiwala retire by rotation at the forthcoming Annual General Meeting, and being eligible, have offered themselves for re-appointment.

Your directors have wide experience in business related to trading, finance and general corporate management.

Meetings

Board met five times during the year, i.e., on April 29, 2014, July 21, 2014, October 27, 2014, January 24, 2015 and March 31, 2015 *inter alia* to review the financial performance of your Company and matters relating to its operations and statutory compliance. All these meetings were well attended and the gap between two consecutive meetings did not exceed 120 days.

Evaluation of Performance of Directors

Nomination and Remuneration Committee carried out an evaluation of the performance of individual directors through a structured questionnaire process covering various aspects such as performance, attendance, et al.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(3)(c) of the Companies Act, 2013, your directors, based on representation from operating management, and after due enquiry, confirm that:

- (a) in the preparation of the annual financial statements for the year ended March 31, 2015 the applicable accounting standards have been followed;
- (b) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year on March 31, 2015 and of the profit of the Company for the financial year ended on that date;
- (c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) they have prepared annual accounts on a going concern basis; and,
- (e) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

CODES OF CONDUCT

Your Company has adopted Codes of Conduct for its directors, and senior management and employees ("the Codes"). These Codes enunciate the underlying principles governing the conduct of the Company's business and seek to reiterate the fundamental precept that good governance must and would always be an integral part of the Company's ethos.

The Company has, for the year, received declarations from directors, and senior management and employees, affirming compliance with the respective Codes.

COMMITTEES OF THE BOARD

Audit Committee

The composition of the Audit Committee is as follows:

Director	Designation
Sudhir Mankad	Chairman
Pravin Shah	Member
Dr. Punita Kumar-Sinha	Member

Pursuant to Section 177 of the Companies Act, 2013 read with Companies (Meetings of Board and its Powers) Rules, 2014, the Audit Committee was re-constituted with the induction of Dr. Punita Kumar-Sinha as its member and withdrawal of the nomination of Mr. Zhooben Bhiwandiwala with effect from October 27, 2014.

Audit Committee met four times during the year, i.e., on April 29, 2014, July 21, 2014, October 27, 2014, and January 24, 2015.

Nomination and Remuneration Committee

The composition of the Nomination and Remuneration Committee is as follows:

Director	Designation
Bharat Doshi	Member
Rajeev Dubey	Member
Sudhir Mankad	Member
Dr. Punita Kumar-Sinha	Member

Pursuant to Section 178 of the Companies Act, 2013 read with Companies (Meetings of Board and its Powers) Rules, 2014, the Nomination and Remuneration Committee was re-constituted with the induction of Dr. Punita Kumar-Sinha as its member and withdrawal of the nomination of Mr. Zhooben Bhiwandiwala with effect from October 27, 2014.

Nomination and Remuneration Committee met five times during the year, i.e., on April 29, 2014, July 21, 2014, October 27, 2014, January 24, 2015 and March 31, 2015.

Corporate Social Responsibility Committee (CSR Committee)

The composition of the CSR Committee is as follows:

Director	Designation
Zhooben Bhiwandiwala	Chairman
Harsh Kumar	Member
Sudhir Mankad	Member

CSR Committee met once during the year, i.e., on January 24, 2015.

KEY MANAGERIAL PERSONNEL

Pursuant to Section 203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, key managerial personnel of your Company with effect from 1st April, 2014 are as below:

1. Zhooben Bhiwandiwalwa - Executive Vice-Chairman
2. Harsh Kumar - Managing Director,
3. Jyoti Walunj - Chief Financial Officer, and,
4. Abhishek Juvekar - Company Secretary

STATUTORY AUDITORS

At the Thirty-Sixth Annual General Meeting, M/s. Deloitte Haskins & Sells, Chartered Accountants, (ICAI registration number 117365W) were appointed as Statutory Auditors of your Company to hold office up to the conclusion of the Thirty-Seventh Annual General Meeting.

Pursuant to the first proviso of Section 139(2) of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, members are requested to re-appoint Statutory Auditors at the Thirty-Seventh Annual General Meeting and fix their remuneration. If re-appointed, Statutory Auditors would hold office till the conclusion of the Thirty-Eighth Annual General Meeting.

As required under the provisions of Sections 139 and 141 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, your Company has obtained a written consent and certificate from Statutory Auditors to the effect that their re-appointment, if made, would be in conformity with the conditions, limits and criteria specified therein.

Your directors confirm that the Auditors' Report does not contain any qualification, reservation or adverse remark.

SECRETARIAL AUDITOR

Pursuant to Section 204 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, M/s. Mehta & Mehta, a firm of Company Secretaries in practice, was appointed as the Secretarial Auditor of your Company for the year ended March 31, 2015.

A Secretarial Audit Report for the year ended March 31, 2015 issued by the Secretarial Auditor pursuant to the aforesaid provisions is provided as Annexure III and forms part of this report.

Your directors confirm that the aforesaid Report of Secretarial Auditor does not contain any qualification, reservation or adverse remark.

COST AUDITOR

M/s. Shilpa & Co., Cost Accountants, Nashik (Firm registration no. 100558), were appointed as the Cost Auditor by the Board on April 29, 2014 to audit the cost accounts of your Company for the financial year ended March 31, 2015. Remuneration of the Cost Auditor was ratified by the shareholders at the Thirty-Sixth Annual General Meeting held on June 23, 2014. The said appointment was subsequently approved by the Central Government. The due date of filing their report is September 27, 2015.

For the year ended March 31, 2014, the due date of filing the said report was September 27, 2014. The cost audit report, accordingly, was filed on September 22, 2014 in XBRL format.

The Board, upon recommendation of the Audit Committee, re-appointed M/s. Shilpa & Co. as the Cost Auditor of your Company on May 6, 2015 to audit the cost accounts for the financial year ending March 31, 2016. Shareholders of the Company would be required to ratify the remuneration of Rs 1,56,500 (excluding taxes and out of pocket expenses) payable to M/s. Shilpa & Co. for the said period.

As required under the provisions of Sections 139, 141 and 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the Company has obtained a written confirmation from M/s. Shilpa & Co. to the effect that they are eligible for appointment as the Cost Auditor and that they are an independent firm of Cost Accountants and have an arm's length relationship with your Company.

STOCK APPRECIATION RIGHTS (SARs)

Your Company has formulated a Stock Appreciation Rights Scheme to reward its employees and to provide an opportunity to them to participate in the growth of the Company. Accordingly, 2,73,045 SARs were granted during the year to eligible employees by the Nomination and Remuneration Committee at its meeting held on January 24, 2015.

PARTICULARS OF PUBLIC DEPOSITS, LOANS, GUARANTEES OR INVESTMENTS

Your Company has not accepted any deposits covered under Chapter V of the Companies Act, 2013, from the public, or its employees, during the year.

Particulars of loans given, investments made, and guarantees and securities provided pursuant to Section 186 of the Companies Act, 2013 are given under notes to the standalone financial statement and the same form part of this report.

The particulars of loans/advances/investments as required to be disclosed in the annual accounts of the Company pursuant to Clause 32 of the Listing Agreement between the Parent Company, Mahindra and Mahindra Limited and the Stock Exchanges, are furnished separately in Annexure IV and form part of this report.

PARTICULARS OF TRANSACTIONS WITH RELATED PARTIES

All transactions entered into by your Company with its related parties during the year were in the ordinary course of business and at arm's length.

Particulars of material contracts or arrangements or transactions with related parties, referred to under Section 188(1) of the Companies Act, 2013, are furnished in Form AOC-2 as Annexure V and forms part of this report.

EXTRACT OF ANNUAL RETURN

Pursuant to Section 92(3) of the Companies Act, 2013 read with Rule 12(1) of the Companies (Management and

Administration) Rules, 2014, an extract of the Annual Return as on March 31, 2015 is annexed as Annexure VI and forms part of this report.

SAFETY, HEALTH AND ENVIRONMENTAL PERFORMANCE

Your Company subscribes to guidelines on safety, health and environment, and encourages involvement of all its employees in activities related to safety including promotion of safety standards. Employees across facilities were trained in behavioural safety at work. Statutory requirements relating to environmental legislations, and environment protection, have been duly complied with by your Company.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Particulars relating to conservation of energy, technology absorption and foreign exchange earnings and outgo, as required under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 are provided in Annexure VII and form part of this Report.

GENERAL DISCLOSURE

Your directors state that no disclosure or reporting is required in respect of the following items as they were not applicable to your Company during the year:

- a) Issue of equity shares with differential rights as to dividend, voting or otherwise.
- b) Issue of shares (including sweat equity shares) to employees of the Company under any ESOP scheme, etc.
- c) Particulars of employees as required under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

Neither the Managing Director nor the Executive-Director of the Company receive any remuneration or commission from any of its subsidiaries.

No significant or material orders were passed by the regulators or courts or tribunals which impact the Company's going concern status and operations in future.

For and on behalf of the Board

Bharat Doshi
Chairman

Mumbai, May 27, 2015

ANNEXURE I TO THE DIRECTORS' REPORT

ANNUAL REPORT ON CSR ACTIVITIES OF MAHINDRA INTERTRADE LIMITED

- (1) A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programmes:

Web-link: http://www.mahindraintertrade.com/corporate_social_responsibility.html.

The objective of the Company's CSR policy is to–

- Promote a unified and strategic approach to CSR by incorporating under the 'Rise for Good' umbrella the diverse range of its philanthropic initiatives, and causes to work for thereby ensuring high social impact.
- Encourage employees to participate actively in the Company's CSR activities and give back to society in an organized manner through the employee volunteering programme called ESOPs (Employee Social Options).

The Company has pledged to contribute 2% of its average net profits earned during the three immediately preceding financial years towards CSR initiatives to meet the needs of the local communities where it operates.

Our commitment to CSR will be manifested by investing resources in the following thrust areas:

1. Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care, sanitation, including contribution to the Swach Bharat Kosh set up by the Central Government for the promotion of sanitation, and making available safe drinking water;
2. Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled, and livelihood enhancement projects;
3. Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres, and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;
4. Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining the quality of soil, air and water, including

contribution to the Clean Ganga Fund set up by the Central Government for rejuvenation of river Ganga;

5. Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up of public libraries; promotion and development of traditional arts and handicrafts;
6. Measures for the benefit of armed forces veterans, war widows and their dependents;
7. Training to promote rural sports, nationally recognized sports, paraolympic sports and Olympic sports;
8. Contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women;
9. Contribution or funds provided to technology incubators located within academic institutions which are approved by the Central Government;
10. Rural development projects;
11. Slum area development.

The Corporate Social Responsibility Committee (CSR Committee) of the Company shall be responsible for monitoring implementation of the CSR Policy. CSR Committee shall approve and recommend to the Board projects or programmes to be undertaken, the modalities of execution, and implementation schedule thereof.

- (2) The Composition of the CSR Committee: Mr. Zoooben Bhiwandiwalla (Chairman), Mr. Sudhir Mankad and Mr. Harsh Kumar
- (3) Average net profit of the Company for last three financial years: Rs 9,354 lakhs
- (4) Prescribed CSR Expenditure (2% of the amount as in Item 3 above): Rs 187.08 lakhs
- (5) Details of CSR spend during the financial year.
 - (a) Total amount spent for the financial year: Rs 187.26 lakhs
 - (b) Amount unspent, if any: - Nil

(c) Manner in which the amount was spent during the financial year is detailed below:

S. No.	Particulars	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
(1)	CSR project or activity identified	Construction of classrooms at Gonde ZP school	Distribution of scientific apparatus in school labs	Distribution of Fibre dustbins in schools	Free Eye & Dental Checkup Camps for Schools students	Tree Plantation at Village Morambi	Development of infrastructure facility and play park in Asoj Primary school	Shed at Manjusar Primary School for Mid day meal and other activities	Hariyali-Plantation of Trees (803 Nos) at Savli	Distribution of dustbins in Savli area at Vadodara
(2)	Sector in which the project is covered	Education	Education	Environment	Health	Environment	Education	Education	Environment	Environment
(3)	Projects or programme (1) Local area or other (2) Specify the state and district where projects or programs were undertaken	(1) Local (2) Nashik district, Maharashtra	(1) Local (2) Nashik district, Maharashtra	(1) Local (2) Nashik district, Maharashtra	(1) Local (2) Nashik district, Maharashtra	(1) Local (2) Nashik district, Maharashtra	(1) Local (2) Vadodara district, Gujarat	(1) Local (2) Vadodara district, Gujarat	(1) Local (2) Vadodara district, Gujarat	(1) Local (2) Vadodara district, Gujarat
(4)	Amount outlay (budget project or programme wise)	36,00,000	1,00,000	60,000	50,000	82,000	2,00,000	5,00,000	60,000	1,50,000
(5)	Amount spent on the project or programme Sub Heads; (1) Direct expenditure on projects or programmes (2) Overheads	(1) 33,16,336 (2) 0	(1) 90,667 (2) 0	(1) 52,100 (2) 0	(1) 47,710 (2) 0	(1) 79,676 (2) 0	(1) 2,23,126 (2) 0	(1) 5,52,000 (2) 0	(1) 59,040 (2) 0	(1) 1,46,845 (2) 0
(6)	Cumulative expenditure up to the reporting period	Same as above	Same as above	Same as above	Same as above	Same as above	Same as above	Same as above	Same as above	Same as above
(7)	Amount Spent direct or through implementing agency	Direct	Direct	Direct	Direct	Direct	Direct	Direct	Direct	Direct

S. No.	Particulars	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	Total
(1)	CSR project or activity identified	Science Lab renovation at Maratha High School, BDD Chawl, Worli	Construction of classrooms for Jr. coll. at Shri Chatrapati Vidyalaya, Kanhe	Garden for patients & Children play park at Primary Healthcare Centre, Takwe village	Bench distribution at ZP school, Jambhul	Distribution of uniforms at primary school, Kanhe village	Construction of classrooms at ZP school, Jambhul village	Construction of classrooms at ZP school, Takwe village	Contribution to KCMET for education of the underprivileged girl child under the Nanhi Kali project	-
(2)	Sector in which the project is covered	Education	Education	Health, Environment & Infra	Education	Education	Education	Education	Education	-
(3)	Projects or programme (1) Local area or other (2) Specify the state and district where projects or programs was undertaken	(1) Local (2) Mumbai district, Maharashtra	(1) Local (2) Pune district, Maharashtra	(1) Local (2) Pune district, Maharashtra	(1) Local (2) Pune district, Maharashtra	(1) Local (2) Pune district, Maharashtra	(1) Local (2) Pune district, Maharashtra	(1) Local (2) Pune district, Maharashtra	(1) Others (2) Maharashtra and contiguous states	-
(4)	Amount outlay (budget project or programme wise)	2,72,000	21,00,000	7,00,000	3,00,000	2,00,000	24,00,000	21,00,000	93,47,000	-

S. No.	Particulars	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	Total
(5)	Amount spent on the project or programme Sub Heads; 1. Direct expenditure on projects or programmes 2. Overheads	(1) 2,71,735 (2) 0	(1) 23,05,252 (2) 0	(1) 3,50,620 (2) 0	(1) 2,14,662 (2) 0	(1) 80,330 (2) 0	(1) 10,18,494 (2) 0	(1) 5,70,231 (2) 0	(1) 93,47,000 (2) 0	(1) 1,87,25,824 (2) 0
(6)	Cumulative expenditure up to the reporting period	Same as above	Same as above	Same as above	Same as above	Same as above	Same as above	Same as above	Same as above	–
(7)	Amount Spent direct or through implementing agency	Direct	Direct	Direct	Direct	Direct	Direct	Direct	Implementing agency – KCMET*	–

* Details of implementing agency: KCMET- The K. C. Mahindra Education Trust - founded by Late K. C. Mahindra in 1953 promotes literacy and higher learning in the country. Since its inception, the trust has promoted education by way of scholarships and grants to deserving and needy students. The Trust has facilitated social and economic development through creating a literate, enlightened and empowered population. The Trust is registered as a public Charitable Trust under the Bombay Public Trusts Act, 1950 and has its office at Cecil Court, Mahakavi Bhushan Marg, Mumbai - 400001.

6. The company has duly spent 2% of the average net profit of the last three financial years or any part thereof on CSR - related activities.

7. Members of the CSR committee confirm that implementation and monitoring of the CSR policy of your Company is in compliance with the relevant provisions of the Companies Act, 2013.

For and on behalf of the Board

Bharat Doshi
Chairman

Zhooben Bhiwandiwala
Chairman, CSR Committee

Mumbai, May 27, 2015

ANNEXURE II TO THE DIRECTORS' REPORT

POLICY ON APPOINTMENT OF DIRECTORS AND SENIOR MANAGEMENT

DEFINITIONS

The definitions of some of the key terms used in this Policy are given below.

“**Board**” means Board of Directors of the Company.

“**Company**” means Mahindra Intertrade Limited (MIL).

“**Committee(s)**” means Committees of the Board for the time being in force.

“**Employee**” means employee of the Company whether employed in India or outside India including employees in the Senior Management team of the Company.

“**HR**” means the Human Resource department of the Company.

“**Key Managerial Personnel**” (KMP) refers to key managerial personnel as defined under the Companies Act, 2013 and includes:

- (i) Managing Director (MD) or Chief Executive Officer (CEO) or Manager or Whole time Director (WTD)
- (ii) Chief Financial Officer (CFO), and
- (iii) Company Secretary (CS).

“**Nomination and Remuneration Committee**” (NRC) means Nomination and Remuneration Committee of Board of Directors of the Company for the time being in force.

“**Senior Management**” means personnel of the Company who are members of its core management team excluding Board of Directors comprising all members of management one level below the executive directors, including functional heads.

I. APPOINTMENT OF DIRECTORS

- NRC reviews and assesses Board composition and recommends the appointment of new directors. In evaluating the suitability of an individual Board member, NRC shall take into account the following criteria regarding qualifications, positive attributes and independence of a director as applicable:
 - 1) All Board appointments will be based on merit, in the context of skills, experience, independence and knowledge required for the Board as a whole to be effective.
 - 2) Ability of the candidate to devote sufficient time and attention to professional obligations as an Independent Director for balanced decision making
 - 3) Adherence to the Code of Conduct and ensuring the highest level of corporate governance, in letter and in spirit, by Directors
- Based on NRC's recommendation, the Board will evaluate the candidate(s) and decide on the selection of the appropriate member. The Board, through the

Managing Director, will interact with the new member to obtain his/her consent for joining the Board. Upon receipt of the consent, the new director will be co-opted by the Board in accordance with the applicable provisions of the Companies Act 2013 and Rules made thereunder.

REMOVAL OF DIRECTORS

If a director is disqualified as per any applicable Act, or rules and regulations thereunder, or due to non-adherence to the applicable policies of the company, NRC may recommend to the Board, with reasons recorded in writing, removal of a director subject to compliance of the applicable statutory provisions.

SENIOR MANAGEMENT PERSONNEL

NRC shall identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down above.

For administrative convenience, senior management personnel will be appointed or promoted and removed/relieved with the authority of the Managing Director based on business needs and suitability of the candidate.

Managing Director shall report details of such appointments to NRC at least twice in a year.

II. SUCCESSION PLANNING:

Purpose

The Talent Management Policy sets out the approach to the development and management of talent in the Company to ensure implementation of the strategic business plans of the Company.

Board:

Successors for Independent Directors shall be identified by the NRC at least one quarter before expiry of the scheduled term. In case of separation of Independent Directors due to resignation or otherwise, successor(s) will be appointed at the earliest but not later than the immediate next Board meeting or three months from the date of such vacancy, whichever is later.

Successors for Executive Director(s) shall be identified by the NRC from Senior Management or through external sources as the Board may deem fit.

The Board may also decide at its discretion not to fill a vacancy on the Board.

Senior Management Personnel:

The Company's succession planning program aims to identify high growth potential individuals, and groom them in order to maintain a robust talent pipeline.

The Company has a process of identifying individuals with high potential and having abilities to hold critical positions. Successors are mapped for such positions in order to ensure talent readiness.

The Company participates in the Mahindra Group's Talent Management process which is driven by a collaborative network of Talent Councils across the Group's various Sectors.

POLICY FOR REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES

Purpose

This Policy sets out the approach to Compensation of Directors, Key Managerial Personnel and other employees in Mahindra Intertrade Limited (MIL).

Policy Statement

Our compensation philosophy strives to attract and retain high performers by compensating them at levels that are broadly comparable with the median of the comparator basket while differentiating people on the basis of performance, potential and criticality for achieving competitive advantage in business.

In order to effectively implement this, our compensation structure is developed through external benchmarking as appropriate, with relevant players across the industry we operate in.

NON-EXECUTIVE INCLUDING INDEPENDENT DIRECTORS:

The Nomination and Remuneration Committee (NRC) shall decide the basis for determining the compensation, both fixed and variable, to Non-Executive Directors, including Independent Directors, whether as commission or otherwise. NRC shall take into consideration various factors such as director's participation in Board and Committee meetings during the year, other responsibilities undertaken such as membership or Chairmanship of committees, time spent in carrying out their duties, role and functions as envisaged in Schedule IV of the Companies Act 2013 and such other factors as the NRC may deem fit for determining compensation.

The Board shall determine compensation to Non-Executive Directors within the overall limits specified in the Shareholders' resolution.

Executive Directors:

The remuneration to Managing Director and Executive Director(s) shall be recommended by NRC to the Board. Remuneration will consist of both fixed compensation and variable compensation and shall be paid as salary, commission, performance bonus, stock options (where applicable), perquisites and fringe benefits as approved by the Board and within the overall limits specified in the Shareholders' resolution. While fixed compensation

is determined at the time of their appointment, variable compensation will be determined annually by NRC based on their performance.

Key Managerial Personnel (KMPs)

The terms of remuneration of the Chief Executive Officer (CEO), Chief Financial Officer (CFO) and the Company Secretary (CS) shall be determined either by any Director or such other person as may be authorised by the Board.

The above remuneration shall be competitively benchmarked for similar positions in the industry and aligned with their qualifications, experience, and responsibilities. Pursuant to the provisions of section 203 of the Companies Act 2013, the Board shall approve remuneration of the above KMPs at the time of their appointment.

The remuneration to directors, KMPs and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

Employees

We follow a position and level based approach for compensation benchmarking with companies in the steel/ steel service centre and related engineering industries.

We have a CTC (Cost to Company) concept which includes a fixed component (guaranteed pay) and a variable component (performance pay). The percentage of the variable component increases with increasing hierarchy levels as employees at higher positions have a greater impact and influence on the company's overall business result. CTC is reviewed once every year and the compensation strategy for positioning of individuals takes into consideration the following elements:

- Performance
- Potential
- Criticality

Remuneration for new employees other than KMPs and senior management will be decided by HR, and approved by the Managing Director, based on factors such as relevant job experience, last compensation drawn, skill-set of the selected candidate, internal equity and related parameters.

The Company may also grant Stock Appreciation Rights to Employees and Directors (other than Independent Directors) in accordance with the Stock Appreciation Rights Scheme of the Company and subject to compliance of the applicable statutes and regulations.

For and on behalf of the Board

Bharat Doshi
Chairman

Mumbai, May 27, 2015

ANNEXURE III TO THE DIRECTORS' REPORT

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2015

[Pursuant to section 204(1) of the Companies Act, 2013 and rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
**The Members,
Mahindra Intertrade Limited
Mahindra Towers,
P. K. Kurne Chowk, Worli,
Mumbai – 400 018**

We have conducted secretarial audit of the compliance of applicable statutory provisions and adherence to good corporate practices by Mahindra Intertrade Limited (hereinafter called "the Company"). Secretarial audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conduct / statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minutes books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2015, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2015 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder (not applicable to the Company during the year under review);
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder (not applicable to the Company during the year under review);
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings (not applicable to the Company during the year under review);

- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') are not applicable to the Company as the Company is not listed:
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- (vi) As per the representation made by the Company, no sector specific laws are applicable to the Company, hence we cannot comment on the same.

We have not examined compliance with the applicable clauses of the following since it is not applicable to the Company during the period under review:

- (i) Secretarial Standards issued by the Institute of Company Secretaries of India;
- (ii) The Listing Agreements entered into by the Company with Stock Exchange(s).

During the period under review the Company has complied with the relevant provisions of Acts, Rules, Regulations, Guidelines etc. mentioned above.

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of the Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for meaningful participation at the meetings of the Board and Committees thereof.

All decisions of the Board are carried through unanimously. As per the records provided by the Company, none of the Directors or members dissented on any resolution passed at the meeting.

We further report that there are adequate systems and processes in the Company which commensurate with the size and operations of the Company, to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period there were no specific events / actions having a major bearing on the Company's affairs in pursuance of the above referred acts, laws, rules, regulations, guidelines, etc.

For **Mehta & Mehta,**
Company Secretaries
(ICSI Unique Code P1996MH007500)

Dipti Mehta
Partner
FCS No : 3667
CP No. : 3202

Place : Mumbai
Date : 30th April, 2015

Note: This report is to be read with our letter of even date which is annexed as 'ANNEXURE A' and forms an integral part of this report.

ANNEXURE A

To,
The Members,
Mahindra Intertrade Limited
Mahindra Towers,
P. K. Kurne Chowk, Worli,
Mumbai – 400 018

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained management representation about the compliance of laws, rules and regulations and happening of events etc.
5. Compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The secretarial audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **Mehta & Mehta,**
Company Secretaries,
(ICSI Unique Code P1996MH007500)

Dipti Mehta
Partner
FCS No : 3667
CP No. : 3202

Place : Mumbai
Date : 30th April, 2015

ANNEXURE IV TO THE DIRECTORS' REPORT**PARTICULARS OF LOANS / ADVANCES AND INVESTMENT WHICH ARE REQUIRED TO BE DISCLOSED IN THE ANNUAL ACCOUNTS OF THE COMPANY PURSUANT TO CLAUSE 32 OF THE LISTING AGREEMENT BETWEEN THE PARENT COMPANY, MAHINDRA AND MAHINDRA LIMITED AND STOCK EXCHANGES**

1. Loans and advances in the nature of loans to subsidiaries by name and amount

(Rs in cr)

Name of the company	Balances as on March 31, 2015	Maximum outstanding during the year ended March 31, 2015
Mahindra Electrical Steel Private Limited (0.25% optionally convertible unsecured debentures)	10.75	10.75
Mahindra Electrical Steel Private Limited (Interest bearing inter-corporate deposit)	0.17	0.17

For and on behalf of the Board

Bharat Doshi
Chairman

Mumbai, May 27, 2015

ANNEXURE V TO THE DIRECTORS' REPORT**FORM NO. AOC.2**

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

1. Details of contracts or arrangements or transactions not at arm's length basis:

Sr. No.	Name(s) of the related party and nature of relationship	Nature of contracts / arrangements / transactions	Duration of the contracts / arrangements / transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Justification for entering into such contracts or arrangements or transactions	Date(s) of approval by the Board	Amount paid as advances, if any:	Date on which the special resolution was passed in general meeting as required under first proviso to Section 188
-	-	-	-	Nil	-	-	-	-

2. Details of material contracts or arrangement or transactions at arm's length basis:

Sr. No.	Name(s) of the related party and nature of relationship	Nature of contracts / arrangements / transactions	Duration of the contracts / arrangements / transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Date(s) of approval by the Board, if any	Amount paid as advances, if any
1	Mahindra CIE Stampings division (formerly Mahindra Ugine Steel Co. Ltd.) (MUSCO) (fellow Subsidiary)	Sale of processed steel	Annual/ Recurring	1. Sale of CR/HR Steel. 2. Payment terms - 30 days. 3. Total Value for transaction Rs 225.63 crs	Not Applicable (Refer Note)	Nil
2	Mahindra and Mahindra Limited	Sale of processed steel	Annual/ Recurring	1. Sale of CR/HR Steel. 2. Payment terms - immediate (payment is generally received in 10 days). 3. Total value for transaction Rs 192.62 crs	Not Applicable (Refer Note)	Nil

*Note: All these transactions are at arm's length and are in the ordinary course of business. Accordingly, Board approval is not required as per proviso to sub section (1) of Section 188 of the Companies Act, 2013. Approval of Audit Committee has been taken in the meeting held on 21 July 2014.

For and on behalf of the Board

Bharat Doshi
Chairman

Mumbai, May 27, 2015

ANNEXURE VI TO THE DIRECTORS' REPORT**Form No. MGT-9****Extract of Annual Return
as on the financial year ended on March 31, 2015***[Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies
(Management and Administration) Rules, 2014]***I. REGISTRATION AND OTHER DETAILS:**

i.	Corporate Identification Number (CIN)	U51900MH1978PLC020222
ii.	Registration Date	March 20, 1978
iii.	Name of the Company	Mahindra Intertrade Limited
iv.	Category/Sub-Category of the Company	Indian Non-Government Company Limited by shares
v.	Address of the Registered office and contact details	Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai – 400018 Tel.: +91-22-24935185/86 Fax: +91-22-24951236 Contact: JUVEKAR.ABHISHEK@mahindra.com
vi.	Whether listed company Yes / No	No
vii.	Name, Address and Contact details of Registrar and Transfer Agent, if any	Sharepro Services (India) Pvt. Ltd. 13 AB Samhita Warehousing Complex, 2 nd Floor, Sakinaka Telephone Exchange Lane, Off Andheri-Kurla Road, Sakinaka, Andheri (E), Mumbai - 400 072 Tel.: +91-22-67720300/400 Fax: +91-22-28591568 Email: sharepro@shareproservices.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

All the business activities contributing 10% or more of the total turnover of the Company:

Sr. No.	Name and Description of main products/services	NIC Code of the Product/service	% to total turnover of the company
1	Processing of Steel	24105	100

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Sr. No.	Name and Address of the company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Mahindra and Mahindra Limited Gateway Building, Apollo Bunder, Colaba, Mumbai 400 001	L65990MH1945PLC004558	Holding Company	100.00	2(46)
2	Mahindra Steel Service Centre Limited Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai – 400018	U27100MH1993PLC070416	Subsidiary Company	61.00	2(87)
3	Mahindra Electrical Steel Private Limited Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai – 400018	U27100MH2009PTC193205	Subsidiary Company	100.00	2(87)
4	Mahindra Auto Steel Private Limited Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai – 400018	U27100MH2013PTC250979	Subsidiary Company	51.00	2(87)
5	Mahindra MiddleEast Electrical Steel Service Centre (FZC) SAIF Zone, P3 11/12, P. O. Box No. 8114, Sharjah, UAE	N.A.	Subsidiary Company	90.00	2(87)

IV. SHARE HOLDING PATTERN (Equity Share Capital Break-up as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	–	–	–	–	–	–	–	–	–
b) Central Govt	–	–	–	–	–	–	–	–	–
c) State Govt(s)	–	–	–	–	–	–	–	–	–
d) Bodies Corp.	1,21,00,000	1,50,00,007	2,71,00,007	100	1,21,00,000	1,50,00,007	27,100,007	100	–
e) Banks / FI	–	–	–	–	–	–	–	–	–
f) Any Other...	–	–	–	–	–	–	–	–	–
Sub-total (A)(1):	1,21,00,000	1,50,00,007	2,71,00,007	100	1,21,00,000	1,50,00,007	27,100,007	100	–
(2) Foreign									
a) NRIs-Individuals	–	–	–	–	–	–	–	–	–
b) Other -Individuals	–	–	–	–	–	–	–	–	–
c) Bodies Corp.	–	–	–	–	–	–	–	–	–
d) Banks / FI	–	–	–	–	–	–	–	–	–
e) Any Other...	–	–	–	–	–	–	–	–	–
Sub-total (A)(2):	–	–	–	–	–	–	–	–	–
Total shareholding of Promoter (A) = (A)(1)+ (A)(2)	1,21,00,000	1,50,00,007	2,71,00,007	100	1,21,00,000	1,50,00,007	27,100,007	100	–
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	–	–	–	–	–	–	–	–	–
b) Banks / FI	–	–	–	–	–	–	–	–	–
c) Central Govt	–	–	–	–	–	–	–	–	–
d) State Govt(s)	–	–	–	–	–	–	–	–	–
e) Venture Capital Funds	–	–	–	–	–	–	–	–	–
f) Insurance Companies	–	–	–	–	–	–	–	–	–
g) FIs	–	–	–	–	–	–	–	–	–
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
i) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(1):	–	–	–	–	–	–	–	–	–
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	–	–	–	–	–	–	–	–	–
ii) Overseas	–	–	–	–	–	–	–	–	–
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	–	–	–	–	–	–	–	–	–
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	–	–	–	–	–	–	–	–	–
c. Others (specify)									
Sub-total (B)(2):	–	–	–	–	–	–	–	–	–
Total Public Shareholding (B) = (B)(1) + (B)(2)									
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	1,21,00,000	1,50,00,007	2,71,00,007	100	1,21,00,000	1,50,00,007	27,100,007	100	–

(ii) Shareholding of Promoters

Sr. No.		Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	
1.	Mahindra & Mahindra Limited	2,71,00,000	100	–	2,71,00,000	100	–	–
2.	Mahindra & Mahindra Ltd. Jt. With Mr. Bharat Doshi*	1	–	–	1	–	–	–
	Mahindra & Mahindra Ltd. Jt. With Mr. Narayan Shankar*	1	–	–	1	–	–	–
	Mahindra & Mahindra Ltd. Jt. with Mr. Zoooben Bhiwandiwala*	1	–	–	1	–	–	–
	Mahindra & Mahindra Ltd. Jt. with Mr. P. N. Shah*	1	–	–	1	–	–	–
	Mahindra & Mahindra Ltd. Jt. with Mr. Harsh Kumar*	1	–	–	1	–	–	–
	Mahindra & Mahindra Ltd. Jt. with Ms. Jyoti Walunj*	1	–	–	1	–	–	–
3.	Mahindra Holdings Limited	1	–	–	1	–	–	–
	Total	2,71,00,007	100	–	2,71,00,007	100	–	–

* Held as nominees of Mahindra & Mahindra Limited to comply with the statutory provisions in respect of minimum numbers of members.

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sr. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the year	2,71,00,007	100	2,71,00,007	100
	Date wise Increase/Decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity/etc.)	–	–	–	–
	At the end of the year	2,71,00,007	100	2,71,00,007	100

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	For Each of the Top Ten Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the year	–	–	–	–
	Date wise Increase/Decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity/etc.)	–	–	–	–
	At the end of the year	–	–	–	–

(v) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	Name of the Director	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	Bharat Doshi (holding jointly with Mahindra and Mahindra Limited)				
	At the beginning of the year	1	–	1	–
	Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):	–	–	–	–
	At the end of the year	1	–	1	–
2	Harsh Kumar (holding jointly with Mahindra and Mahindra Limited)				
	At the beginning of the year	1	–	1	–
	Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):	–	–	–	–
	At the end of the year	1	–	1	–
3	Zhooben Bhiwandiwala (holding jointly with Mahindra and Mahindra Limited)				
	At the beginning of the year	1	–	1	–
	Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):	–	–	–	–
	At the end of the year	1	–	1	–
4	Pravin Shah (holding jointly with Mahindra and Mahindra Limited)				
	At the beginning of the year	1	–	1	–
	Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):	–	–	–	–
	At the end of the year	1	–	1	–
5	Jyoti Walunj (holding jointly with Mahindra and Mahindra Limited)				
	At the beginning of the year	1	–	1	–
	Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):	–	–	–	–
	At the end of the year	1	–	1	–

V. INDEBTEDNESS:**Indebtedness of the Company including interest outstanding/accrued but not due for payment**

(Rs in cr)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	–	0.11	–	0.11
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	–	–	–
Total (i + ii + iii)	–	–	–	–

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Change in Indebtedness during the financial year				
• Addition	–	–	–	–
• Reduction	–	0.06	–	0.06
Net Change	–	0.06	–	0.06
Indebtedness at the end of the financial year	–	–	–	–
i) Principal Amount	–	0.05	–	0.05
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	–	–	–
Total (i + ii + iii)	–	0.05	–	0.05

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(Rs in cr)

Sr. No.	Particulars of Remuneration	Name of MD/WTD/Manager		Total Amount
		Harsh Kumar (MD)	Zhooben Bhiwandiwala (Executive Vice-Chairman)	
1.	Gross salary			
	a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1.44	–	1.44
	b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.14	–	0.14
	c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	–	–	–
2.	Stock Option	–	–	–
3.	Sweat Equity	–	–	–
4.	Commission			
	– as % of profit	0.40	0.22	0.62
	– others, specify..	–	–	–
5.	Others, please specify SAR's	0.44	–	0.44
	Total (A)	2.42	0.22	2.64
	Ceiling as per the Act	–	–	7.22

B. Remuneration to other directors:

(Rs in cr)

Sr. No.	Particulars of Remuneration	Name of Directors					Total Amount
		Raghunath Murti	Bharat Doshi	Parag Shah	Sudhir Mankad	Dr. Punita Kumar Sinha	
1	Independent Directors						
	• Fee for attending board/committee meetings	–	–	–	0.03	0.02	0.05
	• Commission	–	–	–	0.06	0.03	0.09
	• Others, please specify	–	–	–	–	–	–
	Total (1)	–	–	–	0.09	0.05	0.14
2	Other Non-Executive Directors						
	• Fee for attending board/committee meetings	–	0.03	–	–	–	0.03
	• Commission	0.01	0.12	0.04	–	–	0.17
	• Others, please specify	–	–	–	–	–	–
	Total (2)	0.01	0.15	0.04	–	–	0.20
	Total (B)=(1+2)	0.01	0.15	0.04	0.09	0.05	0.34
	Total Managerial Remuneration	–	–	–	–	–	2.98
	Overall Ceiling as per the Act	–	–	–	–	–	7.94

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

(Rs in cr)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary	CFO	Total
		–	Abhishek Juvekar	Jyoti Walunj	
1.	Gross salary				
	a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	–	–	0.44	0.44
	b) Value of perquisites u/s 17(2) Income-tax Act, 1961	–	–	0.03	0.03
	c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	–	–	–	–
2.	Stock Option	–	–	–	–
3.	Sweat Equity	–			–
4.	Commission				
	– as % of profit	–	–	–	–
	– others, specify...	–	–	–	–
5.	Others, please specify (Fees)	–	0.02	–	0.02
	Value of Stock Appreciation Rights	–	–	0.08	0.08
	Total	–	0.02	0.55	0.57

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty/Punishment/Compounding fees imposed	Authority [RD/NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	–	–	–	–	–
Punishment	–	–	–	–	–
Compounding	–	–	–	–	–
B. DIRECTORS					
Penalty	–	–	–	–	–
Punishment	–	–	–	–	–
Compounding	–	–	–	–	–
C. OTHER OFFICERS IN DEFAULT					
Penalty	–	–	–	–	–
Punishment	–	–	–	–	–
Compounding	–	–	–	–	–

For and on behalf of the Board

Bharat Doshi
Chairman

Mumbai, May 27, 2015

ANNEXURE VII TO THE DIRECTORS' REPORT

PARTICULARS AS PER THE COMPANIES (ACCOUNTS) RULES, 2014

A. CONSERVATION OF ENERGY

- (a) the steps taken or impact on conservation of energy: In processing of steel, the primary plant operation is not power intensive. However, normal precautions are taken by the Company to minimize power consumption.
- (b) the steps taken by the company for utilizing alternate sources of energy: **Nil**
- (c) the capital investment on energy conservation equipments: **Nil**

B. TECHNOLOGY ABSORPTION

- i) the efforts made towards technology absorption: **None**
- ii) the benefits derived like product improvement, cost reduction, product development or import substitution: **Not applicable**
- iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year) –
 - (a) the details of technology imported: **Nil**
 - (b) the year of import: **Nil**
 - (c) whether the technology been fully absorbed: **Nil**
 - (d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof: **Nil**
- iv) the expenditure incurred on Research and Development: **Nil**

C. FOREIGN EXCHANGE EARNINGS AND OUTGO: (in terms of actual inflow and outflow)

Total Foreign Exchange Earned and Used:

	For the Year ended March 31 2015	(Rupees in cr) For the Year ended March 31 2014
Total Foreign Exchange Earned	11.41	10.79
Total Foreign Exchange Used	272.44	198.85

For and on behalf of the Board

Bharat Doshi
Chairman

Mumbai, May 27, 2015

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MAHINDRA INTERTRADE LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **MAHINDRA INTERTRADE LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2015, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order:
2. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of the written representations received from the directors as on 31st March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164(2) of the Act.
 - (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 25.1 to the financial statements.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
Firm's Registration No. 117365W

U. M. Neogi
Partner
Membership No. 30235

Mumbai, 6 May, 2015

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date to the members of Mahindra Intertrade Limited on the financial statements for the year ended 31st March, 2015)

- (i) Having regard to the nature of the Company's business/ activities/results during the year, clauses (v), (viii) and (xi) of the Order are not applicable to the Company.
- (ii) In respect of its fixed assets:
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
 - (b) The Company has a program of verification of fixed assets to cover all the items in a phased manner over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on physical verification.
- (iii) In respect of its inventories:
 - (a) As explained to us, the inventories were physically verified during the year by the Management. In our opinion the frequency of verification is reasonable.
 - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- (iv) In our opinion and according to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.
- (v) In our opinion and according to the information and explanations given to us, having regard to the explanations that some of the items are of special nature for which alternative sources are not readily available for obtaining comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and the sale of goods and services. During the course of our audit, we have not observed any major weakness in such internal control system.
- (vi) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Amendment Rules, 2014 prescribed by the

Central Government under sub-section (1) of section 148 of the Companies Act, 2013 and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

- (vii) According to the information and explanations given to us in respect of statutory dues:
 - (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and any other statutory dues applicable to it with the appropriate authorities.
 - (b) No undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and any other statutory dues were in arrears as at 31st March, 2015 for a period of more than six months from the date they became payable.
 - (c) There are no dues of Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax and Cess which have not been deposited as on March 31, 2015 on account of disputes.
 - (d) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company in accordance with the relevant provisions of the Companies Act, 1956 and rules made thereunder.
- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks.
- (ix) According to the information and explanations given to us, the Company has not given guarantees for loans taken by others from banks and financial institutions.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
 Firm's Registration No. 117365W

U. M. Neogi
 Partner

Membership No. 30235

Mumbai, 6 May, 2015

BALANCE SHEET AS AT 31 MARCH, 2015

Particulars	Notes	Rs. in Crores	
		As at 31 March, 2015	As at 31 March, 2014
A EQUITY AND LIABILITIES			
1 Shareholders' fund			
(a) Share capital.....	3	16.60	16.60
(b) Reserves and surplus.....	4	380.50	328.41
		<u>397.10</u>	<u>345.01</u>
2 Non current liabilities			
(a) Deferred tax liabilities (net)	30	3.58	4.02
(b) Long term provisions	5	2.32	2.25
		<u>5.90</u>	<u>6.27</u>
3 Current liabilities			
(a) Short term borrowings	6	0.05	0.11
(b) Trade payables	7	120.34	211.06
(c) Other current liabilities	8	12.84	10.86
(d) Short term provisions	9	21.79	22.97
		<u>155.02</u>	<u>245.00</u>
Total		<u>558.02</u>	<u>596.28</u>
B ASSETS			
1 Non current assets			
(a) Fixed assets			
(i) Tangible assets.....	10	44.99	49.33
(ii) Intangible assets		0.06	0.01
		<u>45.05</u>	<u>49.34</u>
(b) Non current investments.....	11	90.43	55.51
(c) Long term loans and advances	12	3.00	2.88
		<u>138.48</u>	<u>107.73</u>
2 Current assets			
(a) Current investments	13	11.00	6.00
(b) Inventories	14	160.75	127.45
(c) Trade receivables	15	205.23	191.99
(d) Cash and cash equivalents	16	33.30	135.90
(e) Short term loans and advances	17	8.70	13.50
(f) Other current assets.....	18	0.56	13.71
		<u>419.54</u>	<u>488.55</u>
Total		<u>558.02</u>	<u>596.28</u>

See accompanying notes forming part of the financial statements

In terms of our report attached

Bharat Doshi

Chairman

Zhooben Bhiwaniwala

Executive Vice-Chairman

For **Deloitte Haskins & Sells**
Chartered Accountants**Harsh Kumar**

Managing Director

Sudhir Mankad

Director

Jyoti Walunj

Chief Financial Officer

Abhishek Juvekar

Company Secretary

U. M. Neogi
PartnerPlace : Mumbai
Date : 6 May, 2015Place : Mumbai
Date : 6 May, 2015

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2015

Particulars	Notes	Rs. in Crores	
		For the year ended 31 March, 2015	For the year ended 31 March, 2014
1 Revenue from operations (gross)	19	1,286.42	1,241.84
Less: Excise duty		(92.90)	(87.20)
Revenue from operations (net)		1,193.52	1,154.64
2 Other income	20	20.17	14.23
3 Total revenue (1+2)		1,213.69	1,168.87
4 Expenditure:			
(a) Cost of materials consumed	21(a)	989.76	962.22
(b) Purchase of stock in trade	21(b)	76.09	67.33
(c) Changes in inventories of finished goods and stock in trade	21(c)	(13.40)	(1.23)
(d) Employee benefits expense	22	12.90	12.46
(e) Finance costs	23	1.33	1.46
(f) Depreciation and amortisation expense	10	5.10	5.99
(g) Other expenses	24	31.67	28.07
Total expenses		1,103.45	1,076.30
5 Profit before tax (3-4)		110.24	92.57
6 Tax expense:			
(a) Current tax expense		38.46	29.23
(b) Deferred tax	30	(0.39)	(1.03)
7 Profit after tax (5-6)		72.17	64.37
8 Earnings per equity share (of Rs. 10 each):	29		
Basic/Diluted (Rs.)		43.48	38.77

See accompanying notes forming part of the financial statements

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

U. M. Neogi
Partner

Place : Mumbai
Date : 6 May, 2015

Bharat Doshi Chairman
Zhooben Bhiwandiwala Executive Vice-Chairman
Harsh Kumar Managing Director
Sudhir Mankad Director
Jyoti Walunj Chief Financial Officer
Abhishek Juvekar Company Secretary

Place : Mumbai
Date : 6 May, 2015

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2015

Particulars	Rs. in Crores	
	For the year ended 31 March, 2015	For the year ended 31 March, 2014
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax for the year.....	110.24	92.57
Adjustments for:		
Depreciation and Amortisation.....	5.10	5.99
Interest income.....	(3.48)	(3.74)
Dividend income.....	(6.76)	(7.70)
Finance costs.....	1.33	1.46
Net gain on sale of current investments.....	(0.75)	(2.38)
Profit on sale of assets.....	(9.18)	0.04
	(13.74)	(6.33)
Operating Profit before Working Capital Changes.....	96.50	86.24
Changes in working capital:		
Adjustments for (increase)/decrease in operating assets/liabilities:		
Trade and other receivables.....	(8.53)	(23.98)
Inventories.....	(33.30)	36.27
Trade payables and other liabilities.....	(88.45)	1.34
	(130.28)	13.63
Cash Generated from Operations.....	(33.78)	99.87
Net income tax (paid).....	(40.52)	(27.21)
NET CASH FLOW FROM OPERATING ACTIVITIES.....	(74.30)	72.66
B. CASH FLOW FROM/(USED IN) INVESTING ACTIVITIES		
Capital Expenditure on fixed assets, including capital advances.....	(0.85)	(1.75)
Proceeds from sale of fixed assets (net).....	22.45	0.06
Inter corporate deposits placed.....	(0.89)	(111.82)
Inter corporate deposits refunded.....	0.77	114.06
Current investments not considered as Cash and cash equivalents		
– Purchased.....	(1,984.95)	(1,979.99)
– Proceeds from sale.....	1,980.70	2,012.38
Purchase of non current investments		
– Subsidiaries/Joint Ventures.....	(34.92)	(19.91)
Refund of Share Application money.....	–	10.50
Interest received		
– Subsidiaries/Joint Ventures.....	0.02	1.91
– Others.....	3.42	1.71

Particulars	For the year ended 31 March, 2015	Rs. in Crores For the year ended 31 March, 2014
Dividend received		
– Subsidiaries/Joint Ventures.....	4.15	3.47
– Others	2.61	4.23
NET CASH FLOW FROM/(USED IN) INVESTING ACTIVITIES	(7.49)	34.85
C. CASH FLOW USED IN FINANCING ACTIVITIES		
(Proceeds)/Repayments from other short-term borrowings.....	(0.06)	(0.07)
Finance Costs.....	(1.33)	(1.37)
Dividends paid.....	(16.60)	(14.94)
Tax on dividend.....	(2.82)	(2.54)
NET CASH FLOW USED IN FINANCING ACTIVITIES	(20.81)	(18.92)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	(102.60)	88.59
Cash and cash equivalents at the beginning of the year (refer note 16)....	135.90	47.31
Cash and cash equivalents at the end of the year (refer note 16).....	33.30	135.90
	(102.60)	88.59
Reconciliation of Cash and cash equivalents with the Balance Sheet:		
Cash and cash equivalents as per Balance Sheet (refer note 16)		
Component of cash and cash equivalents		
Cash on hand.....	*	*
with banks: in current accounts.....	6.30	10.23
in deposit account.....	27.00	125.67
	33.30	135.90

* Represents Rs. 20,214 (2014: Rs. 29,240)

Note: The above Cash Flow Statement has been prepared under the 'indirect method' as set out in Accounting Standard 3 'Cash Flow Statement'

In terms of our report attached

Bharat Doshi

Chairman

Zhooben Bhivandiwala

Executive Vice-Chairman

For **Deloitte Haskins & Sells**
Chartered Accountants

Harsh Kumar

Managing Director

Sudhir Mankad

Director

Jyoti Walunj

Chief Financial Officer

Abhishek Juvekar

Company Secretary

U. M. Neogi
Partner

Place : Mumbai
Date : 6 May, 2015

Place : Mumbai
Date : 6 May, 2015

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1. Corporate information

Mahindra Intertrade Limited is a public limited company incorporated on 21 May, 1998 under the Companies Act, 1956. The Company's main activity is steel processing and it has service centres at Nashik and Vadodara. The Company processes automotive and electrical steel.

Motor Vehicles: 5 years
Blanking Line (Nashik): 20 years

- (c) Goodwill arising on acquisition of business is being amortised equally over a period of ten years.

2. Significant Accounting Policies followed by the Company:

2.1 Basis of accounting and preparation of financial statements:

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under section 133 of the Companies Act, 2013 read with rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 (The Act). The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

All assets and liabilities are classified as current if it is expected to realise or settle within 12 months after the Balance Sheet date.

2.2 Use of estimates:

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates, are recognized in the periods in which the results are known/materialize.

2.3 Inventories:

Inventories are stated at cost or net realizable value, whichever is lower. Cost is arrived at on a weighted average method and includes, where appropriate, manufacturing overheads and excise duty.

2.4 Cash and cash equivalents (for purposes of Cash Flow Statement)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

2.5 Cash flow statement

Cash flows are reported using the indirect method, whereby profit/(loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

2.6 Fixed Assets:

- (a) Fixed Assets are stated at cost less accumulated depreciation/amortization. The cost of fixed assets comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses. Borrowing costs that are attributable to the acquisition, construction or production of a qualifying asset are included in the cost of asset upto the date the asset is ready for its intended use.
- (b) (i) Leasehold land is amortised over the period of lease.
- (ii) Depreciation on tangible fixed assets has been provided on straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013, except in respect of the following categories of assets, in whose case the life of the assets has been assessed as under, taking into account the estimated usage of the asset in case of Motor Vehicle and based on technical advice in case of Blanking line.

2.7 Revenue Recognition:

Sale of products are recognized, when the significant risks and rewards of ownership are transferred to the Buyer. Sales include excise duty, but excludes sales tax and value added tax.

Sales of services are recognised when services are rendered.

2.8 Other Income

Interest income is accounted on accrual basis. Dividend income is accounted for when the right to receive it is established.

2.9 Foreign Currency Transactions:

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of transaction. All foreign currency monetary items outstanding at the year end (excluding long term liability) are translated at the relevant rates of exchange prevailing at the year end and the resulting exchange differences are recognized in the Statement of Profit and Loss. In respect of forward exchange contracts, the premium or discount arising at the inception of such a contract is amortized as expense or income over the life of the contract.

Exchange differences relating to long term foreign currency monetary items, to the extent they are used for financing and acquisition of fixed assets are added to or subtracted from the cost of depreciable fixed assets to which the monetary item relates and depreciated over the remaining useful life of such assets.

2.10 Investments:

Long term Investments are valued at cost less provision, if any, for decline other than temporary, in value of such investments. Current investments are valued at the lower of cost and fair value, determined by category of investment.

2.11 Employee Benefits:

- i) Defined Contribution Plan:
Company's contributions paid/payable during the year to the provident fund, superannuation fund, employee state insurance corporation and labour welfare fund are recognized in the Statement of Profit and Loss based on the amount of contribution required to be made and when services are rendered by the employees.
- ii) Defined Benefit Plan/Long Term Compensated Absences:
Company's liability towards gratuity, compensated absence and post retirement medical benefit schemes are determined by an independent actuary using the projected unit credit method at each Balance Sheet date. Past service cost are recognised on a straight line basis over the average period until the benefits become vested. Actuarial gains and losses are recognised immediately in the statement of Profit and Loss as income or expense. Obligation is measured at the present value of estimated future cash flows using a discounted rate that is determined by reference to market yields at the Balance Sheet date on Government Bonds where the currency and terms of the Government Bonds are consistent with the currency and estimated terms of the defined benefit obligation, as reduced by the fair value of Scheme assets.

2.12 Taxes on Income:

Tax expense comprises current and deferred tax. Current Tax is determined as either (i) the amount of tax payable in respect of taxable income after considering usual allowances and disallowances under the Income-tax Act, 1961 or (ii) Minimum Alternate Tax for the year. Credit in respect of Minimum Alternate Tax paid is recognised only if there is convincing evidence of realisation of the same. Deferred tax reflects the impact of current year timing differences between taxable income and accounting income and reversal of timing differences of the earlier years.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent

periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realized. However, if there are unabsorbed depreciation and carry forward of losses, deferred tax assets are recognized only if there is virtual certainty that there will be sufficient future taxable income available to realize the assets. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each balance sheet date for their realisability.

2.13 Earnings per share

Basic earnings per share is computed by dividing the profit/(loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year.

2.14 Stock Appreciation Rights (SARs)

The compensation cost of SARs granted to employees is accounted by the Company using the intrinsic value method. The fair value of the equity shares is based on valuation obtained from an independent valuer. Difference between market value and face value of the equity shares, being the intrinsic value, is recognised as compensation cost over the vesting period.

Note 3 Share capital:

Particulars	As at 31 March, 2015		As at 31 March, 2014	
	Number of Shares	Rs. in Crores	Number of Shares	Rs. in Crores
(a) Authorised				
Equity shares of Rs. 10 each.....	28,000,000	28.00	28,000,000	28.00
Cumulative redeemable preference shares of Rs. 100 each	1,875,000	18.75	1,875,000	18.75
	<u>29,875,000</u>	<u>46.75</u>	<u>29,875,000</u>	<u>46.75</u>
(b) Issued				
Equity shares of Rs. 10 each.....	27,100,007	27.10	27,100,007	27.10
(c) Subscribed and fully paid up				
Equity shares of Rs. 10 each.....	12,100,007	12.10	12,100,007	12.10
(d) Subscribed but not fully paid up				
Equity shares of Rs. 10 each, Rs. 7 not paid up.....	15,000,000	4.50	15,000,000	4.50
	<u>27,100,007</u>	<u>16.60</u>	<u>27,100,007</u>	<u>16.60</u>

(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period

Particulars	Opening Balance	Fresh issue	Buy back	Closing Balance
Equity shares of Rs. 10 each				
Year ended 31 March, 2015 (Subscribed and fully paid up)				
Number of shares	12,100,007	-	-	12,100,007
Amount (Rs. in crores)	12.10	-	-	12.10
Year ended 31 March, 2014 (Subscribed and fully paid up)				
Number of shares.....	12,100,007	-	-	12,100,007
Amount (Rs. in crores)	12.10	-	-	12.10
Year ended 31 March, 2015 (Subscribed but not fully paid up)				
Number of shares.....	15,000,000	-	-	15,000,000
Amount (Rs. in crores)	4.50	-	-	4.50
Year ended 31 March, 2014 (Subscribed but not fully paid up)				
Number of shares.....	15,000,000	-	-	15,000,000
Amount (Rs. in crores)	4.50	-	-	4.50

(ii) The Company has not allotted any equity shares for consideration other than cash, bonus shares, nor have any shares been bought back during the period of five years immediately preceding the Balance Sheet date.

Terms/rights attached to equity shares

The Company has only one class of equity share having a par value of Rs. 10/- per share. Each shareholder has the following voting rights (i) On a show of hands: one vote for a member present in person or being a company present by a representative duly authorised or by proxy who is not himself a member shall have one vote. and (ii) On a poll: one vote for each equity share registered in the name of the member or company present by a representative duly authorised. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing annual general meeting, except in case of interim dividend. In the event of winding up, the liquidator may, with the sanction of a special resolution of the Company and any other sanction required by the Act, divide amongst the members, in specie or kind, the whole or any part of the assets of the company, whether they shall consist of property of the same kind or not.

(iii) Details of shares held by the holding company

Particulars	As at 31 March, 2015	As at 31 March, 2014
Mahindra and Mahindra Limited (including 6 equity shares held jointly with its nominees)	27,100,006	27,100,006

(iv) Details of shares held by each shareholder holding more than 5% shares

Particulars	As at 31 March, 2015		As at 31 March, 2014	
	Number of shares	% of holding	Number of shares	% of holding
Mahindra and Mahindra Limited (including 6 equity shares held jointly with its nominees)	27,100,006	99.999%	27,100,006	99.999%

Note 4 Reserves and surplus:

Particulars	Rs. in Crores	
	As at 31 March, 2015	As at 31 March, 2014
(a) Capital redemption reserve	18.75	18.75
(b) General Reserve		
Opening balance	45.65	39.21
Add: Transferred from surplus in the statement of profit and loss.....	7.22	6.44
Closing balance	52.87	45.65
(c) Surplus in the statement of profit and loss		
Opening balance	264.01	225.50
Less: Depreciation on transition to Schedule II of the Companies Act, 2013 on tangible fixed assets with nil remaining useful life (Net of deferred tax of Rs. 0.05 crore) (Refer Note 25.3).....	0.10	-
Add: Profit for the year.....	72.17	64.37
Less: Transferred to General Reserve	7.22	6.44
Proposed dividend.....	16.60	16.60
Tax on dividend.....	3.38	2.82
Closing balance	308.88	264.01
	<u>380.50</u>	<u>328.41</u>

Note 5 Long term provisions:

Particulars	Rs. in Crores	
	As at 31 March, 2015	As at 31 March, 2014
Provision for Employee benefits:		
(i) Provision for compensated absences	2.09	1.64
(ii) Provision for post retirement medical benefits (refer note 26)	0.12	0.11
(iii) Provision for other employee benefits (refer note 32).....	0.11	0.50
	<u>2.32</u>	<u>2.25</u>

Note 6 Short term borrowings:

Particulars	Rs. in Crores	
	As at 31 March, 2015	As at 31 March, 2014
Unsecured:		
Book overdrawn balance.....	0.05	0.11
	<u>0.05</u>	<u>0.11</u>

Note 7 Trade payables:

Particulars	Rs. in Crores	
	As at 31 March, 2015	As at 31 March, 2014
Trade payables:		
Acceptances	43.96	114.46
Other than acceptances -micro and small enterprises (refer note 25.2)	-	-
Other than acceptances - Other than micro and small enterprises	76.38	96.60
	<u>120.34</u>	<u>211.06</u>

Note 8 Other current liabilities:

Particulars	Rs. in Crores	
	As at 31 March, 2015	As at 31 March, 2014
(a) Other payables:		
(i) Statutory remittances (contribution to provident fund and employee states insurance corporation, withholding taxes, excise duty, service tax, etc.)	2.52	1.02
(ii) Value added tax payable	7.03	7.53
(iii) Payables on purchase of fixed assets ...	0.15	-
(iv) Advance from customers	2.40	1.44
(v) Dealer deposit.....	0.74	0.87
	<u>12.84</u>	<u>10.86</u>

Note 9 Short term provisions:

Particulars	Rs. in Crores	
	As at 31 March, 2015	As at 31 March, 2014
(a) Provision for employee benefits:		
(i) Provision for compensated absences....	0.62	0.51
(ii) Provision for post retirement medical benefit (refer note 26).....	0.01	0.01
(iii) Provision for other employee benefits (refer note 32)	0.61	0.35
(b) Provision - Others:		
(i) Provision for taxation (net of payments)...	0.57	2.68
(ii) Provision for proposed equity dividend..	16.60	16.60
(iii) Provision for tax on proposed dividend...	3.38	2.82
	<u>21.79</u>	<u>22.97</u>

Note 10 Fixed assets:

Description of assets	Gross Block				Depreciation and Amortisation				Rs. in Crores	
	Balance as at 1 April, 2014	Additions during the year at cost	Deductions and adjustments during the year	Balance as at 31 March, 2015	Balance as at 1 April, 2014	Depreciation and Amortisation for the year	Deductions and Adjustments of Depreciation and Amortisation	Transition adjustment recorded against surplus balance in statement of profit and loss account	Balance as at 31 March, 2015	Net Balance as at 31 March, 2015
	A Tangible assets:									
Land	1.11	-	-	1.11	-	-	-	-	-	1.11
	(1.11)	(-)	(-)	(1.11)	(-)	(-)	(-)	(-)	(-)	(1.11)
Land – leasehold	1.16	-	-	1.16	0.12	0.01	-	-	0.13	1.04
	(1.16)	(-)	(-)	(1.16)	(0.07)	(0.05)	(-)	(-)	(0.12)	(1.04)
Buildings *	19.81	-	-	19.81	4.01	0.82	-	-	4.83	14.98
	(19.81)	(-)	(-)	(19.81)	(3.39)	(0.62)	(-)	(-)	(4.01)	(15.80)
Electrical Installations.....	0.03	-	-	0.03	-	***	-	-	-	0.03
	(-)	(0.03)	(-)	(0.03)	(-)	(***)	(-)	(-)	(-)	(0.03)
Plant and equipment	60.88	0.47	-	61.35	31.08	3.74	-	-	34.82	26.52
	(59.77)	(1.18)	(0.07)	(60.88)	(26.21)	(4.91)	(0.04)	(-)	(31.08)	(29.80)
Furniture and fixtures	0.46	0.02	-	0.48	0.14	0.07	-	-	0.21	0.27
	(0.49)	(0.04)	(0.07)	(0.46)	(0.18)	(0.03)	(0.07)	(-)	(0.14)	(0.32)
Vehicles	1.69	0.32	0.42	1.59	0.94	0.27	0.36	-	0.85	0.74
	(1.50)	(0.35)	(0.16)	(1.69)	(0.76)	(0.28)	(0.10)	(-)	(0.94)	(0.75)
Office equipment.....	0.39	0.07	0.01	0.45	0.12	0.11	0.01	0.10	0.32	0.13
	(0.40)	(0.01)	(0.02)	(0.39)	(0.11)	(0.02)	(0.01)	(-)	(0.12)	(0.27)
Computers.....	1.38	0.08	0.02	1.44	1.17	0.08	0.02	0.05	1.28	0.16
	(1.56)	(0.08)	(0.26)	(1.38)	(1.35)	(0.08)	(0.26)	(-)	(1.17)	(0.21)
Sub Total A	86.91	0.96	0.45	87.42	37.58	5.10	0.39	0.15	42.44	44.99
Previous year.....	(85.80)	(1.69)	(0.58)	(86.91)	(32.07)	(5.99)	(0.48)	-	(37.58)	(49.33)
(b) Intangible assets:										
Goodwill.....	4.76	-	-	4.76	4.76	-	-	-	4.76	-
	(4.76)	(-)	(-)	(4.76)	(4.76)	(-)	(-)	(-)	(4.76)	(-)
Computer software	0.52	0.06	-	0.58	0.51	**	-	-	0.51	0.06
	(0.51)	(0.01)	(-)	(0.52)	(0.51)	(**)	(-)	(-)	(0.51)	(0.01)
Website.....	0.47	-	-	0.47	0.47	-	-	-	0.47	-
	(0.47)	(-)	(-)	(0.47)	(0.47)	(-)	(-)	(-)	(0.47)	(-)
Sub Total B	5.75	0.06	-	5.81	5.74	-	-	-	5.74	0.06
Previous year.....	(5.74)	(0.01)	(-)	(5.75)	(5.74)	(-)	(-)	(-)	(5.74)	(0.01)
TOTAL (A + B).....	92.65	1.02	0.45	93.23	43.33	5.10	0.39	0.15	48.19	45.05
Previous year.....	(91.54)	(1.70)	(0.58)	(92.66)	(37.81)	(5.99)	(0.48)	-	(43.33)	(49.34)

* Includes Rs. 500 (2014: Rs. 500) in respect of 10 shares of Rs. 50 each in Shah and Nahar Industrial Premises (A-1) Co-operative Society Limited.

** Represents Rs. 43,423 (2014: Rs 46,944)

*** Represents Rs. 19,359 (2014: Rs. 4,680)

Note: figures in brackets are in respect of the previous year

Note 11 Non current investments:

Particulars	Rs. in Crores		Particulars	Rs. in Crores	
	As at 31 March, 2015	As at 31 March, 2014		As at 31 March, 2015	As at 31 March, 2014
(a) Investment in equity shares (Non trade and fully paid-up unless otherwise specified)			50,000 Equity shares of Rs 10 each in Mahindra Electrical Steel Private Limited	0.05	0.05
Unquoted (at cost unless otherwise specified):			10,089,257 Equity shares of Rs 10 each in Mahindra Steel Service Centre Limited **..	42.45	42.45
500 Ordinary shares of Rs.1,000 each fully paid up in Seekar Fashions Private Limited..	0.05	0.05	3,49,35,000 (2014 : 10,000) Equity shares of Rs 10 each in Mahindra Auto Steel Private Limited.***	34.93	0.01
Less: Provision for decline, other than temporary, in the value	0.05	0.05		79.68	44.76
	-	-	(c) Investment in Debentures (trade and fully paid-up unless otherwise specified)		
1 Ordinary Share of Rs.10 each fully paid up in Mahindra Holdings Limited.....	*	*	Unquoted (at cost unless otherwise specified):		
			In subsidiary company:		
(b) Investment in equity shares (Trade and fully paid-up unless otherwise specified)			107,500 nos 0.25% Optionally Convertible Unsecured Debentures of Rs 1,000 each in Mahindra Electrical Steel Private Limited	10.75	10.75
Unquoted (at cost unless otherwise specified):				90.43	55.51
In subsidiary companies:					
900 Equity shares of USD 550 each in Mahindra Middle East Electrical Steel Service Centre (FZC), Sharjah **	2.25	2.25			

* Amount less than Rs.1,000

** Which is also a Joint venture.

*** Which also became a joint venture in the current year.

Note 12 Long term loans and advances:

Particulars	Rs. in Crores	
	As at 31 March, 2015	As at 31 March, 2014
Unsecured, considered good		
(a) Security deposits	0.15	0.15
(b) Capital advance	–	0.02
(c) Loans and advances to related party (Refer note 1 below).....	0.17	0.05
(d) Other Loans and advances		
(i) Advance income tax (net of provisions) ..	2.50	2.55
(ii) Surplus of plan assets over obligation - gratuity (refer note 26)	0.18	0.11
	<u>3.00</u>	<u>2.88</u>

Note 1: Includes Inter corporate deposits to related party:

Particulars	Rs. in Crores	
	As at 31 March, 2015	As at 31 March, 2014
Mahindra Electrical Steel Private Limited	0.17	0.05

Note 13 Current investments:

Particulars	Rs. in Crores	
	As at 31 March, 2015	As at 31 March, 2014
Unquoted investments in Mutual funds (At lower of cost and fair value):		
(a) NIL (2014: 59,980.171) units of Rs.1,000 each in HSBC Cash Management Fund – Daily Dividend plan	–	6.00
(b) 72,758.685 (2014: NIL) units of Rs.1,000 each in Taurus Liquid Fund – Existing Plan-Super Institutional Growth	11.00	–
	<u>11.00</u>	<u>6.00</u>

Note 14 Inventories:

Particulars	Rs. in Crores	
	As at 31 March, 2015	As at 31 March, 2014
(at lower of cost and net realisable value)		
(a) Raw materials [refer note 21(a)].....	94.24	95.80
Goods in transit	31.08	10.01
	<u>125.32</u>	<u>105.81</u>
(b) Work-in-Progress [refer note 21(c)].....	12.28	6.59
(c) Finished goods [refer note 21(c)]	16.22	11.41
(d) Stock in trade [refer note 21(c)]	6.30	3.40
(e) Stores and spares.....	0.63	0.24
	<u>160.75</u>	<u>127.45</u>

Note 15 Trade receivables:

Particulars	Rs. in Crores	
	As at 31 March, 2015	As at 31 March, 2014
(a) Trade receivables outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	0.04	0.04
Doubtful.....	1.63	1.63
	<u>1.67</u>	<u>1.67</u>
Less: provision for doubtful trade receivables	(1.63)	(1.63)
	<u>0.04</u>	<u>0.04</u>

Particulars	Rs. in Crores	
	As at 31 March, 2015	As at 31 March, 2014
(b) Other Trade receivables		
Unsecured, considered good	205.19	191.95
	<u>205.23</u>	<u>191.99</u>

Note 16 Cash and cash equivalents:

Particulars	Rs. in Crores	
	As at 31 March, 2015	As at 31 March, 2014
(a) Cash on hand.....	*	*
(b) Balances with banks		
(i) In current account.....	6.30	10.23
(ii) In deposit account.....	27.00	125.67
	<u>33.30</u>	<u>135.90</u>

* Represents Rs 20,214 (2014: Rs 29,240)

Note 17 Short term loans and advances

Particulars	Rs. in Crores	
	As at 31 March, 2015	As at 31 March, 2014
Unsecured, considered good		
(a) Deposits to related party.....	0.02	–
(b) Prepaid expenses.....	0.02	0.01
(c) Balances with government authorities:		
(i) CENVAT credit receivable	0.57	0.68
(ii) Value added tax credit receivable	3.11	3.72
(iii) Service tax credit receivable.....	2.78	1.71
	<u>6.46</u>	<u>6.11</u>
(d) Other loans and advances:		
(i) Advances to suppliers.....	0.58	3.39
(ii) Refund receivable from custom authorities	1.48	3.70
(iii) Others.....	0.14	0.29
	<u>2.20</u>	<u>7.38</u>
	<u>8.70</u>	<u>13.50</u>

Note 18 Other current assets:

Particulars	Rs. in Crores	
	As at 31 March, 2015	As at 31 March, 2014
(a) Interest accrued on inter corporate deposits.....	–	0.02
(b) Interest accrued on Fixed Deposits	0.52	0.46
(c) Interest accrued on investment.....	0.03	–
(d) DEPB licences	0.01	0.02
(e) Leasehold Land held for sale (Ref Note 1 below)	–	13.21
	<u>0.56</u>	<u>13.71</u>

Note 1:

The Company had entered in to an Agreement to Lease with Maharashtra Industrial Development Corporation (MIDC) during FY-2014 for a plot of land at Chakan. The Company was in the process of assigning the rights under the said agreement to its subsidiary Mahindra Auto Steel Private Limited as at the Balance Sheet date, which was completed in April, 2014.

Note 19 Revenue from operations:

Particulars	Rs. in Crores	
	For the year ended 31 March, 2015	For the year ended 31 March, 2014
Revenue from –		
(a) Sale of products (Refer Note (i) below)	1,243.51	1,207.42
(b) Sale of services (Refer Note (ii) below)	5.89	2.34
(c) Other operating revenues (Refer Note (iii) below)	37.02	32.09
	1,286.42	1,241.84
Less: Excise duty.....	92.90	87.20
	<u>1,193.52</u>	<u>1,154.64</u>

Note Particulars	Rs. in Crores	
	For the year ended 31 March, 2015	For the year ended 31 March, 2014
(i) Sale of products comprises:		
Manufactured goods		
– Steel products	1,160.72	1,133.75
Traded goods		
– Steel products	82.79	73.66
Total – Sale of products.....	1,243.51	1,207.42
(ii) Sale of services comprises:		
– Job work processing	0.52	0.78
– Installation/repairs.....	0.35	0.16
– Management fees	5.02	1.40
Total – Sale of services	5.89	2.34
(iii) Other operating revenues comprise:		
– Scrap sales.....	25.57	22.48
– Commission income.....	6.93	6.58
– Insurance claim	0.22	0.46
– Cash discount.....	4.00	2.32
– DEPB income.....	–	0.07
– Other Operating income	0.30	0.18
Total – Other operating revenues.....	37.02	32.09
	<u>1,286.42</u>	<u>1,241.84</u>

Note 20 Other income:

Particulars	Rs. in Crores	
	For the year ended 31 March, 2015	For the year ended 31 March, 2014
(a) Interest income:		
Interest on inter- corporate deposits.....	0.02	1.57
Interest on debentures	0.03	–
Interest of Fixed Deposits.....	3.38	2.13
On others.....	0.05	0.04
(b) Dividend income:		
(i) from long-term investments in subsidiaries ...	4.15	3.47
(ii) from current investments	2.61	4.23
(c) Other:		
– Liabilities no longer required written back....	–	0.29
– Provision for doubtful debts no longer required	–	0.12
– Gain on sale of current investments, net.....	0.75	2.38
– Gain on sale of fixed assets, net.....	9.18	–
	<u>20.17</u>	<u>14.23</u>

Note 21(a) Cost of materials consumed:

Particulars	Rs. in Crores	
	For the year ended 31 March, 2015	For the year ended 31 March, 2014
Opening Stock	105.81	143.25
Add: Purchases [includes processing charges Rs.16.97 crores (2014 Rs. 15.28 crores)].....	1,009.27	924.78
	1,115.08	1,068.03
Less: Closing Stock.....	125.32	105.81
	<u>989.76</u>	<u>962.22</u>

Particulars	Rs. in Crores	
	For the year ended 31 March, 2015	For the year ended 31 March, 2014
Details of Raw materials and components consumed		
Steel products	989.76	962.22

Particulars	Rs. in Crores	
	For the year ended 31 March, 2015	For the year ended 31 March, 2014
Details of closing stock of Raw materials & components		
Steel products	125.32	105.81

Note 21(b) Purchase of stock in trade:

Particulars	Rs. in Crores	
	For the year ended 31 March, 2015	For the year ended 31 March, 2014
Traded goods Steel products	76.09	67.33
	<u>76.09</u>	<u>67.33</u>

Note 21(c) Changes in inventories of finished goods, work-in-progress and stock in trade:

Particulars	Rs. in Crores	
	For the year ended 31 March, 2015	For the year ended 31 March, 2014
Inventories at the end of the year:		
Finished goods	16.22	11.41
Work-in-Progress.....	12.28	6.59
Stock in trade	6.30	3.40
	34.80	21.40
Inventories at the beginning of the year:		
Finished goods	11.41	10.54
Work-in-Progress.....	6.59	6.62
Stock in trade	3.40	3.01
	21.40	20.17
(Increase)/Decrease in Stock.....	<u>(13.40)</u>	<u>(1.23)</u>

Details of closing stock of Finished goods, work-in-progress and stock in trade

Particulars	Rs. in Crores	
	For the year ended 31 March, 2015	For the year ended 31 March, 2014
Finished goods		
Steel products	16.22	11.41
Work-in-Progress		
Steel products	12.28	6.59
Stock-in-trade		
Steel products	6.30	3.40
	<u>34.80</u>	<u>21.40</u>

Note 22 Employee benefits expense:

Particulars	Rs. in Crores	
	For the year ended 31 March, 2015	For the year ended 31 March, 2014
(a) Salaries, wages, bonus, etc.....	10.47	9.70
(b) Stock Appreciation Rights expense (refer note 32).....	0.81	1.72
(c) Contribution to Provident and other funds (refer note 26).....	0.46	0.43
(d) Gratuity expense (refer note 26).....	0.32	0.08
(e) Post retirement medical benefit expense (refer note 26).....	0.02	(0.11)
(f) Staff welfare.....	0.82	0.64
	<u>12.90</u>	<u>12.46</u>

Note 23 Finance costs:

Particulars	Rs. in Crores	
	For the year ended 31 March, 2015	For the year ended 31 March, 2014
(a) Usance Interest.....	1.07	1.37
(b) Interest on income tax.....	0.26	0.09
	<u>1.33</u>	<u>1.46</u>

Note 24 Other expenses:

Particulars	Rs. in Crores	
	For the year ended 31 March, 2015	For the year ended 31 March, 2014
(a) Stores consumed.....	0.29	0.32
(b) Power and fuel.....	0.88	0.85
(c) Rent including lease rentals.....	2.29	2.23
(d) Rates and taxes.....	0.32	0.18
(e) Excise duty (refer note 33).....	0.67	0.16
(f) Insurance.....	0.77	0.91
(g) Repairs and maintenance		
– Buildings.....	0.03	0.08
– Machinery.....	0.17	0.33
– Others.....	1.01	0.62
(h) Freight outward.....	11.90	9.48
(i) Bad debts and advances written off.....	–	0.03
(j) Auditors' remuneration (refer note below).....	0.18	0.19
(k) Directors' fees.....	0.07	0.02
(l) Commission to Non whole time Directors.....	0.26	0.32
(m) Loss on foreign exchange transactions and translations.....	4.81	6.39
(n) Loss on Fixed Assets sold.....	–	0.04
(o) Expenditure on CSR activities.....	1.87	–
(p) Miscellaneous expenses.....	6.15	5.92
	<u>31.67</u>	<u>28.07</u>

Note:

Particulars	Rs. in Crores	
	For the year ended 31 March, 2015	For the year ended 31 March, 2014
<u>Payment to auditors:</u>		
To Statutory auditors-		
(a) For audit.....	0.18	0.17
(b) For taxation work.....	–	0.02
(c) For other services.....	–	–
(d) Reimbursement of expenses.....	#	#
	<u>0.18</u>	<u>0.19</u>

Represents out of pocket expenses Rs 36,469 (F2014 : Rs 36,000)

Note 25 Additional information to the financial statements

25.1 Contingent liabilities (to the extent not provided for):

Particulars	Rs. in Crores	
	As at 31 March, 2015	As at 31 March, 2014
Claims against the Company not acknowledged as debts:		
Taxation demand for various assessment years, which is being contested by the Company.....	0.55	0.55
Demand for Maharashtra Value Added Tax, Gujarat Value Added Tax, Central Sales Tax (Maharashtra & Gujarat) for the financial year 2010-2011 against which appeal have been filed with the appellate authority after the year end.....	3.54	–
Total.....	<u>4.09</u>	<u>0.55</u>

25.2 Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

(i) The identification of vendors as a "Supplier" under the Micro, Small and Medium Enterprises Development Act, 2006 (The Act) has been done on the basis of the information to the extent provided by the vendors to the Company. This has been relied upon by the auditors.

25.3 Pursuant to the enactment of the Companies Act 2013 (the 'Act'), the Company has, effective 1st April 2014, reviewed and revised the estimated useful life of its fixed assets, in accordance with the provisions of Schedule II to the Act. The carrying amount of the assets as on that date have been depreciated over the remaining useful life of the assets as per Schedule II of the Companies Act, 2013. Consequently, depreciation for the year is lower by Rs. 0.69 Crore. Further, an amount of Rs. 0.10 Crore (net of deferred tax of Rs. 0.05 Crore) has been recognized in the Surplus in the statement of profit and loss, where the remaining useful life of such assets is Nil as at 1st April, 2014 in line with the provisions of Schedule II to the Companies Act, 2013.

25.4 Derivative Instruments:

The Company has entered into Forward Exchange Contracts and plain vanilla option (being a derivative instruments), which are not intended for trading or speculative purposes, but for hedge purposes.

(i) The following are the outstanding Forward Exchange Contracts entered into by the Company:

Particulars	Year	Currency	Amt. in FC		Cross currency
			in Crores	Buy/Sell	
Payable on account of Import of Raw Material	31 March 2015	USD	0.42	Buy	Rupees
	31 March 2014	USD	1.60	Buy	Rupees

(ii) The following are the outstanding plain vanilla options entered into by the Company:

Particulars	Year	Currency	Amt. in FC		Cross currency
			in Crores	Buy/Sell	
Payable on account of Import of Raw Material	31 March 2015	USD	–	Buy	Rupees
	31 March 2014	USD	0.01	Buy	Rupees

(iii) The year end foreign currency exposures that have not been hedged by a derivatives instrument or otherwise are given below.

Particulars	Currency	As at 31 March, 2015		As at 31 March, 2014	
		Amt. in FC in Crores	Rs. Amt. in FC in Crores	Rs. Amt. in FC in Crores	Rs. in Crores
Payable on account of Import of Raw Material..	USD	0.60	37.84	0.28	17.13
	EURO	#	0.05	#	*
Receivable on account of commission and services rendered.....	GBP	##	**	–	–
	USD	0.01	0.44	###	0.07

Represents amount EURO 7831.68 (2014: 94.46)

Represents amount GBP 361.72

Represents amount USD 11,615.64

* Represents amount (2014: 7801)

** Represents amount Rs.33,141

25.5 Value of imports calculated on CIF basis:

Particulars	Rs. in Crores	
	For the year ended 31 March, 2015	For the year ended 31 March, 2014
Raw materials.....	272.44	197.37

25.6 Expenditure in foreign currency:

Particulars	Rs. in Crores	
	For the year ended 31 March, 2015	For the year ended 31 March, 2014
Travelling	0.16	0.10
Interest	1.07	1.37
Others*.....	*	0.01

* Represents amount Rs 5583.20

25.7 Details of consumption of imported and indigenous raw material:

Particulars	For the year ended 31 March, 2015		For the year ended 31 March, 2014	
	Rs. in Crores	%	Rs. in Crores	%
Raw Material				
Import	251.05	25	183.00	19
Indigenous	738.71	75	779.22	81
	989.76	100	962.22	100

25.8 Earnings in foreign exchange:

Particulars	Rs. in Crores	
	For the year ended 31 March, 2015	For the year ended 31 March, 2014
Export of goods on FOB basis.....	-	0.02
Commission	6.93	6.42
Dividend	3.60	3.47
Services rendered.....	0.88	0.88

Note 26 Employee benefit plans:

Following are the relevant disclosures in pursuance of Accounting Standard 15 on "Employee Benefits".

(i) The Company has recognized, in the Statement of Profit and Loss for the year, an amount of Rs. 0.46 crore (2014: Rs. 0.43 crore) as expenses under defined contribution plans.

Benefit (contribution to)	Rs. in Crores	
	2015	2014
Provident Fund.....	0.28	0.29
Pension Fund.....	0.10	0.06
Superannuation Fund.....	0.08	0.08
Total	0.46	0.43

(ii) The Company operates defined benefit plans as follows:

- a. Funded – Post Retirement Gratuity
 - b. Unfunded – Post Retirement Medical Benefits
- a. Details of funded and unfunded defined benefit obligations in respect of gratuity and postretirement medical benefits are as follows:

Particulars	Rs. in Crores			
	For the year ended 31 March, 2015		For the year ended 31 March, 2014	
	Gratuity	Post-retirement medical benefits	Gratuity	Post-retirement medical benefits
Components of employer expense				
Current service cost	0.15	*	0.16	0.01
Interest cost.....	0.15	0.01	0.12	0.02

Rs. in Crores

Particulars	For the year ended 31 March, 2015		For the year ended 31 March, 2014	
	Gratuity	Post-retirement medical benefits	Gratuity	Post-retirement medical benefits
Expected return on plan assets.....	(0.13)	-	(0.13)	-
Actuarial losses/(gains)	0.15	0.01	(0.08)	(0.14)
Effect of the limit in Para 59(b).....	-		*	-
Total expense recognised in the Statement of Profit and Loss	0.32	0.02	0.08	(0.11)
Actual contribution and benefit payments for year				
Actual benefit payments.....	0.05	*	0.05	*
Net asset/(liability) recognised in the Balance Sheet				
Present value of defined benefit obligation.....	2.11	-	1.70	-
Fair value of plan assets	2.29	-	1.81	-
Effect of the limit in Para 59(b).....	*	-	*	-
Funded status [Surplus/(Deficit)].....	0.18	-	0.11	-
Change in defined benefit obligations (DBO) during the year				
Present value of DBO at beginning of the year	1.70	0.11	1.52	0.23
Current service cost	0.15	*	0.16	0.01
Interest cost.....	0.15	0.01	0.12	0.02
Actuarial (gains)/losses	0.20	0.01	(0.06)	(0.14)
Liabilities settle on divestiture	(0.04)	*	-	-
Benefits paid.....	(0.05)	*	(0.05)	*
Present value of DBO at the end of the year	2.11	0.13	1.70	0.11
Change in fair value of assets during the year				
Plan assets at beginning of the year ..	1.81	-	1.70	-
Expected return on plan assets.....	0.13	-	0.13	-
Actuarial gain/(loss).....	0.05	-	0.02	-
Benefits paid.....	(0.05)	-	(0.05)	-
Contributions by Employer	0.35	-	0.02	-
Plan assets at the end of the year	2.29	-	1.81	-
Expected Employers Contribution next year	0.05	0.01	0.05	0.01
Actuarial assumptions				
Discount rate	8.05%	8.05%	8.95%	8.95%
Expected return on plan assets.....	7.5%	-	7.5%	-
Salary escalation	10%		10%	
Attrition.....	8%	8%	10%	10%
Medical cost inflation.....	-	7%	-	7%
Mortality tables.....	Indian assured lives mortality (2006-08) Ult table	Indian assured lives mortality (2006-08) Ult table	Indian assured lives mortality (2006-08) Ult table	Indian assured lives mortality (2006-08) Ult table

Rs. in Crores

Effect of 1% point change in the assumed medical inflation rate	Rs. in Crores			
	31 March, 2015		31 March, 2014	
	Increase by 1%	Decrease by 1%	Increase by 1%	Decrease by 1%
Effect on the aggregate service and interest cost of Post Employment Medical Benefits	*	(*)	*	(*)
Effect on the accumulated Post Employment Medical Benefits obligations	0.01	(0.01)	0.01	(0.01)

(iii) Experience adjustment for gratuity

	Rs. in Crores				
	2015	2014	2013	2012	2011
Defined Benefit obligation.....	2.11	1.70	1.52	1.30	1.25
Fair value of Plan Assets	2.29	1.81	1.70	1.59	1.88
Effect of the limit in Para 59(b).....			0.01	0.02	-
(Deficit)/surplus	0.18	0.11	0.17	0.27	0.63
Experience Adjustment on plan assets....	0.05	0.02	*	0.06	**
Experience Adjustment on plan liabilities.....	0.04	0.07	0.08	0.38	**

** The details of experience adjustments arising on account of plan liabilities and assets for earlier years as required by paragraph 120 (n)(ii) of AS 15 are not readily available in the valuation statement received from LIC and hence, are not furnished for.

Due to absence of data provided by LIC, break-up of Plan assets (assets allocation) in insurer managed funds have not been furnished

(iv) Experience Adjustments of Post-employment medical benefits

	Rs. in Crores				
	31.03.2015	31.03.2014	31.03.2013	31.03.2012	31.03.2011
Defined Benefit obligation.....	0.13	0.11	0.23	0.27	0.26
Surplus/(Deficit)....	(0.13)	(0.11)	(0.23)	(0.27)	(0.26)
Experience adjustments on plan liabilities.....	*	(0.13)	(0.07)	*	0.08

(v) Basis used to determine the expected rate of return:

Based on expectation of the average long term rate of return expected on investment of the fund, during the estimated term of obligation.

(vi) The estimate of future salary increases takes into account inflation, seniority, promotion and other relevant factors.

Note: * Represents amount less than Rs. 50,000

Note 27 Segment Reporting:

The company has a single segment namely steel processing for the purpose of accounting standard 17 on segment reporting.

Note 28 Related party transactions:

Related party disclosures as required by AS-18 "Related Party Disclosures" are given below:

	Holding Company
	Mahindra & Mahindra Limited
	Subsidiary Companies
MESL	Mahindra Electrical Steel Private Limited
	Subsidiary Companies and Joint Ventures
MSSCL	Mahindra Steel Service Centre Limited
MMESS	Mahindra MiddleEast Electrical Steel Service Centre (FZC)
MASL	Mahindra Auto Steel Private Limited (which became a joint venture in the current year)
	Key Managerial Personnel
	Mr. Harsh Kumar, Managing Director
	Mr. Zhooben Bhiwandiwala, Executive Director
	Other parties with whom transactions have taken place during the year
	Fellow Subsidiaries:
MHRIL	Mahindra Holidays & Resorts India Limited
MNAL	Mahindra Trucks and Buses Limited (formerly known as Mahindra Navistar Automotives Limited)
MUSCO	Mahindra Ugine Steel Company Limited (upto 9th December, 2014)
MLL	Mahindra Logistics Limited
MRL	Mahindra Retail Private Limited
MVML	Mahindra Vehicle Manufacturers Limited
MBPO	Mahindra Integrated Business Solutions Private Limited
MSONAL	Mahindra Sona Limited
NBS	NBS International Limited
MNEPL	Mahindra Heavy Engines Pvt. Ltd.
NSSPL	Mahindra Sanyo Special Steel Private Limited

(B) Disclosure of transactions between the Company and related parties and the status of outstanding balance as on 31st March, 2015 :

(a) Particulars	Rs. in Crores					
	Holding Company		(Receipt/income)/Expenditure/ payment		Fellow Subsidiaries	
	2015	2014	2015	2014	2015	2014
Purchase of finished goods	-	-	*	0.66	-	-
Purchase of fixed assets.....	0.11	0.15	-	-	-	-
Sale of fixed assets	-	-	22.35	0.01	-	-
Processing charges paid.....	-	-	16.97	16.01	-	-
Sale of finished goods **.....	192.62	214.55	38.60	26.83	312.60	434.19
Income from services rendered **.....	-	-	1.65	0.52	-	-
Deputation of personnel to related parties.....	-	-	0.41	0.35	-	-
Deputation of personnel from related parties.....	0.09	-	0.08	0.03	-	-
Other income.....	-	-	3.44	0.94	-	0.13
Other expenses.....	2.26	2.19	0.76	-	0.24	0.34
Reimbursement received from parties.....	0.17	0.21	0.38	0.94	*	*
Reimbursement made to parties.....	1.15	1.05	0.21	0.16	0.03	1.11
Interest received	-	-	0.04	1.09	-	0.48
Dividend received.....	-	-	4.15	3.47	-	-
Inter corporate deposits placed.....	-	-	1.73	81.83	-	30.00
Inter corporate deposits refunded by parties.....	-	-	1.58	84.06	-	30.00
Other Deposit.....	-	-	-	-	0.02	0.02
Share application money received back.....	-	-	-	10.50	-	-
Investment in Equity Shares	-	-	34.92	9.16	-	-
Investment in Debentures.....	-	-	-	10.75	-	-
paid during the current year.....	16.60	14.94	-	-	-	-

* Represents amount less than Rs. 1 lakh

** excluding taxes

	2015 Rs. in Crores	2014 Rs. in Crores
(b) Transactions with Key Management Personnel:		
Managerial Remuneration		
Mr. Harsh Kumar, Managing Director.....	2.22	2.09
Mr. Zhooben Bhiwandiwalla, Executive Director.....	0.22	0.64
	2015 Rs. in Crores	2014 Rs. in Crores
(c) Outstanding receivables as on 31st March:		
From Holding Company	1.43	3.23
From Subsidiary Company/Subsidiary Companies and Joint Ventures (including Inter-corporate Deposits & Interest thereon)	29.35	4.62
From Fellow subsidiaries	2.74	2.08
	2015 Rs. in Crores	2014 Rs. in Crores
(d) Outstanding payables as on 31st March:		
To Fellow subsidiaries.....	0.11	0.25
To Key Managerial Personnel.....	0.62	1.00

(e) Disclosure of transactions between the Company, fellow subsidiaries and subsidiaries and joint ventures and the status of outstanding balance as on 31st March, 2015:

(Rs. in Crores) (previous year's figures are in brackets)

	Subsidiaries & Joint Ventures					Fellow Subsidiaries													
	MMESS	MSSCL	MESL	MASL	TOTAL	MUSCO	MLL	MNAL	MHRIL	MRL	MVML	MBPO	MSONAL	NBS	MGTPL	MNEPL	NSSPL	TOTAL	
Purchase of finished goods	-	*	-	-	*	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	(-)	(0.66)	(-)	(-)	(0.66)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Purchase of fixed assets.....	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	-	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Sale of fixed assets	-	-	-	22.35	22.35	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	(-)	(0.01)	(-)	(-)	(0.01)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Processing charges paid.....	-	16.97	-	-	16.97	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	(-)	(16.01)	(-)	(-)	(16.01)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Sale of finished goods **.....	-	38.60	-	-	38.60	225.63	-	-	-	-	86.97	-	-	-	-	-	-	-	312.60
	(0.02)	(26.81)	(-)	(-)	(26.83)	(341.94)	(-)	(-)	(-)	(-)	(92.17)	(-)	(-)	(-)	(-)	(-)	(-)	(0.08)	(434.19)
Income from services rendered **..	-	1.65	-	-	1.65	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	(-)	(0.52)	(-)	(-)	(0.52)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Deputation of personnel to related parties.....	-	0.41	-	-	0.41	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	(-)	(0.35)	(-)	(-)	(0.35)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Deputation of personnel from related parties.....	-	0.08	-	-	0.08	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	(-)	(0.03)	(-)	(-)	(0.03)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Other income.....	0.88	0.06	-	2.50	3.44	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	(0.88)	(0.06)	(-)	(-)	(0.94)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(0.13)	(0.13)
Other expenses.....	-	0.76	-	-	0.76	0.06	-	-	0.15	-	-	0.01	*	0.02	-	-	-	-	0.24
	(-)	(-)	(-)	(-)	-	(0.05)	(-)	(-)	(0.27)	(-)	(-)	(0.01)	(*)	(0.01)	(-)	(-)	(-)	(-)	(0.34)
Reimbursement received from parties..	0.02	0.24	*	0.11	0.38	-	-	-	-	*	-	-	-	-	-	-	-	-	*
	(0.04)	(0.10)	(-)	(0.80)	(0.94)	(-)	(-)	(-)	(-)	(0.00)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(*)
Reimbursement made to parties..	-	0.21	-	-	0.21	*	0.02	-	-	-	-	-	-	-	-	-	-	0.01	0.03
	(-)	(0.16)	(-)	(-)	(0.16)	(0.01)	(-)	(1.04)	(-)	(-)	(-)	(-)	(-)	(0.03)	(0.03)	(-)	(-)	(-)	(1.11)
Interest received	-	-	0.03	0.01	0.04	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	(-)	(1.06)	(0.02)	(-)	(1.09)	(-)	(-)	(-)	(-)	(0.30)	(-)	(-)	(-)	(-)	(-)	(0.18)	(-)	(-)	(0.48)
Dividend Received	3.60	0.55	-	-	4.15	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	(3.47)	(-)	(-)	(-)	(3.47)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Inter corporate deposits placed....	-	0.03	0.12	1.57	1.73	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	(-)	(81.78)	(0.05)	(-)	(81.83)	(-)	(-)	(-)	(-)	(10.00)	(-)	(-)	(-)	(-)	(-)	(20.00)	(-)	(-)	(30.00)
Inter corporate deposits refunded by parties.....	-	0.01	-	1.57	1.58	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	(-)	(83.98)	(0.08)	(-)	(84.06)	(-)	(-)	(-)	(-)	(10.00)	(-)	(-)	(-)	(-)	(-)	(20.00)	(-)	(-)	(30.00)
Capital advance paid.....	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	-	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Other Deposit.....	-	-	-	-	-	0.02	-	-	-	-	-	-	-	-	-	-	-	-	0.02
	(-)	(-)	(-)	(-)	-	(0.02)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(0.02)
Share application money received back	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	(-)	(-)	(10.50)	(-)	(10.50)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Investment in Equity Shares.....	-	-	-	34.92	34.92	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	(-)	(9.15)	(-)	(0.01)	(9.16)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Investment in Debentures.....	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	(-)	(-)	(10.75)	(-)	(10.75)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)

(Rs. in Crores) (previous year's figures are in brackets)

	Subsidiaries & Joint Ventures					Fellow Subsidiaries												
	MMESS	MSSCL	MESL	MASL	TOTAL	MUSCO	MLL	MNAL	MHRIL	MRL	MVML	MBPO	MSONAL	NBS	MGTPL	MNEPL	NSSPL	TOTAL
Outstanding receivables (including Inter corporate deposit & interest thereon).....	0.22	15.66	10.94	2.53	29.35	-	-	-	-	-	2.74	-	-	-	-	-	-	2.74
	(0.22)	(3.58)	(0.02)	(0.80)	(4.62)	(-)	(-)	(-)	(-)	(-)	(2.08)	(-)	(-)	(-)	(-)	(-)	(-)	(2.08)
Outstanding payables.....	-	-	-	-	-	-	0.07	-	0.02	0.02	-	*	-	-	-	-	-	0.11
	(-)	(-)	(-)	(-)	-	(-)	(0.07)	(-)	(0.15)	(0.02)	(-)	(*)	(-)	(-)	(-)	(-)	(-)	(0.01)

* Represents amount less than Rs. 1 lakh

** excluding taxes

Note 29 Earnings per share:

Particulars	Rs. in Crores	
	For the year ended 31 March, 2015	For the year ended 31 March, 2014
Basic/Diluted		
Profit after tax (Rs. in crores) (A)	72.17	64.37
Weighted average number of shares -Basic (B)	16,600,007	16,600,007
Earnings per share – Basic/Diluted (Rupees) (A/B)	43.48	38.77
Nominal value per share (Rs.)	10	10

Note 30 Deferred tax (liability)/asset (net):

Particulars	Rs. in Crores	
	As at 31 March, 2015	As at 31 March, 2014
Tax effect of items constituting deferred tax liability		
On difference between book balance and tax balance of fixed assets	(5.33)	(5.63)
	(5.33)	(5.63)
Tax effect of items constituting deferred tax assets		
On provision for doubtful debts.....	0.55	0.55
Stock Appreciation Rights.....	0.24	0.29
On provision for employee benefits	0.96	0.77
	1.75	1.61
Deferred Tax Liability (net).....	(3.58)	(4.02)

Note 31 Interest in joint ventures

i) In Jointly Controlled Entities:

Name of the Entity	Country of Incorporation	% of Ownership Interest
A. Mahindra MiddleEast Electrical Steel Service Centre FZC	Sharjah, UAE	90%
B. Mahindra Steel Service Centre Limited	India	61%
C. Mahindra Auto Steel Private Limited (which became a joint venture in the current year)	India	51%

ii) Interests in the assets, liabilities, income, expenses and contingent liabilities with respect to Jointly Controlled Entities:

A. Mahindra MiddleEast Electrical Steel Service Centre FZC

I. ASSETS	Rs. in Crores	
	As at 31 March, 2015	As at 31 March, 2014
1. Non current assets		
a) Property, plant and equipment.....	19.83	21.21
b) Long-term loans and advance.....	-	-
2. Current Assets		
a) Inventories	3.08	4.90

B. Mahindra Steel Service Centre Limited

I. ASSETS	Rs. in Crores	
	As at 31 March, 2015	As at 31 March, 2014
1. Non current assets		
a) Fixed assets.....	56.95	59.73
b) Long term loans and advances.....	0.96	0.87
c) Other non-current assets.....	3.67	-
2. Current assets		
a) Inventories	30.45	16.96
b) Trade receivables	21.47	17.99
c) Cash and cash equivalents.....	0.44	4.69
d) Short term loans and advances	12.65	14.90
e) Other Current Assets.....	0.73	*
* represents Rs 25,620		
II. LIABILITIES		
1. Non current liabilities		
a) Long term borrowings.....	7.88	14.71

The information furnished above has been derived from the audited accounts of Mahindra MiddleEast Electrical Steel Service Centre FZC for the year ended 31 March, 2015 wherein amounts reported in Indian Rupees for the years ended 31 March, 2015 have been given by translating the figures reported in Dhs., at the rate of Rs. 17.07 = 1 Dhs.

	Rs. in Crores	
	As at 31 March, 2015	As at 31 March, 2014
b) Deferred tax liabilities (net).....	6.48	5.69
c) Long term provision.....	0.44	0.38
2. Current liabilities		
a) Short term borrowings.....	2.17	–
b) Trade payables.....	43.71	25.14
c) Other current liabilities.....	8.35	14.71
d) Short term provision.....	1.34	0.79
III. INCOME		
1. Revenue from operations (net).....	91.92	74.38
2. Other income.....	0.23	0.27
IV. EXPENDITURE		
1. Cost of sales.....	63.31	52.07
2. Employee benefits expenses.....	4.54	3.84
3. Finance cost.....	2.12	2.84
4. Depreciation.....	5.93	4.70
5. Other expenses.....	8.01	6.82
V. Contingent liabilities.....	0.14	0.07
VI. Capital commitments.....	0.04	–

C. Mahindra Auto Steel Private Limited

	Rs. in Crores	
	As at 31 March, 2015	As at 31 March, 2014
I. ASSETS		
1. Non current assets		
a) Fixed assets.....		40.10
b) Long term loans and advances.....		0.46
2. Current assets		
a) Current investment.....		4.08
b) Cash and cash equivalents.....		2.62
c) Short term loans and advances.....		3.20
d) Other Current Assets.....		0.14
II. LIABILITIES		
1. Non current liabilities		
a) Long term borrowings.....		11.24
b) Long term provision.....		0.07
2. Current liabilities		
a) Trade payables.....		0.01
b) Other current liabilities.....		4.22
c) Short term provision.....		0.01
III. INCOME		
1. Other income.....		0.64
IV. EXPENDITURE		
1. Finance cost.....		0.01
2. Other expenses.....		0.05
V. Capital commitments.....		4.36

32. Stock Appreciation Rights:

The Company has granted Stock Appreciation Rights (“SARs”) to eligible employees in accordance with the Stock Appreciation Rights Scheme 2013 (SARS-2013) during the years ended 31st March 2013, 31st March 2014 and 31st March, 2015. Under the scheme, eligible employees are entitled to receive appreciation in value of equity shares over its face value on exercise of the SARs. The SARs may be exercised up to a period of three years from the date of vesting.

The compensation cost of SARs granted to employees is accounted by the Company using the intrinsic value method. The fair value of the equity shares is based on valuation obtained from an independent valuer. Difference between market value and face value of the equity shares, being the intrinsic value, has been recognised as compensation cost over the vesting period. The related expenses for SARs amounting to Rs 0.81 crores (2014: Rs 1.72 crores) has been recognised as employee cost.

Summary of SARs:

SARs outstanding on 1 st April 2014	165,707
SARs granted during the year	273,048
SARs forfeited during the year	2,311
SARs exercised during the year	79,167
SARs outstanding on 31 st March 2015	357,277

The fair value of SARs granted during the year is Rs 83.81 per SARs.

Had the Company adopted fair value method as described in the Guidance note on Accounting for Employee Share - based Payments issued by the Institute of Chartered Accountants of India, the employee compensation cost would have been lower by Rs 0.55 crore, profit after tax higher by Rs 0.37 crore and the earnings per share would have been higher by Re. 0.22

The fair value has been calculated using the Black Scholes Options Pricing Model and the significant assumptions made in this regard are as follows:

	Grant dated 28 th January, 2015	Grant dated 20 th March, 2014
Risk free interest rate	Annualised continuously compounded rate on safe asset with same maturity	
Expected volatility	13.51%	17.36%
Expected dividend yield	8.95%	6.37%

Note 33 Excise duty:

Excise duty disclosed under “Other Expenses” (Note 24) represents the difference between the excise duty on opening stock and closing stock of finished goods.

Note 34 Previous year’s figures:

Previous year’s figures have been regrouped/reclassified wherever necessary to correspond with the current year’s classification/disclosure.

Bharat Doshi	Chairman
Zhooben Bhiwandiwal	Executive Vice-Chairman
Harsh Kumar	Managing Director
Sudhir Mankad	Director
Jyoti Walunj	Chief Financial Officer
Abhishek Juvekar	Company Secretary

Place: Mumbai
Date : 6 May, 2015

Form AOC-I

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)
Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part "A": Subsidiaries

Rs. in Crores

Sr. No. --->	1	2	3	4	
Name of the subsidiary ----->	Mahindra Steel Service Centre Limited	Mahindra Auto Steel Private Limited	Mahindra Electrical Steel Private Limited	Mahindra Middle East Electrical Steel Service Centre [FZC]	
Sr. No.	Particulars â				
1	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	31 March 2015	31 March 2015	31 March 2015	31 March 2015
2	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	INR	INR	INR	Reporting Currency: USD Exchange Rate INR 62.64/ 1 USD
3	Share capital	16.54	68.50	0.05	2.50
4	Reserves & surplus	76.79	0.20	(2.36)	29.02
5	Total assets	208.71	99.21	8.94	35.94
6	Total Liabilities	208.71	99.21	8.94	35.94
7	Investments	-	8.00 *	-	-
8	Turnover	151.06	1.25	0.01	37.15
9	Profit before taxation	13.50	1.13	(0.26)	0.02
10	Provision for taxation	5.96	0.20	-	-
11	Profit after taxation	7.54	0.93	(0.26)	0.02
12	Proposed Dividend	1.65	-	-	-
13	% of shareholding	61%	51%	100%	90%
Names of subsidiaries which are yet to commence operations					
1	Mahindra Auto Steel Private Limited				
2	Mahindra Electrical Steel Private Limited				
Names of subsidiaries which have been liquidated or sold during the year-Nil					

* comprises investment of current nature

Part "B": Associates and Joint Ventures

Nil

For and on behalf of the Board

Bharat Doshi	Chairman
Zhooben Bhiwandiwala	Executive Vice-Chairman
Harsh Kumar	Managing Director
Sudhir Mankad	Director
Jyoti Walunj	Chief Financial Officer
Abhishek Juvekar	Company Secretary

Mumbai, May 27, 2015

DIRECTORS' REPORT

Your directors present their Eleventh Report, together with the audited financial statement of your Company for the year ended March 31, 2015.

FINANCIAL HIGHLIGHTS	(Amount in Million)			
	For the year ended March 31			
	2015		2014	
	USD	INR	USD	INR
Total income.....	6.08	380.71	11.33	709.76
Profit before depreciation & interest.....	0.28	17.57	1.07	67.53
Depreciation.....	0.25	15.52	0.24	15.34
Profit before interest.....	0.03	2.05	0.83	52.19
Interest.....	0.03	1.80	0.07	4.43
Profit for the year.....	0.00	0.25	0.76	47.76
Balance of profit for earlier years.....	4.86	304.52	4.76	298.11
Less: Dividend.....	0.66	41.34	0.66	41.34
Balance carried to Balance Sheet.....	4.21	263.43	4.86	304.52

DIVIDEND

During the year, your directors declared an interim dividend of USD 330 per share (INR 20,539.20) on 1,000 shares of the face value of USD 550 (INR 34,232) each, fully paid up, aggregating USD 3,30,000 (INR 2,05,39,200). For the year ended March 31, 2015, your directors recommend a final dividend of USD 330 (INR 20,539.20) per share on 1,000 shares of the face value of USD 550 (INR 34,232) each, fully paid up, aggregating USD 3,30,000 (INR 2,05,39,200). The said dividend will be paid to those shareholders whose names appear in the Register of Members as on April 29, 2015, the Record Date fixed for this purpose.

OPERATIONS

The total income of your Company for the year decreased to USD 6.08 million (INR 380.71 million) from USD 11.33 million (INR 709.76 million), a decrease of 46%.

Profit for the year was USD 0.00 million (INR 0.25 million) as compared to USD 0.76 million (INR 47.76 million) in the previous year, primarily on account of sluggish demand from your Company's anchor customer, ABB and shortage of M4/M5 grade CRGO.

The transformer core line remained under-utilised during the year.

OUTLOOK FOR THE CURRENT YEAR

Your Company expects to improve its performance during the current year.

DIRECTORS' RESPONSIBILITY STATEMENT

Your directors state that:

- (a) in the preparation of the annual financial statement for the year ended March 31, 2015 the applicable accounting standards have been followed;
- (b) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair

view of the state of affairs of the Company at the end of the financial year on March 31, 2015 and of the profit of the Company for the financial year ended on that date;

- (c) they have taken proper and sufficient care for the maintenance of adequate accounting records for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and,
- (d) they have prepared annual accounts on a going concern basis.

CODES OF CONDUCT

Your Company has adopted Codes of Conduct ('Codes') for its directors and senior management and employees. These Codes enunciate the underlying principles governing the conduct of the Company's business and seek to reiterate the fundamental precept that good governance must and would always be an integral part of the Company's ethos.

The Company has, for the year, received declarations under these Codes from directors, and senior management and employees, affirming compliance with the respective Codes.

AUDITORS

M/s. KPMG, UAE, Auditors of your Company, have expressed their willingness to accept re-appointment for the financial year ending on March 31, 2016.

Members are requested to re-appoint Auditors for the current year and fix their remuneration.

For and on behalf of the Board

Harsh Kumar
Director

Mumbai, April 29, 2015

INDEPENDENT AUDITORS' REPORT

The Shareholders
Mahindra MiddleEast Electrical Steel Service Centre (FZC)

Report on the financial statements

We have audited the accompanying financial statements of Mahindra MiddleEast Electrical Steel Service Centre (FZC) ("the Company"), which comprise the statement of financial position as at 31 March 2015, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the

effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 31 March 2015, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of a matter

Without qualifying our opinion above, as discussed in note 2(c) to the financial statements, we draw attention to the fact that the amounts presented in United Arab Emirates Dirham and Indian Rupees in the accompanying financial statements are supplementary information solely for the convenience of users. Such supplementary information does not form part of the audited financial statements. We have not audited this supplementary information and, accordingly, we do not express an opinion on it.

Report on other legal and regulatory requirements

We further confirm that the financial statements comply, in all material respects, where appropriate, with the implementing regulations of the Sharjah Airport International Free Zone Authority.

For **KPMG Lower Gulf Limited**

Muhammad Tariq

Partner

Registration No: 793

Sharjah
29 April 2015

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH

				Unaudited Supplementary information (refer note 2 (c))			
	Note	31 March 2015	31 March 2014	31 March 2015		31 March 2014	
		USD	USD	Dhs.	Rs.	Dhs.	Rs.
ASSETS							
Property, plant and equipment	4	35,16,844	37,63,441	1,29,06,815	22,02,95,107	1,38,11,827	23,57,41,944
Non-current assets		35,16,844	37,63,441	1,29,06,815	22,02,95,107	1,38,11,827	23,57,41,944
Inventories.....	5	5,47,177	8,69,541	20,08,139	3,42,75,167	31,91,216	5,44,68,049
Trade and other receivables	6	15,62,358	23,74,347	57,33,852	9,78,66,105	87,13,850	14,87,29,096
Prepayments	7	34,017	20,136	1,24,844	21,30,825	73,900	12,61,319
Cash and bank balances ..	8	61,429	10,90,708	2,25,444	38,47,913	40,02,899	6,83,21,949
Asset held for sale.....	9	16,349	-	60,000	10,24,101	-	-
Current assets		22,21,330	43,54,732	81,52,279	13,91,44,111	1,59,81,865	27,27,80,413
Total assets		57,38,174	81,18,173	2,10,59,094	35,94,39,218	2,97,93,692	50,85,22,356
EQUITY							
Share capital.....	10	5,50,000	5,50,000	20,18,500	3,44,52,000	20,18,500	3,44,52,000
Retained earnings.....		42,05,384	48,61,423	1,54,33,759	26,34,25,253	1,78,41,419	30,45,19,537
Statutory reserves.....		2,75,063	2,75,063	10,09,481	1,72,29,946	10,09,481	1,72,29,946
Total equity		50,30,447	56,86,486	1,84,61,740	31,51,07,199	2,08,69,400	35,62,01,483
LIABILITIES							
Employee benefits		36,255	20,832	1,33,056	22,71,013	76,452	13,04,916
Non-current liabilities		36,255	20,832	1,33,056	22,71,013	76,452	13,04,916
Trade and other payables	11	671,472	2,410,855	2,464,298	42,061,006	8,847,840	151,015,957
Current liabilities		671,472	2,410,855	2,464,298	42,061,006	8,847,840	151,015,957
Total liabilities		7,07,727	24,31,687	25,97,354	4,43,32,019	89,24,292	15,23,20,873
Total equity and liabilities		57,38,174	81,18,173	2,10,59,094	35,94,39,218	2,97,93,692	50,85,22,356

The attached notes 1 to 22 are an integral part of these financial statements.

The independent auditors' report is set out on pages 1 and 2.

The Board of Directors has authorised the issue of these financial statements on 29 April 2015.

Zhooben Bhiwandiwala

Harsh Kumar

Sumit Issar

} Directors

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH

		Unaudited Supplementary information (refer note 2 (c))					
	Note	31 March 2015	31 March 2014	31 March 2015		31 March 2014	
		USD	USD	Dhs.	Rs.	Dhs.	Rs.
Revenue	12	60,59,827	1,11,97,712	2,22,39,565	37,95,87,564	4,10,95,602	70,14,24,680
Cost of sales	13.1	(56,32,343)	(1,00,19,611)	(2,06,70,698)	(35,28,09,966)	(3,67,71,973)	(62,76,28,435)
Gross profit.....		4,27,484	11,78,101	15,68,867	2,67,77,597	43,23,629	7,37,96,245
Other income	14	14,350	1,31,439	52,664	8,98,884	4,82,382	82,33,339
Selling and distribution expenses.....		(90,114)	(1,54,947)	(3,30,717)	(56,44,741)	(5,68,656)	(97,05,880)
Administrative and general expenses	13.2	(2,90,011)	(3,13,146)	(10,64,340)	(1,81,66,289)	(11,49,250)	(1,96,15,465)
Operating profit.....		61,709	8,41,447	2,26,474	38,65,452	30,88,105	5,27,08,240
Finance income		3,584	1,632	13,155	2,24,502	5,990	1,02,228
Finance cost	15	(61,332)	(80,684)	(2,25,089)	(38,41,837)	(2,96,110)	(50,54,046)
Net Finance costs.....		(57,748)	(79,052)	(2,11,934)	(36,17,335)	(2,90,120)	(49,51,819)
Profit for the year.....		3,961	7,62,395	14,540	2,48,116	27,97,986	4,77,56,421
Other comprehensive income		–	–	–	–	–	–
Total comprehensive income for the year		3,961	7,62,395	14,540	2,48,116	27,97,986	4,77,56,421

The attached notes 1 to 22 are an integral part of these financial statements.

The independent auditors' report is set out on pages 1 and 2.

The Board of Directors has authorised the issue of these financial statements on 29 April 2015.

Zhooben Bhiwandiwala

Harsh Kumar

Sumit Issar

} Directors

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH

	Unaudited Supplementary information (refer note 2 (c))					
	31 March 2015	31 March 2014	31 March 2015		31 March 2014	
	USD	USD	Dhs.	Rs.	Dhs.	Rs.
Cash flows from operating activities:						
Profit for the year	3,961	7,62,395	14,540	2,48,117	27,97,986	4,77,56,423
Adjustments for:						
Depreciation	2,47,687	2,44,928	9,09,012	1,55,15,114	8,98,886	1,53,42,290
Interest expenses	28,793	70,775	1,05,670	18,03,594	2,59,745	44,33,346
Interest income	(3,584)	(1,632)	(13,155)	(2,24,502)	(5,990)	(1,02,228)
Impairment loss on property, plant and equipment	8,174	-	30,000	5,12,019	-	-
	2,85,031	10,76,466	10,46,067	1,78,54,342	39,50,627	6,74,29,831
Changes in:						
Inventories	3,22,364	11,45,257	11,83,076	2,01,92,881	42,03,095	7,17,38,898
Trade and other receivables	8,11,989	5,63,123	29,79,998	5,08,62,991	20,66,661	3,52,74,025
Prepayments	(13,881)	(2,420)	(50,944)	(8,69,506)	(8,881)	(1,51,589)
Trade and other payables	(17,29,722)	(7,59,417)	(63,48,078)	(10,83,49,786)	(27,87,061)	(4,75,69,881)
Employee benefit expenses	15,424	74	56,603	9,66,159	271	4,635
Net cash (used in)/ from operating activities	(3,08,795)	20,23,083	(11,33,278)	(1,93,42,920)	74,24,712	12,67,25,919
Investing activities:						
Acquisition of property, plant and equipment	(25,613)	(1,75,252)	(94,000)	(16,04,398)	(6,43,171)	(1,09,77,785)
Interest received	3,584	2,722	13,155	2,24,502	9,990	1,70,506
Net cash used in investing activities	(22,029)	(1,72,530)	(80,845)	(13,79,896)	(6,33,181)	(1,08,07,279)
Financing activities:						
Short-term borrowings repaid	-	(11,51,984)	-	-	(42,27,781)	(7,21,60,278)
Interest paid	(38,455)	(74,515)	(1,41,131)	(24,08,821)	(2,73,473)	(46,67,620)
Dividends paid	(6,60,000)	(6,60,000)	(24,22,200)	(4,13,42,400)	(24,22,200)	(4,13,42,400)
Net cash used in financing activities	(6,98,455)	(18,86,499)	(25,63,331)	(4,37,51,221)	(69,23,454)	(11,81,70,298)
Net decrease in cash and cash equivalents	(10,29,279)	(35,946)	(37,77,454)	(6,44,74,037)	(1,31,923)	(22,51,658)
Cash and cash equivalents :						
Cash and cash equivalents at the beginning of the year # Refer Note 8	10,90,708	11,26,654	40,02,898	6,83,21,949	41,34,821	7,05,73,607
Cash and cash equivalents at the end of the year # Refer Note 8	61,429	10,90,708	2,25,444	38,47,913	40,02,898	6,83,21,949
# Refer Note 8						
Reconciliation of cash and cash equivalents with statement of financial position						
Cash on hand	837	-	3,073	52,430	-	-
Bank balance in current accounts	60,592	3,91,053	2,22,371	37,95,483	14,35,165	2,44,95,560
Fixed deposit account with banks (with original maturity of 3 months or less)	-	6,99,655	-	-	25,67,734	4,38,26,389
Total	61,429	10,90,708	2,25,444	38,47,913	40,02,899	6,83,21,949

The attached notes 1 to 22 are an integral part of these financial statements.

The independent auditors' report is set out on pages 1 and 2.

The Board of Directors has authorised the issue of these financial statements on 29 April 2015.

Zhooben Bhiwandiwala

Harsh Kumar

Sumit Issar

} Directors

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH

	Unaudited Supplementary information (refer note 2 (c))											
	Share capital USD	Retained earnings USD	Statutory reserve USD	Total equity USD	Share capital Dhs.	Retained earnings Dhs.	Statutory reserve Dhs.	Total equity Dhs.	Share capital Rs.	Retained earnings Rs.	Statutory reserve Rs.	Total equity Rs.
Balance as at 1 April 2013	5,50,000	47,59,028	2,75,063	55,84,091	20,18,500	1,74,65,633	10,09,481	2,04,93,613	3,44,52,000	29,81,05,514	1,72,29,946	34,97,87,460
Total comprehensive income for the year												
Profit for the year	-	7,62,395	-	7,62,395	-	27,97,986	-	27,97,986	-	4,77,56,423	-	4,77,56,423
Total other comprehensive income for the year	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	7,62,395	-	7,62,395	-	27,97,986	-	27,97,986	-	4,77,56,423	-	4,77,56,423
Transactions with owners of the Company												
<i>Contributions and distributions</i>												
Dividend declared and paid (Refer note 2)	-	(6,60,000)	-	(6,60,000)	-	(24,22,200)	-	(24,22,200)	-	(4,13,42,400)	-	(4,13,42,401)
Balance as at 31 March 2014	5,50,000	48,61,423	2,75,063	56,86,486	20,18,500	1,78,41,419	10,09,481	2,08,69,399	3,44,52,000	30,45,19,537	1,72,29,946	35,62,01,482
Total comprehensive income for the year												
Profit for the year	-	3,961	-	3,961	-	14,540	-	14,540	-	2,48,116	-	2,48,116
Total other comprehensive income for the year	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	3,961	-	3,961	-	14,540	-	14,540	-	2,48,116	-	2,48,116
Transactions with owners of the Company												
<i>Contributions and distributions</i>												
Dividend declared and paid (Refer note 2)	-	(6,60,000)	-	(6,60,000)	-	(24,22,200)	-	(24,22,200)	-	(4,13,42,400)	-	(4,13,42,400)
Balance as at 31 March 2015	5,50,000	42,05,384	2,75,063	50,30,447	20,18,500	1,54,33,759	10,09,481	1,84,61,739	3,44,52,000	26,34,25,253	1,72,29,946	31,51,07,198

The attached notes 1 to 22 are an integral part of these financial statements.

The independent auditors' report is set out on pages 1 and 2.

The Board of Directors has authorised the issue of these financial statements on 29 April 2015.

Zhooben Bhiwandiwala
Harsh Kumar
Sumit Issar

} Directors

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

1. REPORTING ENTITY

Mahindra MiddleEast Electrical Steel Service Centre (FZC), was incorporated and licensed on 8 August 2004 at Sharjah Airport International Free Zone, Sharjah (FZ) with limited liability in the United Arab Emirates (UAE). Subsequently, the Company has entered into an agreement for subscription of capital by Nippon Steel & Sumitomo Metal Corporation [(NSSMC) (formerly known as Nippon Steel Corporation)], Japan to reorganise the Company and manage it as a FZC. Consequent upon the induction of NSSMC as a shareholder, the status changed from Free Zone Establishment (FZE) to Free Zone Company (FZC) with limited liability with effect from 28 November 2005. The Company is engaged in processing of steel coils and supply of slit coils and laminations. The shareholding pattern as of 31 March 2015 is as follows:

Shareholders	Percentage
Mahindra Intertrade Limited	90%
Nippon Steel & Sumitomo Metal Corporation (formerly known as Nippon Steel Corporation)	10%

The ultimate holding Company is Mahindra & Mahindra Limited.

2. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements have been prepared under the historical cost convention and comply with International Financial Reporting Standards issued by the International Accounting Standards Board and the rules and regulations of the Sharjah Airport International Free Zone Authority (SAIF Zone). The financials statements were authorised for issue by the Board of directors on 29 April 2015.

(b) Functional and presentation currency

These financial statements are presented in United States Dollars ("USD"), which is the Company's functional currency.

(c) Convenience translation

In addition to presenting the financial statements in USD, supplementary information in United Arab Emirates Dirham ("Dhs") and Indian Rupee ("Rs") has been prepared for the convenience of users of the financials statements.

All amounts (including previous year information) are translated from USD to Dhs. and Rs. at the closing exchange rate at 31 March 2015 based on average of the telegraphic transfer buying and selling rates quoted by the Mumbai Branch of State Bank of India of Dhs. 3.67 to USD 1 and Rs. 62.64 to USD 1 respectively.

(d) Use of estimates and judgements

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed by management on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in every future period affected.

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(i) Impairment losses on trade receivables

The Company reviews its trade receivables to assess impairment at least on an annual basis. The Company's credit risk is primarily attributable to its trade receivables. In determining whether impairment losses should be reported in the profit or loss, the Company makes judgements as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows. Accordingly, an allowance for impairment is made where there is an identified loss event or condition which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

(ii) Provision for obsolete and expired inventory

The Company reviews its inventory to assess loss on account of obsolescence and expiry on a regular basis. In determining whether provision for obsolescence should be recorded in the profit or loss, the Company makes judgements as to whether there is any observable data indicating that there is any future saleability of the product and the net realisable value for such product. Accordingly, provision for impairment is made where the net realisable value is less than cost based on best estimates by the management. The provision for obsolescence of inventory is based on the aging and past movement of the inventory.

(iii) Estimated useful lives of property, plant and equipment

The Company estimates the useful lives of property, plant and equipment based on the period over which the assets are

expected to be available for use. The estimated useful lives are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. In addition, estimation of the useful lives of property, plant and equipment is based on collective assessment of industry practice, internal technical evaluation and on the historical experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances.

(e) Impairment losses on non-current assets

The Company classifies certain non-current assets as assets held for sale and records the carrying value of each asset at lower of its carrying value or its estimated fair value, less estimated costs. Impairment losses on initial classification as held-for-sale and subsequent losses on remeasurement is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Property, plant and equipment and depreciation

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditures that are directly attributable to the acquisition of the asset. When part of an item of Property, plant and equipment have different useful lives, they are accounted for as separate item (major components) of Property, plant and equipment.

Depreciation is calculated over the depreciable amount, which is the cost of an asset, less its residual value. Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives for the current and comparative periods are as follows:

Factory Building	18 years
Plant and Machinery	20 years
Vehicles	5 years
Furniture and Fixtures	10 years
Office Equipment	5 years
Computers	5 years

Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

Property, plant and equipment having value less than or equal to USD 136 [(Dhs. 500) (Rs. 8,168) as on 31 March 2015] each, are fully depreciated in the year of acquisition. Depreciation methods, useful lives and residual values are re-assessed at the reporting date.

(b) Inventories

Inventories are measured at the lower of cost and net realizable value, after making due allowance for any obsolete or slow moving items. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Cost is determined as follows:

Raw materials

The cost of raw materials includes insurance, freight and other incidental charges incurred in acquiring the inventories and bringing them to their present location and condition. Valuation of the raw materials is determined on a weighted average cost basis.

Work in progress

The cost of work in progress includes cost of raw material and an appropriate share of production overheads based on normal operating capacity.

Finished goods

The cost of finished goods is arrived at on a weighted average cost basis and includes cost of direct materials and direct labour plus an appropriate share of production overheads based on normal operating capacity.

(c) Cash and cash equivalents

Cash and cash equivalents comprise of cash on hand and balance with banks in current accounts, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

(d) Revenue recognition

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when persuasive evidence exists, usually

in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

Sale of services are recognised when services are rendered.

(e) Finance income and finance costs

Finance income comprises interest income. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expenses on borrowings and prepayment credit. Interest costs is recognised as it accrues in profit or loss, using the effective interest method.

(f) Foreign currency transactions and balances

Transactions in foreign currencies are translated to the functional currency ("USD") at the exchange rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in profit or loss.

(g) Employee benefit

Provision for gratuity is made for amounts payable under the labour law in force in Sharjah Airport International Free Zone, Sharjah (FZ), applicable to the employees' accumulated periods of service at the reporting date.

(h) Assets held for sale

Non current assets are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use. Such assets are generally measured at lower of their carrying amount and fair value less cost to sale. Impairment losses on initial classification as held for sale and subsequent gain / losses on measurement are recognized in profit and loss. Once classified as held for sale intangible assets and property plant and equipment are no longer amortized or depreciated.

(i) Operating lease

Leases in terms of which the substantial risks and rewards of ownership remain with the lessor are classified as operating leases. Payments made under operating leases are recognized in profit or loss on a straight-line basis over the term of the lease.

(j) Financial instruments

(i) Non-derivative financial assets

The Company initially recognizes loans and receivables and deposits on the date they are originated. All other financial assets are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in active markets. Such assets are recognized initially at fair value, plus any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured at amortized cost using the effective interest method, less any impairment losses.

Loans and receivables comprise long term loans and advances, trade and other receivables and cash and cash equivalents.

Cash and cash equivalents comprise cash and bank balances including fixed deposits with an original maturity of three months or less.

(ii) Non-derivative financial liabilities

Financial liabilities are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expired.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Non-derivative financial liabilities of the Company comprise short-term borrowings, trade and other payables and due to related parties.

Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method.

(k) Impairment

Non-derivative financial assets

A financial asset is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy.

Financial assets measured at amortised cost

The Company considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together with similar risk characteristics.

In assessing collective impairment, the Company uses relevant historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. Losses are recognized in profit or loss.

Non-financial assets

The carrying amount of the Company's non-financial assets, other than inventories, is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognized if the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses are reversed when there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(l) Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be measured reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH 2015 – (CONTINUED)

4. PROPERTY, PLANT AND EQUIPMENT:

Particulars	Unaudited Supplementary information (refer note 2 (c))																							
	Factory Building		Plant and Machinery		Vehicles		Furniture and Fixtures		Office Equipment		Computers		Under Construction		Total									
	USD	Rs.	USD	Rs.	USD	Rs.	USD	Rs.	USD	Rs.	USD	Rs.	USD	Rs.	USD	Rs.								
Cost :																								
At 1 April 2013	6,19,724	39,66,882	36,962	20,696	3,373	5,399	-	46,53,036	22,74,388	3,88,19,511	1,45,58,457	24,84,85,488	1,35,651	23,15,300	75,953	12,96,397	12,379	2,11,285	19,812	3,38,193	-	1,70,76,640	29,14,66,173	
Additions	21,440	92,894	-	245	-	-	24,523	1,39,102	78,686	13,43,002	3,40,919	58,18,880	-	-	900	15,347	-	-	-	-	90,000	15,36,121	5,10,505	87,13,349
Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
At 31 March 2014	6,41,164	40,59,776	36,962	20,941	3,373	5,399	47,92,138	23,53,074	4,01,62,513	1,48,99,376	25,43,04,368	1,35,651	23,15,300	76,853	13,11,744	12,379	2,11,285	19,812	3,38,193	90,000	15,36,121	1,75,87,145	30,01,79,522	
Additions	-	18,801	-	6,812	-	-	25,613	-	-	69,000	11,77,695	-	-	25,000	4,26,704	-	-	-	-	-	-	-	94,000	16,04,399
Reclassification to assets held for sale	-	-	-	-	-	-	24,523	-	-	-	-	-	-	-	-	-	-	-	-	-	-	90,000	15,36,121	15,36,121
Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
At 31 March 2015	6,41,164	40,78,577	36,962	27,753	3,373	5,399	47,93,228	23,53,074	4,01,62,513	1,49,66,376	25,54,82,063	1,35,651	23,15,300	1,01,853	17,38,448	12,379	2,11,285	19,812	3,38,193	-	-	1,75,91,145	30,02,47,800	
Depreciation :																								
At 1 April 2013	36,704	7,11,652	23,007	7,871	2,558	1,987	-	7,83,769	1,34,704	22,99,139	26,11,690	4,45,76,628	84,436	14,41,158	28,887	4,93,039	9,388	1,60,233	7,327	1,25,092	-	-	28,76,432	4,90,95,289
Depreciation for the year	35,361	2,02,177	4,354	2,137	210	689	-	2,44,928	1,29,774	22,15,013	7,41,986	1,26,64,367	15,980	2,72,735	7,844	1,33,862	772	13,154	2,530	43,159	-	-	8,98,886	1,53,42,290
Depreciation on Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
At 31 March 2014	72,065	9,13,809	27,361	10,008	2,768	2,686	10,28,697	2,64,479	45,14,152	33,53,675	5,72,40,996	1,00,416	17,13,893	36,731	6,26,901	10,160	1,73,387	9,857	1,68,251	-	-	37,75,318	6,44,37,579	
Depreciation for the year	35,620	2,03,974	4,354	2,843	207	689	-	2,47,687	1,30,726	22,31,237	7,48,581	1,27,76,931	15,980	2,72,735	10,434	1,78,086	761	12,966	2,530	43,159	-	-	9,09,012	1,55,15,114
At 31 March 2015	1,07,685	11,17,783	31,715	12,851	2,975	3,375	12,76,384	3,95,204	67,45,389	41,02,255	7,00,17,928	1,16,396	19,86,628	47,165	8,04,987	10,921	1,86,353	12,387	2,11,410	-	-	46,84,330	7,99,52,695	
Net Book Value :																								
At 31 March 2015	5,33,479	29,60,794	5,247	14,902	398	2,024	35,16,844	19,57,870	3,34,17,124	1,08,66,121	18,54,64,135	19,255	3,28,672	54,688	9,33,461	1,458	24,932	7,425	1,26,783	-	-	1,29,06,815	22,02,95,107	
At 31 March 2014	5,69,099	31,45,967	9,601	10,933	605	2,713	37,63,441	20,88,595	3,56,48,361	1,15,45,701	19,70,63,372	35,235	6,01,407	40,122	6,84,843	2,219	37,898	9,955	1,69,942	90,000	15,36,121	1,38,11,827	23,57,41,944	

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH 2015 – (CONTINUED)

Unaudited Supplementary information (refer note 2 (c))						
	31 March 2015	31 March 2014	31 March 2015		31 March 2014	
	USD	USD	Dhs.	Rs.	Dhs.	Rs.
5. INVENTORIES						
Raw materials and consumables	4,07,797	5,84,243	14,96,615	2,55,44,404	21,44,172	3,65,96,982
Work in progress	33,588	42,240	1,23,268	21,03,952	1,55,021	26,45,914
Finished goods	1,05,792	2,43,058	3,88,256	66,26,811	8,92,023	1,52,25,153
	5,47,177	8,69,541	20,08,139	3,42,75,167	31,91,216	5,44,68,049

Unaudited Supplementary information (refer note 2 (c))						
	31 March 2015	31 March 2014	31 March 2015		31 March 2014	
	USD	USD	Dhs.	Rs.	Dhs.	Rs.
6. TRADE AND OTHER RECEIVABLES						
Trade receivables	15,40,739	23,49,734	56,54,512	9,65,11,891	86,23,522	14,71,87,338
Other receivables due from related parties	–	174	–	–	638	10,899
Deposits	21,619	24,439	79,340	13,54,214	89,690	15,30,859
	15,62,358	23,74,347	57,33,852	9,78,66,105	87,13,850	14,87,29,096

Unaudited Supplementary information (refer note 2 (c))						
	31 March 2015	31 March 2014	31 March 2015		31 March 2014	
	USD	USD	Dhs.	Rs.	Dhs.	Rs.
7. PREPAYMENTS						
Prepayments	34,017	20,136	1,24,844	21,30,825	73,900	12,61,319
	34,017	20,136	1,24,844	21,30,825	73,900	12,61,319

Unaudited Supplementary information (refer note 2 (c))						
	31 March 2015	31 March 2014	31 March 2015		31 March 2014	
	USD	USD	Dhs.	Rs.	Dhs.	Rs.
8. CASH AND BANK BALANCES						
Cash and cash equivalents						
Cash on hand	837	–	3,073	52,430	–	–
Bank balance in current accounts	60,592	3,91,053	2,22,371	37,95,483	14,35,165	2,44,95,560
Fixed deposit account with banks (with original maturity of 3 months or less)	–	6,99,655	–	–	25,67,734	4,38,26,389
	61,429	10,90,708	2,25,444	38,47,913	40,02,899	6,83,21,949

Unaudited Supplementary information (refer note 2 (c))						
	31 March 2015	31 March 2014	31 March 2015		31 March 2014	
	USD	USD	Dhs.	Rs.	Dhs.	Rs.
9. ASSETS HELD FOR SALE						
Property, plant and equipment	16,349	–	60,000	10,24,101	–	–
	16,349	–	60,000	10,24,101	–	–

Fair value measurement

The Company's management is responsible for performing the valuation of fair value measurement included in the financial statement, including level 3 fair values.

The valuation process and results for non recurring measurement are reviewed and approved by the Plant Head in the year in which the measurement occurs. All level 3 valuation results are discussed with the Board of Directors as part of its yearly review of the Company's financial statements.

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH 2015 – (CONTINUED)

Unaudited Supplementary information (refer note 2 (c))						
	31 March 2015	31 March 2014	31 March 2015		31 March 2014	
	USD	USD	Dhs.	Rs.	Dhs.	Rs.
10. SHARE CAPITAL						
Authorized, issued and paid :						
1,000 Shares of USD 550						
(Dhs. 2,019) (Rs. 33,033) each	5,50,000	5,50,000	20,18,500	3,44,52,000	20,18,500	3,44,52,000

[900 Shares of USD 550 (Dhs. 2,019) (Rs. 34,232) each held by Mahindra Intertrade Limited, which is a subsidiary of Mahindra & Mahindra Limited] [100 Shares of USD 550 (Dhs. 2,019) (Rs. 34,232) each held by Nippon Steel & Sumitomo Metal Corporation (formerly known as Nippon Steel Corporation)], Japan.

Share capital	Ordinary Share	
	31 March 2015	31 March 2014
In issue at 1 April 2014	1,000	1,000
In issue at 31 March 2015	1,000	1,000

Terms/rights attached to equity shares

The Company has only one class of equity share having a par value of USD 550 per share. Each shareholder is entitled to one vote per share at general meetings of the Company. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing annual general meeting.

Unaudited Supplementary information (refer note 2 (c))						
	31 March 2015	31 March 2014	31 March 2015		31 March 2014	
	USD	USD	Dhs.	Rs.	Dhs.	Rs.
11. TRADE AND OTHER PAYABLES:						
Trade payables due to related party	38,714	38,989	1,42,082	24,25,045	1,43,090	24,42,271
Trade payables	5,90,684	21,99,543	21,67,809	3,70,00,446	80,72,328	13,77,79,374
Accrued expenses	37,680	1,02,643	1,38,282	23,60,275	3,76,698	64,29,558
Trade payables	6,67,078	23,41,175	24,48,173	4,17,85,766	85,92,116	14,66,51,203
Interest payable	2,150	11,813	7,892	1,34,676	43,354	7,39,965
Other payables	1,236	1,367	4,537	77,423	5,017	85,629
Advance from customers	1,008	56,500	3,696	63,141	2,07,353	35,39,160
Other payables	4,394	69,680	16,125	2,75,240	2,55,724	43,64,754
	6,71,472	24,10,855	24,64,298	4,20,61,006	88,47,840	15,10,15,957

RELATED PARTIES

Management's policy is to conduct transactions with related parties on prices at mutually agreed terms.

List of related parties with whom the Company has transactions:

Mahindra Intertrade Limited - Joint Venture Partner
 Mahindra Steel Service Centre Limited - Fellow subsidiary
 Mahindra & Mahindra Limited-Ultimate holding company
 Nippon Steel & Sumitomo Metal Corporation (formerly known as Nippon Steel Corporation) - Joint Venture Partner

Unaudited Supplementary information (refer note 2 (c))						
	31 March 2015	31 March 2014	31 March 2015		31 March 2014	
	USD	USD	Dhs.	Rs.	Dhs.	Rs.
Mahindra Intertrade Limited:						
Reimbursements made	3,586	6,388	13,162	2,24,627	23,444	4,00,144
Purchase	-	2,479	-	-	9,098	1,55,285
Service charges paid*	1,42,710	1,45,217	5,23,746	89,39,354	5,32,947	90,96,393
Dividend paid	5,94,000	5,94,000	21,79,980	3,72,08,160	21,79,980	3,72,08,160

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH 2015 – (CONTINUED)

Unaudited Supplementary information (refer note 2 (c))

	31 March 2015	31 March 2014	31 March 2015		31 March 2014	
	USD	USD	Dhs.	Rs.	Dhs.	Rs.
Mahindra Steel Service Centre Limited:						
Purchase	-	3,07,131	-	-	11,27,172	1,92,38,686
Purchase of spare part	4,200	-	15,414	2,63,088	-	-
Sales	-	5,350	-	-	19,635	3,35,124
Reimbursements of income	-	2,632	-	-	9,661	1,64,868
Reimbursements of expense	-	174	-	-	638	10,899
Mahindra & Mahindra Limited :						
Professional fees	2,676	-	9,821	1,67,625	-	-
Nippon Steel & Sumitomo Metal Corporation (formerly known as Nippon Steel Corporation) :						
Dividend paid	66,000	66,000	2,42,220	41,34,240	2,42,220	41,34,240

* The managerial services are rendered by Joint Venture Partner - Mahindra Intertrade Limited and the same is paid as service charges.

Outstanding payable

Unaudited Supplementary information (refer note 2 (c))

	31 March 2015	31 March 2014	31 March 2015		31 March 2014	
	USD	USD	Dhs.	Rs.	Dhs.	Rs.
To Mahindra Intertrade Limited	36,038	36,357	1,32,261	22,57,420	1,33,429	22,77,402
To Mahindra Steel Service Centre Limited	-	2,632	-	-	9,661	1,64,868
To Mahindra & Mahindra Limited	2,676	-	9,821	1,67,625	-	-
	38,714	38,989	1,42,082	24,25,045	1,43,090	24,42,270

Unaudited Supplementary information (refer note 2 (c))

12. REVENUE	31 March 2015	31 March 2014	31 March 2015		31 March 2014	
	USD	USD	Dhs.	Rs.	Dhs.	Rs.
Sales of goods	59,78,773	1,11,97,712	2,19,42,097	37,45,10,341	4,10,95,602	70,14,24,680
Sales of services	81,054	-	2,97,468	50,77,223	-	-
	60,59,827	1,11,97,712	2,22,39,565	37,95,87,564	4,10,95,602	70,14,24,680

Unaudited Supplementary information (refer note 2 (c))

13. EXPENSES BY NATURE	31 March 2015	31 March 2014	31 March 2015		31 March 2014	
	USD	USD	Dhs.	Rs.	Dhs.	Rs.
Changes in inventories of finished goods and work in progress	1,37,266	4,22,240	5,03,765	85,98,342	15,49,621	2,64,49,114
Raw materials and consumables used	47,86,186	88,91,762	1,75,65,303	29,98,06,691	3,26,32,767	55,69,79,972
Employee benefit expenses	3,28,014	3,23,043	12,03,810	2,05,46,797	11,85,568	2,02,35,414
Depreciation	2,47,687	2,44,928	9,09,012	1,55,15,114	8,98,888	1,53,42,290
Other expenses	1,41,284	1,45,029	5,18,513	88,50,030	5,32,256	90,84,617
Freight	90,114	1,54,947	3,30,717	56,44,741	5,68,656	97,05,880
Impairment loss on property, plant and equipment	8,174	-	30,000	5,12,019	-	-
Travelling and conveyance	4,720	10,408	17,322	2,95,661	38,199	6,51,957
Communication expenses	15,164	14,060	55,653	9,49,873	51,601	8,80,718
Audit fees (includes out of pocket expenses)	12,534	12,550	46,000	7,85,130	46,057	7,86,132

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH 2015 – (CONTINUED)

Unaudited Supplementary information (refer note 2 (c))						
	31 March 2015	31 March 2014	31 March 2015		31 March 2014	
	USD	USD	Dhs.	Rs.	Dhs.	Rs.
Repairs and maintenance	20,143	25,955	73,923	12,61,758	95,253	16,25,821
Insurance	15,949	17,378	58,532	9,99,045	63,779	10,88,558
Service charges	1,42,720	1,45,217	5,23,783	89,39,981	5,32,947	90,96,393
Bank charges	37,450	39,101	1,37,442	23,45,868	1,43,502	24,49,287
General expenses	25,063	41,086	91,980	15,69,946	1,50,785	25,73,627
	60,12,468	1,04,87,704	2,20,65,755	37,66,20,996	3,84,89,879	65,69,49,780
Unaudited Supplementary information (refer note 2 (c))						
	31 March 2015	31 March 2014	31 March 2015		31 March 2014	
	USD	USD	Dhs.	Rs.	Dhs.	Rs.
13.1. COST OF SALES						
Changes in inventories of finished goods and work in progress	1,37,266	4,22,240	5,03,765	85,98,342	15,49,621	2,64,49,114
Raw materials and consumables used	47,86,186	88,91,762	1,75,65,303	29,98,06,691	3,26,32,767	55,69,79,972
Employee benefit expenses	3,28,014	3,23,043	12,03,810	2,05,46,797	11,85,568	2,02,35,414
Depreciation on plant and machinery and building	2,39,593	2,37,537	8,79,307	1,50,08,106	8,71,761	1,48,79,318
Other expenses	1,41,284	1,45,029	5,18,513	88,50,030	5,32,256	90,84,617
	56,32,343	1,00,19,611	2,06,70,698	35,28,09,966	3,67,71,973	62,76,28,435
Unaudited Supplementary information (refer note 2 (c))						
	31 March 2015	31 March 2014	31 March 2015		31 March 2014	
	USD	USD	Dhs.	Rs.	Dhs.	Rs.
13.2. ADMINISTRATIVE AND GENERAL EXPENSES						
Impairment loss on property, plant and equipment	8,174	-	30,000	5,12,019	-	-
Travelling and conveyance	4,720	10,408	17,322	2,95,661	38,199	6,51,957
Communication expenses	15,164	14,060	55,653	9,49,873	51,601	8,80,718
Audit fees (includes out of pocket expenses)	12,534	12,550	46,000	7,85,130	46,057	7,86,132
Repairs and maintenance	20,143	25,955	73,923	12,61,758	95,253	16,25,821
Depreciation on others	8,094	7,391	29,705	5,07,008	27,127	4,62,972
Insurance	15,949	17,378	58,532	9,99,045	63,779	10,88,558
Service charges	1,42,720	1,45,217	5,23,783	89,39,981	5,32,947	90,96,393
Bank charges	37,450	39,101	1,37,442	23,45,868	1,43,502	24,49,287
General expenses	25,063	41,086	91,980	15,69,946	1,50,785	25,73,627
	2,90,011	3,13,146	10,64,340	1,81,66,289	11,49,250	1,96,15,465
Unaudited Supplementary information (refer note 2 (c))						
	31 March 2015	31 March 2014	31 March 2015		31 March 2014	
	USD	USD	Dhs.	Rs.	Dhs.	Rs.
14. OTHER INCOME						
Insurance claim received	9,351	1,19,027	34,319	5,85,747	4,36,830	74,55,851
Other miscellaneous income	4,999	12,412	18,345	3,13,137	45,552	7,77,488
	14,350	1,31,439	52,664	8,98,884	4,82,382	82,33,339

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH 2015 – (CONTINUED)

Unaudited Supplementary information (refer note 2 (c))

	31 March 2015	31 March 2014	31 March 2015		31 March 2014	
	USD	USD	Dhs.	Rs.	Dhs.	Rs.
15. FINANCE COST						
Interest expenses	28,793	70,775	1,05,670	18,03,594	2,59,744	44,33,346
Exchange loss (net)	32,539	9,909	1,19,419	20,38,243	36,366	6,20,700
	61,332	80,684	2,25,089	38,41,837	2,96,110	50,54,046

Unaudited Supplementary information (refer note 2 (c))

	31 March 2015	31 March 2014	31 March 2015		31 March 2014	
	USD	USD	Dhs.	Rs.	Dhs.	Rs.
16. CONTINGENT LIABILITIES AND COMMITMENTS:						
Letters of credit	13,69,381	27,14,598	50,25,630	8,57,78,026	99,62,575	17,00,42,419
	13,69,381	27,14,598	50,25,630	8,57,78,026	99,62,575	17,00,42,419

17. STATUTORY RESERVE

According to the articles of association of the Company, 10% of the net profit for each year is required to be transferred to a statutory reserve. The management may resolve to discontinue such annual transfers when the reserve reaches 50% of the paid up share capital. The reserve is not available for distribution. No appropriations to the statutory reserve have been made out of current year profits (2014: nil) as the statutory reserve has accumulated to 50% of the paid up share capital.

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

18. LEASES

The Company has entered into operating lease arrangements for the custom built warehouse, the significant terms and conditions of which are as under :

The tenure of the lease agreement is generally for a period of 7 to 25 years, renewable thereafter for another equal term.

The future minimum lease payments under non-cancellable lease are as follow:

- Less than one year : USD 85,220 (2014 : USD 85,220) [2015 : (Dhs. 312,843) (Rs. 5,304,093)] [2014 : (Dhs. 312,843) (Rs. 5,304,093)]
- Between one and five years : USD 340,880 (2014 : 340,880) [2015 : (Dhs. 1,251,030) (Rs. 21,216,371)][2014 : (Dhs. 1,251,030) (Rs. 21,216,371)]
- Above five years : USD 852,200 (2014 : 937,420) [2015 : (Dhs. 3,127,574) (Rs. 53,040,928)][2014 : (Dhs. 3,440,331) (Rs. 58,345,021)]

During the year an amount of USD 85,220 (2014 : USD 85,220) [2015 : (Dhs. 312,843) (Rs. 5,304,093)] [2014 : (Dhs. 312,843) (Rs. 5,304,093)] was recognised as an expense in profit or loss in respect of operating leases.

The Company's Board of Directors have overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

Credit risk

Credit risk is the risk of financial loss to the Company if counterparty to a financial instrument fails to meet its contractual obligations. Credit risk is mainly attributable to cash at bank and trade and other receivables.

Trade receivables

The exposure to credit risk on trade receivables is monitored on an ongoing basis by the management and these are considered recoverable by the Company's management. The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Company's customer base, including the default risk of the industry and country, in which customers operate, has less of an influence on credit risk.

Management has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. Purchase limits are established for each customer, which represent the maximum open amount.

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade receivables. The collective loss allowance is determined taking into consideration the current economic factors.

19. FINANCIAL INSTRUMENTS
Overview

The Company has exposure to the following risks from its use of financial instruments:

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH 2015 – (CONTINUED)
Exposure to credit risk :

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Unaudited Supplementary information (refer note 2 (c))					
	31 March 2015	31 March 2014	31 March 2015		31 March 2014	
	USD	USD	Dhs.	Rs.	Dhs.	Rs.
Trade receivables	15,40,739	23,49,734	56,54,512	9,65,11,891	86,23,522	14,71,87,338
Other receivables	21,619	24,613	79,340	13,54,214	90,330	15,41,758
Cash at banks	60,592	10,90,708	2,22,371	37,95,483	40,02,898	6,83,21,949
	16,22,950	34,65,055	59,56,223	10,16,61,588	1,27,16,750	21,70,51,045

The maximum exposure to credit risk for trade receivables at the reporting date by geographic region was:

	Unaudited Supplementary information (refer note 2 (c))					
	31 March 2015	31 March 2014	31 March 2015		31 March 2014	
	USD	USD	Dhs.	Rs.	Dhs.	Rs.
Domestic	–	51,840	(1)	–	1,90,250	32,47,258
Other GCC countries	15,40,739	22,97,894	56,54,513	9,65,11,891	84,33,272	14,39,40,080
	15,40,739	23,49,734	56,54,512	9,65,11,891	86,23,522	14,71,87,338

The age of trade receivables at the reporting date was:

	Unaudited Supplementary information (refer note 2 (c))					
	31 March 2015	31 March 2014	31 March 2015		31 March 2014	
	USD	USD	Dhs.	Rs.	Dhs.	Rs.
Not past due	10,61,673	22,18,049	38,96,341	6,65,03,197	81,40,238	13,89,38,589
Past due 0-180 days	4,78,850	1,28,003	17,57,381	2,99,95,164	4,69,772	80,18,109
Past due more than 180 days	216	3,682	791	13,530	13,512	2,30,640
	15,40,739	23,49,734	56,54,513	9,65,11,891	86,23,522	14,71,87,338

The allowance account in respect of trade receivables is used to record impairment losses unless the Company is satisfied that no recovery of the outstanding receivable is possible; at that point such amount is considered uncollectible and hence, written off.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Liquidity risk mainly relates to amounts due to a related party, short term borrowings and trade and other payables. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due without incurring unacceptable losses or risking damage to the Company's reputation. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of letter of credit facilities.

The following are the contractual maturities of financial liabilities (including estimated interest payments).

	Unaudited Supplementary information (refer note 2 (c))					
	31 March 2015	31 March 2014	31 March 2015		31 March 2014	
	USD	USD	Dhs.	Rs.	Dhs.	Rs.
Carrying amount						
Trade and other payables	6,32,758	23,71,866	24,64,298	3,96,35,961	87,04,748	14,85,73,686
Dues to related parties	38,714	38,989	1,42,082	24,25,045	1,43,090	24,42,271
Contractual cash flows						
Trade and other payables	6,32,758	23,71,866	24,64,298	3,96,35,961	87,04,748	14,85,73,686
Dues to related parties	38,714	38,989	1,42,082	24,25,045	1,43,090	24,42,271

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH 2015 – (CONTINUED)

Unaudited Supplementary information (refer note 2 (c))

	31 March 2015	31 March 2014	31 March 2015		31 March 2014	
	USD	USD	Dhs.	Rs.	Dhs.	Rs.
6 months or less :						
Trade and other payables	6,32,758	23,71,866	24,64,298	3,96,35,961	87,04,748	14,85,73,686
Dues to related parties	38,714	38,989	1,42,082	24,25,045	1,43,090	24,42,271
More than 6 months :						
Trade and other payables	-	-	-	-	-	-
Dues to related parties	-	-	-	-	-	-

Market risk*Currency risk*

Foreign exchange risk is limited since all significant transactions are either in USD or Dhs (which is currently fixed to USD).

Interest risk

The Company has placed fixed deposits / margin money in form of fixed deposits with banks at normal commercial rates.

Short term borrowings (Trust Receipts) carry interest at fixed rate linked to USD Libor.

Preshipment credit from foreign banks have been availed at fixed rate linked to USD Libor

Fair value

The fair values of the Company's financial instruments approximate their carrying values.

Capital risk

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to the shareholders.

20. DIVIDEND

The Board of Directors has declared and paid the final dividend for the year 2013-2014 at the rate of USD 330 (2013 : USD 330) [2014 : (Dhs. 1,211.10) (Rs. 20,539.20)] [2013 : (Dhs. 1,211.10) (Rs. 20,539.20)] per share aggregating USD 330,000 (2013 : USD 330,000) [2014 : (Dhs.1,211,100) (Rs.20,539,200)] [2013 : (Dhs.1,211,100) (Rs.20,539,200)] at its meeting held on 24 April 2014 which has been recognised as a distribution to its shareholders during the year ended 31 March 2015. The Board of Directors has declared and paid an interim dividend for the year 2014-2015 at the rate of USD 330 per share (2014 : USD 330) [2015 : (Dhs. 1,211.10) (Rs. 20,539.20)] [2014 : (Dhs. 1,211.10) (Rs. 20,539.20)] aggregating USD 330,000 (2014 : USD 330,000) [2015 : (Dhs.1,211,100) (Rs.20,539,200)] [2014 : (Dhs.1,211,100) (Rs.20,539,200)]

The Board of Directors has declared the final dividend for the year 2014-2015 at the rate of USD 330 (2014 : USD 330) [2015 : (Dhs. 1,211.10) (Rs. 20,539.20)] [2014 : (Dhs. 1,211.10) (Rs. 20,539.20)] per share aggregating USD 330,000 (2014 : USD 330,000) [2015 : (Dhs.1,211,100) (Rs.20,539,200)] [2014 : (Dhs.1,211,100) (Rs.20,539,200)] at its meeting held on 29 April 2015 [2014 : 24 April 2014] which has not been recognised as a distribution to its shareholders during the year 31 March 2015 [2014 : 31 March 2014]

21. NEW STANDARDS AND INTERPRETATIONS***New standards and interpretations not yet effective***

A number of new standards, amendments to standards and interpretations are effective for the annual periods beginning after 1 April 2014, and have not been applied in preparing these financial statements.

(i) IFRS 9 Financial instruments (2010), IFRS 9 Financial instruments (2009):

IFRS 9 (2009) introduces new requirements for the classification and measurement of financial assets. Under IFRS 9 (2009), financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 (2010) introduces additions relating to financial liabilities. The IASB currently has an active project to make limited amendments to the classification and measurement requirements of IFRS 9 and add new requirements to address the impairment of financial assets and hedge accounting. IFRS 9 (2010 and 2009) are effective for annual periods beginning on or after 1 January 2018 with early adoption permitted.

(ii) IFRS 15 Revenue from Contracts with Customers:

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction contracts and IFRIC 13 Customer Loyalty Programmes. IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2017, with early adoption permitted.

Management is in the process of assessing the impact of the new standards, amendments to standards on the financial statements of the Company.

22. PRIOR YEAR COMPARATIVES

Prior year's figures have been regrouped and rearranged wherever necessary to conform to current year's classification.

Zhooben Bhiwandiwala

Harsh Kumar

Sumit Issar

} Directors

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your directors present their Twenty Second Report, together with the audited financial statements of your Company, for the year ended March 31, 2015.

(Rs in lakhs)**FINANCIAL HIGHLIGHTS AND STATE OF COMPANY'S AFFAIRS**

	Year ended March 31	
	2015	2014
Income	15,106.43	12,237.74
Profit before depreciation, interest and taxation	2,670.98	1,929.88
Less: Depreciation	972.72	770.55
Profit before interest and taxation	1,698.26	1,159.33
Less: Interest	348.05	440.83
Profit before tax	1,350.21	718.50
Less: Provision for taxation:		
- Current tax	453.00	122.74
- Deferred tax	143.45	52.62
Profit for the year after tax	753.76	543.14
Add: Balance of profit of earlier years	2,957.76	2,521.05
Profit available for appropriation	3,711.52	3,064.19
Depreciation on transition to Schedule II of the Companies Act, 2013	28.70	-
Less: Transfer to General Reserve	-	-
Proposed dividend	165.40	90.97
Income-tax on proposed dividend	33.67	15.46
Balance carried forward	3,483.75	2,957.76
Net Worth	9,313.32	8,787.33

Your Company's income for the year was Rs 15,106.43 lakhs against Rs 12,237.74 lakhs in the previous year. Profit after tax for the year was significantly higher at Rs 753.76 lakhs against Rs 543.14 lakhs in the previous year.

No material changes and commitments have occurred after the close of the year till the date of this Report which affect the financial position of your Company.

OPERATIONS

Domestic auto industry remained sluggish during the year resulting in subdued demand for processed steel from the Company's auto vertical.

Demand from the transformer industry recovered during the year resulting in better capacity utilization and margins for the Company's power vertical.

DIVIDEND

Your directors recommend a dividend of Re 1 per equity share on 1,65,39,759 equity shares of Rs 10 each for the year ended March 31, 2015 payable to those shareholders whose names appear on the Register of Members of the Company as on July 30, 2015, being the record date fixed for the purpose. The dividend, including tax thereon, will absorb a sum of Rs 199.07 lakhs as against Rs 106.43 lakhs for the previous year.

CURRENT YEAR

Your Company expects to sustain its performance in both its verticals, automotive and electrical, and improve its performance in home appliance vertical during the current year.

HUMAN RESOURCES

Happy and enthused employees is one of the strategic goals of your Company as reflected in its employee engagement interventions. Your Company's MCARES and Employee as Promoter Score (EPS) – metrics used by the group to assess employee satisfaction – were a robust 4.39 / 5.00 and 61%, respectively, in the top league in the Mahindra group.

Your Company invests in premier learning opportunities to create a future-ready talent pool.

RISK MANAGEMENT POLICY

Your Company is exposed to a variety of risks which may impact its operations. These risks are mitigated by using an integrated risk management approach which covers the full range of risks across verticals.

Your Company has formulated a risk management policy which addresses risks which, in the opinion of the Board, may threaten the existence of the Company.

CORPORATE SOCIAL RESPONSIBILITY POLICY

Your Board has approved a Corporate Social Responsibility policy in accordance with the relevant provisions of the Companies Act, 2013. The same may be accessed on the Company's website: <http://www.mahindraintertrade.com>.

An Annual Report on Corporate Social Responsibility activities is attached as Annexure I and forms part of this Report.

POLICY ON PREVENTION OF SEXUAL HARASSMENT

Your Company has put in place a policy for prevention of sexual harassment. Your Company has also constituted an "Internal

Complaints Committee” to which employees can address their complaints. During the year under review, no complaints were received by the said Committee.

POLICY FOR REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES AND CRITERIA FOR APPOINTMENT/REMOVAL OF DIRECTORS AND SENIOR MANAGEMENT PERSONNEL

Your Board has, on the recommendation of the Nomination and Remuneration Committee, approved policies for the appointment/removal of directors and senior management personnel together with the criteria for determining qualifications, positive attributes and independence of directors, and policy for remuneration of directors, key managerial personnel and other employees.

These policies are provided as Annexure II and form part of this Report.

AWARDS

Your Company has been the recipient of the following awards during the year:-

- a. First Place: Kaizen Cost Competitiveness at the CII 7th National Cluster Summit.
- b. First Place: Alternative Thinking at the Mahindra Rise Awards for Front-end Transformers.
- c. Mahindra Game Changer Award - 2014 for ‘Greening the Bluing process’.
- d. Second Place: Energy Efficiency at the CII 7th National Cluster Summit.
- e. Best Change Management in the private sector at the Asian HR Leadership Awards - 2014, Dubai.
- f. Late B. G. Deshmukh Certificate of Appreciation for CSR initiatives at the MCCIA Innovation and Entrepreneurship Awards - 2014.

SHARE CAPITAL

As at March 31, 2015, the authorised equity share capital of your Company was Rs 17,00,00,000 divided into 1,70,00,000 equity shares of Rs 10 each and the paid up equity share capital was Rs 16,53,97,590, divided into 1,65,39,759 equity shares of Rs 10 each, fully paid up. There was no change in the share capital of your Company during the year.

CORPORATE GOVERNANCE

Constitution of the Board

The Board of your Company presently has seven directors. Two of the directors, Mr. Daisuke Kadono and Mr. Yuta Furuhashi, have their alternate directors to represent them on the Board. The directors have wide experience in business related to steel, finance and general corporate management.

Board Meetings

Five Board meetings were held during the year, i.e., on April 23, 2014, July 31, 2014, November 13, 2014, February 2, 2015 and March 31, 2015 for reviewing the operations and financial results of the Company. Senior executives of your Company attended Board meetings as invitees.

Shareholding

Mahindra Intertrade Limited (MIL), a subsidiary of Mahindra & Mahindra Limited (M&M), holds 61% of the paid up equity share capital of your Company. The balance 39% is held by Metal One Corporation, Japan. Your Company is a direct subsidiary of MIL and an indirect subsidiary of M&M.

DIRECTORS

Mr. Satoru Oki (DIN: 05233060) resigned as director with effect from July 31, 2014 and consequently Mr. Nobuaki Takashi (DIN: 06625157) ceased to be his alternate director with effect from the said date.

Mr. Yoshihisa Miyamoto (DIN: 02631904) resigned as director with effect from November 13, 2014 and consequently Mr. Toyokazu Makino (DIN: 06626817) ceased to be his alternate director with effect from the said date.

Mr. Zhooben Bhiwandiwalla (DIN: 00110373) resigned as Chairman and director of your Company with effect from March 31, 2015. Mr. Rajeev Dubey (DIN: 00104817) was appointed as Chairman of your Company with effect from March 31, 2015.

Mr. Daisuke Kadono (DIN: 06861397), Mr. Yuta Furuhashi (DIN: 06941121) and Mr. Sumit Issar (DIN: 06951249) were appointed as additional directors with effect from July 31, 2014, November 13, 2014 and March 31, 2015, respectively. They hold office as directors up to the date of the forthcoming Annual General Meeting. Your Company has received a notice from Mahindra Intertrade Limited, a member of the Company, signifying their intention to propose the candidatures of Mr. Kadono, Mr. Furuhashi and Mr. Issar for appointment as directors at the forthcoming Annual General Meeting.

Mr. Nobuaki Takashi and Mr. Toyokazu Makino were appointed as alternate directors to Mr. Daisuke Kadono and Mr. Yuta Furuhashi, respectively, with effect from November 13, 2014.

Mr. P. R. Barpande (DIN: 00016214) and Mr. Ajay Mehta (DIN: 07102804) who, in the opinion of the Board, are persons with integrity and possess relevant expertise and experience, and who have given declarations to the effect that they meet the criteria of independence as laid down under section 149 of the Companies Act, 2013, were appointed as independent directors with effect from March 31, 2015 pursuant to section 149 the Companies Act, 2013 for a period of three consecutive years and they would not be liable to retire by rotation.

Mr. Harsh Kumar’s tenure as Managing Director ended on March 31, 2015. The same was extended during the year for a period of six months, i.e., up to September 30, 2015.

Mr. Rajeev Dubey will retire by rotation at the forthcoming Annual General Meeting, and being eligible, has offered himself for re-appointment.

Your Board places on record its appreciation of the services rendered by Mr. Zhooben Bhiwandiwalla, Mr. Satoru Oki and Mr. Yoshihisa Miyamoto during their tenure as directors of your Company.

EVALUATION OF PERFORMANCE OF DIRECTORS

The Nomination and Remuneration Committee carried out an evaluation of the performance of individual directors through a structured questionnaire process covering various aspects such as performance, attendance, et al.

DIRECTORS’ RESPONSIBILITY STATEMENT

Pursuant to section 134(3)(c) of the Companies Act, 2013, your directors, based on a representation received from operating management, and after due enquiry, confirm that:

- (a) In the preparation of annual accounts for the year ended March 31, 2015, the applicable accounting standards have been followed;
- (b) they have selected such accounting policies and applied them consistently and made judgments and estimates that

are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2015 and of the profit of the Company for the year ended on that date;

- (c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) they have prepared annual accounts on a going concern basis; and,
- (e) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating efficiently.

CODES OF CONDUCT

Your Company has adopted Codes of Conduct for Corporate Governance ('the Codes') for its directors, and senior management and employees of your Company. These Codes enunciate the underlying principles governing the conduct of the Company's business and seek to reiterate the fundamental precept that good governance must and would always be an integral part of your Company's ethos.

Your Company has, for the year under review, received declarations from its Board members, and from senior management and employees, affirming their compliance with the respective Codes.

COMMITTEES OF THE BOARD

Audit Committee

The Audit Committee was re-constituted during the year to comply with the provisions of section 177 of the Companies Act, 2013.

The Audit Committee of the Board comprises of the following directors:

- Mr. Rajeev Dubey – Chairman,
- Mr. P. R. Barpande, and,
- Mr. Ajay Mehta.

Four meetings of the Committee were held during the year, i.e., on April 23, 2014, July 31, 2014, November 13, 2014 and February 2, 2015.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee was re-constituted during the year to comply with the provisions of section 178 of the Companies Act, 2013.

The Nomination and Remuneration Committee of the Board presently comprises of the following directors:

- Mr. Rajeev Dubey,
- Mr. P. R. Barpande, and,
- Mr. Ajay Mehta.

Four meetings of the Committee were held during the year, i.e., on April 16, 2014, July 31, 2014, February 2, 2015 and March 31, 2015.

Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee ('CSR Committee') was constituted during the year to comply with the provisions of section 135 of the Companies Act, 2013.

The CSR Committee of the Board presently comprises of the following directors:

- Mr. Rajeev Dubey – Chairman,
- Mr. Harsh Kumar, and,
- Mr. P. R. Barpande.

Three meetings of the Committee were held during the year i.e. on April 23, 2014, July 31, 2014 and March 31, 2015.

KEY MANAGERIAL PERSONNEL

Mr. Harsh Kumar, Managing Director and Mr. Bakul Sheth, Company Secretary, are the Key Managerial Personnel with effect from April 1, 2014. Mr. Jitendra Rahate was appointed as Chief Financial Officer of your Company, a Key Managerial Person, with effect from April 23, 2014.

STATUTORY AUDITORS

Messrs. Deloitte Haskins & Sells, Chartered Accountants, Mumbai (Registration No.117365W), retire as statutory auditors of the Company at the conclusion of the forthcoming Annual General Meeting and have given their consent for re-appointment.

Members of the Company will be required to re-appoint statutory auditors to hold office from the conclusion of the forthcoming Annual General Meeting until the conclusion of the Annual General Meeting thereafter, and to fix their remuneration.

As required under the provisions of sections 139 and 141 of the Companies Act, 2013, the Company has obtained a written certificate from the statutory auditors to the effect that their re-appointment, if made, would be in conformity with the limits specified in section 139 and that they satisfy the criteria mentioned in section 141 of the Companies Act, 2013.

The Auditors' Report for the year ended March 31, 2015 does not contain any qualification, reservation or adverse remark.

COST AUDITORS

Messrs. Shilpa & Co., Cost Accountants, Nashik (Firm Registration No. 100558), were appointed as Cost Auditors on April 23, 2014 to audit the cost accounts of the Company for the financial year ending March 31, 2015. Their appointment was approved by the Central Government on June 14, 2014. Remuneration of Cost Auditors was ratified by the shareholders at their Twenty First Annual General Meeting held on July 31, 2014. The due date for filing the report of the Cost Auditors for the year ended March 31, 2015 is September 27, 2015.

For the year ended March 31, 2014, the due date for filing the report of the Cost Auditors was September, 27, 2014. The same was filed on September 24, 2014.

The Board has, on recommendation of the Audit Committee, re-appointed on April 24, 2015 M/s. Shilpa & Co. as Cost Auditors, at a remuneration of Rs 1,10,000 (excluding service tax, other levies and out of pocket expenses), to audit the cost accounts of the Company for the financial year ending March 31, 2016. The shareholders of the Company are required to ratify the said remuneration payable to the Cost Auditors.

As required under the provisions of sections 139, 141 and 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the Company has obtained written confirmations from M/s. Shilpa & Co. to the effect that they are eligible for appointment as Cost Auditors and that they are an independent firm of Cost Accountants and have an arm's length relationship with your Company.

STOCK APPRECIATION RIGHTS (SARs)

Your Company has formulated a Stock Appreciation Rights Scheme to reward its employees and to provide an opportunity to them to participate in the growth of the Company. Accordingly, 50,067 SARs were granted during the year to eligible employees by the Nomination and Remuneration Committee at its meeting held on February 2, 2015.

PARTICULARS OF PUBLIC DEPOSITS, LOANS, GUARANTEES OR INVESTMENTS

Your Company has not accepted deposits from the public or its employees during the year under review.

Particulars of loans given, investments made, and guarantees and securities provided pursuant to section 186 of the Companies Act, 2013 are given under the notes to the financial statements and the same form part of this Report.

Your Company has not made any loans/advances which are required to be disclosed in the annual accounts of the Company pursuant to Clause 32 of the Listing Agreement between the ultimate parent company, Mahindra and Mahindra Limited and the stock exchanges.

PARTICULARS OF TRANSACTIONS WITH RELATED PARTIES

All transactions entered into by your Company with related parties during the year under review were in the ordinary course of business and at arm's length.

Particulars of material contracts or arrangements or transactions with related parties, referred to under section 188(1) of the Companies Act, 2013, are furnished in Form No. AOC-2 as Annexure III and forms part of this Report.

EXTRACT OF ANNUAL RETURN

Pursuant to section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return as on March 31, 2015 is attached as Annexure IV and forms part of this Report.

SAFETY, HEALTH AND ENVIRONMENTAL PERFORMANCE

Your Company subscribes to guidelines on safety, health and environment, and encourages involvement of all its employees in activities related to safety standards. Employees across

facilities were trained in behavioural safety at work. Statutory requirements relating to environmental legislations, and environment protection, have been duly complied with by your Company.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Your Company believes in sustaining a green planet, and strives towards energy conservation. Your Company bagged the second place for Energy Efficiency at the CII 7th National Cluster Summit.

The particulars relating to Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo, as required under section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 are given as Annexure V to this Report.

GENERAL DISCLOSURE

Your directors state that no disclosure or reporting is required in respect of the following items as they were not applicable to your Company during the year:

- (a) Issue of equity shares with differential rights as to dividend, voting or otherwise.
- (b) Issue of shares (including sweat equity shares) to employees of the Company under any ESOP scheme, etc.
- (c) Particulars of employees as required under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the Company's going concern status and operations in future.

**For and on behalf of the Board of Directors of
Mahindra Steel Service Centre Limited**

Rajeev Dubey
Chairman

Mumbai: April 24, 2015.

ANNEXURE I TO THE DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED MARCH 31, 2015

ANNUAL REPORT ON CSR ACTIVITIES

- (1) A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programmes.

Web-link: <http://www.mahindraintertrade.com>

The objective of the Company's CSR policy is to–

- Promote a unified and strategic approach to CSR by incorporating under the 'Rise for Good' umbrella the diverse range of its philanthropic initiatives, and causes to work for, thereby ensuring high social impact.
- Encourage employees to participate actively in the Company's CSR activities and give back to society in an organized manner through the employee volunteering programme called ESOPs (Employee Social Options).

The Company has pledged to contribute 2% of its average net profits earned during the three immediately preceding financial years towards CSR initiatives to meet the needs of the local communities where it operates.

Our commitment to CSR will be manifested by investing resources in the following thrust areas:

- (i) Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation, including contribution to the Swach Bharat Kosh set-up by the Central Government for the promotion of sanitation, and making available safe drinking water;
- (ii) Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled, and livelihood enhancement projects;
- (iii) Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres, and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;
- (iv) Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and

maintaining the quality of soil, air and water, including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga;

- (v) Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up of public libraries; promotion and development of traditional arts and handicrafts;
- (vi) Measures for the benefit of armed forces veterans, war widows and their dependents;
- (vii) Training to promote rural sports, nationally recognized sports, paraolympic sports and Olympic sports;
- (viii) Contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women;
- (ix) Contribution or funds provided to technology incubators located within academic institutions which are approved by the Central Government;
- (x) Rural development projects;
- (xi) Slum area development.

The Corporate Social Responsibility Committee (CSR Committee) of the Company shall be responsible for monitoring implementation of the CSR Policy. CSR Committee shall approve and recommend to the Board projects or programmes to be undertaken, the modalities of execution, and implementation schedule thereof.

- (2) The Composition of the CSR Committee is: Mr. Rajeev Dubey – Chairman, Mr. Harsh Kumar, and Mr. P. R. Barpande.
- (3) Average net profit of the Company for last three financial years is Rs 586.44 lakhs.
- (4) Prescribed CSR Expenditure (two per cent of the amount as in item 3 above) is Rs 11.73 lakhs.
- (5) Details of CSR spent during the financial year:
 - (a) Total amount to be spent for the financial year: Rs 11.73 lakhs.
 - (b) Amount unspent, if any: Nil.

(c) Manner in which the amount spent during the financial year is detailed below:

Sr. No.	Particulars	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	Total
(1)	CSR project or activity identified	Tree plantation at Kanhe	Distribution of bags at primary school, Kanhe	Bicycles for girl children at Andar Maval ZP School	Distribution of UPS to primary school, Kanhe	Paver blocks at Khanapur Govt. School, Bhopal	Eye camp + distribution of spectacles at Nayapura School, Bhopal	Tree plantation at Mandideep, Bhopal	Contribution to KCMET for education of the under-privileged girl child under the Nanhi Kali project	
(2)	Sector in which the project is covered	Environment	Education	Education	Education	Education	Health	Environment	Education	
(3)	Projects or programme (1) Local area or other (2) Specify the state and district where projects or programs were undertaken	(1) Local (2) Pune district, Maharashtra	(1) Local (2) Pune district, Maharashtra	(1) Local (2) Pune district, Maharashtra	(1) Local (2) Pune district, Maharashtra	(1) Local (2) Raisen district, Bhopal	(1) Local (2) Raisen district, Bhopal	(1) Local (2) Raisen district, Bhopal	(1) Others (2) Maharashtra and contiguous states	
(4)	Amount outlay (budget project or programme wise) (Rs)	1,00,000	1,30,000	2,00,000	–	3,00,000	1,50,000	35,000	5,87,500	15,02,500
(5)	Amount spent on the project or programme Sub Heads : (Rs) (1) Direct expenditure on projects or programmes (2) Overheads	(1) 53,520 (2) 0	(1) 46,350 (2) 0	(1) 1,36,575 (2) 0	(1) 20,429 (2) 0	(1) 2,08,607 (2) 0	(1) 93,960 (2) 0	(1) 33,250 (2) 0	(1) 5,87,500 (2) 0	(1) 11,80,191 (2) 0
(6)	Cumulative expenditure up to the reporting period (Rs)	Same as above	Same as above	Same as above	Same as above	Same as above	Same as above	Same as above	Same as above	
(7)	Amount spent direct or through implementing agency	Direct	Direct	Direct	Direct	Direct	Direct	Direct	Implementing agency – KCMET*	

* Details of implementing agency: KCMET - The K. C. Mahindra Education Trust - founded by Late K. C. Mahindra in 1953 promotes literacy and higher learning in the country. Since its inception, the Trust has promoted education by way of scholarships and grants to deserving and needy students. The Trust has facilitated social and economic development through creating a literate, enlightened and empowered population. The Trust is registered as a Public Charitable Trust under the Bombay Public Trusts Act, 1950 and has its office at Cecil Court, Mahakavi Bhushan Marg, Mumbai - 400001.

(6) The Company has duly spent two per cent of the average net profit of the last three financial years or any part thereof.

(7) Members of the CSR Committee confirm that the implementation and monitoring of CSR Policy of the Company is in compliance with the relevant provisions of the Companies Act, 2013.

**For and on behalf of the Board of Directors of
Mahindra Steel Service Centre Limited**

Harsh Kumar
Managing Director

Rajeev Dubey
Chairman of CSR Committee

Mumbai, April 24, 2015.

ANNEXURE II TO THE DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED MARCH 31, 2015

POLICY ON APPOINTMENT OF DIRECTORS AND SENIOR MANAGEMENT

DEFINITIONS

The definitions of some of the key terms used in this Policy are given below.

“**Board**” means Board of Directors of the Company.

“**Company**” means Mahindra Steel Service Centre Limited (MSSCL).

“**Committee(s)**” means Committees of the Board for the time being in force.

“**Employee**” means employee of the Company whether employed in India or outside India including employees in the Senior Management team of the Company.

“**HR**” means the Human Resource department of the Company.

“**Key Managerial Personnel**” (KMP) refers to key managerial personnel as defined under the Companies Act, 2013 and includes:

- (i) Managing Director (MD) or Chief Executive Officer (CEO) or Manager or Whole time Director (WTD),
- (ii) Chief Financial Officer (CFO), and
- (iii) Company Secretary (CS).

“**Nomination and Remuneration Committee**” (NRC) means Nomination and Remuneration Committee of Board of Directors of the Company for the time being in force.

“**Senior Management**” means personnel of the Company who are members of its core management team excluding Board of Directors comprising all members of management one level below the executive directors, including functional heads.

I. APPOINTMENT OF DIRECTORS

- NRC reviews and assesses Board composition and recommends the appointment of new directors. In evaluating the suitability of an individual Board member, NRC shall take into account the following criteria regarding qualifications, positive attributes and independence of a director as applicable:
 1. All Board appointments will be based on merit, in the context of skills, experience, independence and knowledge required for the Board as a whole to be effective.
 2. Ability of the candidate to devote sufficient time and attention to professional obligations as an Independent Director for balanced decision making.
 3. Adherence to the Code of Conduct and ensuring the highest level of corporate governance, in letter and in spirit, by Directors.

- Based on NRC's recommendation, the Board will evaluate the candidate(s) and decide on the selection of the appropriate member. The Board, through the Managing Director, will interact with the new member to obtain his/her consent for joining the Board. Upon receipt of the consent, the new director will be co-opted by the Board in accordance with the applicable provisions of the Companies Act, 2013 and Rules made thereunder.

REMOVAL OF DIRECTORS

If a director is disqualified as per any applicable Act, or rules and regulations thereunder, or due to non-adherence to the applicable policies of the Company, NRC may recommend to the Board, with reasons recorded in writing, removal of a director subject to compliance of the applicable statutory provisions.

SENIOR MANAGEMENT PERSONNEL

NRC shall identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down above.

For administrative convenience, senior management personnel will be appointed or promoted and removed/relieved with the authority of the Managing Director based on business needs and suitability of the candidate.

Managing Director shall report details of such appointments to NRC at least twice in a year.

II. SUCCESSION PLANNING:

Purpose:

The Talent Management Policy sets out the approach to the development and management of talent in the Company to ensure implementation of the strategic business plans of the Company.

Board:

Successors for Independent Directors shall be identified by the NRC at least one quarter before expiry of the scheduled term. In case of separation of Independent Directors due to resignation or otherwise, successor(s) will be appointed at the earliest but not later than the immediate next Board meeting or three months from the date of such vacancy, whichever is later.

Successors for Executive Director(s) shall be identified by the NRC from Senior Management or through external sources as the Board may deem fit.

The Board may also decide at its discretion not to fill a vacancy on the Board.

Senior Management Personnel:

The Company's succession planning program aims to identify high growth individuals, and groom them in order to maintain a robust talent pipeline.

The Company has a process of identifying individuals with high potential and having ability to hold critical positions. Successors are mapped for such positions in order to ensure talent readiness.

The Company participates in the Mahindra Group's Talent Management process which is driven by a collaborative network of Talent Councils across the Group's various Sectors.

POLICY FOR REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES

Purpose

This Policy sets out the approach to Compensation of Directors, Key Managerial Personnel and other employees in Mahindra Steel Service Centre Limited (MSSCL).

Policy Statement

Our compensation philosophy strives to attract and retain high performers by compensating them at levels that are broadly comparable with the median of the comparator basket while differentiating people on the basis of performance, potential and criticality for achieving competitive advantage in business.

In order to effectively implement this, our compensation structure is developed through external benchmarking as appropriate, with relevant players across the industry we operate in.

NON-EXECUTIVE INCLUDING INDEPENDENT DIRECTORS:

The Nomination and Remuneration Committee (NRC) shall decide the basis for determining the compensation, both fixed and variable, to Non Executive Directors, including Independent Directors, whether as commission or otherwise. NRC shall take into consideration various factors such as director's participation in Board and Committee meetings during the year, other responsibilities undertaken such as membership or Chairmanship of committees, time spent in carrying out their duties, role and functions as envisaged in Schedule IV of the Companies Act, 2013 and such other factors as the NRC may deem fit for determining compensation.

The Board shall determine compensation to Non-Executive Directors within the overall limits specified in the Shareholders' resolution.

Executive Directors

The remuneration to Managing Director and Executive Director(s) shall be recommended by NRC to the Board. Remuneration will consist of both fixed compensation and variable compensation and shall be paid as salary, commission, performance bonus, stock options (where applicable), perquisites and fringe benefits as approved by the Board and within the overall limits specified in the Shareholders' resolution. While fixed compensation is determined at the time of their appointment, variable compensation will be determined annually by NRC based on their performance.

Key Managerial Personnel (KMPs)

The terms of remuneration of the Chief Financial Officer (CFO) shall be determined by the Audit Committee.

The terms of remuneration of the Company Secretary shall be determined either by any Director or such other person as may be authorised by the Board.

The above remuneration shall be competitively benchmarked for similar positions in the industry and aligned with their qualifications, experience, and responsibilities. Pursuant to the provisions of section 203 of the Companies Act, 2013, the Board shall approve remuneration of the above KMPs at the time of their appointment.

The remuneration to directors, KMPs and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

Employees

We follow a position and level based approach for compensation benchmarking with companies in the steel/steel service centre and related engineering industries.

We have a CTC (Cost to Company) concept which includes a fixed component (guaranteed pay) and a variable component (performance pay). The percentage of the variable component increases with increasing hierarchy levels as employees at higher positions have a greater impact and influence on the Company's overall business result. CTC is reviewed once every year and the compensation strategy for positioning of individuals takes into consideration the following elements:

- Performance
- Potential
- Criticality

Remuneration for new employees other than KMPs and senior management will be decided by HR, and approved by the Managing Director, based on factors such as relevant job experience, last compensation drawn, skill-set of the selected candidate, internal equity and related parameters.

The Company may also grant Stock Appreciation Rights to Employees and Directors (other than Independent Directors) in accordance with the Stock Appreciation Rights Scheme of the Company and subject to compliance of the applicable statutes and regulations.

**For and on behalf of the Board of Directors of
Mahindra Steel Service Centre Limited**

Rajeev Dubey
Chairman

Mumbai: April 24, 2015.

ANNEXURE III TO THE DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED MARCH 31, 2015

Form No. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis:

Sr. No.	Name(s) of the related parties and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Justification for entering into such contracts or arrangements or transactions	Date(s) of approval by the Board	Amount paid as advances, if any	Date on which the special resolution was passed in general meeting as required under first proviso to section 188
	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

2. Details of material contracts or arrangement or transactions at arm's length basis:

Sr. No.	Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Date(s) of approval by the Board, if any	Amount paid as advances, if any
1	Mahindra Intertrade Limited (MIL) (Holding Company)	Availing or rendering of any services	Annual / Recurring	1) Processing of CR/HR/CRGO steel on job work basis and material handling 2) Payment term: 25 days 3) Total value of transaction Rs 1,772.81 lakhs	Not applicable (Refer Note)	Nil
2	Mahindra Intertrade Limited (MIL) (Holding Company)	Purchase of goods or materials	Recurring	1) Purchase of CRNO / CRGO steel at cost plus margin 2) Payment term: (i) CRGO: 120 days (ii) CRNO: 90 days 3) Total value of transaction Rs 3,859.87 lakhs	Not applicable (Refer Note)	Nil
3	Metal One Corporation (shareholder having 39% shareholding)	Purchase of goods or materials	Recurring	1) Purchase of CRGO at market price 2) Payment term: 180 days Letter of Credit 3) Total value of transaction Rs 6,557.68 lakhs	Not applicable (Refer Note)	Nil

* Note: All these transactions are at arm's length and are in the ordinary course of business. Accordingly, Board approval is not required as per proviso to sub section (1) of section 188 of the Companies Act, 2013. Approval of Audit Committee is taken in the meeting held on July 31, 2014.

**For and on behalf of the Board of Directors of
Mahindra Steel Service Centre Limited**

Rajeev Dubey
Chairman

Mumbai: April 24, 2015.

ANNEXURE IV TO THE DIRECTORS' REPORT**Form No. MGT-9****Extract of Annual Return as on the financial year ended on March 31, 2015**

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

i	CIN	U27100MH1993PLC070416
ii	Registration Date	15th January, 1993
iii	Name of the Company	MAHINDRA STEEL SERVICE CENTRE LIMITED
iv	Category/Sub-Category of the Company	Indian Non-Government Company Limited by shares
v	Address of the Registered office and contact details:	Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai – 400018. Tel. No.: +91-22-24935185/86 Fax: +91-22-24951236 Email: sheth.bakul@mahindra.com
vi	Whether listed Company (Yes/No)	No
vii	Name, Address and Contact details of Registrar and Transfer Agent, if any	Sharepro Services (India) Private Limited, 13AB, Samhita Warehousing Complex, 2nd Floor, Sakinaka Telephone Exchange Lane, Off. Andheri-Kurla Road, Sakinaka, Andheri (East), Mumbai – 400072. Tel. No.: 91-22-67920300 Email: sharepro@shareproservices.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sr. No.	Name and Description of Main Product/Services	NIC Code of the Product	% to total turnover of the Company
1	Processing of hot-rolled and cold-rolled products of steel	24105	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Mahindra Intertrade Limited, Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai – 400018.	U51900MH1978PLC020222	Holding Company	61	2(87)(ii)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)
i. Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1. Indian									
a. Individual/HUF	-	-	-	-	-	-	-	-	-
b. Central Govt.	-	-	-	-	-	-	-	-	-
c. State Govt(s)	-	-	-	-	-	-	-	-	-
d. Bodies Corp.	1,00,89,250	7	1,00,89,257	61	1,00,89,250	7	1,00,89,257	61	Nil
e. Banks/FI	-	-	-	-	-	-	-	-	-
f. Any Other	-	-	-	-	-	-	-	-	-
Sub-total (A)(1):	1,00,89,250	7	1,00,89,257	61	1,00,89,250	7	1,00,89,257	61	Nil
2. Foreign									
a. NRI-Individuals	-	-	-	-	-	-	-	-	-
b. Other-Individuals	-	-	-	-	-	-	-	-	-
c. Bodies Corporate.	-	-	-	-	-	-	-	-	-
d. Banks/FI	-	-	-	-	-	-	-	-	-
e. Any Other	-	-	-	-	-	-	-	-	-
Sub-total (A)(2):	-	-	-	-	-	-	-	-	-
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	1,00,89,250	7	1,00,89,257	61	1,00,89,250	7	1,00,89,257	61	Nil
B. Public Shareholding									
1. Institutions									
a. Mutual Funds	-	-	-	-	-	-	-	-	-
b. Banks/FI	-	-	-	-	-	-	-	-	-
c. Cent. Govt.	-	-	-	-	-	-	-	-	-
d. State Govt(s)	-	-	-	-	-	-	-	-	-
e. Venture Capital Funds	-	-	-	-	-	-	-	-	-
f. Insurance Companies	-	-	-	-	-	-	-	-	-
g. FIs	-	-	-	-	-	-	-	-	-
h. Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i. Others	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):	-	-	-	-	-	-	-	-	-
2. Non-Institutions									
a. Bodies Corp.									
i. Indian									
ii. Overseas	0	64,50,502	64,50,502	39	0	64,50,502	64,50,502	39	Nil
b. Individuals									
i. Individual shareholders holding nominal share capital upto Rs. 1 lakh	-	-	-	-	-	-	-	-	-
ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	-	-	-	-	-	-	-	-	-
c. Others	-	-	-	-	-	-	-	-	-
Sub-total (B)(2):	0	64,50,502	64,50,502	39	0	64,50,502	64,50,502	39	Nil
Total Public Shareholding (B)=(B)(1)+(B)(2)	0	64,50,502	64,50,502	39	0	64,50,502	64,50,502	39	Nil
C. Shares held by Custodian for GDRs & ADRs									
	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	1,00,89,250	64,50,509	1,65,39,759	100	1,00,89,250	64,50,509	1,65,39,759	100	Nil

ii. Shareholding of Promoters:

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total shares of the company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total shares of the company	% of Shares Pledged/encumbered to total shares	
1	Mahindra Intertrade Limited	1,00,89,257	61	0	1,00,89,257	61	0	0
	Total	1,00,89,257	61	0	1,00,89,257	61	0	0

iii. Change in Promoters' Shareholding: There is no change in the shareholding of the Promoter.

iv. Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	For each of the top 10 shareholders	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	64,50,502	39	64,50,502	39
1	Metal One Corporation	64,50,502	39	64,50,502	39
	At the end of the year	64,50,502	39	64,50,502	39

v. Shareholding of Directors and Key Managerial Personnel:

Sr. No.	For Each of the Directors and KMP Name of the Director/KMP	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	3	0.00	3	0.00
1	Mr. Rajeev Dubey (holding jointly with first holder Mahindra Intertrade Limited)	1	0.00	1	0.00
2	Mr. Harsh Kumar (holding jointly with first holder Mahindra Intertrade Limited)	1	0.00	1	0.00
3	Mr. Bakul Sheth (holding jointly with first holder Mahindra Intertrade Limited)	1	0.00	1	0.00
	At the end of the year	3	0.00	3	0.00

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment.

(Rs in lakhs)

PARTICULARS	SECURED LOANS EXCLUDING DEPOSITS	UNSECURED LOANS	DEPOSITS	TOTAL INDEBTEDNESS
Indebtedness at the beginning of the financial year on 1st April, 2014				
i. Principal Amount	4,144.25	517.72	-	4,661.97
ii. Interest due but not paid	-	-	-	-
iii. Interest accrued but not due	35.23	-	-	35.23
Total of (i+ii+iii)	4,179.48	517.72	-	4,697.20
Change in Indebtedness during the financial year				
+ Addition	704.37	-	-	704.37
- Reduction	(2,592.42)	(7.21)	-	(2,599.63)
Net change	(1,888.05)	(7.21)	-	(1,895.26)
Indebtedness at the end of the financial year on 31st March, 2015				
i. Principal Amount	2,259.07	510.51	-	2,769.58
ii. Interest due but not paid	-	-	-	-
iii. Interest accrued but not due	32.36	-	-	32.36
Total of (i+ii+iii)	2,291.43	510.51	-	2,801.94

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-Time Directors and/or Manager:

(Rs in lakhs)

Sr. No.	Particulars of Remuneration	Name of MD/WTD/Manager	Total Amount
		Mr. Harsh Kumar Managing Director	
1	Gross Salary	-	-
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	-	-
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	-	-
	(c) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961	-	-
2	Stock Option	-	-
3	Sweat Equity	-	-
4	Commission - as % of profit - others	-	-
5	Others	-	-
	Total (A)	-	-
	Ceiling as per the Act	5% of the net profit of the company	

B. Remuneration of other directors:

I. Independent Directors:

(Rs in Lakhs)

Particulars of Remuneration	Names of Directors		Total Amount
	Mr. P. R. Barpande	Mr. Ajay Mehta	
Fee for attending board / committee meetings	-	-	-
Commission	-	-	-
Others	-	-	-
Total (1)	-	-	-

II. Other Non-Executive Directors:

(Rs in Lakhs)

Particulars of Remuneration	Names of Directors						Total Amount
	Mr. Rajeev Dubey Chairman	Mr. Sumit Issar Director	Mr. Daisuke Kadono Director	Mr. Yuta Furuhashi Director	Mr. Toyokazu Makino Alternate Director	Mr. Nobuaki Takashi Alternate Director	
Fee for attending Board/ committee meetings	-	-	-	-	-	-	-
Commission	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-
Total (2)	-	-	-	-	-	-	-
Total B = (1+2)	-	-	-	-	-	-	-
Total Managerial Remuneration	-	-	-	-	-	-	-
Ceiling as per the Act	1% of the Net profits of the Company						

C. Remuneration to Key Managerial Personnel other than MD/Manager/Whole-time Director:

(Rs in Lakhs)

Sr. No.	Particulars of Remuneration	Names of the KMP		Total Amount
		Mr. Jitendra Rahate CFO	Mr. Bakul Sheth Company Secretary	
1	Gross Salary			
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	20.64	–	20.64
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	–	–	–
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	–	–	–
2	Stock Option	–	–	–
3	Sweat Equity	–	–	–
4	Commission - as % of profit - others	–	–	–
5	Others – allocation of expenses by Mahindra & Mahindra Limited excluding service tax	–	1.00	1.00
	Total (C)	20.64	1.00	21.64

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES (Under the Companies Act):

Type	Section of the Companies Act	Brief description	Details of penalty/punishment/compounding fees imposed	Authority (RD/NCLT/COURT)	Appeal made, if any
A. COMPANY					
Penalty	–	–	–	–	–
Punishment	–	–	–	–	–
Compounding	–	–	–	–	–
B. DIRECTORS					
Penalty	–	–	–	–	–
Punishment	–	–	–	–	–
Compounding	–	–	–	–	–
C. OTHER OFFICERS IN DEFAULT					
Penalty	–	–	–	–	–
Punishment	–	–	–	–	–
Compounding	–	–	–	–	–

**For and on behalf of the Board of Directors of
Mahindra Steel Service Centre Limited**

Rajeev Dubey
Chairman

Mumbai: April 24, 2015.

ANNEXURE V TO THE DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED MARCH 31, 2015

PARTICULARS AS PER THE COMPANIES (ACCOUNTS) RULES, 2014

(A) CONSERVATION OF ENERGY

- (i) the steps taken or impact on conservation of energy: Nil.
- (ii) the steps taken by the company for utilising alternate sources of energy: Nil.
- (iii) the capital investment on energy conservation equipments: Nil.

(B) TECHNOLOGY ABSORPTION

- (i) the efforts made towards technology absorption: Nil.
- (ii) the benefits derived like product improvement, cost reduction, product development or import substitution: Not applicable.
- (iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year):
 - (a) the details of technology imported: Nil.
 - (b) the year of import: Nil.
 - (c) whether the technology has been fully absorbed: Not applicable.
 - (d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof: Not applicable.
- (iv) the expenditure incurred on Research and Development: Nil.

(C) FOREIGN EXCHANGE EARNINGS AND OUTGO

Information on foreign exchange earnings and outgo is furnished below:

Rs in lakhs

Particulars	Year ended March 31,	
	2015	2014
Foreign exchange earned	2.58	3.99
Foreign exchange outgo	6,530.08	5,326.16

**For and on behalf of the Board of Directors of
Mahindra Steel Service Centre Limited**

Rajeev Dubey
Chairman

Mumbai: April 24, 2015.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MAHINDRA STEEL SERVICE CENTRE LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **MAHINDRA STEEL SERVICE CENTRE LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2015, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order:
2. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of the written representations received from the directors as on 31st March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164(2) of the Act.
 - (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - (i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 23 to the financial statements.
 - (ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For DELOITTE HASKINS & SELLS

Chartered Accountants
(Firm's Registration No. 117365W)

U. M. Neogi

(Partner)

(Membership No. 30235)

Place of Signature: Mumbai

Date: 24 April, 2015

ANNEXURE TO THE AUDITOR'S REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date to the members of Mahindra Steel Service Centre Limited on the financial statements for the year ended 31st March, 2015)

- (i) Having regard to the nature of the Company's business/ activities/results during the year, clauses (v) and (viii) of the Order are not applicable to the Company. s
- (ii) In respect of its fixed assets:
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
 - (b) The Company has a program of verification of fixed assets to cover all the items in a phased manner over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on physical verification.
- (iii) In respect of its inventories:
 - (a) As explained to us, the inventories were physically verified during the year by the Management. In our opinion the frequency of verification is reasonable.
 - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- (iv) In our opinion and according to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.
- (v) In our opinion and according to the information and explanations given to us, having regard to the explanation that the items of raw materials are of special nature for which alternative quotations are not available, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and the sales of goods and services. During the course of our audit, we have not observed any major weakness in such internal control system.
- (vi) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Amendment Rules, 2014 prescribed by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013 and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine

whether they are accurate or complete.

- (vii) According to the information and explanations given to us in respect of statutory dues:
 - (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and any other statutory dues applicable to it with the appropriate authorities.
 - (b) No undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and any other statutory dues were in arrears as at 31st March, 2015 for a period of more than six months from the date they became payable.
 - (c) As at 31st March, 2015 the following are the particulars of dues on account of Income-tax, Sales Tax, Wealth Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax and Cess that have not been deposited on account of any dispute:

Name of Statute	Nature of dues	Forum where the dispute is pending	Period to which the amount relates	Amount involved
Income-tax Laws	Income tax	Appellate Authority – Commissioner (Appeals)	A.Y. 2011 - 2012	Rs. 503,910

- (d) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company in accordance with the relevant provisions of the Companies Act, 1956 and rules made thereunder.
- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks.
- (ix) According to the information and explanations given to us, the Company has not given guarantees for loans taken by others from banks and financial institutions.
- (x) In our opinion and according to the information and explanations given to us, the term loans were applied for the purpose for which the loans were obtained.
- (xi) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Firm's Registration No. 117365W)

U. M. Neogi
(Partner)
(Membership No. 30235)

Place of Signature: Mumbai
Date: 24 April, 2015

BALANCE SHEET AS AT 31 MARCH, 2015

Particulars	Notes	As at 31 March, 2015 Rs. in Lakhs	As at 31 March, 2014 Rs. in Lakhs
A. EQUITY AND LIABILITIES			
1. Shareholders' funds			
(a) Share capital	3	1,653.98	1,653.98
(b) Reserves and surplus	4	7,679.34	7,153.35
		<u>9,333.32</u>	<u>8,807.33</u>
2. Non-current liabilities			
(a) Long-term borrowings.....	5	1,291.17	2,411.51
(b) Deferred tax liabilities (Net)	36	1,062.17	933.49
(c) Long-term provisions	6	72.36	61.77
		<u>2,425.70</u>	<u>3,406.77</u>
3. Current liabilities			
(a) Short-term borrowings.....	7	356.32	-
(b) Trade payables.....	8	7,166.11	4,121.34
(c) Other current liabilities.....	9	1,369.61	2,411.65
(d) Short-term provisions.....	10	219.74	129.62
		<u>9,111.78</u>	<u>6,662.61</u>
		<u>20,870.80</u>	<u>18,876.71</u>
B. ASSETS			
1. Non-current assets			
(a) Fixed assets			
(i) Tangible assets.....	11	9,335.37	9,792.19
(b) Long-term loans and advances.....	12A	156.85	142.14
(c) Other non-current assets	12B	601.73	-
		<u>10,093.95</u>	<u>9,934.33</u>
2. Current assets			
(a) Inventories	13	4,991.01	2,780.62
(b) Trade receivables	14	3,520.46	2,949.42
(c) Cash and cash equivalents	15	71.81	769.27
(d) Short-term loans and advances	16A	2,073.66	2,442.65
(e) Other Current Assets	16B	119.91	0.42
		<u>10,776.85</u>	<u>8,942.38</u>
		<u>20,870.80</u>	<u>18,876.71</u>

See accompanying notes forming part of the financial statements

In terms of our report attached
For **Deloitte Haskins & Sells**
Chartered Accountants

U. M. Neogi
Partner

Bakul Sheth
Company Secretary

Jitendra T Rahate
Chief Financial Officer

For and on behalf of the Board of Directors

Rajeev Dubey
Harsh Kumar

Sumit Issar
P. R. Barpande

Chairman
Managing Director

} Directors

Place: Mumbai
Date: 24 April, 2015

Place: Mumbai
Date: 24 April, 2015

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2015

Particulars	Notes	For the year ended 31 March, 2015 Rs. in Lakhs	For the year ended 31 March, 2014 Rs. in Lakhs
Income			
1 Revenue from operations (gross).....	17	16,387.13	13,327.58
Less: Excise duty		(1,317.75)	(1,134.21)
Revenue from operations (net).....		15,069.38	12,193.37
2 Other Income.....	18	37.05	44.37
3 Total Revenue (1+2)		15,106.43	12,237.74
4 Expenses			
(a) Cost of materials consumed	19 (a)	10,635.78	8,366.13
(b) Changes in Inventories of finished goods and work-in-progress	19 (b)	(257.73)	169.33
(c) Employee benefits expense	20	744.51	630.21
(d) Finance cost.....	21	348.05	465.02
(e) Depreciation and amortisation expense	11	972.72	770.55
(f) Other expenses.....	22	1,312.89	1,118.00
Total expenses		13,756.22	11,519.24
5 Profit before tax (3-4).....		1,350.21	718.50
6 Tax expense			
- Current tax: [2014: Minimum Alternate Tax (MAT)]		453.00	154.54
- Less MAT credit entitlement.....		-	(31.80)
- Deferred tax	36	143.45	52.62
7 Profit for the year (5-6).....		753.76	543.14
8 Earnings per equity share (of Rs. 10 each):			
(a) Basic/Diluted	35	4.56	3.87

See accompanying notes forming part of the financial statements

In terms of our report attached
For **Deloitte Haskins & Sells**
Chartered Accountants

U. M. Neogi
Partner

Bakul Sheth
Company Secretary

Jitendra T Rahate
Chief Financial Officer

For and on behalf of the Board of Directors

Rajeev Dubey
Harsh Kumar

Chairman
Managing Director

Sumit Issar
P. R Barpande

} Directors

Place: Mumbai
Date: 24 April, 2015

Place: Mumbai
Date: 24 April, 2015

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2015

Particulars	For the year ended 31 March, 2015 Rs. in Lakhs	For the year ended 31 March, 2014 Rs. in Lakhs
A. Cash flow from operating activities		
Net Profit before tax	1,350.21	718.50
<i>Adjustments for:</i>		
Depreciation and amortisation expense	972.72	770.55
Sundry advances written off	-	24.57
Interest expense	348.05	440.83
Interest income	(11.12)	(21.36)
Dividend income	(24.96)	(0.10)
Bad debts and Advances written off	1.77	0.69
Liabilities no longer required written back	-	(22.76)
Profit on fixed assets sold	(0.97)	(0.15)
	1,285.49	1,192.27
Operating profit before working capital changes	2,635.70	1,910.77
<i>Changes in working capital:</i>		
<i>Adjustments for (increase)/decrease in operating assets/liabilities:</i>		
Inventories	(2,210.39)	430.80
Trade and other receivables	(1,024.71)	228.15
Trade payables and other liabilities	3,103.56	(868.71)
	(131.54)	(209.76)
Cash generated from operations	2,504.16	1,701.01
Net income tax paid	(301.96)	(147.70)
Net cash flow from operating activities (A)	2,202.20	1,553.31
B. Cash flow from investing activities		
Capital expenditure on fixed assets, including capital advances	(597.14)	(246.92)
Proceeds from Sale of fixed assets	9.84	3.64
Current investments not considered as Cash and cash equivalents		
- Purchase of investment	(22,121.00)	(290.00)
- Sale of investment	22,121.00	290.00
Interest received	11.54	30.79
Dividend received	24.96	0.10
Bank balance not considered as Cash and cash equivalents	-	239.37
Net cash flow from/(used in) investing activities (B)	(550.80)	26.98
C. Cash flow from financing activities		
Proceeds from issue of equity shares	-	1,500.00
Proceeds from long-term borrowings	-	1,855.00
Repayment of long-term borrowings	(2,248.71)	(2,467.52)
Proceeds from other short-term borrowings	357.20	-
Repayment of other short-term borrowings	-	(1,526.15)
Interest Paid	(350.92)	(477.42)
Dividend paid	(90.97)	-
Tax on Dividend	(15.46)	-
Net cash flow used in financing activities (C)	(2,348.86)	(1,116.09)
Net increase in Cash and cash equivalents (A+B+C)	(697.46)	464.20
Cash and cash equivalents at the beginning of the year	769.27	305.07
Cash and cash equivalents at the end of the year	71.81	769.27
Cash and cash equivalents as defined in AS 3 Cash Flow Statements (Refer Note 15)	71.81	769.27

Note: The above Cash Flow Statement has been prepared under the 'indirect method' as set out in Accounting Standard 3 'Cash Flow Statement'.
See accompanying notes forming part of the financial statements

In terms of our report attached
For **Deloitte Haskins & Sells**
Chartered Accountants

U. M. Neogi
Partner

Bakul Sheth
Company Secretary

Jitendra T Rahate
Chief Financial Officer

For and on behalf of the Board of Directors

Rajeev Dubey
Harsh Kumar

Chairman
Managing Director

Sumit Issar
P. R. Barpande

} Directors

Place: Mumbai
Date: 24 April, 2015

Place: Mumbai
Date: 24 April, 2015

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1. Corporate information:

Mahindra Steel Service Centre Limited is a public limited company incorporated on 15 January, 1993 under the Companies Act, 1956. The Company's main activity is steel processing from the plants located at Kanhe and Bhopal. The Company processes automotive and electrical steel.

2. Significant Accounting Policies followed by the Company:

2.1 Basis of accounting and preparation of financial statements:

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under section 133 of the Companies Act, 2013 read with rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 (The Act). The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

All assets and liabilities are classified as current if it is expected to realise or settle within 12 months after the Balance Sheet date.

2.2 Use of estimates:

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates, are recognized in the periods in which the results are known/materialize.

2.3 Inventories:

Inventories are stated at cost and net realizable value, whichever is lower. Cost is arrived at on a weighted average method and includes, where appropriate, manufacturing overheads and excise duty.

2.4 Cash and cash equivalents (for purposes of Cash Flow Statement)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

2.5 Cash flow statement

Cash flows are reported using the indirect method, whereby profit/(loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

2.6 Fixed Assets:

- (a) Fixed Assets are stated at cost less accumulated depreciation/amortization. The cost of fixed assets comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses. Borrowing costs that are attributable to the acquisition, construction or production of a qualifying asset are included in the cost of asset upto the date the asset is ready for its intended use.
- (b) (i) Leasehold land is amortized over the period of the lease.
- (ii) Depreciation on other fixed assets is calculated on Straight Line Method as per the useful life prescribed in Schedule II to the Companies Act, 2013, except in respect of vehicles where the life has been assessed as five years taking into account the estimated usage of such vehicles. (Refer note 25)

2.7 Revenue Recognition:

Sales of products are recognized, when the significant risks and rewards of ownership are transferred to the Buyer. Sales include excise

duty, but excludes sales tax and value added tax.

Sales of services are recognised when services are rendered.

2.8 Other Income

Interest income is accounted on accrual basis. Dividend income is accounted for when the right to receive it is established.

2.9 Foreign Currency Transactions:

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of transaction. All foreign currency monetary items outstanding at the year end (excluding long term liability) are translated at the relevant rates of exchange prevailing at the year end and the resulting exchange differences are recognised in the Statement of Profit and Loss. In respect of forward exchange contracts, the premium or discount arising at the inception of such a contract is amortised as expenses or income over the life of the contract.

Exchange differences relating to long term foreign currency monetary items, to the extent they are used for financing and acquisition of fixed assets are added to or subtracted from the cost of depreciable fixed assets to which the monetary item relates and depreciated over the remaining useful life of such assets.

2.10 Investments:

Long term Investments are valued at cost less provision, if any, for decline other than temporary, in value of such investments. Current investments are valued at the lower of cost and fair value determined by category of investment.

2.11 Employee Benefits:

- i) Defined Contribution Plan:
Company's contributions paid/payable during the year to the provident fund, superannuation fund, Employee State Insurance Scheme and labour welfare fund are recognized in the Statement of Profit and Loss based on the amount of contribution required to be made and when services are rendered by the employees.
- ii) Defined Benefit Plan/Long Term Compensated Absences:
Company's liability towards gratuity, compensated absence and post retirement medical benefit schemes are determined by an independent actuary using the projected unit credit method at each balance sheet date. Past service cost are recognized on a straight-line basis over the average period until the benefits become vested. Actuarial gains and losses are recognized immediately in the statement of Profit and Loss as income or expense. Obligation is measured at the present value of estimated future cash flows using a discounted rate that is determined by reference to market yields at the Balance Sheet date on Government Bonds where the currency and terms of the Government Bonds are consistent with the currency and estimated terms of the defined benefit obligation, as reduced by the fair value of scheme assets.

2.12 Borrowing Costs:

Borrowing costs, allocated to and utilised for qualifying assets, pertaining to the period from commencement of activities relating to construction/development of the qualifying asset upto the date of capitalisation of such asset is added to the cost of the assets.

2.13 Taxes on Income:

Tax expense comprises current and deferred tax. Current Tax is determined as either (i) the amount of tax payable in respect of taxable income after considering usual allowances and disallowances under the Income-tax Act, 1961 or (ii) Minimum Alternate Tax for the year. Credit in respect of Minimum Alternate Tax paid is recognised only if there is convincing evidence of realisation of the same. Deferred tax reflects the impact of current year timing differences between taxable income and accounting income and reversal of timing differences of the earlier years.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed

depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward of losses, deferred tax assets are recognised only if there is virtual certainty that there will be sufficient future taxable income available to realise the assets. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each balance sheet date for their realisability.

2.14 Earnings per share:

Basic earnings per share is computed by dividing the profit/(loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year.

2.15 Stock Appreciation Rights (SARs):

The compensation cost of SARs granted to employees is accounted by the Company using the intrinsic value method. The fair value of the equity shares is based on valuation obtained from an independent valuer. Difference between market value and face value of the equity shares, being the intrinsic value, is recognised as compensation cost over the vesting period.

Note 3 Share Capital

Particulars	As at 31 March, 2015		As at 31 March, 2014	
	Number of Shares	Rs. in Lakhs	Number of Shares	Rs. in Lakhs
(a) Authorised				
Equity shares of Rs. 10 each.....	17,000,000	1,700.00	17,000,000	1,700.00
	<u>17,000,000</u>	<u>1,700.00</u>	<u>17,000,000</u>	<u>1,700.00</u>
(b) Issued, Subscribed and fully paid up				
Equity shares of Rs. 10 each.....	16,539,759	1,653.98	16,539,759	1,653.98
	<u>16,539,759</u>	<u>1,653.98</u>	<u>16,539,759</u>	<u>1,653.98</u>

(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period

Particulars	Opening Balance	Fresh issue	Buy back	Closing Balance
Equity Shares of Rs. 10 each				
Year ended 31 March, 2015				
Number of shares.....	16,539,759	-	- 16,539,759	
Amount (in Lakhs).....	1,653.98	-	- 1,653.98	
Year ended 31 March, 2014				
Number of shares.....	13,953,567	2,586,192	- 16,539,759	
Amount (in Lakhs).....	1,395.36	258.62	- 1,653.98	

(ii) The Company has not allotted any equity shares for consideration other than cash, bonus shares, nor have any shares been bought back during the period of five years immediately preceding the Balance Sheet date.

Terms/rights attached to equity shares

The Company has only one class of equity share having a par value of Rs. 10/- per share. Each shareholder has the following voting rights (i) On a show of hands: one vote for a member present in person and (ii) On a poll: one vote for each equity share registered in the name of the member. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing annual general meeting, except in case of interim dividend. In the event of winding up, the liquidator may, with the sanction of a special resolution of the Company and any other sanction required by the Act, divide amongst the members, in specie or kind, the whole or any part of the assets of the company, whether they shall consist of property of the same kind or not.

(iii) Details of shares held by the holding company

Particulars	As at 31 March, 2015	As at 31 March, 2014
Mahindra Intertrade Limited, the holding Company (including 7 equity shares held jointly with its nominees).....	10,089,257	10,089,257

(iv) Details of shares held by each shareholder holding more than 5% shares

Particulars	As at 31 March, 2015		As at 31 March, 2014	
	Number of shares	% of holding	Number of shares	% of holding
Mahindra Intertrade Limited (including 7 equity shares held jointly with its nominees)	10,089,257	61%	10,089,257	61%
Metal One Corporation.....	6,450,502	39%	6,450,502	39%

Note 4 Reserves and Surplus

Particulars	As at 31 March, 2015	As at 31 March, 2014
	Rs. in Lakhs	Rs. in Lakhs
(a) Capital Reserve.....	20.00	20.00
(b) Securities Premium Account.....		
Opening balance	4,011.15	2,769.77
Add: Premium on shares issued during the year	-	1,241.38
Closing Balance.....	4,011.15	4,011.15
(c) General Reserve	164.44	164.44
(d) Surplus in the statement of profit and loss		
Opening balance	2,957.76	2,521.05
Less: Depreciation on transition to Schedule II of the Companies Act, 2013 on tangible fixed assets with nil remaining useful life (Net of deferred tax of Rs. 14.77 Lakhs) (Refer Note 25)	28.70	-
Add: Profit for the year.....	753.76	543.14
Less: Transferred to:		
Proposed dividend	165.40	90.97
Tax on dividend	33.67	15.46
Closing balance	3,483.75	2,957.76
	<u>7,679.34</u>	<u>7,153.35</u>

Note 5 Long-term borrowings

Particulars	As at 31 March, 2015	As at 31 March, 2014
	Rs. in Lakhs	Rs. in Lakhs
(a) Term loan from Banks [Refer note (i)]		
Secured	1,902.75	2,975.60
Less: Current maturities of long term debt (refer note 9)	(1,073.00)	(1,074.60)
	<u>829.75</u>	<u>1,901.00</u>
(b) Deferred payment liabilities [Refer note (ii)].....	150.56	156.97
Unsecured.....	(25.34)	(6.41)
Less: Current maturities of long term debt (refer note 9)	125.22	150.56
(c) Other loans and advances [Refer note (iii)].....		
(i) Foreign currency loans from Bank]	-	1,168.65
Secured.....	-	(1,168.65)
Less: Current maturities of long term debt (refer note 9)	-	-
(ii) Interest free sales tax loan from SICOM [Refer note (iv)]		
Unsecured.....	359.95	360.75
Less: Current maturities of long term debt (refer note 9)	(23.75)	(0.80)
	<u>336.20</u>	<u>359.95</u>
	<u>1,291.17</u>	<u>2,411.51</u>

- (i) (a) The Company has a term loan of Rs. 811 Lakhs (2014: Rs. 678 Lakhs) under sanction extended by Axis Bank [interest payable at the rate of 10.90% p.a. (FY 2014: 11.00% p.a.) [payable monthly] linked to the base rate] which is secured by first pari passu charge on the movable fixed assets of the Company situated at Kanhe plant, Maharashtra and second charge over the present and future current assets of the Company. The repayment details are as follows:

Repayment Details	Amount to be repaid Rs. in Lakhs	Repayment Year
4 quarterly installments of Rs. 150.00 Lakhs each from 30 June 2015	600.00	FY 2015-16
One installment of Rs. 125.00 Lakhs on 30 June 2016.....	125.00	FY 2016-17
One installment of Rs. 86.00 Lakhs on 30 September 2016.....	86.00	FY 2016-17

- (b) The Company has a term loan of Rs. 198 Lakhs (2014: Rs. 1,197.60 Lakhs) under sanction extended by YES Bank [interest payable at the rate of 12.00% p.a.(payable monthly) (FY 2014: 11.75% p.a.) linked to the base rate], secured by first pari passu charge on movable fixed assets situated at Bhopal and Kanhe plant with a minimum cover of 1.25x and negative lien on the immovable fixed assets of Bhopal plant. The repayment details are as follows:

Repayment Details	Amount to be repaid Rs. in Lakhs	Repayment Year
One installment of Rs. 99.80 Lakhs on 9 April 2015	99.80	FY 2015-16
One installment of Rs. 98.20 Lakhs on 9 July 2015	98.20	FY 2015-16

- (c) The Company has a term loan of Rs. 893.75 Lakhs (2014: Rs. 1,100 Lakhs) under sanction extended by HDFC Bank [interest payable at the rate of 10.80% p.a.(payable monthly) (FY 2014: 11.50% p.a.) linked to the base rate], secured by first pari passu charge on movable fixed assets situated at Kanhe plant. The repayment details are as follows:

Repayment Details	Amount to be repaid Rs. in Lakhs	Repayment Year
4 quarterly installments of Rs. 68.75 Lakhs each from 12 May 2015	275.00	FY 2015-16
4 quarterly installments of Rs. 68.75 Lakhs each.....	275.00	FY 2016-17
4 quarterly installments of Rs. 68.75 Lakhs each.....	275.00	FY 2017-18
One installment of Rs. 68.75 Lakhs ...	68.75	FY 2018-19

- (ii) The Company has received a Certificate of Entitlement from the Deputy Commissioner of Sales Tax, Maharashtra State, in terms of the Package Scheme of Incentives, 1993 of the Government of Maharashtra, consequent to which the Company has deferred the sales tax liability with effect from 1 May, 2002. The Sales Tax liability so deferred is Rs.150.56 Lakhs as at 31 March, 2015 which will be payable with effect from 30 April, 2015.

Repayment Details of Sales Tax VAT liability	Amount to be repaid Rs. in Lakhs	Repayment date
VAT liability of FY 2002-2003 to FY 2004-2005	25.34	30 April, 2015
VAT liability of FY 2002-2003 to FY 2005-2006	31.87	30 April, 2016
VAT liability of FY 2002-2003 to FY 2005-2006	31.87	30 April, 2017
VAT liability of FY 2003-2004 to FY 2005-2006	29.47	30 April, 2018
VAT liability of FY 2004-2005 to FY 2005-2006	25.46	30 April, 2019
VAT liability of FY 2005-2006	6.55	30 April, 2020

- (iii) The Company had taken buyer's credit of Rs. Nil (2014: Rs. 1,168.65 Lakhs) under sanction of LUT extended by AXIS Bank (Interest payable on buyer's credit is linked to USD LIBOR), secured by first pari passu charge on the movable fixed assets of the Company situated at Kanhe plant, Maharashtra and second charge over present and future current assets of the Company.

- (iv) Interest Free SICOM Loan of Rs. 359.95 Lakhs is repayable with effect from 25 September, 2015. The repayment details as at 31 March, 2015:

Loan taken on	Amount Rs. in Lakhs	Loan taken on	Amount Rs. in Lakhs	Loan taken on	Amount Rs. in Lakhs
25-Feb-05	3.20	8-Sep-05	114.75	24-July-06	242.00
Repayment Details			Repayment Details		
25-Feb-16	0.80	25-Sep-15	22.95	25-July-16	48.40
25-Feb-17	0.80	25-Sep-16	22.95	25-July-17	48.40
25-Feb-18	0.80	25-Sep-17	22.95	25-July-18	48.40
25-Feb-19	0.80	25-Sep-18	22.95	25-July-19	48.40
-	-	25-Sep-19	22.95	25-July-20	48.40

Note 6 Long-term provisions

Particulars	As at 31 March, 2015	As at 31 March, 2014
	Rs. in Lakhs	Rs. in Lakhs
(a) Provision for employee benefits		
(i) Provision for compensated absences...	67.94	52.32
(ii) Provision for post retirement medical benefit (Refer note 31)	1.31	0.75
(iii) Provision for Stock Appreciation Rights	3.11	8.70
	72.36	61.77

Note 7 Short-term borrowings

Particulars	As at 31 March, 2015	As at 31 March, 2014
	Rs. in Lakhs	Rs. in Lakhs
(a) Other loans and advances [refer note (i)]...		
Secured.....	356.32	-
	356.32	-

- (i) The Company has taken buyer's credit for purchase of machinery of Rs. 356.32 Lakhs (2014: Rs. Nil) under sanction extended by HDFC Bank (secured by first pari passu charge on the stock and book debts of the Company.

Interest payable on buyer's credit is linked to USD LIBOR.

Note 8 Trade Payables

Particulars	As at 31 March, 2015	As at 31 March, 2014
	Rs. in Lakhs	Rs. in Lakhs
(a) Trade Payables		
Acceptances	4,894.58	1,128.95
Other than Acceptance - Micro and small enterprises (refer note 24).....	-	-
Other than Acceptance - Other than micro and small enterprises.....	2,271.53	2,992.39
	7,166.11	4,121.34

Note 9 Other current liabilities

Particulars	As at 31 March, 2015	As at 31 March, 2014
	Rs. in Lakhs	Rs. in Lakhs
(a) Current maturities of long-term debt [Refer note 5].....	1,122.09	2,250.46
(b) Interest accrued but not due on borrowings	32.36	35.23

Particulars	As at	As at	Note 10 Short-term provisions		
	31 March, 2015	31 March, 2014	Particulars	As at 31 March, 2015	As at 31 March, 2014
	Rs. in Lakhs	Rs. in Lakhs		Rs. in Lakhs	Rs. in Lakhs
(c) Other payables					
(i) Statutory remittances (contribution to Provident Fund and Employee State Insurance Scheme, withholding taxes, excise duty, service tax, etc.)	23.90	25.48	(a) Employee benefits		
(ii) Value Added Tax payable	99.73	26.49	(i) Provision for compensated absences	11.08	10.63
(iii) Payables on purchase of fixed assets	51.72	7.10	(b) Provision - Others		
(iv) Advance from customers	21.20	47.74	- Provision for income tax (net of payments)	-	5.46
(v) Dealer deposit	9.92	8.77	- Provision for proposed equity dividend	165.40	90.97
(vi) Other current liabilities	8.69	10.38	- Provision for tax on proposed dividend	33.67	15.46
			- Provision for Stock Appreciation Rights	9.59	7.10
	1,369.61	2,411.65		219.74	129.62

Note 11 Fixed Assets

Tangible Assets	Gross Block				Depreciation and amortisation expense				Net Block	
	Balance as at 1 April, 2014	Additions	Disposals/ Adjustments	Balance as at 31 March, 2015	Balance as at 1 April, 2014	For the year	Disposals/ Adjustments	Transition adjustment recorded against surplus balance in statement of profit and loss account	Balance as at 31 March, 2015	Balance as at 31 March, 2015
	Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs
Land – Leasehold	69.46	-	-	69.46	14.43	2.09	-	-	16.52	52.94
	(69.46)	-	-	(69.46)	(12.23)	(2.20)	-	-	(14.43)	(55.03)
Buildings	2,915.49	1.03	-	2,916.52	568.64	89.18	-	-	657.82	2,258.70
	(2,915.49)	-	-	(2,915.49)	(472.28)	(96.36)	-	-	(568.64)	(2,346.85)
Plant and Equipment**	10,899.42	621.82	81.25	11,439.99	3,846.74	816.93	0.45	25.09	4,688.31	6,751.68
	(10,674.60)	(224.82)	-	(10,899.42)	(3,215.57)	(631.17)	-	-	(3,846.74)	(7,052.68)
Electric Installation	344.83	-	-	344.83	130.41	27.39	-	3.25	161.05	183.78
	(344.83)	-	-	(344.83)	(113.99)	(16.42)	-	-	(130.41)	(214.42)
Furniture and Fixtures	59.16	5.74	-	64.90	20.31	5.34	-	1.58	27.23	37.67
	(56.11)	(3.05)	-	(59.16)	(17.08)	(3.23)	-	-	(20.31)	(38.85)
Vehicles	41.27	-	12.14	29.13	32.69	4.34	12.13	-	24.90	4.23
	(49.18)	-	(7.91)	(41.27)	(28.44)	(8.67)	(4.42)	-	(32.69)	(8.58)
Office Equipment	56.36	1.54	-	57.90	8.53	15.95	-	11.74	36.22	21.68
	(49.61)	(6.75)	-	(56.36)	(6.54)	(1.99)	-	-	(8.53)	(47.83)
Computers	68.44	10.07	1.47	77.04	40.49	11.50	1.45	1.81	52.35	24.69
	(68.01)	(3.02)	(2.59)	(68.44)	(32.57)	(10.51)	(2.59)	-	(40.49)	(27.95)
Total	14,454.43	640.20	94.86	14,999.77	4,662.24	972.72	14.03	43.47	5,664.40	9,335.37
Previous year	(14,227.29)	(237.64)	(10.50)	(14,454.43)	(3,898.70)	(770.55)	(7.01)	-	(4,662.24)	(9,792.19)

** Additions during the year include foreign exchange loss of Rs. 21.69 lakhs (net) [for the year 2014: Rs. 135.16 lakhs (net)].

Note: Figures in bracket are in respect of the previous year.

Note 12A Long-term loans and advances

Particulars	As at 31 March, 2015	As at 31 March, 2014
	Rs. in Lakhs	Rs. in Lakhs
Unsecured, Considered Good		
(a) Security deposits	23.38	23.10
(b) Other loans and advances		
Advance income tax (Net of provisions)	130.63	113.61
(c) Surplus of plan assets over obligation - gratuity (Refer note 31)	2.84	5.43
	156.85	142.14

Note 12B Other non-current assets

Particulars	As at 31 March, 2015	As at 31 March, 2014
	Rs. in Lakhs	Rs. in Lakhs
Unsecured, Considered Good		
Industrial Investment Promotion Assistance receivable (Refer note 40)	601.73	-
	601.73	-

Note 13 Inventories

(at lower of cost and net realisable value)

Particulars	As at	As at
	31 March, 2015	31 March, 2014
	Rs. in Lakhs	Rs. in Lakhs
(a) Raw materials [refer note 19(a)]	2,902.59	1,827.29
Goods in transit	861.49	-
	<u>3,764.08</u>	<u>1,827.29</u>
(b) Work in progress	342.91	544.26
(c) Finished goods [refer note 19(b)]	806.65	347.57
(d) Stores and spares	77.37	61.50
	<u>4,991.01</u>	<u>2,780.62</u>

Note 14 Trade receivables

Particulars	As at	As at
	31 March, 2015	31 March, 2014
	Rs. in Lakhs	Rs. in Lakhs
(a) Trade receivables outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	3.60	13.88
(b) Other Trade receivables		
Unsecured, considered good	3,516.86	2,935.54
	<u>3,520.46</u>	<u>2,949.42</u>

Note 15 Cash and cash equivalents

Particulars	As at	As at
	31 March, 2015	31 March, 2014
	Rs. in Lakhs	Rs. in Lakhs
(a) Cash on hand	0.24	0.27
(b) Balances with banks		
(i) In current accounts	71.57	94.00
(ii) In Fixed Deposit Receipts	-	675.00
	<u>71.81</u>	<u>769.27</u>
Of the above, the balances that meet the definition of cash and cash equivalents as per AS 3 Cash Flow Statements is	<u>71.81</u>	<u>769.27</u>

Note 16A Short-term loans and advances

Particulars	As at	As at
	31 March, 2015	31 March, 2014
	Rs. in Lakhs	Rs. in Lakhs
Other loans and advances		
Unsecured, considered good		
(a) Advances to suppliers	75.07	23.05
(b) Custom deposits	32.23	42.01
(c) Advance/Loans to employees	7.94	10.30
(d) Prepaid expenses	2.49	14.21
(e) Minimum Alternate Tax (MAT) credit entitlement	147.14	320.66
(f) Balances with government authorities...		
(i) CENVAT credit receivable	1,335.36	1,513.19
(ii) Value Added Tax credit receivable ..	191.66	185.85
(iii) Service Tax credit receivable	222.53	174.12
(iv) Entry Tax receivable	59.24	159.26
	<u>2,073.66</u>	<u>2,442.65</u>

Note 16B Other Current Assets

Particulars	As at	As at
	31 March, 2015	31 March, 2014
	Rs. in Lakhs	Rs. in Lakhs
Unsecured, considered good		
Interest Receivable	-	0.42
Industrial Investment Promotion Assistance receivable (Refer note 40)...	119.91	-
	<u>119.91</u>	<u>0.42</u>

Note 17 Revenue from Operations

Particulars	For the year ended	For the year ended
	31 March, 2015	31 March, 2014
	Rs. in Lakhs	Rs. in Lakhs
Revenue from-		
(a) Sale of products [Refer Note (i) below] ...	12,917.86	10,860.15
(b) Sale of services [Refer Note (ii) below]....	2,007.27	1,919.41
(c) Other operating revenues [Refer Note (iii) below]	1,462.00	548.02
	<u>16,387.13</u>	<u>13,327.58</u>
(d) Less: Excise duty	1,317.75	1,134.21
	<u>15,069.38</u>	<u>12,193.37</u>

Notes:

(i) Sale of products comprises:		
Manufactured goods		
Steel products	12,917.86	10,860.15
(ii) Sale of services comprises:		
Steel processing	2,007.27	1,919.41
(iii) Other operating revenues comprise:		
Scrap sales	718.21	397.75
Insurance claim	15.46	53.04
Cash discount	5.79	1.42
Industrial Investment Promotion Assistance (Refer note 40)	721.64	87.83
Other operating income	0.90	7.98
	<u>1,462.00</u>	<u>548.02</u>

Note 18 Other Income

Particulars	For the year ended	For the year ended
	31 March, 2015	31 March, 2014
	Rs. in Lakhs	Rs. in Lakhs
(a) Dividend income		
Dividend from current investments (other than trade)	24.96	0.10
(b) Interest income		
Interest from banks	1.09	18.49
Others	10.03	2.87
(c) Liabilities no longer required written back	-	22.76
(d) Profit on sale of fixed assets	0.97	0.15
	<u>37.05</u>	<u>44.37</u>

Note 19 (a) Cost of materials consumed

Particulars	For the year ended	For the year ended
	31 March, 2015	31 March, 2014
	Rs. in Lakhs	Rs. in Lakhs
Opening Stock	1,827.29	2,093.86
Add: Purchases	12,572.57	8,099.56
	<u>14,399.86</u>	<u>10,193.42</u>
Less: Closing Stock	(3,764.08)	(1,827.29)
	<u>10,635.78</u>	<u>8,366.13</u>

Details of raw materials consumed	For the year ended 31 March, 2015	For the year ended 31 March, 2014
	Rs. in Lakhs	Rs. in Lakhs
Steel Products	10,635.78	8,366.13
	As at 31 March, 2015	As at 31 March, 2014
Details of Closing Stock of raw materials	Rs. in Lakhs	Rs. in Lakhs
Steel Products	3,764.08	1,827.29
Note 19 (b) Changes in inventories of finished goods and work-in-progress		
Particulars	For the year ended 31 March, 2015	For the year ended 31 March, 2014
	Rs. in Lakhs	Rs. in Lakhs
Inventories at the end of the year		
Finished goods	806.65	347.57
Work-in-progress.....	342.91	544.26
Total	1,149.56	891.83
Inventories at the beginning of the year		
Finished goods	347.57	694.32
Work-in-progress.....	544.26	366.84
Total	891.83	1,061.16
Decrease/ (Increase) in Stock.....	(257.73)	169.33
	As at 31 March, 2015	As at 31 March, 2014
Details of inventory of finished goods at the end of the year	Rs. in Lakhs	Rs. in Lakhs
Steel Products	806.65	347.57
	As at 31 March, 2015	As at 31 March, 2014
Details of inventory of work-in-progress at the end of the year	Rs. in Lakhs	Rs. in Lakhs
Steel Products	342.91	544.26
Note 20 Employee Benefit Expenses		
Particulars	For the year ended 31 March, 2015	For the year ended 31 March, 2014
	Rs. in Lakhs	Rs. in Lakhs
(a) Salaries and wages	623.59	515.47
(b) Stock Appreciation Rights Scheme Expenses (Refer note 38).....	15.15	34.01
(c) Contribution to provident and other funds	32.60	27.57
(d) Gratuity expense [Refer note 31 (ii)(b)].....	11.49	0.06
(e) Post retirement medical benefit expense [Refer note 31 (ii)(a)]	0.61	(1.30)
(f) Staff welfare	61.07	54.40
	744.51	630.21
Note 21 Finance Cost		
Particulars	For the year ended 31 March, 2015	For the year ended 31 March, 2014
	Rs. in Lakhs	Rs. in Lakhs
(a) Interest expense on		
(i) Borrowings.....	289.03	373.88
(ii) Other		
– Usance Interest	58.82	66.46
– delayed/deferred payment of income tax	0.20	–
– delayed payment of deferred payment liability.....	–	0.49
(b) Other Borrowing Cost.....	–	24.19
	348.05	465.02

Note 22 Other Expenses

Particulars	For the year ended 31 March, 2015	For the year ended 31 March, 2014
	Rs. in Lakhs	Rs. in Lakhs
(a) Stores consumed	49.78	32.27
(b) Power and fuel.....	239.11	207.06
(c) Rent including lease rentals.....	5.66	5.61
(d) Rates and taxes	14.95	16.82
(e) (Decrease)/Increase of excise duty on inventory (Refer note 37).....	(61.93)	(21.39)
(f) Insurance	20.82	35.00
(g) Repairs and maintenance:		
Buildings	14.02	6.30
Machinery	37.64	19.24
Others	173.04	85.59
(h) Software charges.....	27.05	4.97
(i) Legal and professional charges.....	16.93	24.47
(j) Freight outward.....	128.83	155.15
(k) Subcontracting, hire and service charges	349.71	238.65
(l) Auditors' remuneration [Refer note (i) below]	10.01	10.18
(m) Loss on foreign exchange transactions and translations	136.80	157.42
(n) Bad debts and advances written off...	1.77	0.69
(o) Sundry advances written off.....	–	24.57
(p) Expenditure on CSR activities.....	11.80	–
(q) Miscellaneous expenses	136.90	115.40
	1,312.89	1,118.00

Note
(i) Auditors' remuneration

Particulars	For the year ended 31 March, 2015	For the year ended 31 March, 2014
	Rs. in Lakhs	Rs. in Lakhs
Auditors' remuneration includes payment to auditors -		
(a) As statutory auditor	7.00	7.30
(b) For certification work	0.70	0.20
(c) For reimbursement of expenses	0.06	0.18
(d) For Taxation work	2.25	2.50
	10.01	10.18

Note 23 Contingent liabilities and commitments (to the extent not provided for)

Particulars	As at 31 March, 2015	As at 31 March, 2014
	Rs. in Lakhs	Rs. in Lakhs
(i) Claims against the Company not acknowledged as debts:		
(a) Income Tax demand for AY 2011-12....	5.04	–
(ii) Commitments:		
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for Tangible assets.....	6.67	–
(iii) Other money for which the Company is contingently liable		
(a) Corporate Guarantee given by the Company to M/s SHV Energy Private Limited.....	12.00	12.00
(b) Bill discounted under Letter of Credit by HDFC Bank	6.27	–

Note 24 Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

Particulars	As at	As at	Particulars	As at	As at
	31 March, 2015	31 March, 2014		31 March, 2015	31 March, 2014
	Rs. in Lakhs	Rs. in Lakhs		Rs. in Lakhs	Rs. in Lakhs
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	-	-	(iv) The amount of interest due and payable for the year	-	-
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-	-	(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
(iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	-	-	(vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	-	-

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information received by the Management. This has been relied upon by the auditors.

Note 25 Pursuant to the enactment of the Companies Act 2013 (the 'Act'), the Company has, effective 1st April 2014, reviewed and revised the estimated useful life of its fixed assets, in accordance with the provisions of Schedule II to the Act. The carrying amount of the assets as on that date have been depreciated over the remaining useful life of the assets as per Schedule II of the Companies Act, 2013. Consequently, depreciation for the year is higher by Rs. 177.42 Lakhs. Further, an amount of Rs. 28.70 Lakhs (net of deferred tax of Rs. 14.77 Lakhs) has been recognized in the Surplus in the statement of profit and loss, where the remaining useful life of such assets is Nil as at 1st April, 2014 in line with the provisions of Schedule II to the Companies Act, 2013.

Note 26 Derivative Instruments

The Company has entered into Forward Exchange Contracts (being a derivative instrument), which are not intended for trading or speculative purposes, but for hedge purposes.

(i) The following are the outstanding Forward Exchange Contracts entered into by the Company:

Particulars	Currency	As at 31 March, 2015 (figures in Lakhs)		As at 31 March, 2014 (figures in Lakhs)		Buy/Sell	Cross currency
		Amount in Foreign Currency	Amount in Rs.	Amount in Foreign Currency	Amount in Rs.		
		Foreign currency loan (Import of Machinery)	USD	5.67	356.32		
Import of machinery	JPY	75.00	39.77	-	-	Buy	Rupees
Import of Raw Material	USD	49.84	3,142.60	40.84	2,470.00	Buy	Rupees

(ii) The year end foreign currency exposures that have not been hedged by a derivatives instrument or otherwise are given below.

Particulars	Currency	As at 31 March, 2015 (figures in Lakhs)		As at 31 March, 2014 (figures in Lakhs)	
		Amount in Foreign Currency	Amount in Rs.	Amount in Foreign Currency	Amount in Rs.
		Payable on account of Import of Raw Material	USD	27.98	1,764.41

Note 27 Value of imports calculated on CIF basis

Particulars	For the year ended	For the year ended
	31 March, 2015	31 March, 2014
	Rs. in Lakhs	Rs. in Lakhs
Plant and Machinery.....	397.65	-
Spares.....	27.90	97.28
Raw materials	6,066.85	5,189.75

Note 28 Details of consumption of imported and indigenous raw materials

Particulars	For the year ended		For the year ended	
	31 March, 2015		31 March, 2014	
	Rs. in Lakhs	%	Rs. in Lakhs	%
Import.....	7,727.96	73	5,595.13	67
Indigenous	2,907.82	27	2,771.00	33
	10,635.78	100	8,366.13	100

Note 29 Earning in foreign exchange

Particulars	For the year ended	For the year ended
	31 March, 2015	31 March, 2014
	Rs. in Lakhs	Rs. in Lakhs
Sale of Spares	2.58	2.75
Reimbursements of expenses.....	-	1.24

Note 30 Expenditure in foreign currency

Particulars	For the year ended	For the year ended
	31 March, 2015	31 March, 2014
	Rs. in Lakhs	Rs. in Lakhs
Interest	37.62	39.13
Service Charges	0.06	-

Note 31 Employee Benefits:

Following are the relevant disclosures in pursuance of the Accounting Standard 15, "Employee Benefits".

i) The Company has recognized, in the statement of profit and loss for the year, an amount of Rs. 32.60 Lakhs (2014: Rs.27.57 Lakhs) as expenses under defined contribution plans.

Benefit (Contribution to)	Rs. in Lakhs	Rs. in Lakhs
	For the year ended 31 March, 2015	For the year ended 31 March, 2014
Provident Fund.....	24.97	22.80
Pension Fund.....	7.63	4.77
Total.....	32.60	27.57

ii) The Company operates defined benefit plans as follows:

- a. Unfunded - Post Retirement Medical Benefits
- b. Funded - Post Retirement Gratuity

a. Details of unfunded defined benefit obligations in respect of Post Retirement Medical Benefits are as follows:

Particulars	Rs. in Lakhs For the year ended 31 March, 2015	Rs. in Lakhs For the year ended 31 March, 2014
1. Reconciliation of opening and closing balances of obligation		
a. Opening Obligation.....	0.75	2.05
b. Current Service Cost.....	0.11	0.26
c. Interest Cost.....	0.08	0.18
d. Actuarial (gain)/loss.....	0.42	(1.74)
e. Liabilities assumed on transfer of employees.....	(0.05)	-
f. Benefits paid.....	-	-
g. Closing Obligation.....	1.31	0.75

2. Expected employer's contribution next year - -

Particulars	Rs. in Lakhs	Rs. in Lakhs
3. Expense recognised in the year		
a. Current Service Cost.....	0.11	0.26
b. Interest Cost.....	0.08	0.18
c. Actuarial (gain)/loss.....	0.42	(1.74)
d. Expenses recognized in the year.....	0.61	(1.30)

The expense is included in line item- Post retirement medical benefit expense in note 20.

Particulars	Rs. in Lakhs	Rs. in Lakhs
4. Assumptions		
a. Discount rate.....	8.05%	8.95%
b. Salary Growth Rate.....	10%	10%
c. Annual Increase in Healthcare cost.....	7%	7%
d. Normal retirement age.....	60 years	60 years
e. Attrition rate.....	9%	9%
f. Mortality.....	*Note	*Note

* Note: Indian Assured Lives Mortality (2006-08)

Particulars	Rs. in Lakhs		Rs. in Lakhs	
	One percentage point increase in medical inflation rates	2015	One percentage point decrease in medical inflation rates	2014
Effect on the aggregate service and interest cost of Post Employment Medical Benefits.....	0.07	0.04	(0.06)	(0.03)
Effect on the accumulated Post Employment Medical Benefit obligations.....	0.27	0.16	(0.22)	(0.13)

6. Experience adjustments

Particulars	Rs. in Lakhs				
	2015	2014	2013	2012	2011
Defined Benefit obligation.....	1.31	0.75	2.05	2.05	1.62
Deficit.....	(1.31)	0.75	2.05	2.05	1.62
Experience adjustments on plan liabilities.....	0.22	(1.58)	(0.59)	0.26	0.49

b. Details of Gratuity Plan are as follows:

Particulars	Rs. in Lakhs For the year ended 31 March, 2015	Rs. in Lakhs For the year ended 31 March, 2014
1. Reconciliation of opening and closing balances of obligation:		
a. Opening Obligation.....	83.72	76.38
b. Current Service Cost.....	9.72	9.00

Particulars	Rs. in Lakhs For the year ended 31 March, 2015	Rs. in Lakhs For the year ended 31 March, 2014
c. Interest Cost.....	7.92	6.53
d. Actuarial (gain)/loss.....	4.62	(8.19)
e. Liabilities assumed on transfer of employees.....	0.09	-
f. Benefits paid.....	(4.89)	-
g. Closing Obligation.....	101.18	83.72
The defined benefit obligation is wholly funded by the company		
2. Change in Plan Assets (Reconciliation of opening & closing balances):		
a. Opening fair value of plan assets....	89.15	81.87
b. Expected return on plan assets.....	6.50	6.26
c. Actuarial gain/(loss).....	4.27	1.02
d. Contributions.....	6.80	-
e. Asset received on transfer of employees.....	2.19	-
f. Benefits paid.....	(4.89)	-
g. Closing fair value of plan assets.....	104.02	89.15
3. Expected employer's contribution next year:	5.00	5.00
4. Reconciliation of fair value of assets and obligations:		
a. Fair value of plan assets as at the year end.....	104.02	89.15
b. Present value of obligation as at the year end.....	101.18	83.72
c. Amount recognised in the balance sheet - (assets)/liabilities.....	(2.84)	(5.43)
5. Expense recognised in the year:		
a. Current service cost.....	9.72	9.00
b. Interest cost.....	7.92	6.53
c. Expected return on plan assets.....	(6.50)	(6.26)
d. Actuarial (gain)/loss.....	0.35	(9.21)
e. Expenses recognized in the year.....	11.49	0.06
6. Investment Details:		
a. Insurer (LIC) Managed funds.....	100%	100%
7. Assumptions:		
a. Discount rate (per annum).....	8.05%	8.95%
b. Estimated rate of return on plan assets (per annum).....	7.50%	7.50%
c. Salary Growth Rate (per annum).....	10%	10%
d. Mortality Rate*.....	*Note	*Note

*Note: Indian Assured Lives Mortality (2006-08)

8. Experience adjustments

Particulars	Rs. in Lakhs				
	2015	2014	2013	2012	2011
Defined Benefit obligation.....	101.18	83.72	76.38	63.55	33.17
Fair Value of Plan Assets.....	104.02	89.15	81.87	66.03	35.48
Surplus.....	2.84	(5.43)	(5.49)	(2.48)	(2.31)
Experience adjustments on plan assets.....	4.27	1.02	0.23	0.48	-
Experience adjustments on plan liabilities.....	(2.76)	(0.87)	0.25	13.81	0.06

* Due to absence of data provided by LIC, break-up of Plan assets (assets allocation) in insurer managed funds have not been furnished.

Basis used to determine the expected rate of return:

Based on expectation of the average long term rate of return expected on investment of the fund, during the estimated term of obligation.

The estimates of future salary increases take into account inflation, seniority, promotion and the other relevant factors.

Note 32 Borrowing cost:

Borrowing costs capitalised during the year as Fixed Assets Rs. Nil (FY 2014: Rs. Nil).

Note 33 Segment Reporting:

The company has a single segment namely steel processing for the purpose of Accounting Standard 17 on segment reporting.

Note 34 Related Party transactions:

Related party disclosures as required by AS-18 "Related Party Disclosures" are given below.

Ultimate Holding Company	Mahindra & Mahindra Ltd.
Holding Company	Mahindra Intertrade Limited
Key Management Personnel (KMP)	Mr. Harsh Kumar (Managing Director)
(Refer Note 39)	

Other parties with whom transactions have taken place during the year.

- (i) Fellow Subsidiaries
 - Mahindra MiddleEast Electrical Steel Service Centre (FZC) (MME)
 - Mahindra Auto Steel Private Limited (MASL)
 - Mahindra Integrated Business Solutions Pvt. Ltd (MIBS)
 - Mahindra UGINE Steel Company Limited (MUSCO) (Upto 10 December 2014)
 - Mahindra Hinoday Industries Limited (MHIL)
 - Mahindra Holidays & Resorts India Limited (MHRIL)
- (ii) A Company having significant influence
 - Metal One Corporation

(a) Disclosure of transactions between the company and related parties during the year ended 31 March, 2015:

	(Receipt/Income)/Expenditure/Payment																		
	Ultimate Holding Company		Holding Company		Fellow Subsidiary		Fellow Subsidiary		Fellow Subsidiary		Fellow Subsidiary		Fellow Subsidiary		Fellow Subsidiary		A Company having Significant influence		
	31st March, 2015	31st March, 2014	31st March, 2015	31st March, 2014	31st March, 2015	31st March, 2014	31st March, 2015	31st March, 2014	31st March, 2015	31st March, 2014	31st March, 2015	31st March, 2014	31st March, 2015	31st March, 2014	31st March, 2015	31st March, 2014	31st March, 2015	31st March, 2014	
Purchase of Fixed Assets	-	-	-	0.60	-	-	-	-	-	-	-	-	-	-	5.28	-	-	-	-
Sale of Fixed Assets	-	-	-	-	2.58	-	-	-	0.02	-	-	-	-	-	-	-	-	-	-
Issue of share capital	-	-	-	915.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	585.00
Dividend paid	-	-	55.49	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	35.48
Processing Income	-	-	(1,772.81)	(1,601.08)	-	-	-	-	-	-	-	(0.11)	(4.38)	-	-	-	-	-	-
Sales	-	-	(0.02)	(66.39)	-	2.75	-	-	-	-	-	-	-	-	-	-	-	-	-
Purchases	-	-	3,859.87	2,681.14	-	173.76	-	-	-	-	-	-	-	-	-	-	-	6,557.68	4,568.76
Transport charges paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Inter corporate deposits received	-	-	-	(8,178.00)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Inter corporate deposits paid	-	-	-	8,398.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deposit for appointment of director received	-	-	3.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deposit for appointment of director paid	-	-	(1.00)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Marketing and support service charges	-	-	164.94	51.90	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sublease Expenses	-	-	5.66	5.61	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest Expenses	-	-	-	106.45	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Professional Expenses	2.20	4.04	-	-	-	-	1.14	1.23	-	-	-	-	-	-	-	-	-	-	-
Travelling Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.84	-
Reimbursement received from Parties	-	-	(24.11)	(16.12)	-	(1.59)	-	-	-	-	-	-	-	-	-	-	-	-	-
Reimbursement made to Parties	1.08	(0.22)	21.15	10.44	-	0.11	-	-	-	-	-	-	0.46	-	-	-	-	-	-
Deputation of Personnel to related parties	-	-	(7.95)	(2.68)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deputation of Personnel from related parties	-	-	41.04	35.49	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

(b) Outstanding receivable:

	31st March, 2015	31st March, 2014
	Rupees lakhs	Rupees lakhs
From Fellow Subsidiaries.....	0.02	1.48

(c) Outstanding payable:

	31st March, 2015	31st March, 2014
	Rupees lakhs	Rupees lakhs
To Ultimate Holding Company (excludes equity share capital).....	1.53	0.26
To Holding Company (excludes equity share capital).....	1,565.72	358.38
To Fellow Subsidiaries.....	7.01	7.02
To Company having significant influence	4,907.01	2,832.08

- In respect of the outstanding balances recoverable, no provision for doubtful debts was made in respect of these parties.
- During the year there were no amounts written off and written back from such parties.

Note 35 Earnings per share

Particulars	As at 31 March, 2015	As at 31 March, 2014
Profit after tax (Rs. in Lakhs) (A)	753.76	543.14
Weighted average number of shares		
Basic (B)	16,539,759	14,045,679
Earnings per share Basic/Diluted (Rupees) (A/B)	4.56	3.87
Nominal value of equity share (Rupees).....	10	10

Note 36 Deferred tax liabilities

Particulars	As at 31 March, 2015	As at 31 March, 2014
	Rs. in lakhs	Rs. in lakhs
Tax effect of items constituting deferred tax liability		
On difference between book balance and tax balance of fixed assets.....	1,093.78	959.28
	1,093.78	959.28
Tax effect of items constituting deferred tax assets		
Provision for Employee Benefits	31.61	25.79
	31.61	25.79
Deferred Tax Liability (net)	1,062.17	933.49

Note 37 Excise duty

Excise duty disclosed under "Other Expenses" Note No 22 represents difference between the excise duty on opening stock and closing stock of finished goods.

Note 38 Stock Appreciation Rights

The Company has granted Stock Appreciation Rights ("SARs") to eligible employees in accordance with the Stock Appreciation Rights Scheme 2013 (SARS-2013) during the years ended 31st March 2013, 31st March 2014 and 31st March 2015. Under the scheme, eligible employees are entitled to receive appreciation in value of equity shares over its face value on exercise of the SARs. The SARs may be exercised up to a period of three years from the date of vesting.

The related expenses for SARs amounting to Rs 15.15 lakhs (2014: Rs 34.01 lakhs) have been recognised as employee cost.

Summary of SARs:

SARs outstanding on 1st April 2014	29,275
SARs granted during the year	50,067
SARs forfeited during the year	-
SARs exercised during the year	14,282
SARs outstanding on 31st March 2015	65,060

The fair value of SARs granted during the year is Rs 83.83 per SAR.

Had the Company adopted fair value method as described in the Guidance note on Accounting for Employee Share - based Payments issued by the Institute of Chartered Accountants of India, the employee compensation cost would have been lower by Rs 2.99 lakhs, profit after tax higher by Rs 1.97 lakhs and the earnings per share would have been higher by Re 0.01.

The fair value has been calculated using the Black Scholes Options Pricing Model and the significant assumptions made in this regard are as follows:

	Grant dated 26 th February, 2015	Grant dated 27 th March, 2014
Risk free interest rate	Annualised continuously compounded rate on safe asset with same maturity	
Expected volatility	13.51%	17.36%
Expected dividend yield	6.68%	8.4%

Note 39 Managerial Remuneration

The Company is not required to pay any managerial remuneration in respect of the "Managing Director" appointed under section 269 and other applicable provisions of the Companies Act, 1956, from time to time, as per the terms approved.

Note 40 Industrial Investment Promotion Assistance

In terms of Madhya Pradesh Industrial Investment Promotion Assistance Scheme, the Company in respect of Plant set up in an earlier year at Bhopal is entitled for Industrial Investment Promotion Assistance (IIPA) equivalent to 75% of amount deposited as VAT or CST during each of the 10 years ending March 2020. In the earlier years in view of uncertainty about the receipt of IIPA amount the Company had not recognised the amount receivable in the respective years beginning 2010-2011. Considering the sanction orders received for the year 2010-2011 during the previous year and for the year 2011-2012 during the year, the Company has accrued IIPA of Rs. 721.64 Lakhs relating to the years 2012-2015 (including Rs. 453.28 Lakhs upto the year ended 31 March 2014) during the year.

Note 41 Previous year's figures

Previous year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosure.

For and on behalf of the Board of Directors

Bakul Sheth Company Secretary	Rajeev Dubey Harsh Kumar	Chairman Managing Director
---	---	-------------------------------

Jitendra T Rahate Chief Financial Officer	Sumit Issar P. R Barpande	} Directors
---	--	-------------

Place: Mumbai
Date: 24 April, 2015

DIRECTORS' REPORT

Your directors present their Sixth Report, together with the audited financial statement of your Company for the year ended March 31, 2015.

	(Amount in Rupees)	
	For the year ended March 31	
FINANCIAL HIGHLIGHTS AND STATE OF COMPANY'S AFFAIRS	2015	2014
Income	66,764	–
Loss before taxation.....	25,99,491	69,00,387
Less : Provision for taxation	–	–
Loss for the year after tax	25,99,491	69,00,387
Balance brought forward from earlier years	2,10,04,953	1,41,04,566
Loss carried forward to Balance Sheet	2,36,04,444	2,10,04,953
Net Worth	(2,31,04,444)	(2,05,04,953)

No material changes and commitments have occurred after the close of the year till the date of this report which affect the financial position of your Company.

OPERATIONS

Your Company is currently evaluating options for its project in Western India. The project in Central India has since been dropped.

DIVIDEND

Your directors do not recommend any dividend on equity shares for the year.

SHARE CAPITAL

The authorised share capital of your Company as on March 31, 2015 stood at Rs. 15 cr divided into 1.5 cr equity shares of Rs. 10/- each and the paid-up share capital as on that date stood at Rs. 5 lakh divided into 0.5 lakh equity shares of Rs. 10/- each. There was no change in the share capital of your Company during the year.

BOARD OF DIRECTORS

Composition:

Presently the Board comprises of the following directors:

Director (DIN)	Designation
Rajeev Dubey (00104817)	Director
Harsh Kumar (00082621)	Director
Sumit Issar (06951249)	Additional Director

Mr. Sumit Issar was appointed as an additional director of your Company with effect from August 19, 2014.

Consequent to resignation, Mr. Zhooben Bhiwandiwala (DIN: 00110373) ceased to be a director of your Company with effect from August 20, 2014. The Board places on record its sincere appreciation for the guidance provided by Mr. Bhiwandiwala during his tenure as director of your Company.

The directors have wide experience in business related to trading, finance and general corporate management.

Mr. Rajeev Dubey retires by rotation at the forthcoming Annual General Meeting, and being eligible, has offered himself for re-appointment.

The Company has received a notice pursuant to Section 160 of the Companies Act, 2013, along with the necessary deposit, proposing the candidature of Mr. Sumit Issar for his appointment as director at the ensuing Annual General Meeting.

Meetings:

The Board met four times during the year, i.e., on April 29, 2014, August 19, 2014, December 5, 2014 and January 24, 2015. The gap between two consecutive Board Meetings did not exceed 120 days.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(3)(c) of the Companies Act, 2013, your directors, based on representation from the operating management, and after due enquiry, confirm that:

- (a) in the preparation of the annual financial statement for the year ended March 31, 2015 the applicable accounting standards have been followed;
- (b) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year on March 31, 2015 and of the loss of the Company for the financial year ended on that date;
- (c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) they have prepared annual accounts on a going concern basis; and,
- (e) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

CODE OF CONDUCT

Your Company has adopted a Code of Conduct for its directors which enunciates the underlying principles governing the conduct of the Company's business and seeks to reiterate the

fundamental precept that good governance must and would always be an integral part of the Company's ethos.

The Company has, for the year, received declarations from directors, affirming compliance with the Code.

STATUTORY AUDITORS

At the Fifth Annual General Meeting, M/s. Deloitte Haskins & Sells, Chartered Accountants, Mumbai (ICAI registration number 117365W) were appointed as the Statutory Auditors of your Company for a period of five years. They hold office from the conclusion of the Fifth Annual General Meeting till the conclusion of Tenth Annual General Meeting.

Pursuant to the first proviso of Section 139(1) of Companies Act, 2013, members are requested to ratify their appointment at the ensuing Annual General Meeting and fix their remuneration.

As required under the provisions of Sections 139 and 141 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, your Company has obtained a written consent and certificate from Statutory Auditors to the effect that their appointment, if ratified, would be in conformity with the conditions, limits and criteria specified therein.

Your directors confirm that the Auditors' Report does not contain any qualification, reservation or adverse remark.

INTERNAL CONTROLS

Your Company has implemented a system of internal controls and monitoring procedures as well as internal financial controls on financial statement and the same is in the opinion of the Board, commensurate with the Company's size. Your Company conducts reviews to assess the adequacy of these controls for its business.

RISK MANAGEMENT POLICY

Your Company has formulated a risk management policy to address risks which, in the opinion of the Board, may threaten the existence of the Company.

As your Company is yet to commence operations, there are no apparent risks which may threaten the existence of the Company.

PARTICULARS OF PUBLIC DEPOSITS, LOANS, GUARANTEES OR INVESTMENTS

Your Company has not accepted any deposits from the public, or its employees, during the year.

Your Company has not, whether directly or indirectly, given loans, made investments, and/or provided guarantees/securities which are required to be reported under Section 186 of the Companies Act, 2013.

Your Company has not made any loans/advances which are required to be disclosed in the accounts of the Company pursuant to Clause 32 of the Listing Agreement between the ultimate parent Company, Mahindra and Mahindra Limited and stock exchanges.

PARTICULARS OF TRANSACTIONS WITH RELATED PARTIES

There are no contracts or arrangements under Section 188(1) of the Companies Act, 2013 with related parties of the Company

which require reporting. Details of transactions with related parties as required to be reported in line with the applicable accounting standards may be referred to under notes to the financial statement.

EXTRACT OF ANNUAL RETURN

Pursuant to Section 92(3) of the Companies Act, 2013 read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return as on March 31, 2015 is furnished as Annexure I and forms part of this report.

POLICY ON PREVENTION OF SEXUAL HARASSMENT

Your Company has put in place a policy for prevention of sexual harassment. Your Company has also constituted an "Internal Complaints Committee" to which complaints can be reported. During the year, no complaints were received by the said Committee.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Particulars relating to conservation of energy, technology absorption and foreign exchange earnings and outgo, as required under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 are furnished in Annexure II and form part of this report.

GENERAL DISCLOSURE

Your directors state that no disclosure or reporting is required in respect of the following items as they were not applicable to your Company during the year:

- a) Provisions relating to CSR enumerated under Section 135 of the Companies Act, 2013.
- b) Issue of equity shares with differential rights as to dividend, voting or otherwise.
- c) Issue of shares (including sweat equity shares) to employees of the Company under any ESOP scheme, etc.
- d) Particulars of employees as required under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

No significant or material orders were passed by the regulators or courts or tribunals which impact the Company's going concern status and operations in future.

For and on behalf of the Board

Harsh Kumar
Director

Sumit Issar
Director

Mumbai, April 30, 2015

ANNEXURE I TO THE DIRECTORS' REPORT

Form No. MGT-9

Extract of Annual Return as on the financial year ended on March 31, 2015

[Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

i.	Corporate Identification Number (CIN)	:	U27100MH2009PTC193205
ii.	Registration Date	:	June 10, 2009
iii.	Name of the Company	:	Mahindra Electrical Steel Private Limited
iv.	Category/Sub-Category of the Company	:	Indian Non-Government Company Limited by Shares
v.	Address of the Registered office and contact details	:	Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400 018 Tel.: +91-22-24935185/86 Fax: +91-22-24951236 Contact: JUVEKAR.ABHISHEK@mahindra.com
vi.	Whether listed company Yes / No	:	No
vii.	Name, Address and Contact details of Registrar and Transfer Agent, if any	:	–

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

All the business activities contributing 10% or more of the total turnover of the Company:

Sr. No.	Name and Description of main products/services	NIC Code of the Product/service	% to total turnover of the company
1	–	–	–

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Sr. No.	Name and Address of the company	CIN/GLN	Holding/ Subsidiary/Associate	% of shares held	Applicable Section
1	Mahindra Intertrade Limited Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400018	U51900MH1978PLC020222	Holding Company	100	2 (46)
2	Mahindra and Mahindra Limited Gateway Building, Apollo Bunder, Colaba, Mumbai - 400001	L65990MH1945PLC004558	Ultimate Holding Company	–	2 (46)

IV. SHAREHOLDING PATTERN (Equity Share Capital Break-up as percentage of Total Equity)

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	–	–	–	–	–	–	–	–	–
b) Central Govt.	–	–	–	–	–	–	–	–	–
c) State Govt(s)	–	–	–	–	–	–	–	–	–
d) Bodies Corp.	–	50,000	50,000	100	–	50,000	50,000	100	–
e) Banks/FI	–	–	–	–	–	–	–	–	–

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
f) Any other	-	-	-	-	-	-	-	-	-
Sub-Total (A)(1):	-	50,000	50,000	100	-	50,000	50,000	100	-
(2) Foreign									
a) NRIs-Individuals	-	-	-	-	-	-	-	-	-
b) Other-Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks/Fl	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	-
Sub-Total (A)(2):	-	-	-	-	-	-	-	-	-
Total shareholding of Promoter (A)=(A)(1) + (A)(2)	-	50,000	50,000	100	-	50,000	50,000	100	-
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks/Fl	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-Total (B)(1):	-	-	-	-	-	-	-	-	-
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 Lakh	-	-	-	-	-	-	-	-	-
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 Lakh	-	-	-	-	-	-	-	-	-
c) Others (specify)									
Sub-Total (B)(2):	-	-	-	-	-	-	-	-	-
Total Public Shareholding (B)=(B)(1) + (B)(2)									
C. Shares held by custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	-	50,000	50,000	100	-	50,000	50,000	100	-

(ii) Shareholding of Promoters (equity):

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in Shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged/encumbered to total shares	
1.	Mahindra Intertrade Limited	49,994	100	-	49,994	100	-	-
2.	Mr. Zhooben Bhiwandiwala (Nominee of Mahindra Intertrade Limited)*	1	-	-	1	-	-	-

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in Shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged/encumbered to total shares	
3.	Mr. Harsh Kumar (Nominee of Mahindra Intertrade Limited)*	1	-	-	1	-	-	-
4.	Mr. Narayan Shankar (Nominee of Mahindra Intertrade Limited)*	1	-	-	1	-	-	-
5.	Mr. S Venkatraman (Nominee of Mahindra Intertrade Limited)*	1	-	-	1	-	-	-
6.	Mr. K. Chandrasekar (Nominee of Mahindra Intertrade Limited)*	1	-	-	1	-	-	-
7.	Ms. Jyoti Walunj (Nominee of Mahindra Intertrade Limited)*	1	-	-	1	-	-	-
Total		50,000	100	-	50,000	100	-	-

* Held for Mahindra Intertrade Limited by its nominees to comply with the statutory provisions in respect of minimum numbers of member.

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sr. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1					
	At the beginning of the year	50,000	100	50,000	100
	Date wise Increase/Decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity/etc.)	-	-	-	-
	At the end of the year	50,000	100	50,000	100

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1	For Each of the Top Ten Shareholders				
	At the beginning of the year	-	-	-	-
	Date wise Increase/Decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity/etc.)	-	-	-	-
	At the end of the year	-	-	-	-

(v) Shareholding of Directors and Key Managerial Personnel:

Sr. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1	Mr. Harsh Kumar (As Nominee of Mahindra Intertrade Limited)				

Sr. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	At the beginning of the year	1	–	1	–
	Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):	–	–	–	–
	At the end of the year	1	–	1	–

V. INDEBTEDNESS:
Indebtedness of the Company including interest outstanding/accrued but not due for payment:

(Rs. Lacs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	–	1,080.00	–	1,080.00
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	1.82	–	1.82
Total (i + ii + iii)	–	1,081.82	–	1,081.82
Change in indebtedness during the financial year				
• Addition	–	12.25	–	12.25
• Reduction	–	–	–	–
Net Change	–	12.25	–	12.25
Indebtedness at the end of the financial year				
i) Principal Amount	–	1,092.25	–	1,092.25
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	1.82	–	1.82
Total (i + ii + iii)	–	1,094.07	–	1,094.07

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL
A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Sr. No.	Particulars of Remuneration	Name of MD/WTD/Manager	Total Amount
1.	Gross Salary		
	(a) Salary as per provisions contained in section 17(1) of the Income tax Act, 1961	–	–
	(b) Value of perquisites u/s 17(2) Income tax Act, 1961	–	–
	(c) Profits in lieu of salary under section 17(3) Income tax Act, 1961	–	–
2.	Stock Option	–	–
3.	Sweat Equity	–	–
4.	Commission		
	– as % of profit	–	–
	– others, specify	–	–
5.	Others, please specify SAR's	–	–
	Total (A)	–	–
	Ceiling as per the Act	–	–

B. Remuneration to other directors:

Sr. No.	Particulars of Remuneration	Name of Directors	Total Amount
1	Independent Directors		
	* Fee for attending board/committee meetings	–	–
	* Commission	–	–
	* Others, please specify	–	–
	Total (1)	–	–

Sr. No.	Particulars of Remuneration	Name of Directors	Total Amount
2	Other Non-Executive Directors		
	* Fees for attending board/committee meetings	--	--
	* Commission	--	--
	* Others, please specify	--	--
	Total (2)	--	--
	Total (B)=(1+2)	--	--
	Total Managerial Remuneration	--	--
	Overall Ceiling as per the Act	--	--

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD:

Sr. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary	CFO	Total
1.	Gross Salary				
	(a) Salary as per provisions contained in section 17(1) of the Income tax Act, 1961	--	--	--	--
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	--	--	--	--
	(c) Profits in lieu of salary under section 17(3) Income Tax Act, 1961	--	--	--	--
2.	Stock Option	--	--	--	--
3.	Sweat Equity	--	--	--	--
4.	Commission				
	– as % of profit	--	--	--	--
	– others, specify	--	--	--	--
5.	Others, please specify	--	--	--	--
	Total	--	--	--	--

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act.	Brief Description	Details of Penalty/Punishment/compounding fees imposed	Authority [RD/NCLT/COURT]	Appeal made, if any (give details)
A. COMPANY					
Penalty	--	--	--	--	--
Punishment	--	--	--	--	--
Compounding	--	--	--	--	--
B. DIRECTORS					
Penalty	--	--	--	--	--
Punishment	--	--	--	--	--
Compounding	--	--	--	--	--
C. OTHER OFFICERS IN DEFAULT					
Penalty	--	--	--	--	--
Punishment	--	--	--	--	--
Compounding	--	--	--	--	--

For and on behalf of the Board

Harsh Kumar
Director

Sumit Issar
Director

Mumbai, April 30, 2015

ANNEXURE II TO THE DIRECTORS' REPORT**PARTICULARS AS PER RULE 8(3) OF THE COMPANIES (ACCOUNTS) RULES, 2014****A. CONSERVATION OF ENERGY**

- (a) the steps taken or impact on conservation of energy: **Nil**
- (b) the steps taken by the company for utilizing alternate sources of energy: **Nil**
- (c) the capital investment on energy conservation equipments: **Nil**

B. TECHNOLOGY ABSORPTION

- i) the efforts made towards technology absorption: **Nil**
- ii) the benefits derived like product improvement, cost reduction, product development or import substitution: **Nil**
- iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year) –
 - (a) the details of technology imported: **Nil**
 - (b) the year of import: **Nil**
 - (c) whether the technology been fully absorbed: **Nil**
 - (d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof: **Nil**
- iv) the expenditure incurred on Research and Development : **Nil**

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO
(in terms of actual inflow and outflow)**

Total Foreign Exchange Earned and Used:

	(Amount in Rupees)	
	For the Financial Year Ended March 31, 2015	For the Financial Year Ended March 31, 2014
Total Foreign Exchange Earned	NIL	NIL
Total Foreign Exchange Used	NIL	NIL

For and on behalf of the Board

Harsh Kumar
Director

Sumit Issar
Director

Mumbai, April 30, 2015

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MAHINDRA ELECTRICAL STEEL PRIVATE LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **MAHINDRA ELECTRICAL STEEL PRIVATE LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor

considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2015, and its loss and its cash flows for the year ended on that date.

Emphasis of Matter

We draw attention to Note 18 to the financial statements, as stated in the Note, although the accumulated losses as at the year end has wiped out the net worth of the Company, the financial statements have been prepared on a going concern basis for the reasons stated therein.

Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

- (e) On the basis of the written representations received from the directors as on 31st March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164(2) of the Act.
- (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company does not have any pending litigations which would impact its financial position.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No. 117365W)

U. M. Neogi
Partner
(Membership No. 30235)

Mumbai, April 30, 2015

ANNEXURE TO THE AUDITOR'S REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date to the members of Mahindra Electrical Steel Private Limited on the financial statements for the year ended 31st March 2015)

- (i) Having regard to the nature of the Company's business/ activities/results during the year, clauses (ii), (v), (vi) and (xi) of the Order are not applicable to the Company.
- (ii) In respect of its fixed assets:
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
 - (b) The Company has not commenced any operations and has only leasehold land as its fixed assets, which have been verified by the Management during the year.
- (iii) In our opinion and according to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of fixed assets. During the course of our audit, we have not observed any major weakness in such internal control system. Having regard to the nature of the Company's activities during the year, the provisions of clause (iv) of the Order, with regard to internal control system for purchase of inventory and sale of goods and services are not applicable.
- (v) According to the information and explanations given to us in respect of statutory dues:
 - (a) The Company has generally been regular in depositing undisputed statutory dues, including Income-tax and other material statutory dues applicable to it with the appropriate authorities.

- (b) There were no undisputed amounts payable in respect of Income-tax and other material statutory dues in arrears as at 31st March, 2015 for a period of more than six months from the date they became payable.
- (c) According to the records of the Company, there are no dues of Income-tax and other material statutory dues which have not been deposited as on 31st March, 2015 on account of disputes.
- (d) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company in accordance with the relevant provisions of the Companies Act, 1956 and rules made thereunder.
- (vi) The accumulated losses of the Company at the end of the financial year are not less than fifty percent of its net worth and the Company has incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (vii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to debenture holders.
- (viii) According to the information and explanations given to us, the Company has not given guarantees for loans taken by others from banks and financial institutions.
- (ix) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No. 117365W)

U. M. Neogi
Partner
(Membership No. 30235)

Mumbai, April 30, 2015

BALANCE SHEET AS AT 31 MARCH, 2015

Particulars	Note No.	As at 31 March, 2015 Rupees	As at 31 March, 2014 Rupees
A. EQUITY AND LIABILITIES			
1. Shareholders' Funds			
(a) Share capital.....	3	500,000	500,000
(b) Reserves and Surplus	4	(23,604,444)	(21,004,953)
		<u>(23,104,444)</u>	<u>(20,504,953)</u>
2. Non-Current liabilities			
(a) Long-term borrowings.....	5	108,525,000	107,500,000
3. Current liabilities			
(a) Short-term borrowings.....	6	700,000	500,000
(b) Trade payables.....	7	130,266	191,300
(c) Other current liabilities	8	3,166,791	196,721
		<u>3,997,057</u>	<u>888,021</u>
Total.....		<u><u>89,417,613</u></u>	<u><u>87,883,068</u></u>
B. ASSETS			
1. Non-current assets			
(a) Fixed Assets			
(i) Tangible assets.....	9	74,085,744	87,511,502
2. Current assets			
(a) Cash and cash equivalents	10	2,897,418	371,566
(b) Other current assets	11	12,434,451	-
		<u>15,331,869</u>	<u>371,566</u>
Total.....		<u><u>89,417,613</u></u>	<u><u>87,883,068</u></u>

See accompanying notes forming part of the financial statements

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants**U. M. Neogi**
PartnerPlace : Mumbai
Date : 30 April, 2015

For and on behalf of the Board of Directors

Harsh Kumar**Sumit Issar**Place : Mumbai
Date : 30 April, 2015

} Directors

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2015

Particulars	Note No.	For the Year ended	For the Year ended
		31 March, 2015	31 March, 2014
		Rupees	Rupees
1. Income			
Other Income	12	66,764	–
		66,764	–
2. Expenses			
(a) Finance cost	13	347,559	219,106
(b) Amortisation expense	9	991,307	2,250,810
(c) Other expenses	14	1,327,389	4,430,471
Total Expenses		2,666,255	6,900,387
3. Loss before tax		(2,599,491)	(6,900,387)
4. Tax expense		–	–
5. Loss for the year (3-4)		(2,599,491)	(6,900,387)
6. Earnings per share (of Rs. 10/- each):	17		
Basic/Diluted		(51.99)	(138.01)

See accompanying notes forming part of the financial statements

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

U. M. Neogi
Partner

Place : Mumbai
Date : 30 April, 2015

For and on behalf of the Board of Directors

Harsh Kumar

Sumit Issar

} Directors

Place : Mumbai
Date : 30 April, 2015

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2015

Particulars	For the Year ended 31 March, 2015		For the Year ended 31 March, 2014	
	Rupees	Rupees	Rupees	Rupees
A. Cash flow from operating activities				
Loss before tax		(2,599,491)		(6,900,387)
<u>Adjustments for:</u>				
Amortisation expense.....	991,307		2,250,810	
Capital work-in-progress written off.....	–		2,737,015	
Finance cost.....	347,559		219,106	
		1,338,866		5,206,931
Operating loss before working capital changes.....		(1,260,625)		(1,693,456)
<u>Changes in working capital:</u>				
Adjustment for (decrease) in operating liabilities				
Trade payables.....	(61,034)		(320,874)	
Other current liabilities.....	1,609		(393,287)	
		(59,425)		(714,161)
Cash generated from operations.....		(1,320,050)		(2,407,617)
Net income tax paid		–		–
Net cash flow used in operating activities (A)		(1,320,050)		(2,407,617)
B. Cash flow from investing activities				
Advance received towards transfer of leasehold rights-Naini.....		2,969,032		–
Net cash flow from investing activities (B)		2,969,032		–
C. Cash flow from financing activities				
Share application money refunded.....	–		(105,000,000)	
Debentures issued	–		107,500,000	
Repayment of Inter Corporate Deposit	–		(750,000)	
Inter Corporate Deposits received.....	1,225,000		500,000	
Interest paid.....	(348,130)		(48,939)	
Net cash flow from financing activities (C)		876,870		2,201,061
Net increase/(decrease) in cash and cash equivalents (A+B+C)		2,525,852		(206,556)
Cash and cash equivalents at beginning of the year		371,566		578,122
Cash and cash equivalents at end of the year.....		2,897,418		371,566
		2,525,852		(206,556)
Reconciliation of Cash and cash equivalents with the Balance Sheet:				
Cash and cash equivalents as per Balance Sheet (Refer Note 10)		2,897,418		371,566
See accompanying notes forming part of the financial statements				

In terms of our report attached

For and on behalf of the Board of Directors

For Deloitte Haskins & Sells
Chartered Accountants

U. M. Neogi
Partner

Place : Mumbai
Date : 30 April, 2015

Harsh Kumar

Sumit Issar

Place : Mumbai
Date : 30 April, 2015

} Directors

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1 Corporate information:

Mahindra Electrical Steel Limited was incorporated in India on 10 June, 2009 as a Public Company with authorised share capital of Rs. 150,000,000. The Ministry of Corporate Affairs approved the change of name from Mahindra Electrical Steel Limited to Mahindra Electrical Steel Private Limited with effect from 13 January, 2012. The Company is a public Company by virtue of proviso to Section 2(71) of the Companies Act, 2013 ("the 2013 Act") as it is a subsidiary of a public limited Company. The Company's main object is to trade in or process non-ferrous/ferrous materials including various grades of steel.

2 Significant Accounting Policies followed by the Company

2.1 Basis of accounting:

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the 2013 Act read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the 2013 Act. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

All assets and liabilities are classified as current if it is expected to realise or settle within 12 months after the Balance Sheet date.

2.2 Use of estimates:

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates, are recognized in the periods in which the results are known/materialize.

2.3 Cash flow statement:

Cash flows are reported using the indirect method, whereby profit/(loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

2.4 Fixed Assets:

(a) Fixed Assets are stated at cost less accumulated depreciation/amortization. The cost of fixed assets comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses. Borrowing costs that are attributable to the acquisition, construction or production of a qualifying asset are included in the cost of asset upto the date the asset is ready for its intended use.

(b) Leasehold land is amortized over the balance period of the lease.

Note 3 Share Capital

Particulars	As at 31 March, 2015		As at 31 March, 2014	
	Number of Shares	Rupees	Number of Shares	Rupees
(a) Authorised				
Equity Shares of Rs. 10 each	15,000,000	150,000,000	15,000,000	150,000,000
	<u>15,000,000</u>	<u>150,000,000</u>	<u>15,000,000</u>	<u>150,000,000</u>
(b) Issued, subscribed and fully paid up				
Equity Shares of Rs. 10 each	50,000	500,000	50,000	500,000
	<u>50,000</u>	<u>500,000</u>	<u>50,000</u>	<u>500,000</u>

(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period

Particulars	Opening Balance	Fresh issue	Buy back	Closing Balance
Equity Shares of Rs. 10 each				
For the year ended 31 March, 2015				
Number of shares.....	50,000	-	-	50,000
Amount (in Rupees)	500,000	-	-	500,000
For the year ended 31 March, 2014				
Number of shares.....	50,000	-	-	50,000
Amount (in Rupees)	500,000	-	-	500,000

(ii) The Company has not allotted any equity shares for consideration other than cash, bonus shares, nor have any shares been bought back during the period of five years immediately preceding the Balance Sheet date.

(iii) Terms and rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs. 10/- per share. Each shareholder has the following voting rights (i) On a show of hands: one vote for a member present in person and (ii) On a poll: in proportion to the share in paid-up equity share capital of the Company. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing annual general meeting, except in case of interim dividend. In the event of winding up, if the assets available for distribution are less/more than sufficient to repay the whole of the paid up share capital, the losses/excess shall be borne/distributed amongst the members in proportion to the capital at the commencement of the winding up, paid up or which ought to have been paid up on the shares held by them respectively.

(iv) Details of shares held by the holding company

Particulars	As at 31 March, 2015		As at 31 March, 2014	
	Number of shares		Number of shares	
Mahindra Intertrade Limited (Including 6 equity shares held jointly with its nominees)	50,000		50,000	

(v) Details of shares held by each shareholder holding more than 5% shares

Particulars	As at 31 March, 2015		As at 31 March, 2014	
	Number of shares	% of holding	Number of shares	% of holding
Mahindra Intertrade Limited (Including 6 equity shares held jointly with its nominees)	50,000	100%	50,000	100%

Note 4 Reserves and Surplus

Particulars	As at 31 March, 2015		As at 31 March, 2014	
	Rupees		Rupees	
Surplus/(Deficit) in Statement of Profit and Loss				
Opening balance.....	(21,004,953)		(14,104,566)	
Add: Loss for the year	(2,599,491)		(6,900,387)	
Closing balance	<u>(23,604,444)</u>		<u>(21,004,953)</u>	

Note 5 Long-term borrowings

Particulars	As at	As at
	31 March, 2015	31 March, 2014
	Rupees	Rupees
(i) 0.25% Optionally Convertible Unsecured Debentures of Rs. 1,000 each [Refer Note (i)]	107,500,000	107,500,000
(ii) Unsecured Inter Corporate Deposits [Refer Note (ii)]	1,025,000	-
	<u>108,525,000</u>	<u>107,500,000</u>

Note:

- (i) The Company has issued 107,500 non transferable 0.25% Optionally Convertible Unsecured Debentures of Rs. 1,000 each to its Holding Company, Mahindra Intertrade Limited. The issuer/holder has agreed not to redeem the debentures at any time before 31 March, 2016 at face value plus interest for the completed year or convert debentures in full or part thereof into equity shares of the face value of Rs 10 each issued at par equivalent to the face value of debentures plus interest for the completed year.
- (ii) The Company has borrowed unsecured intercorporate deposits of Rs. 1,025,000, carrying interest @ 8.25% from its Holding Company, Mahindra Intertrade Limited, which is repayable on 30 June, 2016.

Note 6 Short-term borrowings

Particulars	As at	As at
	31 March, 2015	31 March, 2014
	Rupees	Rupees
Unsecured Inter Corporate Deposits	700,000	500,000
	<u>700,000</u>	<u>500,000</u>

Note 7 Trade Payables

Particulars	As at	As at
	31 March, 2015	31 March, 2014
	Rupees	Rupees
Trade payables:		
Micro and small enterprises (Refer Note 12)	-	-
Other than micro and small enterprises..	130,266	191,300
	<u>130,266</u>	<u>191,300</u>

Note 8 Other Current Liabilities

Particulars	As at	As at
	31 March, 2015	31 March, 2014
	Rupees	Rupees
(a) Other payables:		
(i) Interest accrued but not due...	181,571	182,142
(ii) Statutory remittances (Withholding Taxes)	16,188	14,579
(iii) Advance received for sale of leasehold land-Naini ((Refer note 19)	2,969,032	-
	<u>3,166,791</u>	<u>196,721</u>

Note 9 Fixed Assets

Tangible assets	Gross Block				Amortization				Net Block
	Balance as at 1 April, 2014	Addition	Disposal/ adjustments	Balance as at 31 March, 2015	Balance as at 1 April, 2014	For the year	Disposal/ adjustments	Balance as at 31 March, 2015	Balance as at 31 March, 2015
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Land - Leasehold-Naini	13,426,016	-	13,426,016	-	773,750	217,815	(991,565)	-	-
(Refer Note 19)	(11,392,657)	(2,033,359)	(-)	(13,426,016)	(288,198)	(485,552)	(-)	(773,750)	(12,652,266)
Land - Leasehold-Dahej	76,624,494	-	-	76,624,494	1,765,258	773,492	-	2,538,750	74,085,744
	(-)	(76,624,494)	(-)	(76,624,494)	(-)	(1,765,258)	(-)	(1,765,258)	(74,859,236)
Total	90,050,510	-	13,426,016	76,624,494	2,539,008	991,307	(991,565)	2,538,750	74,085,744
Previous year	(11,392,657)	(78,657,853)	(-)	(90,050,510)	(288,198)	(2,250,810)	(-)	(2,539,008)	(87,511,502)

Note: figures in brackets are in respect of the previous year.

Note 10 Cash and cash equivalents

Particulars	As at 31 March, 2015	As at 31 March, 2014
	Rupees	Rupees
Balances with banks:		
In current accounts.....	2,897,418	371,566
	<u>2,897,418</u>	<u>371,566</u>

Note 11 Other current assets

Particulars	As at 31 March, 2015	As at 31 March, 2014
	Rupees	Rupees
Leasehold Land held for sale (Refer note 19).....	12,434,451	-
	<u>12,434,451</u>	<u>-</u>

Note 12 Other income

Particulars	For the Year ended 31 March, 2015	For the Year ended 31 March, 2014
	Rupees	Rupees
(a) Liabilities no longer required written back	66,764	-
	<u>66,764</u>	<u>-</u>

Note 13 Finance costs

Particulars	For the Year ended 31 March, 2015	For the Year ended 31 March, 2014
	Rupees	Rupees
Interest on Inter Corporate Deposits	78,811	17,360
Interest on Debentures	268,748	201,746
	<u>347,559</u>	<u>219,106</u>

Note 14 Other expenses

Particulars	For the	For the
	Year ended 31 March, 2015	Year ended 31 March, 2014
	Rupees	Rupees
(a) Lease rent.....	8,129	8,270
(b) Rates and taxes.....	1,009,702	1,439,832
(c) Capital work-in-progress written off....	-	2,737,015
(d) Travelling expenses.....	54,443	5,816
(e) Legal and professional.....	12,360	19,243
(f) Payment to auditors (Refer note below).....	112,922	113,658
(g) Security.....	129,300	106,075
(h) Bank charges.....	533	562
	<u>1,327,389</u>	<u>4,430,471</u>

Note:

Particulars	For the	For the
	Year ended 31 March, 2015	Year ended 31 March, 2014
	Rupees	Rupees
Payment to auditors:		
To statutory auditors		
(i) For audit (including service tax).....	112,360	113,658
(ii) Reimbursement of expenses.....	562	-

Note 15 Micro small and medium enterprises

The identification of vendors as a "Supplier" under the Micro, Small and Medium Enterprises Development Act, 2006 has been done on the basis of the information to the extent provided by the vendors to the Company. This has been relied upon by the auditors.

Note 16 Related Party Disclosures

Related party disclosures as required by AS-18 "Related Party Disclosures" are given below.

(A) List of Related Parties:

Ultimate Holding Company	Mahindra & Mahindra Limited
Holding Company	Mahindra Intertrade Limited

(B) (a) Disclosure of transactions between the Company and related parties during the year ended 31 March, 2015:

(i) Holding Company

	For the	For the
	year ended 31 March, 2015	year ended 31 March, 2014
	Rupees	Rupees
Inter Corporate Deposits received.....	1,225,000	500,000
Inter Corporate Deposits repaid.....	-	750,000
Debentures issued.....	-	107,500,000
Interest on Inter Corporate Deposits.....	78,811	17,360
Interest on Debentures..	268,748	201,746
Share application money refunded.....	-	105,000,000
Reimbursement of expenses.....	48,455	4,883

(b) Outstanding payable

	As at	As at
	31 March, 2015	31 March, 2014
	Rupees	Rupees
Holding Company.....	109,406,571	108,187,025

During the year, there is no amount written off or written back in respect of such parties.

Note 17 Earnings per share

Particulars	As at	As at
	31 March, 2015	31 March, 2014
Loss after tax (Rs.) (A).....	(2,599,491)	(6,900,387)
Weighted average number of shares (B)	50,000	50,000
Earnings per share [Basic/Diluted] (Rs.) (A/B).....	(51.99)	(138.01)
Nominal value of equity share (Rs.).....	10.00	10.00

Note 18

As at March 31, 2015 the accumulated losses aggregating Rs. 23,604,444 has wiped out the net worth of the Company. Leasehold land has been taken by the Company at Dahej (Gujarat). The Company is currently evaluating options for its project. In view of the foregoing and on account of the continuing support from the holding company, the financial statements have been prepared on a going concern basis.

NOTE 19 LEASEHOLD LAND HELD FOR SALE

The Company has entered into a Memorandum of Agreement dated March 11, 2015, with a third party for surrendering its leasehold rights in the plot of land at Naini in favour of the said party, subject to U.P. State Industrial Development Corporation Limited (UPSIDC) granting the required permission. As at the balance sheet date, the third party was in the process of obtaining the permission from UPSIDC to have the leasehold rights transferred from the Company in its favour. The Company has received an advance of Rs. 2,969,032 being part of the agreed consideration.

NOTE 20 PREVIOUS YEAR'S FIGURES

Previous year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosure.

For and on behalf of the Board of Directors

Harsh Kumar
Sumit Issar } Directors

Place : Mumbai

Date : 30 April, 2015

DIRECTORS' REPORT

Your directors present their Second Report, together with the audited financial statement of your Company for the year ended March 31, 2015.

FINANCIAL HIGHLIGHTS AND STATE OF COMPANY'S AFFAIRS

	(Rs in lakh)	
	For the year ended March 31, 2015	For the period ended March 31, 2014
Income	124.92	–
Profit/(Loss) before depreciation, interest and taxation	114.14	(72.75)
Less: depreciation	–	–
Profit/(Loss) before interest and taxation	114.14	(72.75)
Less: interest	1.26	–
Profit/(Loss) before tax	112.88	(72.75)
Less: Provision for taxation:		
Current tax	20.00	–
Deferred tax	–	–
Profit/(Loss) for the year after tax	92.88	(72.75)
Balance of profit of earlier years	(72.75)	–
Balance carried to Balance Sheet	20.13	(72.75)
Net Worth	6,870.13	(71.75)

No material changes and commitments have occurred after the close of the year till the date of this report which affect the financial position of your Company.

OPERATIONS

Your Company was incorporated on December 12, 2013 and is now a joint venture between Mahindra Intertrade Limited, China Steel Global Trading Corporation, CSGT International Corporation and Mitsui & Co. (Asia-Pacific) Pte Ltd. Your Company is expected to commence commercial production at its steel service centre at Chakan, near Pune, during the current financial year.

DIVIDEND

Your directors do not recommend any dividend for the year.

HUMAN RESOURCES

Happy and enthused employees is one of the strategic goals of your Company as reflected in its employee engagement interventions.

As part of our thrust on Diversity & Inclusion (D&I), your Company has constituted a Women's Council and a Young Intertrade Council to focus on gender and generational diversity.

RISK MANAGEMENT POLICY

Your Company is yet to commence commercial operations. In the opinion of the Board, there are no apparent risks which may threaten the existence of the Company.

POLICY ON PREVENTION OF SEXUAL HARASSMENT

Your Company has put in place a policy for prevention of sexual harassment. Your Company has also constituted an

"Internal Complaints Committee" to which employees can address their complaints. During the year, no complaints were received by the said Committee.

POLICY FOR REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES AND CRITERIA FOR APPOINTMENT/REMOVAL OF DIRECTORS AND SENIOR MANAGEMENT PERSONNEL

Your Board has, on the recommendation of the Nomination and Remuneration Committee, approved policies for the appointment/removal of directors and senior management personnel together with the criteria for determining qualifications, positive attributes and independence of directors, and remuneration of directors, key managerial personnel and other employees.

These policies are provided as Annexure I and form part of this report.

INTERNAL CONTROLS

Your Company has implemented a system of internal controls and monitoring procedures as well as internal financial controls on financial statements and the same is, in the opinion of the Board, commensurate with the Company's size and operations. Your Company regularly conducts reviews to assess the adequacy of these controls. Significant issues, if any, are brought to the attention of the Audit Committee. Statutory Auditors are invited to attend Audit Committee meetings.

SHARE CAPITAL

The authorised share capital of your Company as on March 31, 2015 stood at Rs. 76 cr divided into 7.60 cr equity shares of Rs. 10/- each.

During the year under review, your Company allotted 6.849 cr equity shares, at par, in two separate issue of equity shares as under:

Shareholder	Equity shares as on April 01, 2014	Equity shares allotted on April 28, 2014	Equity shares allotted on November 10, 2014	Equity shares as on March 31, 2015	% to capital
Mahindra Intertrade Limited	10,000	1,78,40,000	1,70,85,000	3,49,35,000	51.00
CSGT International Corporation	–	85,75,000	82,07,500	1,67,82,500	24.50
Mitsui & Co. (Asia-Pacific) Pte. Ltd.	–	85,75,000	82,07,500	1,67,82,500	24.50
Total	10,000	3,49,90,000	3,35,00,000	6,85,00,000	100.00

The paid-up share capital of your Company as on March 31, 2015 stood at Rs. 68.50 cr divided into 6.85 cr equity shares of Rs. 10/- each.

BOARD OF DIRECTORS

Composition:

Presently the Board comprises of the following directors:

Director (DIN)	Designation	Executive/Non-Executive Director	Independent/Non-Independent Director
Rajeev Dubey (00104817)	Director	Non-Executive Director	Non-Independent Director
Zhooben Bhiwandiwalla (00110373)	Director	Non-Executive Director	Non-Independent Director
Harsh Kumar (00082621)	Director	Non-Executive Director	Non-Independent Director
Hiroshi Tashiro (06868673)	Additional Director	Non-Executive Director	Non-Independent Director
Wang Chia-Tang (06849205)	Director	Non-Executive Director	Non-Independent Director
Kuo Yi-Jen (06848718)	Alternate Director	Non-Executive Director	Non-Independent Director
P. R. Barpande (00016214)	Additional Director	Non-Executive Director	Independent Director
Smita Mankad (02009838)	Additional Director	Non-Executive Director	Independent Director

Consequent to change in nomination by Mitsui & Co. (Asia-Pacific) Pte. Ltd., Mr. Toshiaki Shinozaki (DIN: 06365102) ceased to be a director with effect from July 2, 2014 and Mr. Hiroshi Tashiro was appointed as an additional director with effect from the said date. The Board places on record its sincere appreciation for the guidance provided by Mr. Shinozaki during his tenure as director. Mr. Kuo Yi-Jen was appointed as an alternate director to Mr. Wang Chia-Tang with effect from February 3, 2015.

Mr. P. R. Barpande and Ms. Smita Mankad who, in the opinion of the Board, are persons with integrity and possess relevant expertise and experience, and who have given declarations to the effect that they meet the criteria of independence as laid down under Section 149 of the Companies Act, 2013, have been appointed as independent directors with effect from April 29, 2015 pursuant to Section 149 the Companies Act, 2013, for a period of three consecutive years and they would not be liable to retire by rotation.

Mr. Harsh Kumar and Mr. Rajeev Dubey retire by rotation at the forthcoming Annual General Meeting, and being eligible, have offered themselves for re-appointment.

The Company has received notices pursuant to Section 160 of the Companies Act, 2013, along with the necessary deposit, proposing the candidature of Mr. Hiroshi Tashiro, Mr. P. R. Barpande and Ms. Smita Mankad as directors at the ensuing Annual General Meeting.

Your directors have wide experience in business related to trading, finance and general corporate management.

Meetings:

The Board met four times during the year under review, i.e., on April 28, 2014, July 8, 2014, October 27, 2014 and February 6, 2015. The gap between two consecutive Board Meetings did not exceed 120 days.

Evaluation of performance:

The Board has carried out an annual evaluation of its performance, as well as the performance of directors individually and committees of the Board, viz., Audit Committee and Nomination and Remuneration Committee, through a structured questionnaire process covering various aspects such as performance, attendance, et al. The Nomination and

Remuneration Committee has also carried out an evaluation of the performance of directors on individual basis.

DIRECTORS’ RESPONSIBILITY STATEMENT

Pursuant to Section 134(3)(c) of the Companies Act, 2013, your directors, based on representation from operating management, and after due enquiry, confirm that:

- (a) in the preparation of the annual financial statements for the year ended March 31, 2015 the applicable accounting standards have been followed;
- (b) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year on March 31, 2015 and of the profit of the Company for the financial year ended on that date;
- (c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) they have prepared annual accounts on a going concern basis; and,
- (e) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

CODES OF CONDUCT

Your Company has adopted Codes of Conduct for its directors, and senior management and employees (“the Codes”). These Codes enunciate the underlying principles governing the conduct of the Company’s business and seek to reiterate the fundamental precept that good governance must and would always be an integral part of the Company’s ethos.

The Company has, for the year under review, received declarations from directors, and senior management and employees, affirming compliance with the respective Codes.

COMMITTEES OF THE BOARD

Audit Committee

The composition of the Audit Committee is as follows:

Director	Designation
Zhooben Bhiwandiwala	Member
P. R. Barpande	Member
Smita Mankad	Member

Pursuant to Section 177 of the Companies Act, 2013 read with Companies (Meetings of Board and its Powers) Rules, 2014, the Audit Committee was re-constituted with the induction of Mr. P. R. Barpande and Ms. Smita Mankad as its members and withdrawal of nominations of Mr. Harsh Kumar and Mr. Wang Chia-Tang with effect from April 29, 2015.

Audit Committee met twice during year, i.e., on April 28, 2014 and February 6, 2015.

Nomination and Remuneration Committee

The composition of the Nomination and Remuneration Committee is as follows:

Director	Designation
Rajeev Dubey	Member
Wang Chia-Tang	Member
P. R. Barpande	Member
Smita Mankad	Member

Pursuant to Section 178 of the Companies Act, 2013 read with Companies (Meetings of Board and its Powers) Rules, 2014, the Nomination and Remuneration Committee was re-constituted with the induction of Mr. P. R. Barpande and Ms. Smita Mankad as its members, and withdrawal of nomination of Mr. Harsh Kumar with effect from April 29, 2015.

Nomination and Remuneration Committee met twice during year, i.e., on April 28, 2014 and February 6, 2015.

KEY MANAGERIAL PERSONNEL

Pursuant to Section 203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, Key Managerial Personnel of your Company are as below:

- 1. Sanjay Somkumar as Manager (with effect from April 29, 2015)
- 2. Jyoti Walunj as Chief Financial Officer (with effect from April 28, 2014), and
- 3. Abhishek Juvekar as Company Secretary (with effect from April 28, 2014)

Iqbal Shaikh, Manager of your Company with effect from April 28, 2014, passed away on February 20, 2015. Consequently, the Board appointed Mr. Sanjay Somkumar as Manager of the Company with effect from April 29, 2015.

STATUTORY AUDITORS

At the First Annual General Meeting, M/s. Deloitte Haskins & Sells, Chartered Accountants, (ICAI registration number 117365W) were appointed as Statutory Auditors of your Company for a period of five years. They hold office up to the conclusion of Sixth Annual General Meeting.

Pursuant to the first proviso of Section 139(1) of Companies Act, 2013, members are requested to ratify the appointment of Statutory Auditors at the ensuing Annual General Meeting and fix their remuneration.

As required under the provisions of Sections 139 and 141 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, your Company has obtained a written consent and certificate from Statutory Auditors to the effect that their appointment, if ratified, would be in conformity with the conditions, limits and criteria specified therein.

The Auditors' Report does not contain any qualification, reservation or adverse remark.

SECRETARIAL AUDITOR

Pursuant to Section 204 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, M/s. Mehta & Mehta, a firm of Company Secretaries in practice, was appointed as the Secretarial Auditor of your Company for the financial year ended March 31, 2015.

A Secretarial Audit Report for the financial year ended March 31, 2015 issued by the Secretarial Auditor pursuant to the aforesaid provisions is provided as Annexure II and forms part of this report.

Your directors confirm that the aforesaid Report of Secretarial Auditor does not contain any qualification, reservation or adverse remark.

STOCK APPRECIATION RIGHTS (SARS)

Your Company has formulated a Stock Appreciation Rights Scheme to reward its employees and to provide an opportunity to them to participate in the growth of the Company. Accordingly, 17,531 SARs were granted by the Nomination and Remuneration Committee to eligible employees at its meeting held on February 6, 2015.

PARTICULARS OF PUBLIC DEPOSITS, LOANS, GUARANTEES OR INVESTMENTS

Your Company has not accepted any deposits covered under Chapter V of the Companies Act, 2013, from the public, or its employees, during the year.

Your Company has not, whether directly or indirectly, given loans, made investments, and/or provided guarantees/securities which are required to be reported under Section 186 of the Companies Act, 2013.

Your Company has not made any loans/advances which are required to be disclosed in the annual accounts of the Company pursuant to Clause 32 of the Listing Agreement between the ultimate parent Company, Mahindra and Mahindra Limited and stock exchanges.

PARTICULARS OF TRANSACTIONS WITH RELATED PARTIES

All transactions entered into by your Company with its related parties during the year were in the ordinary course of business and at arm's length.

Particulars of material contracts or arrangements or transactions with related parties referred to under Section 188(1) of the Companies Act 2013 are furnished in Form AOC-2 as Annexure III and forms part of this report.

EXTRACT OF ANNUAL RETURN

Pursuant to Section 92(3) of the Companies Act, 2013 read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return as on March 31, 2015 is annexed as Annexure IV and forms part of this report.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Particulars relating to conservation of energy, technology absorption and foreign exchange earnings and outgo, as required under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 are provided in Annexure V and form part of this report.

GENERAL DISCLOSURE

Your directors state that no disclosure or reporting is required in respect of the following items as they were not applicable to your Company during the year:

- a) Issue of equity shares with differential rights as to dividend, voting or otherwise.
- b) Issue of shares (including sweat equity shares) to employees of the Company under any ESOP scheme, etc.
- c) Particulars of employees as required under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.
- d) Provisions relating to CSR enumerated under Section 135 of the Companies Act, 2013

No significant or material orders were passed by regulators, courts or tribunals which impact the Company's going concern status and operations in future.

For and on behalf of the Board

Harsh Kumar
Director

Zhooben Bhiwandiwala
Director

Mumbai, April 29, 2015

ANNEXURE I TO THE DIRECTORS' REPORT

POLICY ON APPOINTMENT OF DIRECTORS AND SENIOR MANAGEMENT

DEFINITIONS

The definitions of some of the key terms used in this Policy are given below.

“**Board**” means Board of Directors of the Company.

“**Company**” means Mahindra Auto Steel Private Limited (MASL).

“**Committee(s)**” means Committees of the Board for the time being in force.

“**Employee**” means employee of the Company whether employed in India or outside India including employees in the Senior Management team of the Company.

“**HR**” means the Human Resource department of the Company.

“**Key Managerial Personnel**” (**KMP**) refers to key managerial personnel as defined under the Companies Act, 2013 and includes:

- (i) Managing Director (MD) or Chief Executive Officer (CEO) or Manager or Whole time Director (WTD).
- (ii) Chief Financial Officer (CFO), and
- (iii) Company Secretary (CS).

“**Nomination and Remuneration Committee**” (**NRC**) means Nomination and Remuneration Committee of Board of Directors of the Company for the time being in force.

“**Senior Management**” means personnel of the Company who are members of its core management team excluding Board of Directors comprising all members of management one level below the executive directors, including functional heads.

I. APPOINTMENT OF DIRECTORS

- NRC reviews and assesses Board composition and recommends the appointment of new directors. In evaluating the suitability of an individual Board member, NRC shall take into account the following criteria regarding qualifications, positive attributes and independence of a director as applicable:
 - 1) All Board appointments will be based on merit, in the context of skills, experience, independence and knowledge required for the Board as a whole to be effective.
 - 2) Ability of the candidate to devote sufficient time and attention to professional obligations as an Independent Director for balanced decision making.
 - 3) Adherence to the Code of Conduct and ensuring the highest level of corporate governance, in letter and in spirit, by Directors.

- Based on NRC's recommendation, the Board will evaluate the candidate(s) and decide on the selection of the appropriate member. The Board, through any member of the Board, will interact with the new member to obtain his/her consent for joining the Board. Upon receipt of the consent, the new director will be co-opted by the Board in accordance with the applicable provisions of the Companies Act 2013 and Rules made thereunder.

REMOVAL OF DIRECTORS

If a director is disqualified as per any applicable Act, or rules and regulations thereunder, or due to non-adherence to the applicable policies of the company, NRC may recommend to the Board, with reasons recorded in writing, removal of a director subject to compliance of the applicable statutory provisions.

SENIOR MANAGEMENT PERSONNEL

NRC shall identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down above.

For administrative convenience, senior management personnel will be appointed or promoted and removed/relieved with the authority of the Managing Director based on business needs and suitability of the candidate.

Managing Director shall report details of such appointments to NRC at least twice in a year.

II. SUCCESSION PLANNING:

Purpose

The Talent Management Policy sets out the approach to the development and management of talent in the Company to ensure implementation of the strategic business plans of the Company.

Board:

Successors for Independent Directors shall be identified by the NRC at least one quarter before expiry of the scheduled term. In case of separation of Independent Directors due to resignation or otherwise, successor(s) will be appointed at the earliest but not later than the immediate next Board meeting or three months from the date of such vacancy, whichever is later.

Successors for Executive Director(s) shall be identified by the NRC from Senior Management or through external sources as the Board may deem fit.

The Board may also decide at its discretion not to fill a vacancy on the Board.

Senior Management Personnel:

The Company's succession planning program aims to identify high growth potential individuals, and groom them in order to maintain a robust talent pipeline.

The Company has a process of identifying individuals with high potential and having abilities to hold critical positions. Successors are mapped for such positions in order to ensure talent readiness.

The Company participates in the Mahindra Group's Talent Management process which is driven by a collaborative network of Talent Councils across the Group's various Sectors.

POLICY FOR REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES

Purpose

This Policy sets out the approach to Compensation of Directors, Key Managerial Personnel and other employees in Mahindra Auto Steel Private Limited (MASL).

Policy Statement

Our compensation philosophy strives to attract and retain high performers by compensating them at levels that are broadly comparable with the median of the comparator basket while differentiating people on the basis of performance, potential and criticality for achieving competitive advantage in business.

In order to effectively implement this, our compensation structure is developed through external benchmarking as appropriate, with relevant players across the industry we operate in.

NON-EXECUTIVE INCLUDING INDEPENDENT DIRECTORS:

The Nomination and Remuneration Committee (NRC) shall decide the basis for determining the compensation, both fixed and variable, to Non-Executive Directors, including Independent Directors, whether as commission or otherwise. NRC shall take into consideration various factors such as director's participation in Board and Committee meetings during the year, other responsibilities undertaken such as membership or Chairmanship of committees, time spent in carrying out their duties, role and functions as envisaged in Schedule IV of the Companies Act 2013 and such other factors as the NRC may deem fit for determining compensation.

The Board shall determine compensation to Non-Executive Directors within the overall limits specified in the Shareholders' resolution.

Executive Directors/Managing Director/Manager:

The remuneration to Managing Director/ Manager and Executive Director(s) shall be recommended by NRC to the Board. Remuneration will consist of both fixed compensation and variable compensation and shall be paid as salary, commission, performance bonus, stock options (where applicable), perquisites and fringe benefits as approved by the Board and within the overall limits specified in the Shareholders' resolution. While fixed compensation is determined at the time of their appointment, variable compensation will be determined annually by NRC based on their performance.

Key Managerial Personnel (KMPs)

The terms of remuneration of the Chief Executive Officer (CEO), Chief Financial Officer (CFO) and the Company Secretary (CS) shall be determined either by any Director or such other person as may be authorised by the Board.

The above remuneration shall be competitively benchmarked for similar positions in the industry and aligned with their qualifications, experience, and responsibilities. Pursuant to the provisions of section 203 of the Companies Act 2013, the Board shall approve remuneration of the above KMPs at the time of their appointment.

The remuneration to directors, KMPs and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

Employees

We follow a position and level based approach for compensation benchmarking with companies in the steel/steel service centre and related engineering industries.

We have a CTC (Cost to Company) concept which includes a fixed component (guaranteed pay) and a variable component (performance pay). The percentage of the variable component increases with increasing hierarchy levels as employees at higher positions have a greater impact and influence on the company's overall business result. CTC is reviewed once every year and the compensation strategy for positioning of individuals takes into consideration the following elements:

- Performance
- Potential
- Criticality

Remuneration for new employees other than KMPs and senior management will be decided by HR, and approved by the Managing Director, based on factors such as relevant job experience, last compensation drawn, skill-set of the selected candidate, internal equity and related parameters.

The Company may also grant Stock Appreciation Rights to Employees and Directors (other than Independent Directors) in accordance with the Stock Appreciation Rights Scheme of the Company and subject to compliance of the applicable statutes and regulations.

For and on behalf of the Board

Harsh Kumar
Director

Zhooben Bhiwandiwala
Director

Mumbai, April 29, 2015

ANNEXURE II TO THE DIRECTORS' REPORT**Form No. MR-3****SECRETARIAL AUDIT REPORT****FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2015**

[Pursuant to section 204(1) of the Companies Act, 2013 and the Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

**To,
The Members,
Mahindra Auto Steel Private Limited
Mahindra Towers,
P.K. Kurne Chowk, Worli,
Mumbai – 400 018.**

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Mahindra Auto Steel Private Limited (hereinafter called "the Company"). Secretarial audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minutes books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officer, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2015, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the company for the financial year ended on 31st March, 2015 according to the provisions of:

1. The Companies Act, 2013 ("the Act") and the Rules made under that Act;

During the period under review the Company has complied with the provisions of acts, Rules, Regulations, Guidelines etc. mentioned above.

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of the Executive and Non-Executive Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in

compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further for meaningful participation at the meeting.

All decisions of the Board are carried through unanimously. As per the records provided by the Company, none of the Directors or members dissented on any resolution passed at the meeting.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period, as per the information and explanation provided to us, the Company is yet to commence its business operation, since the plant is still under installation at Chakan - Talegaon Belt.

**For Mehta & Mehta,
Company Secretaries
(ICSI Unique Code P1996MH007500)**

**Dipti Mehta
Partner
FCS No: 3667
CP No.:3202**

Place : Mumbai
Date : 27th April, 2015

Note: This report is to be read with our letter of even date which is annexed as 'ANNEXURE A' and forms an integral part of this report.

ANNEXURE A

To,
The Members,
Mahindra Auto Steel Private Limited
Mahindra Towers,
P.K. Kurne Chowk, Worli,
Mumbai – 400 018.

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.

5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The secretarial audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For Mehta & Mehta,
Company Secretaries
(ICSI Unique Code P1996MH007500)

Dipti Mehta
Partner
FCS No: 3667
CP No.:3202

Place : Mumbai
Date : 27th April, 2015

ANNEXURE III TO THE DIRECTORS' REPORT**FORM NO. AOC.2**

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto **(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)**

1. Details of contracts or arrangements or transactions not at arm's length basis:

Sr. No.	Name(s) of the related party and nature of relationship	Nature of contracts/arrangements/transactions	Duration of the contracts/arrangements/transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Justification for entering into such contracts or arrangements or transactions	Date(s) of approval by the Board	Amount paid as advances, if any:	Date on which the special resolution was passed in general meeting as required under first proviso to Section 188
-	-	-	-	-	-	-	-	-

2. Details of material contracts or arrangement or transactions at arm's length basis:

Sr. No.	Name(s) of the related party and nature of relationship	Nature of contracts/arrangements/transactions	Duration of the contracts/arrangements/transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Date(s) of approval by the Board, if any	Amount paid as advances, if any
1	Mahindra Intertrade Limited (Holding Company)	Purchase of Leasehold Land	Non-recurring	1) Fair market value determined by independent valuers 2) Total transaction value: Rs. 22,32,31,902	Not applicable (Refer Note)	Nil
2	Mahindra Intertrade Limited (Holding Company)	Project management fees	Non-recurring	1) As per industry norms 2) Total transaction value: Rs. 2,50,00,000	Not applicable (Refer Note)	Nil
3	Mahindra Logistics Limited	Advance paid on account of port charges for import of machinery	Non-recurring	1) As per Industry norms 2) Total transaction value: Rs. 17,94,210	Not applicable (Refer Note)	Rs. 17,94,210
4	Mahindra & Mahindra Limited Ultimate Holding Company	Advance paid for purchase of fixed assets	Non-recurring	1) Fair market value 2) Total transaction value: Rs. 6,63,641	Not applicable (Refer Note)	Rs. 6,63,641
5	Mahindra Holidays & Resorts India Limited	Travelling expenses	Non-recurring	1) As per Industry norms 2) Total transaction value: Rs. 307,921	Not applicable (Refer Note)	Nil
6	Mahindra Intertrade Limited (Holding Company)	Purchase of Vehicle	Non-recurring	1) Fair market value 2) Total transaction value: Rs. 2,88,889	Not applicable (Refer Note)	Nil
7	Mahindra & Mahindra Limited Ultimate Holding Company	Payment for secretarial services	Annual	1) Allocation of Cost without any mark up 2) Total transaction value: Rs. 1,66,476	Not applicable (Refer Note)	Nil
8	Mahindra Integrated Business Solutions Private Limited	Payroll processing fees	Recurring	1) As per Industry norms 2) Total transaction value: Rs. 36,100	Not applicable (Refer Note)	Nil
9	Mahindra Steel Service Centre Limited	Purchase of fixed assets	Non-recurring	1) Fair market value 2) Total transaction value: Rs. 1,781	Not applicable (Refer Note)	Nil
10	Mahindra Intertrade Limited (Holding Company)	Purchase of Laptop	Non-recurring	1) Fair market value 2) Total transaction value: Rs. 1,661	Not applicable (Refer Note)	Nil

*Note: All these transactions are at arm's length and are in the ordinary course of business. Accordingly, Board approval is not required as per proviso to sub section (1) of Section 188 of the Companies Act, 2013. Approval of Audit Committee has been taken in the meeting held on 06 February 2015 and 29 April 2015.

For and on behalf of the Board

Harsh Kumar
Director

Zhooben Bhiwandiwala
Director

Mumbai, April 29, 2015

ANNEXURE IV TO THE DIRECTORS' REPORT

Form No. MGT-9

Extract of Annual Return as on the financial year ended on March 31, 2015*[Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]***I. REGISTRATION AND OTHER DETAILS:**

i.	Corporate Identification Number (CIN)	:	U27100MH2013PTC250979
ii.	Registration Date	:	December 12, 2013
iii.	Name of the Company	:	Mahindra Auto Steel Private Limited
iv.	Category/Sub-Category of the Company	:	Indian Non-Government Company Limited by shares
v.	Address of the Registered office and contact details	:	Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400018 Tel.: +91-22-24935185/86 Fax: +91-22-24951236 Contact: JUVEKAR.ABHISHEK@mahindra.com
vi.	Whether listed company Yes/No	:	No
vii.	Name, Address and Contact details of Registrar and Transfer Agent, if any	:	–

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company:

Sr. No.	Name and Description of main products/services	NIC Code of the Product/service	% to total turnover of the company
1	–	–	–

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

Sr. No.	Name and Address of the Company	CIN/GIN	Holding/Subsidiary/Associate	% of shares held	Applicable Section
1	Mahindra Intertrade Limited Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400018	U51900MH1978PLC020222	Holding Company	51.00	2 (46)
2	Mahindra and Mahindra Limited Gateway Building, Apollo Bunder, Colaba, Mumbai - 400001	L65990MH1945PLC004558	Ultimate Holding Company	–	2 (46)

IV. SHAREHOLDING PATTERN (Equity Share Capital Break-up as percentage of Total Equity)**(i) Category-wise Share Holding**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(1) Indian									
a) Individual/HUF	–	–	–	–	–	–	–	–	–
b) Central Govt.	–	–	–	–	–	–	–	–	–
c) State Govt(s)	–	–	–	–	–	–	–	–	–
d) Bodies Corp.	–	10,000	10,000	100	–	3,49,35,000	3,49,35,000	51	49
e) Bank/FI	–	–	–	–	–	–	–	–	–
f) Any Other	–	–	–	–	–	–	–	–	–
Sub-Total (A)(1):	–	10,000	10,000	100	–	3,49,35,000	3,49,35,000	51	49

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(2) Foreign									
a) NRI-Individuals	–	–	–	–	–	–	–	–	–
b) Other Individuals	–	–	–	–	–	–	–	–	–
c) Body Corp.	–	–	–	–	–	–	–	–	–
d) Bank/FI	–	–	–	–	–	–	–	–	–
e) Any Other	–	–	–	–	–	–	–	–	–
Sub Total (A)(2):	–	–	–	–	–	–	–	–	–
Total shareholding of Promoter (A) = (A)(1) + (A)(2)	–	10,000	10,000	100	–	3,49,35,000	3,49,35,000	51	49
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	–	–	–	–	–	–	–	–	–
b) Banks/FI	–	–	–	–	–	–	–	–	–
c) Cent. Govt.	–	–	–	–	–	–	–	–	–
d) State Govt(s)	–	–	–	–	–	–	–	–	–
e) Venture Capital Funds	–	–	–	–	–	–	–	–	–
f) Insurance Companies	–	–	–	–	–	–	–	–	–
g) FIs	–	–	–	–	–	–	–	–	–
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
i) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-Total (B)(1):	–	–	–	–	–	–	–	–	–
2. Non-Institutions									
a) Body Corp.	–	–	–	–	–	–	–	–	–
i) Indian	–	–	–	–	–	–	–	–	–
ii) Overseas	–	–	–	–	–	3,35,65,000	3,35,65,000	49	49
b) Individuals	–	–	–	–	–	–	–	–	–
i. Individual shareholders holding nominal share capital upto Rs. 1 lakh	–	–	–	–	–	–	–	–	–
ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	–	–	–	–	–	–	–	–	–
c) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-Total (B)(2):	–	–	–	–	–	3,35,65,000	3,35,65,000	49	49
Total Public Shareholding (B) = (B)(1) + (B)(2)	–	–	–	–	–	3,35,65,000	3,35,65,000	49	49
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Grand Total (A + B + C)	–	10,000	10,000	100	–	6,85,00,000	6,85,00,000	100	–

(ii) Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	
1	Mahindra Intertrade Limited	9,998	100	–	3,49,34,998	51	–	49
	Mr. Harsh Kumar (As Nominee of Mahindra Intertrade Limited)*	1	–	–	1	–	–	–
	Mr. Zoooben Bhiwandiwalla (As Nominee of Mahindra Intertrade Limited)*	1	–	–	1	–	–	–
	Total	10,000	100	–	3,49,35,000	51	–	49

* Held for Mahindra Intertrade Limited by its nominees to comply with the statutory provisions in respect of minimum numbers of member.

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sr. No.	Shareholders Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Mahindra Intertrade Limited (including 2 equity shares held through its nominees)				
	At the beginning of the year	10,000	100	10,000	100
	Allotment on 28 th April, 2014 to Mahindra Intertrade Limited under Fresh Issue not on Rights basis	1,78,40,000		1,78,50,000	
	Allotment on 10 th November, 2014 to Mahindra Intertrade Limited under Rights Issue	1,70,85,000		3,49,35,000	
	At the End of the year	3,49,35,000	51	3,49,35,000	51

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	For Each of the Top Ten Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	CSGT International Corporation				
	At the beginning of the year	–	–	–	–
	Allotment on 28 th April, 2014 to CSGT International Corporation under Fresh Issue not on Rights basis	85,75,000		85,75,000	
	Allotment on 10 th November, 2014 to CSGT International Corporation under Rights basis	82,07,500		1,67,82,500	
	At the End of the year	1,67,82,500	24.5	1,67,82,500	24.5
2	Mitsui & Co. (Asia-Pacific) Pte. Ltd.				
	At the beginning of the year	–	–	–	–
	Allotment on 28 th April, 2014 to Mitsui & Co. (Asia-Pacific) Pte. Ltd. under Fresh Issue not on Rights basis	85,75,000		85,75,000	
	Allotment on 10 th November, 2014 to Mitsui & Co. (Asia-Pacific) Pte. Ltd. under Rights basis	82,07,500		1,67,82,500	
	At the End of the year	1,67,82,500	24.5	1,67,82,500	24.5

(v) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Mr. Harsh Kumar (As Nominee of Mahindra Intertrade Limited)				
	At the beginning of the year	1	–	1	–
	Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):	–	–	–	–
	At the End of the year	1	–	1	–
2	Mr. Zhooben Bhiwandiwala (As Nominee of Mahindra Intertrade Limited)				
	At the beginning of the year	1	–	1	–
	Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):	–	–	–	–
	At the End of the year	1	–	1	–

V. INDEBTEDNESS**Indebtedness of the Company including interest outstanding/accrued but not due for payment****(Rs in cr)**

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	–	–	–	–
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	–	–	–
Total (i + ii + iii)	–	–	–	–
Change in Indebtedness during the financial year				
• Addition	–	22.04	–	22.04
• Reduction	–	–	–	–
Net change	–	22.04	–	22.04
Indebtedness at the end of the financial year				
i) Principal Amount	–	22.04	–	22.04
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	0.09	–	0.09
Total (i + ii + iii)	–	22.13	–	22.13

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(Rs in cr)

Sr. No.	Particulars of Remuneration	Name of MD/WTD/Manager	Total Amount
		Iqbal Shaikh (Manager)	
1.	Gross Salary		
	a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	0.26	0.26
	b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.01	0.01
	c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961	–	–
2.	Stock Option	–	–
3.	Sweat Equity	–	–
4.	Commission		
	– as % of Profit	–	–
	– others, specify - SARs	–	–
5.	Others, please specify (SARs - exercisable after F2015)	0.03	0.03
	Total (A)	0.30	0.30
	Ceiling as per the Act	As per Schedule V of the Companies Act, 2013	

B. Remuneration of other directors:

Sr. No.	Particulars of Remuneration	Name of Directors	Total Amount
1.	Independent Directors		
	• Fee for attending board/committee meetings	–	–
	• Commission	–	–
	• Others, please specify	–	–
	Total (1)	–	–
2.	Other Non-Executive Directors		
	• Fee for attending board/committee meetings	–	–
	• Commission	–	–
	• Others, please specify	–	–
	Total (2)	–	–
	Total (B) = (1 + 2)	–	–
	Total Managerial Remuneration	0.30	0.30
	Overall Ceiling as per the Act	As per schedule V of the Companies Act, 2013	

C. Remuneration to Key Managerial Personnel other than MD/MANAGER/WTD

(Rs in cr)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary	CFO	Total
		–	Abhishek Juvekar	Jyoti Walunj	
1.	Gross Salary				
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	–	–	–	–
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	–	–	–	–
	(c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961	–	–	–	–
2.	Stock Option	–	–	–	–
3.	Sweat Equity	–	–	–	–
4.	Commission				
	– as % of Profit	–	–	–	–
	– others, specify...	–	–	–	–
5.	Others, please specify - Fees	–	0.02	As part of project management fee	0.02
	Total	–	0.02	–	0.02

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty/Punishment/Compounding fees imposed	Authority (RD/NCLT/court)	Appeal made, if any (give details)
A. COMPANY					
Penalty	–	–	–	–	–
Punishment	–	–	–	–	–
Compounding	–	–	–	–	–
B. DIRECTORS					
Penalty	–	–	–	–	–
Punishment	–	–	–	–	–
Compounding	–	–	–	–	–
C. OTHER OFFICERS IN DEFAULT					
Penalty	–	–	–	–	–
Punishment	–	–	–	–	–
Compounding	–	–	–	–	–

For and on behalf of the Board

Harsh Kumar
DirectorZhooben Bhiwandiwala
Director

Mumbai, April 29, 2015

ANNEXURE V TO THE DIRECTORS' REPORT

PARTICULARS AS PER THE COMPANIES (ACCOUNTS) RULES, 2014

A. CONSERVATION OF ENERGY

- (a) the steps taken or impact on conservation of energy: **Nil**
- (b) the steps taken by the company for utilizing alternate sources of energy: **Nil**
- (c) the capital investment on energy conservation equipments: **Nil**

B. TECHNOLOGY ABSORPTION

- i) the efforts made towards technology absorption: **Nil**
- ii) the benefits derived like product improvement, cost reduction, product development or import substitution: **Nil**
- iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year) –
 - (a) the details of technology imported: **Nil**
 - (b) the year of import: **Nil**
 - (c) whether the technology been fully absorbed: **Nil**
 - (d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof: **Nil**
- iv) the expenditure incurred on Research and Development: **Nil**

C. FOREIGN EXCHANGE EARNINGS AND OUTGO (in terms of actual inflow and outflow)

Total Foreign Exchange Earned and Used

	(Rupees in Lakhs)	
	For the Year Ended March 31, 2015	For the Period Ended March 31, 2014
Total Foreign Exchange Earned	NIL	NIL
Total Foreign Exchange Used	NIL	NIL

For and on behalf of the Board

Harsh Kumar
Director

Zhooben Bhiwandiwala
Director

Mumbai, April 29, 2015

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
MAHINDRA AUTO STEEL PRIVATE LIMITED**

Report on the Financial Statements

We have audited the accompanying financial statements of **MAHINDRA AUTO STEEL PRIVATE LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2015, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of the written representations received from the directors as on 31st March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164(2) of the Act.
 - (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company does not have any pending litigations which would impact its financial position.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Firm's Registration No. 117365W)

U. M. Neogi
(Partner)
(Membership No. 30235)

Mumbai, 29 April, 2015

ANNEXURE TO THE AUDITOR'S REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date to the members of Mahindra Auto Steel Private Limited on the financial statements for the year ended 31st March 2015)

- (i) Having regard to the nature of the Company's business/ activities/results during the year, clauses (ii), (v), (vi), (viii) and (xi) of the Order are not applicable to the Company.
- (ii) In respect of its fixed assets:
- (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
- (b) The Company has a program of verification of fixed assets once in every three years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. As explained to us, the fixed assets were physically verified during the year by the Management and no material discrepancies were noticed on physical verification.
- (iii) In our opinion and according to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of fixed assets. During the course of our audit, we have not observed any major weakness in such internal control system. Having regard to the nature of the Company's activities during the year, the provisions of clause (iv) of the Order, with regard to internal control system for purchase of inventory and sale of goods and services are not applicable.
- (v) According to the information and explanations given to us in respect of statutory dues:
- (a) The Company has been regular in depositing undisputed statutory dues, including Provident Fund, Income-tax, Service Tax, Duty of Customs, Cess and other material statutory dues applicable to it with the appropriate authorities.
- (b) There were no undisputed amounts payable in respect of Provident Fund, Income-tax, Service Tax, Duty of Customs, Cess and other material statutory dues in arrears as at 31st March, 2015 for a period of more than six months from the date they became payable.
- (c) According to the records of the Company, there are no dues of Income-tax, Service Tax, Duty of Customs, Cess and other material statutory dues which have not been deposited as on 31st March, 2015 on account of disputes.
- (d) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company in accordance with the relevant provisions of the Companies Act, 1956 and rules made thereunder.
- (vi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to bank.
- (vii) According to the information and explanations given to us, the Company has not given guarantees for loans taken by others from banks and financial institutions.
- (viii) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

For DELOITTE HASKINS & SELLS

Chartered Accountants
(Firm's Registration No. 117365W)

U. M. Neogi

(Partner)

(Membership No. 30235)

Mumbai, 29 April, 2015

BALANCE SHEET AS AT 31 MARCH, 2015

Particulars	Note No.	As at	As at
		31 March, 2015 Amount (Rs.)	31 March, 2014 Amount (Rs.)
A EQUITY AND LIABILITIES			
1 Shareholders' Funds			
(a) Share capital.....	4	685,000,000	100,000
(b) Reserves and surplus.....	5	2,012,664	(7,275,256)
		687,012,664	(7,175,256)
2 Non-current liabilities			
(a) Long-term borrowings.....	6	220,391,989	–
(b) Long-term provisions	7	1,393,962	–
		221,785,951	–
3 Current liabilities			
(a) Trade payables.....	8	271,529	437,012
(b) Other current liabilities	9	82,771,494	8,064,141
(c) Short-term provisions	10	247,961	–
		83,290,984	8,501,153
TOTAL.....		992,089,599	1,325,897
B ASSETS			
1 Non-current assets			
(a) Fixed Assets			
(i) Tangible assets.....	11	228,800,096	–
(ii) Capital work- in- progress		557,451,578	1,266,459
		786,251,674	1,266,459
(b) Long-term loans and advances	12	8,983,296	–
		795,234,970	1,266,459
2 Current assets			
(a) Current investment.....	13	80,000,000	–
(b) Cash and cash equivalents	14	51,338,491	59,438
(c) Short term loans and advances	15	62,797,988	–
(d) Other current assets.....	16	2,718,150	–
		196,854,629	59,438
TOTAL.....		992,089,599	1,325,897

See accompanying notes forming part of the financial statements

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants

Jyoti Walunj
Chief Financial Officer

U. M. Neogi
Partner

Abhishek Juvekar
Company Secretary

Place: Mumbai
Date: 29 April, 2015

For and on behalf of the Board of Directors

Zhooben Bhiwandiwala
Harsh Kumar } Directors

Place: Mumbai
Date: 29 April, 2015

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2015

Particulars	Note No.	For the	For the
		year ended 31 March, 2015	period ended 31 March, 2014
		Amount (Rs.)	Amount (Rs.)
1 Other Income	17	12,491,587	–
		12,491,587	–
2 Expenses			
(a) Employee benefits expense.....	18	–	–
(b) Finance costs	19	125,831	–
(c) Depreciation and amortisation expense.....	11	2,453,600	
Less: transfer to capital work-in-progress....		(2,453,600)	–
(d) Other expenses	20	1,077,836	7,275,256
Total Expenses		1,203,667	7,275,256
3 Profit/(Loss) before tax (1-2).....		11,287,920	(7,275,256)
4 Less: Tax expense		2,000,000	–
5 Profit/(Loss) for the year (3-4).....		9,287,920	(7,275,256)
6 Earnings per equity share (of Rs. 10/- each)	27		
Basic/Diluted		0.22	(727.53)

See accompanying notes forming part of the financial statements

In terms of our report attached
For Deloitte Haskins & Sells
 Chartered Accountants

U. M. Neogi
 Partner

Place: Mumbai
 Date: 29 April, 2015

Jyoti Walunj
 Chief Financial Officer

Abhishek Juvekar
 Company Secretary

For and on behalf of the Board of Directors

Zhooben Bhiwandiwala }
Harsh Kumar } Directors

Place: Mumbai
 Date: 29 April, 2015

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2015

Particulars	For the year ended 31 March, 2015 Amount (Rs.)	For the period ended 31 March, 2014 Amount (Rs.)
A. Cash flow from operating activities		
Profit/(Loss) before tax	11,287,920	(7,275,256)
<i>Adjustments for:</i>		
Share issue expenses	684,900	-
Finance costs	125,831	-
Interest income	(6,257,758)	-
Dividend income	(6,233,829)	-
Operating loss before working capital changes	(392,936)	(7,275,256)
<i>Changes in working capital:</i>		
Increase in loans and advances and other current assets	(65,885,208)	-
(Decrease)/Increase in trade payables and other current liabilities	(1,166,519)	7,234,694
Cash generated from operations	(67,444,663)	(40,562)
Net income tax paid	(1,940,776)	-
Net cash flow used in operating activities (A)	(69,385,439)	(40,562)
B. Cash flow from investing activities		
Capital expenditure on fixed assets, including capital advances	(715,981,024)	-
Current investments not considered as Cash and cash equivalents:		
- Purchased	(3,800,100,000)	-
- Proceeds from sale	3,720,100,000	-
Interest received	5,930,429	-
Dividend received	6,233,829	-
Net cash flow used in investing activities (B)	(783,816,766)	-
C. Cash flow from financing activities		
Proceeds from issue of equity shares	684,900,000	100,000
Proceeds from long term borrowings	220,391,989	-
Inter corporate deposits taken	15,749,315	-
Inter corporate deposits repaid	(15,749,315)	-
Share issue expenses	(684,900)	-
Finance costs	(125,831)	-
Net cash flow from financing activities (C)	904,481,258	100,000
Net increase in cash and cash equivalents (A + B + C)	51,279,053	59,438
Cash and cash equivalents at beginning of the year	59,438	-
Cash and cash equivalents at end of the year	51,338,491	59,438
	51,279,053	59,438
Reconciliation of Cash and cash equivalents with the Balance Sheet:		
Cash and cash equivalents as per Balance Sheet (Refer note 14)	51,338,491	59,438

Note: The above Cash Flow Statement has been prepared under the 'indirect method' as set out in Accounting Standard 3 'Cash Flow Statement'. See accompanying notes forming part of the financial statements

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants

Jyoti Walunj
Chief Financial Officer

For and on behalf of the Board of Directors

Zhooben Bhiwandiwala
Harsh Kumar } Directors

U. M. Neogi
Partner

Abhishek Juvekar
Company Secretary

Place: Mumbai
Date: 29 April, 2015

Place: Mumbai
Date: 29 April, 2015

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION:

Mahindra Auto Steel Private Limited is incorporated in India on 12th December, 2013 with authorised share capital of Rs. 760,000,000. The Company is a public company by virtue of proviso to Section 2(71) of the Companies Act, 2013 ("the 2013 Act") as it is a subsidiary of a public limited company. The Company's main object is to trade in or process non-ferrous/ferrous material including various grades of steel and it is in the process of setting up its operations.

2. SIGNIFICANT ACCOUNTING POLICIES FOLLOWED BY THE COMPANY

2.1 Basis of accounting:

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the 2013 Act. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

All assets and liabilities are classified as current if it is expected to realise or settle within 12 months after the Balance Sheet date.

2.2 Use of estimates:

The preparation of the financial statements in conformity with the Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates, are recognized in the periods in which the results are known/materialize.

2.3 Cash and cash equivalents (for purposes of Cash Flow Statement):

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

2.4 Cash flow statement:

Cash flows are reported using the indirect method, whereby profit/(loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

2.5 Fixed Assets:

- (a) Fixed Assets are stated at cost less accumulated depreciation/amortization. The cost of fixed assets comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses. Borrowing costs that are attributable to the acquisition, construction or production of a qualifying asset are included in the cost of asset upto the date the asset is ready for its intended use.
- (b)
 - (i) Leasehold land is amortized over the period of the lease.
 - (ii) Depreciation on other fixed assets is calculated on Straight Line Method as per the useful life prescribed in Schedule II to the Companies Act, 2013, except in respect of vehicles where the life has been assessed as three years taking into account the estimated usage of such vehicles.

Capital work-in-progress:

Projects under which tangible fixed assets are not yet ready for their intended use are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

2.6 Other Income:

Interest income is accounted on accrual basis. Dividend income is accounted for when the right to receive it is established.

2.7 Foreign Currency Transactions:

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of transaction. All foreign currency monetary items outstanding at the year end (excluding long term liability) are translated at the relevant rates of exchange prevailing at the year end and the resulting exchange differences have been recognized in the Statement of Profit and Loss. In respect of forward exchange contracts, the premium or discount arising at the inception of such a contract is amortized as expense or income over the life of the contract.

Exchange differences relating to long term foreign currency monetary items, to the extent they are used for financing and acquisition of fixed assets are added to or subtracted from the cost of depreciable fixed assets to which the monetary item relates and depreciated over the remaining useful life of such assets.

2.8 Investments:

Current investments are valued at the lower of cost and fair value determined by category of investment.

2.9 Employee Benefits:

(i) Defined Contribution Plan:

Company's contributions paid/payable during the year to the provident fund, superannuation fund, Employee State Insurance Scheme and labour welfare fund are recognized in the Statement of Profit and Loss based on the amount of contribution required to be made and when services are rendered by the employees.

(ii) Defined Benefit Plan/Long Term Compensated Absences:

Company's liability towards gratuity, compensated absence and post retirement medical benefit schemes are determined by independent actuary using the projected unit credit method at each balance sheet date. Past service cost are recognized on a straight-line basis over the average period until the benefits become vested. Actuarial gains and losses are recognized immediately in the Statement of Profit and Loss. Obligation is measured at the present value of estimated future cash flows using a discounted rate that is determined by reference to market yields at the Balance Sheet date on Government Bonds where the currency and terms of the Government Bonds are consistent with the currency and estimated terms of the defined benefit obligation.

2.10 Earnings per share:

Basic earnings per share is computed by dividing the profit/(loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year.

2.11 Taxes on income:

Tax expense consists of current tax. Current tax is determined as either (i) the amount of tax payable in respect of taxable income after considering usual allowances and disallowances under the Income-tax, 1961 or (ii) Minimum Alternate Tax for the year. Credit in respect of Minimum Alternate Tax paid is recognised only if there is convincing evidence of realisation of the same.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward of losses, deferred tax assets are recognised only if there is virtual certainty that there will be sufficient future taxable income available to realise the assets. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each balance sheet date for their realisability.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

2.12 Stock Appreciation Rights (SARs):

The compensation cost of SARs granted to employees is accounted by the Company using the intrinsic value method. The fair value of the equity shares is based on valuation obtained from an independent valuer. Difference between fair value and face value of the equity shares, being the intrinsic value, is recognised as compensation cost over the vesting period.

3. The Company has not commenced operations. Disclosure of other significant accounting policies would be made in the year when operations commence or otherwise considered appropriate.

Note 4 Share Capital

Particulars	As at 31 March, 2015		As at 31 March, 2014	
	Number of Shares	Amount (Rs.)	Number of Shares	Amount (Rs.)
(a) Authorised				
Equity Shares of Rs. 10 each	76,000,000	760,000,000	76,000,000	760,000,000
	<u>76,000,000</u>	<u>760,000,000</u>	<u>76,000,000</u>	<u>760,000,000</u>
(b) Issued, subscribed and fully paid up				
Equity Shares of Rs. 10 each	68,500,000	685,000,000	10,000	100,000
	<u>68,500,000</u>	<u>685,000,000</u>	<u>10,000</u>	<u>100,000</u>

(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

Particulars	Opening Balance	Fresh issue	Buy back	Closing Balance
Equity Shares of Rs. 10 each				
Year ended 31 March, 2015				
Number of shares	10,000	68,490,000	-	68,500,000
Amount (Rs.)	100,000	684,900,000	-	685,000,000
Year ended 31 March, 2014				
Number of shares	-	10,000	-	10,000
Amount (Rs.)	-	100,000	-	100,000

- (ii) The Company has not allotted any equity shares for consideration other than cash, bonus shares, nor have any shares been bought back since its incorporation (i.e. 12 December, 2013).

Terms and rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs. 10/- per share. Each shareholder has the following voting rights (i) On a show of hands: one vote for a member present in person and (ii) On a poll: in proportion to the share in paid-up equity share capital of the Company. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing annual general meeting, except in case of interim dividend. In the event of winding up, if the assets available for distribution are less/more than sufficient to repay the whole of the paid up share capital, the losses/excess shall be borne/distributed amongst the members in proportion to the capital at the commencement of the winding up, paid up or which ought to have been paid up on the shares held by them respectively.

(iii) Details of shares held by the holding company:

Particulars	As at 31 March, 2015	As at 31 March, 2014
	Number of Shares	Number of Shares
Mahindra Intertrade Limited (Including 2 equity shares held jointly with its nominees)	34,935,000	10,000

(iv) Details of shares held by each shareholder holding more than 5% shares:

Particulars	As at 31 March, 2015		As at 31 March, 2014	
	Number of shares	% of holding	Number of shares	% of holding
Mahindra Intertrade Limited (Including 2 equity shares held jointly with its nominees)	34,935,000	51.00%	10,000	100%
CSGT International Corporation	16,782,500	24.50%	-	-
Mitsui & Co. (Asia Pacific) Pte Ltd	16,782,500	24.50%	-	-

Note 5 Reserves and Surplus

Particulars	As at 31 March, 2015	As at 31 March, 2014
	Amount (Rs.)	Amount (Rs.)
Surplus/(Deficit) in Statement of Profit and Loss		
Opening balance	(7,275,256)	-
Add: Profit/(Loss) for the year	9,287,920	(7,275,256)
Closing balance	<u>2,012,664</u>	<u>(7,275,256)</u>

Note 6 Long-term borrowings

Particulars	As at 31 March, 2015	As at 31 March, 2014
	Amount (Rs.)	Amount (Rs.)
Other loans and advances (Refer note i)		
Unsecured	220,391,989	-
	<u>220,391,989</u>	<u>-</u>

Note i: The Company has taken buyer's credit for import of machinery of Rs. 220,391,989 (2014: Rs. Nil) under sanction of LUT extended by HDFC Bank. To be secured by first pari passu charge on the moveable fixed assets of the Company, present and future. Further, the Company has agreed to negative lien on other fixed assets in favour of HDFC Bank. Interest payable on buyer's credit is 8.10%.

The buyers credit may be refinanced by Rupee Term Loan after 3 years, which will be repaid as follows:

	FY 2020	FY 2021	FY 2022	FY 2023
Q1	7,500,000	15,000,000	22,500,000	30,000,000
Q2	7,500,000	15,000,000	22,500,000	10,391,989
Q3	7,500,000	15,000,000	22,500,000	-
Q4	7,500,000	15,000,000	22,500,000	-
	<u>30,000,000</u>	<u>60,000,000</u>	<u>90,000,000</u>	<u>40,391,989</u>

Note 7 Long-term provisions

Particulars	As at 31 March, 2015	As at 31 March, 2014
	Amount (Rs.)	Amount (Rs.)
(a) Provision for employee benefits:		
(i) Provision for compensated absences	741,206	-
(ii) Provision for gratuity (net)	590,649	-
(iii) Provision for post retirement medical benefits	8,087	-
(iv) Provision for stock appreciation rights	54,020	-
	<u>1,393,962</u>	<u>-</u>

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note 8 Trade Payables

Particulars	As at	As at	Particulars	As at	As at
	31 March, 2015	31 March, 2014		31 March, 2015	31 March, 2014
	Amount (Rs.)	Amount (Rs.)		Amount (Rs.)	Amount (Rs.)
Trade Payables:			(iii) Payable to the Holding Company:		
Micro and small enterprises	-	-	Project management fees/expenses incurred on behalf of the Company	25,281,000	8,049,315
Other than micro and small enterprises	271,529	437,012		<u>82,771,494</u>	<u>8,064,141</u>
	<u>271,529</u>	<u>437,012</u>			

Note 9 Other Current Liabilities

Particulars	As at	As at	Particulars	As at	As at
	31 March, 2015	31 March, 2014		31 March, 2015	31 March, 2014
	Amount (Rs.)	Amount (Rs.)		Amount (Rs.)	Amount (Rs.)
(a) Interest accrued but not due on borrowings	921,754	-	(a) Provision for employee benefits:		
(b) Other payables-			(i) Provision for compensated absences	105,116	-
(i) Statutory remittances (Withholding taxes, WCT, etc.)	4,213,947	14,826	(ii) Provision for gratuity (net)	33,606	-
(ii) Payables on purchase of fixed assets	52,354,793	-	(iii) Provision for stock appreciation rights	50,015	-
			(b) Provision - Others:		
			- Provision for tax (net of advance tax Rs. 1,940,776 (2014: Rs. Nil))	59,224	-
				<u>247,961</u>	<u>-</u>

Note 11 Fixed Assets

Tangible Assets	Gross Block			Accumulated depreciation and amortisation				Net Block	
	Balance as at 1 April, 2014	Additions	Disposals	Balance as at 31 March, 2015	Balance as at 1 April, 2014	Depreciation/ amortisation expense for the year (Refer note 1)	Disposals/ Adjustments	Balance as at 31 March, 2015	Balance as at 31 March, 2015
Land – Leasehold	-	230,908,302	-	230,908,302	-	2,427,155	-	2,427,155	228,481,147
Vehicles	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Computers	-	325,000	-	325,000	-	25,659	-	25,659	299,341
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
	-	20,394	-	20,394	-	786	-	786	19,608
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Total	<u>-</u>	<u>231,253,696</u>	<u>-</u>	<u>231,253,696</u>	<u>-</u>	<u>2,453,600</u>	<u>-</u>	<u>2,453,600</u>	<u>228,800,096</u>
Previous year	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)

Note 1: Depreciation/amortisation expense for the year is debited to capital work-in-progress.

Note 2: figures in brackets are in respect of the previous year.

Note 12 Long-term loans and advances

Particulars	As at	As at
	31 March, 2015	31 March, 2014
	Amount (Rs.)	Amount (Rs.)
Unsecured, considered good		
(a) Capital advances - related parties	2,457,851	-
- others	4,865,259	-
	<u>7,323,110</u>	<u>-</u>
(b) Security deposits	1,023,030	-
(c) Prepaid expenses	637,156	-
	<u>8,983,296</u>	<u>-</u>

Note 13 Current investments

Particulars	As at	As at
	31 March, 2015	31 March, 2014
	Amount (Rs.)	Amount (Rs.)
At lower of cost and fair value		
Investment in mutual fund (Unquoted) 52,915.407 (2014: Nil) units of Rs. 1,000 each in Taurus Liquid Fund-Existing Plan-Super Institutional-Growth	80,000,000	-
	<u>80,000,000</u>	<u>-</u>

Note 14 Cash and cash equivalents

Particulars	As at	As at
	31 March, 2015	31 March, 2014
	Amount (Rs.)	Amount (Rs.)
Balances with banks:		
(i) In current accounts	1,338,491	59,438
(i) In term deposit accounts	50,000,000	-
	<u>51,338,491</u>	<u>59,438</u>
Of the above, the balances that meet the definition of cash and cash equivalents as per AS 3 Cash Flow Statements is	51,338,491	59,438

Note 15 Short-term loans and advances

Particulars	As at	As at
	31 March, 2015	31 March, 2014
	Amount (Rs.)	Amount (Rs.)
Unsecured, considered good		
(a) Prepaid expenses	630,425	-
(b) Balances with government authorities:		
(i) CENVAT credit receivable	57,499,794	-

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	As at	As at
	31 March, 2015	31 March, 2014
	Amount (Rs.)	Amount (Rs.)
(ii) VAT credit receivable	2,656,895	-
(iii) Service Tax credit receivable	1,672,555	-
(c) Other loans and advances:		
-Advances to employee	10,000	-
-Recoverable from related parties	328,319	-
	62,797,988	-

Note 16 Other current assets

Particulars	As at	As at
	31 March, 2015	31 March, 2014
	Amount (Rs.)	Amount (Rs.)
Interest accrued but not due on term deposits	327,329	-
Defined contribution plan assets receivable in respect of employee transferred to the company	608,393	-
Exchange difference recoverable under currency swap	1,782,428	-
	2,718,150	-

Note 17 Other income

Particulars	For the	For the
	year ended 31 March, 2015	period ended 31 March, 2014
	Amount (Rs.)	Amount (Rs.)
Interest income on term deposits	6,257,758	-
Dividend income from current investments (other than trade)	6,233,829	-
	12,491,587	-

Note 18 Employee Benefits Expense

Particulars	For the	For the
	year ended 31 March, 2015	period ended 31 March, 2014
	Amount (Rs.)	Amount (Rs.)
(a) Salaries and wages	5,744,644	-
(b) Stock appreciation rights scheme expenses (Refer note 28)	104,035	-
(c) Contribution to provident and other funds	105,232	-
(d) Gratuity expense [Refer note 25(ii)(b)]	22,859	-
(e) Post retirement medical benefit expense [Refer note 25(ii)(a)]	1,090	-
	5,977,860	-
Less-debited to capital work- in- progress	(5,977,860)	-
	-	-

Note 19 Finance costs

Particulars	For the	For the
	year ended 31 March, 2015	period ended 31 March, 2014
	Amount (Rs.)	Amount (Rs.)
(a) Interest on inter-corporate deposits	125,831	-
	125,831	-

Note 20 Other expenses

Particulars	For the	For the
	year ended 31 March, 2015	period ended 31 March, 2014
	Amount (Rs.)	Amount (Rs.)
(a) Rates & taxes	4,398,472	-
(b) Printing and stationery	15,124	-
(c) Insurance	22,504	-
(d) Legal and professional	477,977	-
(e) Travelling expenses	1,218,597	-
(f) Payment to auditors [Refer note (i) below]	112,360	112,360
(g) Loss on foreign exchange transactions and translations	29,528,002	-
(h) Ground breaking ceremony expenses	-	1,715,096
(i) Preliminary expenses	-	5,447,800
(j) Share issue expenses	684,900	-
(k) Bank charges	30,008	-
(l) Miscellaneous expenses	103,266	-
	36,591,210	7,275,256
Less-debited to capital work- in- progress	35,513,374	-
	1,077,836	7,275,256

Note (i)

Particulars	For the	For the
	year ended 31 March, 2015	period ended 31 March, 2014
	Amount (Rs.)	Amount (Rs.)
Payment to auditors (including service tax)		
To statutory auditors for audit	112,360	112,360

Note 21 Commitments (to the extent not provided for)

Particulars	As at	As at
	31 March, 2015	31 March, 2014
	Amount (Rs.)	Amount (Rs.)
Commitments:		
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for	85,555,549	-

Note 22 Micro small and medium enterprises

The identification of vendors as a "Supplier" under the Micro, Small and Medium Enterprises Development Act, 2006 has been done on the basis of the information to the extent provided by the vendors to the Company. This has been relied upon by the auditors.

Note 23 Derivative Instruments

The Company has entered into Foreign Exchange Contracts (being a derivative instrument), which are not intended for trading or speculative purposes, but for hedge purposes.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(i) The following are the outstanding Foreign Exchange Contracts entered into by the Company:

Particulars	Currency	As at 31 March, 2015		As at 31 March, 2014		Buy/Sell	Cross currency
		Amount in Foreign Currency	Amount (Rs)	Amount in Foreign Currency	Amount (Rs)		
Forward contract (payable on purchase of fixed assets)	EURO	411,365	28,145,593	-	-	Buy	Rupees
Currency exchange/interest rate swap (import of machinery)	USD	3,494,957	220,391,991	-	-	Buy	Rupees

(ii) The year end foreign currency exposures that have not been hedged by a derivatives instrument or otherwise are given below.

Particulars	Currency	As at 31 March, 2015		As at 31 March, 2014	
		Amount in Foreign Currency	Amount (Rs)	Amount in Foreign Currency	Amount (Rs)
Payable on account of					
Plant and Machinery	USD	14,600	920,676	-	-

Note 24 Value of imports calculated on CIF basis

Particulars	For the year ended 31 March, 2015	For the period ended 31 March, 2014
	Amount (Rs.)	Amount (Rs.)
Machinery	311,353,002	-

Note 25 Employee Benefits:

Following are the relevant disclosures in pursuance of the Accounting Standard 15, "Employee Benefits".

i) The Company has recognized, as Capital work-in-progress, an amount of Rs. 105,232 (2014: Nil) pertaining to defined contribution plans.

Benefit (Contribution to)	For the year ended 31 March, 2015	For the year ended 31 March, 2014
	Amount (Rs.)	Amount (Rs.)
Provident Fund	59,955	-
Pension Fund	45,277	-
Total	105,232	-

ii) The Company operates defined benefit plans as follows:

- Unfunded - Post Retirement Medical Benefits
- Unfunded - Post Retirement Gratuity

a. **Details of unfunded defined benefit obligations in respect of Post Retirement Medical Benefits are as follows:**

Particulars	For the year ended 31 March, 2015	For the year ended 31 March, 2014
	Amount (Rs.)	Amount (Rs.)
1. Reconciliation of opening and closing balances of obligation		
a. Opening Obligation	-	-
b. Current Service Cost	550	-
c. Interest Cost	203	-
d. Actuarial loss	337	-
e. Benefits paid	-	-
f. Liabilities assumed on acquisition	6,997	-
g. Closing Obligation	8,087	-
2. Expected employer's contribution next year	-	-

Particulars	For the year ended 31 March, 2015		For the year ended 31 March, 2014	
	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)
3. Expense recognised in the year				
a. Current Service Cost	550	-		
b. Interest Cost	203	-		
c. Actuarial loss	337	-		
d. Expenses recognized in the year	1,090	-		
4. Assumptions				
a. Discount rate	8.05%	-		
b. Annual increase in healthcare cost	7%	-		
c. Normal retirement age	60	-		
d. Attrition rate	8%	-		
e. Mortality	*Note	-		
* Note: Indian Assured Lives Mortality (2006-08)				
5. Effect of one percentage point change in the assumed medical inflation rate				
	One percentage point increase in medical inflation rates	One percentage point decrease in medical inflation rates		
	2015	2014	2015	2014
Effect on the aggregate service and interest cost of post employment medical benefits	665	-	(516)	-
Effect on the accumulated post employment medical benefit obligations	2,151	-	(1,655)	-
6. Experience adjustments				
	For the year ended 31 March, 2015	For the year ended 31 March, 2014		
	Amount (Rs.)	Amount (Rs.)		
Defined benefit obligation	8,087	-		
Deficit	(8,087)	-		
Experience adjustments on plan liabilities	337	-		
b. Details of Gratuity Plan are as follows:				
	For the year ended 31 March, 2015	For the year ended 31 March, 2014		
	Amount (Rs.)	Amount (Rs.)		
1. Reconciliation of opening and closing balances of obligation:				
a. Opening Obligation	-	-		
b. Current Service Cost	38,788	-		

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	For the	For the	6. Experience adjustments	Particulars	For the	For the
	year ended	year ended			year ended	year ended
	31 March, 2015	31 March, 2014			31 March, 2015	31 March, 2014
	Amount (Rs.)	Amount (Rs.)			Amount (Rs.)	Amount (Rs.)
c. Interest Cost	17,178	-				
d. Actuarial (gain)	(33,107)	-		Defined benefit obligation	624,255	-
e. Benefits paid	-	-		Deficit	624,255	-
f. Liabilities assumed on acquisition	601,396	-		Experience adjustments on plan liabilities	33,107	-
g. Closing Obligation	624,255	-				
2. Expected employer's contribution next year:	33,606	-				
3. Reconciliation of fair value of assets and obligations:						
a. Present value of unfunded obligation as at the year end	624,255	-				
b. Amount recognised in the balance sheet - (assets)/liabilities	624,255	-				
4. Expense recognised in the year:						
a. Current service cost	38,788	-				
b. Interest cost	17,178	-				
c. Actuarial (gain)/loss	(33,107)	-				
d. Expenses recognized in the year	22,859	-				
5. Assumptions:						
a. Discount rate (per annum)	8.05%	-				
b. Estimated rate of return on plan assets (per annum)	7.50%	-				
c. Salary Growth Rate (per annum)	10%	-				
d. Normal retirement age	60	-				
e. Attrition rate	8%	-				
f. Mortality Rate*	*Note	-				

Basis used to determine the expected rate of return:
Based on expectation of the average long term rate of return expected on investment of the fund, during the estimated term of obligation.
The estimates of future salary increases take into account inflation, seniority, promotion and other relevant factors.

Note 26 Related Party Disclosures
Related party disclosures as required by AS-18 "Related Party Disclosures" are given below.

(A) List of Related Parties:

Ultimate Holding Company	Mahindra & Mahindra Limited
Holding Company	Mahindra Intertrade Limited

Other parties with whom transactions have taken place during the year

(i) Fellow Subsidiaries
Mahindra Logistics Limited (MLL)
Mahindra Integrated Business Solutions Private Limited (MIBS)
Mahindra Holidays & Resorts India Limited (MHRIL)
Mahindra Steel Service Centre Limited (MSSCL)

(ii) Companies having significant influence
CSGT International Corporation (CSGT)
Mitsui & Co. (Asis Pacific) Pte Ltd (Mitsui)

*Note: Indian Assured Lives Mortality (2006-08)

(B) Disclosure of transactions between the Company and related parties during the period ended 31 March, 2015:

	Ultimate Holding Company		Holding Company		A Company having Significant influence		A Company having Significant influence	
					CSGT		Mitsui	
	31st March, 2015	31st March, 2014	31st March, 2015	31st March, 2014	31st March, 2015	31st March, 2014	31st March, 2015	31st March, 2014
Purchase of fixed assets	-	-	223,522,452	-	-	-	-	-
Advance paid for purchase of fixed assets	663,641	-	-	-	-	-	-	-
Issue of share capital	-	-	349,250,000	100,000	167,825,000	-	167,825,000	-
Project management fees	-	-	25,000,000	-	-	-	-	-
Inter corporate deposits received	-	-	15,749,315	-	-	-	-	-
Inter corporate deposits paid	-	-	(15,749,315)	-	-	-	-	-
Finance costs	-	-	125,831	-	-	-	-	-
Payments made on behalf of the Company	-	-	998,359	-	-	-	-	-
Reimbursement of expenses by the Company	-	-	142,655	8,049,315	-	-	-	-
Legal and professional	166,476	-	-	-	-	-	-	-
Reimbursement of expenses by related party	-	-	23,872	-	-	-	-	-

	Fellow Subsidiary		Fellow Subsidiary		Fellow Subsidiary		Fellow Subsidiary	
					MSSCL		MLL	
	31st March, 2015	31st March, 2014	31st March, 2015	31st March, 2014	31st March, 2015	31st March, 2014	31st March, 2015	31st March, 2014
Purchase of fixed assets	1,781	-	-	-	-	-	-	-
Advance paid on account of port charges for import of machinery	-	-	-	-	-	-	1,794,210	-
Travelling expenses	-	-	307,921	-	-	-	-	-
Legal and professional	-	-	-	-	36,100	-	-	-
Reimbursement of expenses by related party	304,447	-	-	-	-	-	-	-

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Outstanding receivable:	31st March, 2015	31st March, 2014
From Ultimate Holding Company	663,641	–
From Holding Company	23,872	–
From Fellow Subsidiaries	2,098,657	–
Outstanding payable:	31st March, 2015	31st March, 2014
To Ultimate Holding Company (excludes equity share capital)	170,405	–
To Holding Company (excludes equity share capital)	25,281,000	8,049,315
To Fellow Subsidiaries	11,195	–
Note 27 Earnings per share		
Particulars	For the year ended 31 March, 2015	For the year ended 31 March, 2014
	Amount (Rs.)	Amount (Rs.)
Profit after tax (Rs.) (A)	9,287,920	(7,275,256)
Weighted average number of shares (B)	42,317,835	10,000
Earnings per share [Basic/Diluted] (Rs.) (A/B)	0.22	(727.53)
Nominal value of equity share (Rs.)	10.00	10.00

Note 28 Stock Appreciation Rights

The Company has granted 17,531 Stock Appreciation Rights ("SARs") to eligible employees in accordance with the Stock Appreciation Rights Scheme 2015 (SARS-2015) during the year ended 31st March, 2015 which are outstanding as on that date. Under the scheme, eligible employees are entitled to receive appreciation in value of equity shares over its face value on exercise of the SARs. The SARs may be exercised up to a period of three years from the date of vesting.

The related expenses for SARs amounting to Rs. 104,035 (2014: Rs. Nil) have been recognised as employee cost in the Statement of Profit and Loss.

Had the Company adopted fair value method as described in the Guidance note on Accounting for Employee Share - based Payments issued by the Institute of Chartered Accountants of India, the employee compensation cost would have been lower by Rs. 33,834.

The fair value has been calculated using the Black Scholes Option Pricing Model and the significant assumptions made in this regard are as follows:

	Grant dated 18 th February, 2015
Risk free interest rate	Zero coupon yield
Expected volatility	13.51%
Expected dividend yield	6.68%

Note 29 Previous year's figures

Previous year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosure.

		For and on behalf of the Board of Directors
	Jyoti Walunj Chief Financial Officer	Zhooben Bhiwandiwala Harsh Kumar } Directors
U. M. Neogi Partner	Abhishek Juvekar Company Secretary	
Place: Mumbai Date: 29 April, 2015		Place: Mumbai Date: 29 April, 2015

Board of Directors

Shriprakash Shukla - Chairman
Uday Gupta - Managing Director
Kozo Takahashi
Nobuyuki Tanaka
Tomofumi Osaki
Daljit Mirchandani
Sanjay Joglekar
Jayashree Vaidhyathan

Committee to the Board

Audit Committee

Daljit Mirchandani
Sanjay Joglekar
Jayashree Vaidhyathan

Nomination and Remuneration Committee

Daljit Mirchandani
Shriprakash Shukla
Kozo Takahashi
Jayashree Vaidhyathan

Sudhir Yagnik - Chief Financial Officer
Kazuya Shinno - Chief Technical Officer
Shingo Tada - Chief Marketing Officer
Dilip Pachpande - Chief Operating Officer
Krishna Mandke - Chief Executive Officer-
(Rings)
Pradeep Salian - Company Secretary

Auditors

M/s. Deloitte Haskins & Sells LLP
Chartered Accountants, Mumbai

Bankers

State Bank of India
Bank of India
Dena Bank
ICICI Bank Ltd.

Solicitors

M/s. Khaitan & Co.

Registered Office

74, Ganesh Apartment,
Opp; Sitaladevi Temple,
L.J.Road, Mahim (West),
Mumbai – 400 016, India.

Works:

Jagdish Nagar, Khopoli,
District, Raigad,
Maharashtra – 410216, India.

DIRECTORS' REPORT

To

The Members,

The Directors present their Fourth Annual Report together with the Audited Statement of Accounts of your Company for the financial year ended 31st March, 2015.

FINANCIAL HIGHLIGHTS

	(Rs. In lacs)	
	2014-15	2013-14
Gross Income	92770.44	76,946.47
Profit/(Loss) before Interest and Depreciation & Tax (EBIDTA)	(1865.93)	(2,914.08)
Less: Finance Charges.....	2285.32	1,807.78
Less: Depreciation	2176.21	2,111.98
Profit/(Loss) before Tax	(6327.46)	(6,833.84)
Less: Provision for Taxation	-	-
Net Profit/(Loss) after Tax.....	(6327.46)	(6,833.84)
Profit/(Loss) brought forward from previous Year	(10637.11)	(3803.27)
Add: Adjustment to retained earnings (excluding tax of Rs.37.93 Lacs) on account of change in useful lives of fixed assets as per Schedule II of the Companies Act, 2013	(116.90)	-
Less: Transfer to General Reserves.....	-	-
Balance Carried Forward to Balance Sheet.....	(17081.47)	(10637.11)
Net worth	19160.61	25604.97

STATE OF THE COMPANY'S AFFAIRS

The performance of the Alloy steel industry is very closely linked to the performance of the Indian automotive and engineering industries. Alloy steel, a value added product, is vitally important segment of Indian steel industry. It constitutes about 10% of the total steel production in India. Alloy steel is used in specialized area like Automotive, Engineering, Defence, Railways and Textile sectors. Some of the end uses of the Alloy Steel is in making of Transmission parts, Bearings, Axles, Gears, Crankshafts, Fuel Injection pumps etc. Alloy steel is also used in the Oil & Gas and Power generation sectors. India is fast becoming a global hub for Automobile industry. With the availability of skilled labour at competitive cost, the environment provides good growth opportunity for alloy steel industry in India. However, currently the industry is facing a slew of challenges viz.

- i) Slow down in economic growth resulting lower demand,
- ii) Availability of (a) quality scrap in sufficient quantity & (b) power at competitive rates.
- iii) Imports from China & entry of products from European suppliers particularly due to depreciation of Euro.

These factors have adversely impacted Alloy Steel industry's performance due to raw material availability, threats of cheaper imports on account of global surplus capacities & high cost of production.

Major challenges which remained during the year were:

- a) Higher input prices of scrap & other metallic during the 2nd & 3rd quarter of the year. Input prices have now been showing a downward trend with effect from the last quarter of the year.
- b) Although there was some relief due to the Government's announcement of reduction in power tariff for the 1st half of the year, power tariff increased during 3rd & 4th quarter due to Government's withdrawal of subsidy to state Electricity Board.

As a result of which impact of higher input cost of raw material & power largely remain un-recovered from the customers due to competitive pressures.

Complaints from customers on account of quality related issues witnessed increasing trend. Based on company analysis this issue is mainly related to new products and steel grades which have been introduced in the Company's product mix. Company is of the view this issue will get stabilized going forward.

The Company remains focused towards improvements in the areas of quality, process efficiency & productivity and at the same time continue to initiate steps towards deployment of resources available, work towards reduction of cost of

production & improvement of overall performance. The Company will also focus its marketing strategy towards enrichment of product mix to move up in value added products with the support from its JV partners Sanyo Steel (Technology leaders in Alloy steel) & Mitsui (One of the world's largest Trading organisation).

SUMMARY OF OPERATIONS:

During the year under review company had registered sales volume of 124 KT, i.e. growth of 17% over previous year level of 106 KT.

The Company recorded Sales revenue of Rs. 921 Crores during the year, i.e. growth of 21% over previous year level of Rs. 762 Crores.

Earnings before Interest, Depreciation, Tax & Amortization for the year under review was Rs. (-) 18.7 Crores against Rs. (-) 29.1 Crores for the previous year.

Profit after tax for the year under review was Rs. (-) 63.3 Crores against Rs. (-) 68.3 Crores for the previous year.

DIVIDEND:

In view of losses your directors do not recommend any dividend for the period under review.

DIRECTORS AND KEY MANAGERIAL PERSONNEL:

Board of Directors -Composition :

Sr. No.	Name of the Director	DIN	Executive/Non Executive	Independent/Non Independent
1.	Mr. Shriprakash Shukla	00007418	Non Executive	Non Independent
2.	Mr. Uday Gupta	03514282	Executive	Non Independent
3.	Mr. Sanjay Joglekar	00209394	Non Executive	Non Independent
4.	Mr. Daljit Mirchandani	00022951	Non Executive	Independent
5.	Mr. Nobuyuki Tanaka	06367343	Non Executive	Non Independent
6.	Mr. Tomofumi Osaki	06870060	Non Executive	Non Independent
7.	Mr. Kozo Takahashi	06921700	Non Executive	Non Independent
8.	Ms. Jayashree Vaidhyanathan	07140297	Non Executive	Independent

Mr. Uday Gupta and Mr. Nobuyuki Tanaka, Directors, retire by rotation at the ensuing Annual General Meeting, and being eligible, offers themselves for re-appointment.

Ms. Jayashree Vaidhyanathan, who was appointed as Director of the Company, designated as an Independent Director by the Board of Directors. The Company has received requisite notice in writing from members proposing for appointment of Ms. Jayashree Vaidhyanathan as an Independent Director of the Company for a period of one year with effect from 31st March, 2015 till the conclusion of the next Annual General Meeting to be held in the year 2016.

The Company has received declarations from Ms. Jayashree Vaidhyanathan, confirming that she meets with the criteria of independence as prescribed under sub-section (6) of Section 149 of the Companies Act, 2013. The Board proposes to appoint her for a period of one year from 31st March, 2015 until the Annual General Meeting of the Company will be held in the year 2016.

Mr. Yutaka Tsukamoto, Director has resigned from the Directorship of the Company with effect from 18th July, 2014. The Board has placed on record its sincere appreciation of the services rendered by Mr. Yutaka Tsukamoto during his tenure as the Director of the Company.

Mr. Hemant Luthra, Director has resigned from the Directorship of the Company with effect from close of business hours of 31st March, 2015. The Board has placed on record its sincere appreciation of the services rendered by Mr. Hemant Luthra during his tenure as the Director of the Company.

Pursuant to the provisions of Section 161(1) of the Companies Act, 2013 Mr. Shriprakash Shukla, who was appointed as the Director of the Company with effect from close of business hours of 31st March, 2015 and holds office upto the date of ensuing Annual General Meeting. The Company has received Notice from a member under Section 160(1) of the Companies Act, 2013, signifying his intention to propose the candidature of Mr. Shriprakash Shukla, for the office of Director of the Company at the forthcoming Annual General Meeting.

Pursuant to the requirement of the Provisions of the Companies Act, 2013, Mr. Uday Gupta, Managing Director, Mr. Sudhir Yagnik, Chief Financial Officer and Mr. Pradeep Salian, Company Secretary have been designated as the Key Managerial Personnel with effect from 21st May, 2014.

DETAILS OF BOARD MEETING

During the year under review, 5 Board meetings were held, details of which are given below:

Date of the meeting	No. of Directors attended the meeting
21 st May, 2014	6
18 th July, 2014	5
20 th October, 2014	7
6 th February, 2015	7
26 th March, 2015	6

INCREASE IN AUTHORISED CAPITAL:

During the year the Company has increased its authorised share capital from Rs. 10.00 crores to Rs. 15.00 crores.

EXTRACT OF ANNUAL RETURN:

Pursuant to section 92(3) of the Companies Act, 2013 (“the Act”) and rule 12(1) of the Companies (Management and Administration) Rules, 2014, extract of annual return is **Annexed as Annexure 2.**

COMMITTEES OF THE BOARD:

The details of composition of the Committees of the Board of Directors as on 31.3.2015 are as under:-

a. Audit Committee

Sl. No.	Name	Chairman/ Members
1	Mr. Daljit Mirchandani	Chairman
2	Ms. Jayashree Vaidhyanathan	Member
3	Mr. Sanjay Joglekar	Member

During the year, the Committee had met on 21st May, 2014, 18th July, 2014, 20th October, 2014, and 6th February, 2015.

b. Vigil mechanism

Pursuant to the requirement of the Act, the Company has established vigil mechanism for their directors and employees to report genuine concerns which shall provide for adequate safeguards against victimization of persons who use such mechanism.

c. Nomination and Remuneration Committee

Sl. No.	Name	Chairman/ Members
1	Mr. Daljit Mirchandani	Chairman
2	Mr. Shriprakash Shukla	Member
3	Mr. Kozo Takahashi	Member
4	Ms. Jayashree Vaidhyanathan	Member

During the year, the Committee had met on 21st May, 2014 and on 26th March, 2015.

DIRECTORS’ RESPONSIBILITY STATEMENT:

Pursuant to Section 134(3)(c) of the Companies Act, 2013, your Directors confirm that :

- (a) In the preparation of the annual accounts, the applicable accounting standards have been followed along with the proper explanation relating to material departures;
- (b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- (c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) the directors had prepared the annual accounts on a going concern basis; and
- (e) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

EVALUATION OF PERFORMANCE:

The Board of Directors has adopted a formal policy for annual evaluation of its own performance and individual directors and the same was done based on the criteria approved by the Board. As required under Schedule IV of the Companies Act, the Independent Directors at their meeting held on 24th April’15 reviewed the performance of Non-Independent Directors and the Board as a whole.

The Questionnaires/Feedback templates for annual evaluation were circulated to each Board member and duly filled in questionnaires/responses were submitted to the Chairman of the Nomination and Remuneration Committee for facilitating the formal annual evaluation. The Questionnaires/Feedback templates duly filled in by all the directors’ in respect to the evaluation of Independent Director were sent to the Chairman of the Board for facilitating the formal annual evaluation.

AUDITORS, THEIR REPORT AND NOTES TO FINANCIAL STATEMENTS:

In the last Annual General Meeting of the Company held on 28th August, 2014, M/s. Deloitte Haskins & Sells LLP (DHS), Chartered Accountants have been appointed as the Statutory Auditors of the Company, and hold office till the conclusion of the ensuing Annual General Meeting of the Company and being eligible, given their consent for re-appointment.

The Company has received a Certificate from M/s. Deloitte Haskins & Sells, LLP, Statutory Auditors of the Company, to the effect that if their re-appointment is made which would be within the prescribed limits under section 141(3) (g) of the Companies Act, 2013 and that they are not disqualified for re-appointment.

Further, the report of the Statutory Auditors along with notes to Schedules is annexed to the report. The observations made in

the Auditors' Report are self-explanatory and therefore do not call for any further comments.

INTERNAL AUDITORS:

Your Company has appointed M/s. Mahajan & Aibara, Chartered Accountants, as Internal Auditors of the Company in accordance with Section 138 with effect from 21st May, 2014.

COST AUDIT REPORT:

Your Company had appointed Mr. Kishore Bhatia, a qualified practicing Cost Accountant holding valid Membership No. 8241 for the financial year 2013-14 with the approval of the Central Government, Ministry of Corporate Affairs, New Delhi to carry out cost audit of its steel plant. The Cost Auditor has filed the Cost Audit Report for the financial year 2013-14 on 10.09.2014 to the Central Government, Ministry of Corporate Affairs, New Delhi. The due date for filing the said Cost Report was 27.09.2014. Mr. Kishore Bhatia, Cost Accountant has been appointed as Cost Auditors to conduct the audit of cost records of your company for the financial year 2015-16. The Company has obtained a written confirmation from Mr. Kishore Bhatia to the effect that he is eligible for appointment as Cost Auditor under Section 233B of the Companies Act, 2013. The Audit Committee has also received a certificate from the Cost Auditor certifying his independence and arm's length relationship with the Company. The remuneration proposed to be paid to them requires ratification of the shareholders of the Company. In view of this, your ratification for payment of remuneration to Cost Auditors is being sought at the ensuing AGM.

SECRETARIAL AUDIT REPORT:

In terms of Section 204 of the Act and Rules made there under, M/s. GMJ & Associates, Practicing Company Secretaries have been appointed Secretarial Auditors of the Company and they have carried out the Audit for the year 2014-15. The report of the Secretarial Auditors is enclosed as **Annexure 4** Forming part of this report. The report is self-explanatory and do not call for any further comments.

RELATED PARTIES TRANSACTIONS:

The Company has entered into transactions with the related parties as per section 188(1) of the Companies Act, 2013, which are on arm's length basis. However, there was no contracts/arrangements or transactions entered into by the Company which are not on arm's length basis and there was no material contracts or arrangement or transactions at arm's length basis entered into by the Company with the related parties which are required to be disclosed in this report. The criteria for materiality of the transactions was considered as per the notification dated 14th August, 2014 issued by the Ministry of Corporate Affairs. New Delhi.

POLICY FOR REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES AND CRITERIA FOR APPOINTMENT/REMOVAL OF DIRECTORS AND SENIOR MANAGEMENT PERSONNEL:

Your Board has, on the recommendation of Nomination and Remuneration Committee, approved policies on the

appointment/removal of directors and senior management personnel, together with the criteria for determining qualifications, positive attributes and independence of directors, and on the remuneration of directors, key managerial personnel and other employees. These policies are provided as **Annexure 3** and form part of this report.

RISK MANAGEMENT POLICY:

In terms of the requirement of the Act, the Company has developed and implemented the Risk Management Policy and the Audit Committee of the Board reviews the same periodically. The risk management policy sets out the objectives and elements of risk management within the organization and helps to promote risk awareness amongst employees and to integrate risk management within the organization's culture. The formulation and authorization of the risk policy illustrates executive management's commitment to implement and continuously develop risk management within the Company.

DECLARATION BY INDEPENDENT DIRECTORS:

Mr. Daljit Mirchandani and Ms. Jayashree Vaidhyanathan are independent Directors on the Board of your Company. In the opinion of the Board and as confirmed by these Directors, they fulfil the conditions specified in Section 149 of the Act and the Rules made thereunder about their status as Independent Directors of the Company.

INTERNAL FINANCIAL CONTROLS:

The internal financial controls with reference to the Financial Statements are commensurate with the size and nature of business of the Company. Your Company has adequate internal controls for its business processes across departments to ensure efficient operations, compliance with internal policies, applicable laws and regulations, protection of resources and assets, and accurate reporting of financial transactions. The Company also has an internal audit system which is conducted by an independent firm of Chartered Accountants so as to cover various operations on continuous basis. Summarized Internal Audit Observations/Reports are reviewed by the Audit Committee on a regular basis. The internal controls are complemented, on an on-going basis, by an extensive program of internal audits being implemented throughout the year. The Company uses an Enterprise Resource Planning (ERP) package, which enhances the internal control mechanism. The internal controls are designed to ensure that the financial and other records of the Company are reliable for preparing financial statement and other data for maintaining the accountability of assets.

HOLDING AND SUBSIDIARY COMPANY:

Your Company continues to be the subsidiary of Mahindra & Mahindra Limited (M&M), which holds 51% of the shares in the share Capital of the Company.

PUBLIC DEPOSITS AND LOANS/ADVANCES:

The Company has not accepted any deposits from the public or its employees during the period under review.

The Company has not made any loans and advances which are required to be disclosed in the annual accounts of the Company pursuant to Clause 32 of the Listing Agreement of the Holding Company Mahindra & Mahindra Limited.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

A detailed analysis of the Company's performance is mentioned in the Management Discussion and Analysis Report, which forms part of this Directors Report.

MATERIAL CHANGES AND COMMITMENTS IF ANY, AFFECTING FINANCIAL POSITION OF THE COMPANY:

There are no material changes and commitments, affecting the financial position of the Company during the year under review.

FINANCE:

During the year under review, the operating losses put some pressure on the liquidity of the Company. The company faced inflationary pressure and was not able to avoid an increase in borrowing in the form of unsecured loans to fund the working capital requirement. The company met its obligations towards working capital requirements through external funding in the form of short term unsecured bank borrowing of Rs. 30.00 Crores pending appraisal of proposal for increase in fund based & non fund based working capital limits from its consortium of banks pending, which has been completed on the annual accounts signing date. Capex obligation for the year have been met out of Equity contribution from its shareholders which has been retained in the form of interest bearing fixed deposits with Scheduled banks.

CORPORATE SOCIAL RESPONSIBILITY INITIATIVES (CSR):

The Corporate Social Responsibility Activities as provided under section 135 of the Act., is not applicable to the Company.

SUSTAINABILITY INITIATIVES:

In line with the vision statement of the company, MSSSPL has progressed very well during the year under various initiatives of Environment, Social and Governance. Initiatives directly affecting cost like electricity reduction furnace oil reduction, water reduction etc., have achieved better results over Last year.

Materiality Test & Stakeholder Engagement:

- Interacted with Local communities around and feedback was taken.

Energy Conservation:

- There has been an overall saving of around 2.7 MU (million units) during the year due to various initiatives and measures taken by the company.

Water Stewardship:

- Water reduction from 3.8 M³/ton to 3.23 M³/ton over last year.
- Water audit done by M/s Mitcon in Jan 15.

- Presented as best water case study in FICCI Industrial Water awards at Delhi.

Product Stewardship:

- Conducted Environmental Life Cycle Assessment (E-LCA) for Top 23 products [representing 70 % of volume and process length] gate to gate.
- Gate to Grave LCA Project started with BMW for a ring Division Product.
- Started S LCA study by Product Social Metrics Roundtable, Europe.

Waste To Wealth :

- Reduction in landfill rate kg/ton 191.
- Increase in recycle Kg/ton 31.8.
- Responsible e-waste management recycle and safe disposal (kg recycled%) 100%.

Sustainable Supply Chain Management (SSCM):

- Implemented Sofi- software to collect EHS data of suppliers.
- Conducted SSCM workshops for suppliers.
- Started S-LCA survey in supply chain with PE International.

OTHER EXTERNAL INITIATIVES

- Completed Natural Capital Valuation (NCV) for 23 products through Trucost, UK.
- Completed Sustainability Stand Alone report on GRI- G4 guidelines. We are first in Mahindra Group.
- Participated in Desktop Review G3.1 by KPMG.
- Engagement started with Center for Responsible Business (CRB), New Delhi.
- Completed Groundwater Monitoring study by ERM, India (part of Pollution Prevention team).
- Started eRevalue Pilot on Environment, Social and Governance dimensions.
- Participated in the launching of Scope-2 standards by WRI in Mumbai.
- Participated in India Water Tool (IWT v2.0) launched by WBCSD in New Delhi.
- Completed Road Safety training on 5th February, 2015 with Hubert Ebner (HE), India

POLICY FOR PREVENTION OF SEXUAL HARASSMENT:

The Company has rolled out a Policy for prevention of sexual harassment in which it formalized a free and fair enquiry process with clear timeline. The Company has also constituted an internal complaints committee to which employees can write their complaints. There was no case/complaint reported under the Act during the financial year 2014-15.

PARTICULARS OF EMPLOYEES:

Being unlisted company, provision of Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable to your Company.

INDUSTRIAL RELATIONS:

The relations with the workers and their respective unions remained cordial.

SAFETY, HEALTH AND ENVIRONMENTAL PERFORMANCE:

Your Company has a defined policy on general health, safety and environmental conservation through which every employee is responsible for the observance of the measures designed to prevent accidents, damage to health and to avoid environmental pollution.

The Safety committee members comprising representatives of workers and executives from various departments meet periodically to review the situation.

DETAILS CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

Particulars required to be disclosed under the Rules 8(3) of Companies (Accounts) Rules 2014 are set out in Annexure I to this Report.

ACKNOWLEDGEMENTS:

Your Directors wish to express their appreciation of the continued support and co-operation received from the Banks, Stakeholders, and Government Departments.

For and on behalf of the Board

Mumbai, 24th April, 2015

Shriprakash Shukla
Chairman

ANNEXURE I

STATEMENT PARTICULARS OF THE DIRECTORS' REPORT UNDER RULES 8(3) OF THE COMPANIES (ACCOUNTS) RULES 2014 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE PERIOD ENDED 31ST MARCH, 2015.

A. CONSERVATION OF ENERGY

(a) Energy conservation measures taken:

(i) the steps taken or impact on conservation of energy

1. Inculcated Electrode Regulation in the electric arc furnace, this has helped to achieve reduction in electrode, refractory and power consumption.
2. Reduction in power consumption by reducing Maximum Demand (MD) delay through installation of SCADA and Programmable Logic Control (PLC) system.
3. Right sizing of water pumps in the plant through trimming of impellers. This has led to reduction in plant power consumption for water pumping.
4. Controlled Cooling pit cover is modified and insulation is improved in order to reduce heat loss in the Forge Shop. This has led to reduction in power.
5. Energy savings through process route changes. In house annealing process started in Forge Shop instead of Heat Treatment (HTFS) for few grades. This has avoided temperature loss of material.

6. Heat Treatment cycle time reduction for 7 grades in Heat Treatment Shop (HTFS) without affecting the product quality.
7. Power saving through installation of transparent sheets on plant roof top.

(ii) the steps taken by the company for utilizing alternate sources of energy:

1. Installation of 20 KW Solar Power on rooftop for administration building.
2. Up gradation of Blooming Mill Chamber Furnace No. 3 & 4 with Oxy-Fuel Technology. Through this technology fuel oil is reduced by usage of oxygen resulting in lower oil consumption.

(iii) The capital investment on energy conservation equipments:

1. Oxy-fuel technology for Chamber furnaces in Blooming Mill.
2. Electrode Regulation System installed in Electric Bottom Tapping Furnace (EBT).
3. Installation of 20 KW Solar Power on rooftop for administration building. The total investment for the above said projects was Rs. 1,93,38,482.

(b) Impact of the measures taken at (a) & (b) above for reduction of energy consumption and consequent impact on the cost of production of goods:

There has been overall energy saving of around 2.7 MU during the year due to various energy saving initiatives and measures taken by the company as stated above. This has resulted in energy cost to the company.

B. TECHNOLOGY ABSORPTION:

i). The efforts made on Technology absorption and benefits derived as result of the same:-

Sr. No.	Product, process improvement, Product development & cost reduction	Benefits derived
A	New Products developed	
1	Developed H13(modified) grade	Superior properties over existing H13 grade and import substitution.
2	Developed D2 steel grade	New grade developed to enhance business.
	Developed grade SAE8620 with customers.	New grade developed to enhance business.
	Developed 4 new grades for customers	Increased business of customers.
	Developed SAE 4130 and SAE410 as per API C20 for customers.	Customer requirement of stringest inclusion level and chromium was successfully achieved.
	Development of critical bearing steel grade with high chromium and low titanium (MS steel for customers).	New grade developed to enhance business.
B	Process Improvement	
	Process development for round ingot cast product.	Revenue generation by substantial sale of round ingots.

Sr. No.	Product, process improvement, Product development & cost reduction	Benefits derived
	Modification in forging control cooling and heat treatment cycles.	Reduction in power consumption and reduction in cost.
	Continuous casting machine revamping.	Improvement in surface quality and internal soundness.
	In heat Treatment shop, heat coils added on tempering furnace trolley.	To achieve uniformity within the tempering furnace and provide consistent results.
C.	Enhancement in Testing Capability	
1.	Water immersion ultrasonic testing equipment.	Detection of micro level of inclusions in steel. Helped in benchmarking of products and improvement in steel cleanliness.
2.	Horiba Oxygen Nitrogen analyzer and Stereo microscope.	Improved the analytical ability.
3.	Installed semi-automatic magnetic particle tester in HTFS.	More accurate surface quality testing and improvement in productivity.

ii). Future Plan of action:-

- Modernization of QA laboratory through installation of new analytical instruments like Carbon-Sulphur apparatus and XRF.
- Installation of advanced AMLC in line with available technology for continuous casting process modernization and CC bloom quality improvement.
- Installation of casting trolley for quality improvement of bottom pouring route products.

iii). Expenditure on R&D:

	2014-15 (Rs.in lacs)	2013-14 (Rs.in lacs)
a) Capital	53	23
b) Recurring	141	144
c) Total	194	167
d) Total R&D expenditure as percentage of total turnover	0.21%	0.22%

iv). Technology Absorption, Adaptation

(Efforts in brief towards technology absorption, adaptation and benefits derived as a result of the above efforts.)

Sr. No.	Technology	Benefits
1.	New hardening and tempering furnaces.	This will help to achieve homogeneity in structure and properties.
2.	Installation of automatic ultrasonic testing set up.	For enhancement in capacity and quality of ultrasonic testing.
3.	Use of Bio-diesel in place of LDO.	Cost Reduction.
4.	Oxy-fuel in steel re-heating furnaces.	Cost Reduction, Less burning loss.

v). Import of Technology for the last five years: Nil

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

The Company continues to strive to improve its export earnings. Further details in respect of exports are set out elsewhere in the Report.

Particulars with regard to Foreign Exchange Earnings and outgo are given in the notes to Accounts.

For and on behalf of the Board

Mumbai, 24th April, 2015

Shriprakash Shukla
Chairman

Annexure - 2

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31st March, 2015 of
MAHINDRA SANYO SPECIAL STEEL PRIVATE LIMITED
[Pursuant to Section 92(1) of the Companies Act, 2013 and rule 12(1) of the Companies
(Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

- i) CIN: **U27310MH2011PTC223696** ii) Registration Date: 08-11-2011
- iii) Name of the Company: **Mahindra Sanyo Special Steel Pvt. Ltd.** iv) Category/Sub-Category of the Company: Manufacturing of Alloy Steel.
- v) Address of the Registered office and contact details: **74, Ganesh Apartment, Opp. Sitaladevi Temple, L.J. Road, Mahim (W), Mumbai- 400 016. Tel. no. 022-24444287/24458196.** vi) Whether listed company: Yes/No No
- vii) Name, Address and contact details of Registrar & Transfer Agents (RTA), if any: **NA**

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sl. No.	Name and description of main products/services	NIC Code of the Product/service	% to total turnover of the company
1.	Other bars and rods of other alloy steel	72283019	93%
2.	Other bars and rods of iron or non-alloy steel	72149990	-
3.	Ball or roller bearings	84829900	-
4.	Parts and accessories of motor vehicles	87084000	-

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -

Sl. No.	Name and address of the company	CIN/GLN	Holding/ Subsidiary/Associate	% of shares held	Applicable Section
1.	Mahindra & Mahindra Ltd.	L65990MH1945PLC004558	Holding	51%	2(46)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**(i) Category-wise Share Holding**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of total Shares	Demat	Physical	Total	% of total Shares	
A. Promoters									
(1) Indian									
(a) Individual/HUF									
(b) Central Govt.									
(c) State Govt(s)									

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of total Shares	Demat	Physical	Total	% of total Shares	
(d) Bodies Corp.	5100000	–	5100000	51	5099996	4*	5100000	51	Nil
(e) Banks/Fl									
(f) Any other									
Sub-Total (A)(1):-	5100000	–	5100000	51	5099996	4	5100000	51	
(2) Foreign									
(a) NRIs-Individuals									
(b) Other-Individuals									
(c) Bodies Corp.	–	4900000	4900000	49	–	4900000	4900000	49	Nil
(d) Banks/Fl									
(e) Any other...									
Sub-Total (A)(2):-	–	4900000	4900000	49	–	4900000	4900000	49	
Total shareholding of Promoter (A) = (A)(1) + (A)(2)	5100000	4900000	10000000	100	5099996	4900004	10000000	100	Nil
B. Public Shareholding	Nil								
1. Institutions									
(a) Mutual Funds									
(b) Banks/Fl									
(c) Central Govt									
(d) State Govt(s)									
(e) Venture Capital Funds									
(f) Insurance Companies									
(g) FIs									
(h) Foreign Venture Capital Funds									
(i) Others (specify)									
Sub-total (B)(1):-									
2. Non-Institutions									
(a) Bodies corp.									
(i) Indian									
(ii) Overseas									
(b) Individuals									
(i) Individual shareholders holding nominal share capital upto Rs. 1 Lakh									
(ii) Individual shareholders holding nominal share capital in excess of Rs. 1 Lakh									
(c) Others (specify)									
Sub-total (B)(2):-									
Total Public Shareholding (B) = (B)(1) + (B)(2)									
C. Shares held by Custodian for GDRs & ADRs	Nil								
Grand Total (A+B+C)	5100000	4900000	10000000	100	5099996	4900004	10000000	100	Nil

* The 4 shares are held by Mahindra & Mahindra Ltd jointly with its nominees.

(ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% Change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares pledged/encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares pledged/encumbered to total shares	
1.	Mahindra & Mahindra Ltd.	5100000	51	NA	5099996	51	NA	–
2.	Mahindra & Mahindra Ltd. Jointly with Mr. Hemant Luthra	–	–	–	1	–	NA	–
3.	Mahindra & Mahindra Ltd. Jointly with Mr. Uday Gupta	–	–	–	1	–	NA	–
4.	Mahindra & Mahindra Ltd. Jointly with Mr. Zoooben Bhiwandiwala	–	–	–	1	–	NA	–
5.	Mahindra & Mahindra Ltd. Jointly with Mr. S. Durgashankar	–	–	–	1	–	NA	–
6.	Sanyo Special Steel Co., Ltd.	2900000	29	NA	2900000	29	NA	Nil
7.	Mitsui & Co., Ltd.	2000000	20	NA	2000000	20	NA	Nil

(iii) Change in Promoters' Shareholding (please specify, if there is no change) : No change

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
	At the beginning of the year				
	Date wise Increase/Decrease in Promoters Share holding during the Year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):		No change		
	At the end of the year				

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs): Nil

Sr. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
	At the beginning of the year			Nil	
	Date wise Increase /Decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):				
	At the End of the year (or on the date of separation, if Separated during the year)				

(v). Shareholding of Directors and Key Managerial Personnel: Nil

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
	At the beginning of the year	Nil		Nil	
	Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):				
	At the end of the year	Nil		Nil	

V. INDEBTEDNESS
Indebtedness of the Company including interest outstanding/accrued but not due for payment

(Amount in Rs. Crs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	151.14	–		151.14
ii) Interest due but not paid	0.45	–		0.45
iii) Interest accrued but not due	0.08	–		0.08
Total (i + ii + iii)	151.67	–		151.67
Change in Indebtedness during the financial year				
• Addition	221.20	–		221.20
• Reduction	163.28			163.28
Net Change	57.92			57.92
Indebtedness at the end of the financial year				
i) Principal Amount	209.19	–		209.19
ii) Interest due but not paid	0.30	–		0.30
iii) Interest accrued but not due	0.10	–		0.10
Total (i + ii + iii)	209.59	–		209.59

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL
A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Sl. No.	Particulars of Remuneration	Name of MD/WTD/Manager	Total Amount in Rs.
		Mr. Uday Gupta	
1.	Gross Salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	89,60,400.00	89,60,400.00
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	39,600.00	39,600.00
	(c) Profits in lieu of salary under		
2.	Stock Option		
3.	Sweat Equity		
4.	Commission – as % of profit		
	– others, specify (Performance Pay)	15,00,000.00*	15,00,000.00*
5.	Others, please specify		
	Total (A)	1,05,00,000.00	1,05,00,000.00
	Ceiling as per the Act **	90,00,000.00	90,00,000.00

* The amount of performance pay of Rs. 15,00,000 provided in the books for the year 2014-15, the actual amount will be paid based on the Individual Performance and the Company's Performance as may be approved by the Nomination and Remuneration Committee.

** The amount Rs.90,00,000 excluding the amount of performance pay.

B. Remuneration to other directors:

Sl. No.	Particulars of Remuneration	Name of Directors (Mr. Daljit Mirchandani)				Total Amount in Rs.
1.	Independent Directors					
	• Fees for attending board/committee meetings	60000	-	-	-	60000
	• Commission	-	-	-	-	-
	• Others, please specify	-	-	-	-	-
	Total (1)	60000				60000
2.	Other Non-Executive Directors	Nil				
	• Fees for attending board/committee meetings					
	• Commission					
	• Others, please specify					
	Total (2)	0				0
	Total (B) = (1 + 2)	60000				60000
	Total Managerial Remuneration					
	Overall Ceiling as per the Act					

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			Total Amount in Rs.
		CEO	Company Secretary Amount in Rs.	CFO Amount in Rs.	
1.	Gross Salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961		11,18,546.00	48,66,876.42	59,85,422.42
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961		-	34,703.23	34,703.23
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961				
2.	Stock Option				
3.	Sweat Equity				
4.	Commission – as % of profit – others, specify...				
5.	Others, please specify				
	Total		11,18,546.00	49,01,579.65	60,20,125.65

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief description	Details of Penalty/ Punishment/Compounding fees imposed	Authority [RD/NCLT/COURT]	Appeal made, if any (give details)
A. COMPANY					
Penalty	Nil				
Punishment					
Compounding					
B. DIRECTORS					
Penalty	Nil				
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty	Nil				
Punishment					
Compounding					

For and on behalf of the Board

Shriprakash Shukla
Chairman

Mumbai, 24th April, 2015

ANNEXURE - 3

A. POLICY ON APPOINTMENT OF DIRECTORS AND SENIOR MANAGEMENT

DEFINITIONS

The definitions of some of the key terms used in this Policy are given below.

“**Board**” means Board of Directors of the Company.

“**Company**” means Mahindra Sanyo Special Steel Private Limited

“**Committee(s)**” means Committees of the Board for the time being in force.

“**Employee**” means employee of the Company whether employed in India or outside India including employees in the Senior Management Team of the Company.

“**HR**” means the Human Resource department of the Company.

“**Key Managerial Personnel**” (KMP) refers to key managerial personnel as defined under the Companies Act, 2013 and includes:

- (i) Managing Director (MD), or Chief Executive Officer (CEO); or Manager; or Whole time Director (WTD)
- (ii) Chief Financial Officer (CFO); and
- (iii) Company Secretary (CS).

“**Nomination and Remuneration Committee**” (NRC) means Nomination and Remuneration Committee of Board of Directors of the Company for the time being in force.

“**Senior Management**” means personnel of the Company who are members of its Core Management Team excluding Board of Directors comprising of all members of management one level below the executive directors including the functional heads.

I. APPOINTMENT OF DIRECTORS

- The NRC reviews and assesses Board composition and recommends the appointment of new Directors. In evaluating the suitability of individual Board member, the NRC shall take into account the following criteria regarding qualifications, positive attributes and independence of director:
 1. All Board appointments will be based on merit, in the context of the skills, experience, independence and knowledge, for the Board as a whole to be effective.
 2. Ability of the candidates to devote sufficient time and attention to his professional obligations as Independent Director for informed and balanced decision making.
 3. Adherence to the Code of Conduct and highest level of Corporate Governance in letter and in spirit by the Independent Directors.

- Based on recommendation of the NRC, the Board will evaluate the candidate(s) and decide on the selection of the appropriate member. The Board through the Chairman and/or Managing Director will interact with the new member to obtain his/her consent for joining the Board. Upon receipt of the consent, the new Director will be co-opted by the Board in accordance with the applicable provisions of the Companies Act 2013 and Rules made thereunder.

REMOVAL OF DIRECTORS

If a Director is attracted with any disqualification as mentioned in any of the applicable Act, rules and regulations thereunder or due to non-adherence to the applicable policies of the company, the NRC may recommend to the Board with reasons recorded in writing, removal of a Director subject to the compliance of the applicable statutory provisions.

SENIOR MANAGEMENT PERSONNEL

The NRC shall identify persons who are qualified to become directors and who may be appointed in senior management team in accordance with the criteria laid down above.

Senior Management personnel are appointed or promoted and removed/relieved with the authority of Chairman and/or Managing Director based on the business need and the suitability of the candidate. The details of the appointment made and the personnel removed one level below the Key Managerial Personnel during a quarter shall be presented to the Board.

II. SUCCESSION PLANNING:

Purpose

The Talent Management Policy sets out the approach to the development and management of talent in the Mahindra Group to ensure the implementation of the strategic business plans of the Group and the Group Aspiration of being among the Top 50 globally most-admired brands by 2021.

Board:

The successors for the Independent Directors shall be identified by the NRC atleast one quarter before expiry of the scheduled term. In case of separation of Independent Directors due to resignation or otherwise, successor will be appointed at the earliest but not later than the immediate next Board meeting or three months from the date of such vacancy, whichever is later.

The successors for the Executive Director(s) shall be identified by the NRC from among the Senior Management or through external source as the Board may deem fit.

The NRC will accord due consideration for the expertise and other criteria required for the successor.

The Board may also decide not to fill the vacancy caused at its discretion.

Senior Management Personnel:

A good succession-planning program aims to identify high growth individuals, train them and feed the pipelines with new talent. It will ensure replacements for key job incumbents in KMPs and senior management positions in the organization.

Significantly, we have a process of identifying Hi-pots and critical positions. Successors are mapped for these positions at the following levels:

1. Emergency successor
2. Ready now
3. Ready in 1 to 2 years
4. Ready in 2 to 5 years
5. Ready in more than 5 years

in order to ensure talent readiness as per a ladder approach.

Policy Statement

The Talent Management framework of the Mahindra Group has been created to address three basic issues:

- 1) Given the strategic business plans, do we have the skills and competencies required to implement them? If not, how do we create them – by developing them internally or through lateral induction from outside?
- 2) For critical positions, what is the succession pipeline?
- 3) What are the individual development plans for individuals both in the succession pipeline as well as others?

The framework lays down an architecture and processes to address these questions using the **3E** approach:

- a) **Experience** i.e. both long and short-term assignments. This has 70% weightage
- b) **Exposure** i.e. coaching and mentoring – 20% weightage
- c) **Education** i.e. learning and development initiatives – 10% weightage

The Talent Management process is applicable to all employees. Over the years, the Talent Management framework has become a well-structured and process-oriented system which is driven by an interactive and collaborative network of Talent Councils at the Group and Sector Levels. These Talent Councils, which consist mainly of Senior business leaders supported by HR, are a mix of Sector (Business) and Functional Councils coordinated by an Apex Talent Council, headed by the Group Chairman. The Apex Council reviews the work done by the Talent Councils and facilitates movement of talent across Sectors. The Sector/Functional Councils meet regularly throughout the year and the Apex Council interacts with each one of them separately once a year, and in addition conducts an integrated meeting where the Chairpersons of all the Councils are present.

B. POLICY FOR REMUNERATION OF THE DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES.

Purpose

This Policy sets out the approach to Compensation of Directors, Key Managerial Personnel and other employees in Mahindra Sanyo Special Steel Private Limited.

Policy Statement

We have a well-defined Compensation policy for Directors, Key Managerial Personnel and all employees, including the Chairman, Managing Director and other Members of Executive Committee who are employees of the Company. The overall compensation philosophy which guides us is that in order to achieve global leadership and dominance in domestic markets, we need to attract and retain high performers by compensating them at levels that are broadly comparable with the median of the comparator basket while differentiating people on the basis of performance, potential and criticality for achieving competitive advantage in the business.

In order to effectively implement this, we have built our Compensation structure by a regular annual benchmarking over the years with relevant players across the industry we operate in.

Non-executive including Independent Directors:

The Nomination and Remuneration Committee (NRC) shall decide the basis for determining the compensation, both Fixed and variable, to the Non-Executive Directors, including Independent Directors, whether as commission or otherwise. The NRC shall take into consideration various factors such as director's participation in Board and Committee meetings during the year, other responsibilities undertaken, such as membership or Chairmanship of committees, time spent in carrying out their duties, role and functions as envisaged in Schedule IV of the Companies Act 2013 and such other factors as the NRC may consider deem fit for determining the compensation to Non-executive Directors within the overall limits specified in the Shareholders resolution.

Executive Directors:

The remuneration to Managing Director/ Executive Director(s) shall be recommended by NRC to the Board. The remuneration consists of both fixed compensation and variable compensation and shall be paid as salary, commission, performance bonus, perquisites and fringe benefits as approved by the Board and within the overall limits specified in the Shareholders resolution. While the fixed compensation is determined at the time of their appointment, the variable compensation will be determined annually by the NRC based on their performance.

Key Managerial Personnel (KMPs)

The terms of remuneration of KMPs including Managing Director(MD), Chief Financial Officer (CFO), Company Secretary shall be determined by the NRC from time to time. The terms of remuneration of the Company Secretary shall be finalised/revised either by any Director or such other person as may be authorised by the Board from time to time. The remuneration shall be consistent with the competitive position of the salary for similar positions in the industry and their Qualifications, Experience, Roles and Responsibilities. Pursuant to the provisions of section 203 of the Companies Act 2013 the Board shall approve the remuneration at the time of their appointment.

The remuneration to directors, KMPs and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

Employees

We follow a differential approach in choosing the comparator basket for benchmarking, depending upon the level in the organization:

- a. For all employees from Operational to Executive Band, we benchmark with a set of comparators from the same industry.
- b. For Strategic band and above, we have a position-based approach and the comparator basket includes benchmarks from across relevant industries.

We have a CTC (Cost to Company) concept which includes a fixed component (Guaranteed Pay) and a variable component (Performance pay). The percentage of the variable component increases with increasing hierarchy levels, as we believe employees at higher positions have a far greater impact and

influence on the overall business result. The CTC is reviewed once every year and the compensation strategy for positioning of individuals takes into consideration the following elements:

- Performance
- Potential
- Criticality
- Longevity in grade

Remuneration for the new employees other than KMPs and Senior Management Personnel will be decided by the HR of the Department of the Company, in consultation with the concerned business unit head at the time of hiring, depending upon the relevant job experience, last compensation and the skill-set of the selected candidate.

For and on behalf of the Board

Shriprakash Shukla
Chairman

Mumbai, 24th April, 2015

ANNEXURE - 4

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2015

Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies
(Appointment and Remuneration Personnel) Rules, 2014

To,
The Members,
M/s. Mahindra Sanyo Special Steel Private Limited
74, Ganesh Apartment, L.J. Road,
Mahim, Mumbai 400 016.

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **M/s. Mahindra Sanyo Special Steel Private Limited** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Our report is to be read along with the following:

1. Maintenance of secretarial records is the responsibility of management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have verified the correctness and appropriateness of financial records and books of accounts of the Company.
4. Wherever required, we have obtained the Management Representation about the compliance of laws, rules and regulations and happening of events, etc.
5. The compliance of the provisions of corporate and other applicable laws, rules and regulations, standards is the responsibility of the management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2015 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by **M/s. Mahindra Sanyo Special Steel Private Limited** for the financial year ended on 31st March, 2015 according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iii. Other applicable Acts/Laws as per Annexure A.

We have also examined compliance with the applicable clauses of the Secretarial Standards issued by the Institute of Company Secretaries of India.

We further report that;

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act **except that in few cases where the e forms were filed after prescribed days which attracted additional fees.**

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Decisions at the board meetings are carried and taken with unanimous approval and recorded in the minutes accordingly.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

For **GMJ & ASSOCIATES**
Company Secretaries

Sd/-
[MAHESH SONI]
PARTNER

Place: Mumbai
Date: 24.04.2015

FCS: 3706
COP: 2324

Annexure-A to Secretarial Audit Report of M/s. Mahindra Sanyo Special Steel Private Limited for the year ended March 31, 2015.

List of other Acts/Laws applicable to the Company:

1. The Air (Prevention and Control of Pollution) Act, 1981.
2. The Environment (Protection Act), 1986.
3. The Hazardous Wastes (Management & Handling) Rules, 1986.
4. The Water (Prevention and Control of Pollution) Act, 1974.
5. The Petroleum Act, 1934.
6. The Manufacture, Storage and Import of Hazardous Chemical Rules, 1989.
7. The Gas Cylinders Rules, 2004.
8. The Apprentices Act, 1961.
9. The Employees State Insurance Act, 1948.
10. The Employees' Provident Funds and Miscellaneous Provisions Act, 1952; Employees Provident fund Scheme.
11. The Employees Liability Act, 1938.
12. The Employment Exchanges (Compulsory Notification of Vacancies) Act, 1959.
13. The Contract Labour (Regulation & Abolition) Act, 1970.
14. The Equal Remuneration Act, 1976.
15. The Factories Act, 1948.
16. The Maternity Benefit Act, 1961.
17. The Minimum Wages Act, 1948.
18. The Payment of Bonus Act, 1965.
19. The Payment of Gratuity Act, 1972.
20. The Payment of Wages Act, 1936.
21. The Workmen's Compensation Act, 1923.
22. The Inter-State Migrant Workmen (Regulation of Employment And Conditions of Service) Act, 1979.
23. The Industrial Employment (Standing Orders) Act, 1946.
24. The Industrial Disputes Act, 1947.
25. The Central Excise Act, 1944.
26. The Central Sales Tax Act, 1956.
27. The Customs Act, 1962.
28. The Industrial (Development & Regulation) Act, 1951.
29. The Standard Weights & Measurement Act, 1976.
30. The Trade Union Act, 1926.
31. The Professional Tax Act.
32. The Child Labour (Prohibition and Regulation) Act, 1986.
33. The Income Tax Act, 1961.
34. The Indian Boilers Act, 1923/The Steam Boiler & Smoke Nuisance Act.
35. The Static & Mobile Pressure Vessels Rules, 1981.
36. The Noise Pollution (Regulation and Control) Rules, 2000.
37. The Stability Certificate for Structures, Building, and Plant & Machinery installed.
38. The Maharashtra State Stamp Act, 1958.
39. The Indian Stamps Act, 1899.
40. The Information Technology Act, 2000.
41. The Foreign Exchange Management Act, 2000 including FDI Policy of RBI.
42. The State Sales Tax Acts and Rules made thereunder and Notifications issued from time to time.
43. The Explosive Substance Act, 1908.
44. The Solvent Raffinate and Slop (Acquisition, Sale Storage and prevention of use in automobiles) Order 2000 and Maharashtra Solvent Raffinate and Slop (Licensing) Order, 2007.
45. The Essential Commodities Act, 1955.
46. The Sale of Goods Act, 1930.
47. The Foreign Trade (Development & Regulation) Act, 1992.
48. The Indian Electricity Act, 1910 and Indian Electricity Rules, 1956.
49. The Electricity (Supply) Act, 1948.
50. The Bombay Shops & Establishment Act, 1948.
51. The Motor Vehicle Act, 1991.
52. The ODS (Regulation and Control) Rules, 2000 and ODS (Regulation and Control) Amendment Rules, 2001.
53. The Maharashtra Factories Rules, 1963.

For **GMJ & ASSOCIATES**
Company Secretaries

Sd/-
[MAHESH SONI]
PARTNER

Place: Mumbai
Date: 24.04.2015

FCS: 3706
COP: 2324

MANAGEMENT DISCUSSION AND ANALYSIS (MDA)

COMPANY OVERVIEW

Mahindra Sanyo Special Steel Private Limited (MSSSPL), is a subsidiary of Mahindra & Mahindra Ltd. (M&M). The Company is a manufacturer of Alloy steel products and rings at its plant, located in Khopoli, District Raigad, Maharashtra.

ANALYSIS OF STEEL BUSINESS

Overview

The Company produces special alloy steel through Electric Furnace (EAF) route where steel scrap is the main raw material. The company caters steel requirements for capital goods industries mainly in Automotive, Engineering, Oil & Gas, Tool & Die, Power Generation & Bearing sectors.

The Ring Rolling business is forward integration for Steel business. It caters to the Bearing industry (especially antifriction bearings) and also Auto parts manufacturing industries both in "as forged" and/or "green machined condition". The company manufactures rings through closed die forging as well as seamless ring rolling processes.

Industry Structure and Development

The performance of the Alloy steel industry is very closely linked to the performance of the Indian automotive and engineering industries. Alloy steel, a value added product, is vitally important segment of Indian steel industry. It constitutes about 10% of the total steel production of in India. Alloy steel is used in specialized area like Automotive, Engineering, Defence, Railways and Textile sectors. Some of the end uses of the Alloy Steel is in making of Transmission parts, Bearings, Axles, Gears, Crankshafts, Fuel Injection pumps etc. Alloy steel is also used in the Oil & Gas and Power generation sectors. India is fast becoming a global hub for Automobile industry. With the availability of skilled labour at competitive cost, the environment provides good growth opportunity for alloy steel industry in India. However, currently the industry is facing a slew of challenges viz.

- i) Slow down in economic growth resulting lower demand,
- ii) Availability of (a) quality scrap in sufficient quantity & (b) power at competitive rates.
- iii) Imports from China & entry of products from European suppliers particularly due to depreciation of Euro.

These factors have adversely impacted Alloy Steel industry's performance due to raw material availability, threats of cheaper imports on account of global surplus capacities & high cost of production.

SUSTAINABILITY & ENVIRONMENT REFORMS

Companies have recognized the need to be more energy efficient and implement means to control emissions. The increasing scarcity of natural resources has led to introduction of regulations for the use, management and protection of resources. It is, therefore, imperative for to align business

growth agenda with a sustainability agenda & company has initiated several measures in this direction.

FINANCIAL PERFORMANCE

Summary of financial performance of the Company is presented below:

(Rs in millions)		
Particulars	FY 2014-15	FY 2013-14
Sales Volume (MT)	124,020	106,270
Sales	9,212	7,622
Other Income	65	72
Total Income	9,277	7,694
EBIDTA	(187)	(291)
Loss before Tax	(633)	(683)
Loss after Tax	(633)	(683)

During the year under review company had registered sales volume of 124 kT, i.e. growth of 17% over previous year.

The Company recorded Sales revenue of Rs. 921 Crores during the year, i.e. growth of 21% over previous year.

Earnings before Interest, Depreciation, Tax & Amortization for the year was Rs. (-) 18.7 Crores against Rs. (-) 29.1 Crores for the previous year. Loss after Tax for the year was Rs. (-) 63.3 Crores against Rs. (-) 68.3 Crores for the previous year.

Major challenges which remained during the year were:

- a) Higher input prices of scrap & other metallic during the 2nd & 3rd quarter of the year. Input prices have now been showing a downward trend with effect from the last quarter of the year.
- b) Although there was some relief due to the Government's announcement of reduction in power tariff for the 1st half of the year, power tariff increased during 3rd & 4th quarter due to Government's withdrawal of subsidy to state Electricity Board.

As a result of which impact of higher input cost of raw material & power largely remain un-recovered from the customers due to competitive pressures.

- c) Complaints from customers on account of quality related issues witnessed increasing trend. Based on company analysis this issue is mainly related to new products and steel grades which have been introduced in the Company's product mix. Company is of the view this issue will get stabilized going forward

The Company remains focussed towards improvements in the areas of quality, process efficiency & productivity and at the same time continue to initiate steps towards deployment of resources available, work towards reduction of cost of

production & improvement of overall performance. The Company will also focus its marketing strategy towards enrichment of product mix to move up in value added products with the support from its JV partners Sanyo Steel (Technology leaders in Alloy steel) & Mitsui (One of the world's largest Trading organisation).

Opportunities & Strategic Outlook

In the past three to four years, the continuing Euro-zone problem, economic stagnation or slow growth in developed economies and a cooling of emerging economies took a toll on the industry. The slowdown in the Auto sector in India impacted the demand for the steel. Growth in the Chinese economy, which in recent years has been one of the main demand drivers for steel also slowed down. Global overcapacity has been a perennial problem. Stiff competition from cheaper imports and from domestic producers with new or expanded facilities continues to result in significant oversupply of steel compared to demand.

As a result, the Steel business continues to increase its focus on exploring business opportunities in the Tool and dies; Oil, Gas & Mining and Power generation sectors both domestically and for exports. New areas like renewable energy sector are also been explored. Similarly the Rings business is also focusing on improving its export business by adding new international overseas Original Equipment Manufacturer (OEM) of Bearings. These OEMs prefer MSSSPL Rings since it has a captive steel source and the approval of steel and rings can happen together. The company is committed to achieve the stated objectives of the joint venture viz. operational excellence, improved productivity and enhancement of both cost and quality to international standards to enable it to achieve its full business potential.

India is one of the leading producers of Steel at global level. The liberalization of industrial policy and other initiatives taken by the Government have given a definite impetus for entry, participation and growth of the private sector in the steel industry. India is expected to show robust growth in steel use in the coming years due to its domestic economy, massive infrastructure needs and expansion of industrial production. This growth is mainly driven by construction and automobile industries.

The overall scenario is expected to improve in near future. India demand will pick up pace. After two years of contraction, steel demand is likely to improve thanks to a rise in demand from the automobile sector and recovery in the construction sector. Overall, with the global economy gradually on the mend and activities picking up in automotive and construction industries, prospects look brighter for the steel industry in the years to come. The World Steel Association expects continued recovery in steel demand in 2014 and projects global steel usage to increase 4% in 2015. Improving demand is also expected to perk up steel prices.

Threats & Risks

In India, the steel Industry currently is passing through a challenging phase. Domestic consumption is severely

affected due to lack of activity in infrastructure, as well as in the manufacturing space. The challenge facing the domestic steel industry is to have the per capita steel consumption in India at par with the average global standards. In the next two years, India's steel consumption is forecast to grow annually by about 5%–6%.

Steel prices are generally volatile owing to the highly cyclical nature of the global steel industry. Overcapacity, a glut in cheaper Chinese steel imports, economic conditions and shifts toward other substitutes significantly impact steel prices. The oversupply of steel due to imports from China, the slowdown in Europe and tempering growth in Asia helped keep prices in check. The lower steel prices have affected margins of major steelmakers.

Recent increase in production capacity and foreign investment in India is pushing the Indian steel production higher and thereby creating oversupply in the alloy steel market. The competitive pressures on steel product pricing both from domestic and overseas market also are threats for the alloy steel industry. Availability of efficient manpower is the biggest hurdle in the development of Indian steel industry. Adoption of new eco-friendly technologies in the production process for improving efficiency and quality, recycling of steel etc., to sustain in a longer run, is also a challenge. The steel business is susceptible to the inherent risk of volatile foreign exchange as bulk of the major raw materials is imported.

The company has identifies several initiatives towards mitigation of emerging risks and threats initiatives like increasing its exposure to non-auto sector in domestic market, focusing on Oil & Gas and Renewable energy sector, Power Generation sector in India and overseas. With the support of joint venture partners the company is expected to receive the technical expertise to improve process, quality and efficiency and reduction cost. This will make the steel products more competitive. The marketing strategies and reach of the steel business is also expected to receive a thrust due to the expertise of the joint venture partners.

The complete dependence on outsourced machining vendors in the ring business continues to be a risk in the supply chain. It is proposed to put a machining facility in house through third party Vendor at the premises of the steel business.

SAFETY, HEALTH AND ENVIRONMENT

The Company has an effective policy framework; of highest standard, on Safety, Health & Environment (SHE) for protecting the safety, health and welfare of its employees and workers. The Company accords sufficient priority to the objectives of preserving and developing the environment, maintaining a safe work place, enhancing work conditions and health aspects of its employees. The company's SHE policy not only meets all applicable statutory requirements but also focuses on motivation, learning and training of employees in these areas. The process defined under the SHE Policy ensures leadership from the top management in laying down norms for improving safety, environment and health aspects in operations. It also lays down norms for participation from

across the management and workforce hierarchy. External audits are conducted to ensure effectiveness of the SHE policy and initiatives and recommendations are considered for further improvements in SHE process. SHE issues are addressed proactively and effectively in terms of ISO standards and guidelines.

The Company accords the highest importance to adopting safety measures for preventing accidents. In case of any accident, a thorough investigation is carried out to identify the root cause and immediate steps are taken to eliminate the root cause to ensure it does not recur. The Company regularly conducts counselling and safety review meetings for employees to appraise and educate them on the adoption of safety measures and avoidance of unsafe practices. Awareness and first aid trainings are conducted regularly along with mock drills as an exercise in disaster management readiness. The Company is in compliance with the regulations pertaining to safety. The objective is to achieve zero accident, zero incidents and a safe work environment.

The Company periodically conducts health check ups and health awareness programmes for all employees and if necessary provides prompt medical assistance to its employees. The Company has an internal plant dispensary which operates round the clock and is manned by qualified doctors supported by staff who are available for addressing health issues of employees. The Company maintains high hygienic and housekeeping standards across the work places. The goal of all occupation health and safety measures is to encourage a safe work environment.

MATERIAL DEVELOPMENT IN HUMAN RESOURCES/ INDUSTRIAL RELATIONS

The total employee strength of the Company at the end of the financial year 2014-15 was 920 employees comprised of 541 Officers and 379 regular workmen employees. Apart from above employee strength, the Company hires Apprentice, Trainees and Contract workers from time to time.

The Company conducts regular training programs for officers and workmen through internal and external professionals, experts in various areas of operations and selectively sends officers to attend Business Education Programs of reputed Institutions to improve their skills and knowledge.

The Company involves its employees in all HR Activities to develop them and recognize them from time to time to increase the Employee Morale and Motivation. It also takes regular feedback from employees on Employee Engagement activities (through MCARES Survey) to assess the effectiveness and to improve overall engagement. The Company has adopted the concept of The Mahindra Way (formerly known as the Mahindra Quality Way) and works closely with the Mahindra Management Development Centre and Mahindra Institute of Quality (MIQ) by actively participating in the programmes organised by them.

The Human Resources policies are comprehensive and based on the best of the prevailing HR practice. The performance evaluation and management process continues to be the

backbone of all HR activities and is based on an appropriate goal-setting process. The Company encourages all employees and workers to participate in a fair and transparent feedback system called "Bindass Bol" (talk candidly) for sharing views, concerns and opinions. The Company also formulated the Whistle Blower Policy /Mechanism with view to provide a mechanism for employees, directors and other stakeholders of the Company to approach the Chairman of the Audit Committee of the Company or Chairman of the Company to redress their relevant concerns. The relationship of the Company with its Human Resources was cordial in the financial year 2014-15.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Your Company has adequate internal controls for its business processes across departments to ensure efficient operations, compliance with internal policies, applicable laws and regulations, protection of resources and assets, and accurate reporting of financial transactions. The Company also has an internal audit system which is conducted by an independent firm of Chartered Accountants so as to cover various operations on continuous basis. Summarized Internal Audit Observations/ Reports are reviewed by the Audit Committee on a regular basis. The finance and accounts functions of the Company are well staffed with qualified and experienced members. The internal controls are complemented, on an on-going basis, by an extensive program of internal audits being implemented through-out the year. The Company uses an Enterprise Resource Planning (ERP) package, which enhances the internal control mechanism. The internal controls are designed to ensure that the financial and other records of the Company are reliable for preparing financial statement and other data for maintaining the accountability of assets.

SYNERGIES WITH PARENTS

Relationship with Mahindra Group

Mahindra & Mahindra Ltd. (M&M), Company's parent company and the flagship company of the Mahindra group is one of the leading automotive manufacturers in India. There is an arms-length relationship between M&M and Mahindra Sanyo Special Steel Pvt. Ltd. (MSSSPL). Association with the Mahindra Group aids MSSSPL in winning new businesses and obtaining financial assistance. MSSSPL also adheres to the corporate values, principles and established corporate governance practices of the Mahindra Group.

In January 2011, the Mahindra Group launched a new brand identity "Rise" which rests on three brand pillars: accepting no limits, alternative thinking, and driving positive change. MSSSPL is using the idea of 'RISE' to invigorate its employees and achieve its long term goals. RISE provides a clear guide for business decisions by catalyzing ambitious and innovative internal growth.

Synergies with Sanyo Special Steel

Sanyo Special Steel Co., Ltd. (Sanyo), which holds 29% equity stake in the Company is a leading Japanese Specialty Steel manufacturer established in 1933 with a \$ 2 billion turnover in 2012 and approximately 1.5 million tons of steel making

capacity. Globally, it is renowned as one of the best special steel manufacturers. Sanyo manufactures and sells various special steel products, capitalizing on its high cleanliness steel manufacturing technology, including bearing steel, engineering steel, stainless steel, heat resistant steel and tool steel.

Sanyo aims to make Mahindra Sanyo Special Steel Pvt. Ltd. a successful entity by unlocking the value of this company and making it the best in India in its chosen segments with respect to quality, productivity and customer satisfaction. Sanyo has already placed a dedicated team for providing the requisite technical expertise and leading the manufacturing function. The local team enjoys a full back-up support from all the Sanyo Group.

Synergies with Mitsui

Mitsui & Co., Ltd. (Mitsui), holding a 20% stake in the Company, is one of the most diversified and comprehensive trading, investment and service enterprises in the world, with 140 offices in 66 countries as of March, 2014. Mitsui's enormous global network covering a wide spectrum of activities and many years of experience in the field of iron & steel business can enhance the Company's customer base. Mitsui's commitment to the Indian market since 1893 assists the Company to increase its business volume by developing the growing alloy steel market in India. The synergies with Mitsui will contribute toward:

- Comprehensive and precise market analysis to derive optimum product mix & customer portfolio.

- Development of new customers in India and overseas markets, leveraging Mitsui's global customer base.
- Sourcing of raw materials at competitive rates from reliable overseas suppliers.
- Improvement of the Company's operational efficiency in terms of customer service and logistics.

Cautionary Statement

Certain statements in the Management Discussion & Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be "forward looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ from those express or implied. Important factors that could make a difference to the Company's operations include raw material availability and prices, cyclical demand and pricing in the Company's principal markets, changes in Government regulations, tax regimes, economic developments within India and the countries in which the Company conducts business and other incidental factors.

For and on behalf of the Board

Shriprakash Shukla
Chairman

Mumbai, 24th April, 2015

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MAHINDRA SANYO SPECIAL STEEL PRIVATE LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **MAHINDRA SANYO SPECIAL STEEL PRIVATE LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2015, and its loss and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 (the "Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e) On the basis of the written representations received from the directors as on March 31, 2015, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015, from being appointed as a director in terms of Section 164 (2) of the Act.
 - f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - (i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements as referred to in Note 30 (b) to the financial statements.
 - (ii) The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.
 - (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Rajesh K. Hiranandani
Partner

Mumbai, 24th April, 2015

(Membership No. 36920)

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT**TO THE MEMBERS OF MAHINDRA SANYO SPECIAL STEEL PRIVATE LIMITED**

(Referred to in Paragraph 1 under the heading of "Report on Other Legal and Regulatory Requirements" of our report of even date)

Having regard to the nature of the Company's business/ activities/results during the year, clause (viii) of paragraph 3 of the Order is not applicable to the Company.

- (i) In respect of its fixed assets:
- (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The Company has a programme of verification of fixed assets to cover all the items in a phased manner over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, certain fixed assets were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (ii) In respect of its inventories:
- (a) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals. The stock of scrap, having regard to its nature and manner of storage, was verified by the Management by visual estimation (relied upon by us). In respect of inventories lying with third parties, significant portion of inventory items has been confirmed by them.
- (b) In our opinion and according to the information and explanations given to us, having regard to our comments with regard to stock of scrap referred in (ii)(a) above, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories. As the stock of scrap is verified by visual estimation (relied upon by us), no adjustments have been made for the difference between the stocks so determined and the book records as it has been explained to us by the Management that such an adjustment would not be proper having regard to the method of verification and the quantum of discrepancy noticed. No material discrepancies were noticed on physical verification.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered

in the Register maintained under Section 189 of the Companies Act, 2013.

- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and during the course of our audit we have not observed any continuing failure to correct major weaknesses in such internal control system.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit from the public during the year. Accordingly, the provisions of Clause (v) of paragraph 3 of the Order are not applicable to the Company.
- (vi) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended and prescribed by the Central Government under sub-section (1) of Section 148 of the Act and are of the opinion that, *prima facie*, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
- (a) Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues applicable to it with the appropriate authorities.
- (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues in arrears as at March 31, 2015 for a period of more than six months from the date they became payable.
- (c) Details of dues of Service Tax which have not been deposited as on March 31, 2015 on account of disputes are given below:

Name of the Statute	Nature of Dues	Forum where dispute is pending	Period to which the amount relates	Amount (Rs. in Lakhs)
Chapter V of the Finance Act, 1944	Service Tax	Commissioner of Central Excise (Appeals)	July 2012 to November 2013	83.83

- (d) There are no amounts that are due to be transferred to the Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and Rules made thereunder.
- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks. The Company has not issued any debentures.
- (ix) According to the information and explanations given to us, the Company has not given guarantees for loans taken by others from banks and financial institutions.
- (x) In our opinion and according to the information and explanations given to us, the term loans have been applied by the Company during the year for the purposes for which they were obtained.
- (xi) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Rajesh K. Hiranandani
Partner
(Membership No. 36920)

Mumbai, 24th April, 2015

BALANCE SHEET AS AT 31ST MARCH, 2015

	Note No.	31 st March, 2015 Rs. Lakhs	31 st March, 2014 Rs. Lakhs
EQUITY AND LIABILITIES			
Shareholders' funds			
(a) Share capital	1	1,000.00	1,000.00
(b) Reserves and surplus.....	2	18,160.61	24,604.97
		<u>19,160.61</u>	<u>25,604.97</u>
Non-current liabilities			
(a) Long-term borrowings.....	3	8,200.00	5,437.50
(b) Deferred tax liability (net)	4	–	–
(c) Other long term liabilities	5	–	500.00
(d) Long-term provisions	6	528.88	453.46
		<u>8,728.88</u>	<u>6,390.96</u>
Current liabilities			
(a) Short-term borrowings	7	12,718.92	7,124.22
(b) Trade payables.....	8	20,807.32	15,062.46
(c) Other current liabilities	9	708.18	2,948.68
(d) Short-term provisions	10	432.45	370.41
		<u>34,666.87</u>	<u>25,505.77</u>
TOTAL		<u>62,556.36</u>	<u>57,501.70</u>
ASSETS			
Non-current assets			
(a) Fixed assets			
(i) Tangible assets.....	11	17,071.34	18,303.08
(ii) Intangible assets	11	1.57	2.77
(iii) Capital work-in-progress.....		3,392.23	203.04
(b) Non-current investments.....	12	1,400.00	1,400.00
(c) Long-term loans and advances.....	13	654.62	245.25
		<u>22,519.76</u>	<u>20,154.14</u>
Current assets			
(a) Inventories	14	17,105.19	12,079.92
(b) Trade receivables	15	17,195.70	16,284.40
(c) Cash and bank balances.....	16	3,961.04	7,553.98
(d) Short-term loans and advances.....	17	1,628.57	1,201.54
(e) Other current assets.....	18	146.10	227.72
		<u>40,036.60</u>	<u>37,347.56</u>
TOTAL		<u>62,556.36</u>	<u>57,501.70</u>

See accompanying notes forming part of the financial statements

1–44

In terms of our report attached

For **Deloitte Haskins & Sells LLP**
Chartered Accountants**Rajesh K. Hiranandani**
Partner**Sudhir Yagnik** **Pradeep Salian**
Chief Financial Officer Company SecretaryMumbai, 24th April, 2015

For and on behalf of the Board

Uday Gupta *Managing Director***Shriprakash Shukla** *Chairman***Kozo Takahashi**
Nobuyuki Tanaka
Daljit Mirchandani
Jayashree Vaidhyanathan } *Directors*Mumbai, 24th April, 2015

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2015

	Note No.	31 st March, 2015	31 st March, 2014
		Rs. Lakhs	Rs. Lakhs
I. Revenue from operations.....	19	101,973.38	84,781.68
Less: Excise duty.....		(9,851.51)	(8,558.16)
		<u>92,121.87</u>	<u>76,223.52</u>
II. Other income.....	20	648.57	722.95
III. Total revenue (I+II)		<u>92,770.44</u>	<u>76,946.47</u>
IV. Expenses:			
Cost of raw materials consumed (See note 32).....		59,074.80	46,480.10
(includes processing cost Rs. 1,293.43 Lakhs; 2013-14 – Rs. 1,154.79 Lakhs)			
Changes in inventories of finished goods and work-in-progress.....	21	(3,607.99)	(220.96)
Employee benefits expense.....	22	5,757.57	5,561.13
Finance costs.....	23	2,285.32	1,807.78
Depreciation, amortisation and impairment expense (See note 11).....		2,176.21	2,111.98
Other expenses.....	24	33,411.99	28,040.28
Total expenses		<u>99,097.90</u>	<u>83,780.31</u>
V. (Loss) before tax (III-IV).....		(6,327.46)	(6,833.84)
VI. Tax expense.....		-	-
VII. (Loss) for the year.....		<u>(6,327.46)</u>	<u>(6,833.84)</u>
VIII. Earnings per equity share (EPS) (See note 41).....			
Basic and Diluted EPS (face value Rs. 10 per share).....		(63.27)	(68.34)

See accompanying notes forming part of the financial statements

1 – 44

In terms of our report attached
For **Deloitte Haskins & Sells LLP**
Chartered Accountants

Rajesh K. Hiranandani
Partner

Sudhir Yagnik **Pradeep Salian**
Chief Financial Officer Company Secretary

Mumbai, 24th April, 2015

For and on behalf of the Board
Uday Gupta Managing Director

Shriprakash Shukla Chairman

Kozo Takahashi
Nobuyuki Tanaka
Daljit Mirchandani
Jayashree Vaidhyathan } Directors

Mumbai, 24th April, 2015

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2015

Particulars	31 st March, 2015		31 st March, 2014	
	Rs. Lakhs	Rs. Lakhs	Rs. Lakhs	Rs. Lakhs
A. Cash flow from operating activities				
(Loss) before tax		(6,327.46)		(6,833.84)
Adjustments for:				
Depreciation, amortisation and impairment expense	2,176.21		2,111.98	
(Profit)/loss on sale/write off of fixed assets (net)	(134.02)		(2.22)	
Finance costs	2,285.32		1,807.78	
Interest income.....	(511.73)		(702.40)	
Provision for doubtful trade receivables and advances.....	87.49		44.34	
Net unrealised exchange loss	33.79		68.61	
		3,937.06		3,328.09
Operating profit before working capital changes		(2,390.40)		(3,505.75)
Changes in working capital				
Adjustments for (increase)/decrease in operating assets:				
Inventories.....	(5,025.27)		1,914.04	
Trade receivables.....	(940.79)		16.71	
Short-term loans and advances.....	(427.03)		(23.67)	
Long-term loans and advances	(21.75)		10.06	
Other current assets	59.08		(26.48)	
Adjustments for increase/(decrease) in operating liabilities:				
Trade payables	5,711.08		(1,237.40)	
Other current and non current liabilities.....	(584.20)		(10.17)	
Short-term and long-term provisions.....	137.47		204.74	
		(1,091.41)		847.83
Cash generated from operations		(3,481.81)		(2,657.92)
Income tax (paid)		(69.67)		(73.13)
Net cash flow from/(used in) operating activities (A)		(3,551.48)		(2,731.05)
B. Cash flow from investing activities				
Capital expenditure on fixed assets, including capital advances.....	(4,298.04)		(626.47)	
Proceeds from sale of other fixed assets.....	156.77		3.40	
Bank balances not considered as cash & cash equivalents.....	(801.65)		—	
Interest received on fixed deposits.....	592.51		643.61	
Net cash flow from/(used in) investing activities (B)		(4,350.41)		20.54

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2015

Particulars	31 st March, 2015		31 st March, 2014	
	Rs. Lakhs	Rs. Lakhs	Rs. Lakhs	Rs. Lakhs
C. Cash flow from financing activities				
Proceeds from long-term borrowings	8,200.00		–	
Repayment of long-term borrowings.....	(7,989.66)		(546.88)	
Net increase/(decrease) in working capital borrowings.....	5,594.70		2,438.75	
Proceeds from other short-term borrowings	–		2,500.00	
Finance costs	(2,297.74)		(1,805.49)	
Net cash flow from/(used in) financing activities (C).....		3,507.30		2,586.38
Net increase/(decrease) in cash and cash equivalents (A+B+C)		(4,394.59)		(124.13)
Cash and cash equivalents at the beginning of the year (See note 16).....		7,553.98		7,678.11
Cash and cash equivalents at the end of the year (See note 16).....		3,159.39		7,553.98

See accompanying notes 1 to 44 forming part of the financial statements
In terms of our report attached

For **Deloitte Haskins & Sells LLP**
Chartered Accountants

Rajesh K. Hiranandani
Partner

Sudhir Yagnik **Pradeep Salian**
Chief Financial Officer Company Secretary

Mumbai, 24th April, 2015

For and on behalf of the Board

Uday Gupta *Managing Director*

Shriprakash Shukla *Chairman*

Kozo Takahashi
Nobuyuki Tanaka
Daljit Mirchandani
Jayashree Vaidhyanathan } *Directors*

Mumbai, 24th April, 2015

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2015

	31 st March, 2015	31 st March, 2014	31 st March, 2015	31 st March, 2014
	Rs. Lakhs	Rs. Lakhs	Rs. Lakhs	Rs. Lakhs
1. Share capital				
Authorised capital				
150,00,000 (2013-14 -100,00,000) Equity shares of Rs. 10 each	1,500.00	1,000.00		
Issued, subscribed and fully paid up				
100,00,000 Equity shares of Rs. 10 each fully paid up	1,000.00	1,000.00		
	<u>1,000.00</u>	<u>1,000.00</u>		
(a) Reconciliation of the number of shares outstanding at the beginning and at the end of the year:				
There is no movement in the issued, subscribed and fully paid up share capital of the Company during the year.				
(b) Terms/rights and restrictions attached to equity shares: The Company has only one class of equity shares having a face value of Rs. 10 per share. The rights of the equity shareholders rank pari-passu for all matters, including dividend and each shareholder is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.				
(c) Shares held by the holding company: 51,00,000 (2013-14 – 51,00,000) equity shares held by Mahindra & Mahindra Limited, the holding company.				
(d) Shares held by each shareholder holding more than 5% shares, specifying the number of shares held:				
	31st March, 2015	31st March, 2014		
	No. of shares	%	No. of shares	%
Mahindra & Mahindra Limited.....	51,00,000	51%	51,00,000	51%
Sanyo Special Steel Company Limited	29,00,000	29%	29,00,000	29%
Mitsui & Company Limited.....	20,00,000	20%	20,00,000	20%
(e) Shares issued pursuant to contract without payment being received in cash: 50,90,000 fully paid-up equity shares issued to Mahindra Ugine Steel Company Limited during the year ended 31st March, 2013 for acquisition of steel business pursuant to the Business Transfer Agreement.				
	31st March, 2015	31st March, 2014		
	Rs. Lakhs	Rs. Lakhs	Rs. Lakhs	
2. Reserves and surplus				
(a) Capital reserve				
– As per last balance sheet	3,346.89	3,346.89		
(b) Securities premium reserve				
– As per last balance sheet	31,895.19	31,895.19		
(c) (Deficit) i.e. Balance in the Statement of Profit and Loss				
– As per last balance sheet	(10,637.11)	(3,803.27)		
Add: (Loss) for the year	(6,327.46)	(6,833.84)		
Add: Adjustment for book value of assets having no remaining useful life as required in Schedule II of Companies Act, 2013 Rs. 116.90 lakhs (2013-14 -Rs. Nil)	(116.90)	–		
	<u>(17,081.47)</u>	<u>(10,637.11)</u>		
	<u>18,160.61</u>	<u>24,604.97</u>		
3. Long-term borrowings (Secured)				
Term loans (See note 27)				
– From banks	8,200.00	5,437.50		
	<u>8,200.00</u>	<u>5,437.50</u>		
4. Deferred tax liability (net)				
Deferred tax liability				
– On fiscal allowances on fixed assets	1,966.86	1,935.35		
	<u>1,966.86</u>	<u>1,935.35</u>		
Less: Deferred tax assets				
– On employee separation and retirement	212.59	256.90		
– On provision for doubtful debts.....	216.97	227.30		
– On unabsorbed depreciation and business loss	1,537.30	1,451.15		
	<u>1,966.86</u>	<u>1,935.35</u>		
	–	–		
	<u>–</u>	<u>–</u>		
Note: Deferred tax asset on unabsorbed depreciation and business loss has been recognised only to the extent of the net deferred tax liability, in the absence of virtual certainty regarding availability of future taxable income.				
5. Other long-term liabilities				
– Trade advance	–	500.00		
	<u>–</u>	<u>500.00</u>		
6. Long-term provisions				
Provision for employee benefits				
– Compensated absences.....	518.29	443.63		
– Other employee benefits	10.59	9.83		
	<u>528.88</u>	<u>453.46</u>		
7. Short-term borrowings (Secured)				
Loans repayable on demand - from banks				
– Cash credit.....	8,218.92	2,624.22		
– Working capital demand loan	4,500.00	4,500.00		
(Secured by first charge by way of hypothecation of raw materials, finished goods, goods in process, stores and book debts and second pari passu charge on immovable properties and movable fixed assets of the Company.)				
	<u>12,718.92</u>	<u>7,124.22</u>		
8. Trade payables				
Acceptances	9,984.34	7,990.62		
Due to micro and small enterprises (See note 39)	511.46	436.00		
Due to others.....	10,311.52	6,635.84		
	<u>20,807.32</u>	<u>15,062.46</u>		

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2015

	31 st March, 2015	31 st March, 2014		31 st March, 2015	31 st March, 2014
	Rs. Lakhs	Rs. Lakhs		Rs. Lakhs	Rs. Lakhs
9. Other current liabilities			10. Short-term provisions		
Current maturities of long-term debt (See note 27)	-	2,552.16	Provision for employee benefits		
Interest accrued but not due on borrowings	10.31	7.55	- Gratuity (Funded) (See note 43)	304.35	66.31
Interest accrued and due on borrowings	29.92	45.10	- Compensated absences	121.55	88.20
Other payables			- Increment in employee benefits expense (See note 38)	-	212.23
- Statutory dues.....	113.03	210.55	- Other employee benefits.....	4.80	1.92
- Capital creditors.....	513.63	105.36		<u>430.70</u>	<u>368.66</u>
- Others.....	41.29	27.96	Provision for taxation.....	1.75	1.75
	<u>667.95</u>	<u>343.87</u>		<u>432.45</u>	<u>370.41</u>
	<u>708.18</u>	<u>2,948.68</u>			

11. Fixed assets

Particulars	COST					DEPRECIATION							WRITTEN DOWN VALUE	
	As at 1st April 2014	Additions/ adjustments	Deletions	Reclassified as assets held for sale	As at 31st March, 2015	As at 1st April 2014	For the year	Impairment loss recognised in Statement of Profit and Loss (See note 1 below)	Transferred to retained earnings	Deletions	Elimination on reclassification as assets held for sale	As at 31st March, 2015	As at 31st March, 2015	
Tangible assets:														
Freehold land	734.69	-	-	-	734.69	-	-	-	-	-	-	-	734.69	
	(734.69)	(-)	(-)	(-)	(734.69)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(734.69)	
Buildings	3,832.34	46.04	-	-	3,878.38	1,221.77	120.45	-	4.83	-	-	1,347.05	2,531.33	
	(3,671.98)	(160.36)	(-)	(-)	(3,832.34)	(1,108.42)	(113.35)	(-)	(-)	(-)	(-)	(1,221.77)	(2,610.57)	
Plant and equipment	33,685.30	1,019.53	874.84	423.16	33,406.83	19,063.49	1,832.15	160.77	70.61	857.89	364.91	19,904.22	13,502.61	
	(33,275.68)	(409.62)	(-)	(-)	(33,685.30)	(17,139.68)	(1,923.81)	(-)	(-)	(-)	(-)	(19,063.49)	(14,621.81)	
Furniture and fixtures	134.34	1.60	-	-	135.94	67.52	8.37	-	5.50	-	-	81.39	54.55	
	(120.66)	(13.68)	(-)	(-)	(134.34)	(60.90)	(6.62)	(-)	(-)	(-)	(-)	(67.52)	(66.82)	
Office equipment	146.17	12.90	0.42	-	158.65	54.79	16.58	-	35.96	0.10	-	107.23	51.42	
	(141.87)	(18.68)	(14.38)	(-)	(146.17)	(62.10)	(5.99)	(-)	(-)	(13.30)	(-)	(54.79)	(91.38)	
Computers	238.32	3.35	13.22	-	228.45	215.51	11.03	-	-	13.06	-	213.48	14.97	
	(222.19)	(16.45)	(0.32)	(-)	(238.32)	(202.80)	(12.94)	(-)	(-)	(0.23)	(-)	(215.51)	(22.81)	
Vehicles	302.09	57.75	28.71	-	331.13	147.09	25.66	-	-	23.39	-	149.36	181.77	
	(316.56)	(6.00)	(20.47)	(-)	(302.09)	(119.08)	(48.47)	(-)	(-)	(20.46)	(-)	(147.09)	(155.00)	
	39,073.25	1,141.17	917.19	423.16	38,874.07	20,770.17	2,014.24	160.77	116.90	894.44	364.91	21,802.73	17,071.34	
	(38,483.63)	(624.79)	(35.17)	(-)	(39,073.25)	(18,692.98)	(2,111.18)	(-)	(-)	(33.99)	(-)	(20,770.17)	(18,303.08)	
Intangible assets:														
Computer software	263.41	-	-	-	263.41	260.64	1.20	-	-	-	-	261.84	1.57	
	(259.84)	(3.57)	(-)	(-)	(263.41)	(259.84)	(0.80)	(-)	(-)	(-)	(-)	(260.64)	(2.77)	
Total	39,336.66	1,141.17	917.19	423.16	39,137.48	21,030.81	2,015.44	160.77	116.90	894.44	364.91	22,064.57	17,072.91	
Previous year	(38,743.47)	(628.36)	(35.17)	(-)	(39,336.66)	(18,952.82)	(2,111.98)	(-)	(-)	(33.99)	(-)	(21,030.81)	(18,305.85)	

Note: 1) The Company has recognised an impairment charge of Rs. 160.77 lakhs (previous year Rs. Nil), included in depreciation, amortisation and impairment expense in the Statement of Profit and Loss, in respect of certain machines which have been retired from active use considering the functional obsolescence and high operating cost. The recoverable amount is the net selling price determined based on the scrap value likely to be realised on such sale.
2) Previous year's figures have been disclosed in parenthesis

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED
31ST MARCH, 2015**

	31 st March, 2015	31 st March, 2014		31 st March, 2015	31 st March, 2014
	Rs. Lakhs	Rs. Lakhs		Rs. Lakhs	Rs. Lakhs
12. Non-current investments			16. Cash and bank balances		
Trade investments: (fully paid up) (at cost)			Cash and cash equivalents		
Unquoted			a) Cash on hand	2.43	3.60
a) Investments in equity shares			b) Cheques on hand	127.02	25.86
– Wardha Power Company Ltd.			c) Balances with banks		
6,191,395 class A equity shares			– In current accounts	4.94	24.52
of Rs. 10 each	619.14	619.14	– In fixed deposit accounts (having		
b) Investments in preference shares			original maturity of upto 3 months)	3,025.00	7,500.00
– Wardha Power Company Ltd.				<u>3,029.94</u>	<u>7,524.52</u>
7,808,605 class A redeemable				<u>3,159.39</u>	<u>7,553.98</u>
preference shares of Rs. 10 each	780.86	780.86	Other bank balances		
	<u>1,400.00</u>	<u>1,400.00</u>	Balances with banks		
13. Long-term loans and advances			– In fixed deposit accounts (having		
(Unsecured, considered good unless			original maturity greater than 3		
otherwise stated)			months but less than 12 months)		
Capital advances	394.12	18.17	(placed as margin money for letter		
Security deposits			of credit facility issued by banks)	801.65	–
– considered good	66.60	96.71		<u>3,961.04</u>	<u>7,553.98</u>
– considered doubtful	58.00	–	17. Short-term loans and advances		
	<u>124.60</u>	96.71	(Unsecured, considered good unless		
Less: provision for doubtful security advances	58.00	–	otherwise stated)		
			Loans and advances to related parties		
	66.60	96.71	– Security Deposits	4.52	22.09
Other loans and advances			– Trade advance	3.51	6.03
– Taxation - advance tax less				<u>8.03</u>	28.12
provision for tax	181.81	112.14	Security deposits	43.50	12.40
– Employee loans and advances	10.06	12.25	Other loans and advances		
– Others	2.03	5.98	– Trade advances	381.82	519.48
	<u>193.90</u>	<u>130.37</u>	– Balances with excise, customs and	1,067.65	495.45
	<u>654.62</u>	<u>245.25</u>	other statutory authorities	87.37	105.00
14. Inventories			– Prepaid expenses	17.09	22.92
(At lower of cost and net realisable value)			– Employee loans and advances	23.11	18.17
Raw materials	3,830.26	2,842.54	– Others	<u>1,628.57</u>	<u>1,201.54</u>
(includes in transit Rs. 1,223.96 lakhs ;			18. Other current assets		
2013-14 – Rs. 669.36 lakhs)			Interest accrued - fixed deposits	30.59	111.37
Work-in-progress	9,738.40	6,365.57	Unamortised premium on forward		
Finished goods	491.86	256.70	contracts	32.01	73.65
(includes in transit Rs. 491.86 lakhs ;			Export duty drawback receivable	25.25	42.70
2013-14 – Rs. 256.70 lakhs)			Fixed assets held for sale	58.25	–
Stores and spares	2,932.46	2,488.18		<u>146.10</u>	<u>227.72</u>
(includes in transit Rs. 46.19 lakhs ;			19. Revenue from operations		
2013-14 – Rs. 85.76 lakhs)			Sale of:		
Loose tools	112.21	126.93	– Tool alloy and special steel	101,666.87	84,423.89
	<u>17,105.19</u>	<u>12,079.92</u>	Other operating revenue		
15. Trade receivables			– Sale of scrap	224.21	250.46
(Unsecured)			– Others	82.30	107.33
Outstanding for a period exceeding six months				<u>306.51</u>	357.79
from the date they were due for payment				<u>101,973.38</u>	<u>84,781.68</u>
– considered good	508.41	48.08			
– considered doubtful	576.17	482.25			
	1,084.58	530.33			
– Others					
– considered good	16,687.29	16,236.32			
– considered doubtful	122.05	186.48			
	<u>16,809.34*</u>	<u>16,422.80*</u>			
	<u>17,893.92</u>	<u>16,953.13</u>			
Less: Provision for doubtful debts	698.22	668.73			
	<u>17,195.70</u>	<u>16,284.40</u>			
	191.53	104.28			

* Includes debts due by a private company in which a director is a director

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2015

The depreciation charge for the assets used on double and triple shift basis during the year is increased by 50% and 100% respectively.

- When an asset is scrapped or otherwise disposed off, the cost and the related depreciation are removed from the books of account and the resultant profit (including capital profit) or loss is reflected in the Statement of Profit and Loss.

ii. Intangible Assets:

Software expenditure incurred is amortised over the period of 36 months equally commencing from the year in which the expenditure is incurred.

d) Investments:

Investments, all of which are non-current investments, are valued at cost. Provision for diminution is made to recognise a decline, other than temporary, in the value of non-current investments.

e) Inventories:

Inventories are valued at cost or net realisable value whichever is lower. Cost of inventories is arrived at a weighted average basis and is inclusive of overheads and duties, where appropriate.

f) Foreign exchange transactions:

Foreign exchange transactions are initially recognised at the exchange rate prevailing on the transaction date. At each balance sheet date foreign currency monetary items are translated at the relevant rates of exchange prevailing at the date. In respect of forward contracts, the premium or discount arising at the inception of such a contract is amortised as expense or income over the life of the contract.

In case of monetary items, the exchange differences are recognised in the Statement of Profit and Loss.

g) Revenue recognition:

Sales of products are recognised when the products are shipped or on transfer of significant risks and rewards of ownership to the buyer depending upon the terms agreed with customers. Sales of services are recognised when the services are rendered.

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the applicable rate of interest.

h) Employee benefits:

i. Provident fund:

The Company's contribution to the recognised provident fund, paid/payable during the year, is debited to the Statement of Profit and Loss.

ii. Superannuation and other funds/schemes:

Company's contributions paid/payable during the year to officer's superannuation fund, employees' pension scheme, employees' state insurance scheme and labour welfare fund are recognised in the Statement of Profit and Loss.

iii. Gratuity and compensated absences:

Company's liability towards gratuity and compensated absences is determined using the projected unit credit method which considers each period of service as giving rights to an additional unit of benefit entitlement and measure each unit separately to build up the final obligation. Past services are recognised on straight line basis over the average period until the benefits become vested. Actuarial gains and losses are recognised immediately in the Statement of Profit and Loss as income or expense. Obligation is measured at the present value of estimated future cash flow using discounted rate i.e. determined by reference to market yield at the balance sheet date on government bonds where the currency and terms of the government bonds are consistent with the currency and the estimated terms of the defined benefit obligation.

i) Borrowing costs:

Borrowing costs that are directly attributable to the acquisition of qualifying assets are capitalised for the period until the asset is ready

for its intended use. A qualifying asset is an asset that necessarily takes substantial period of time to get ready for its intended use. Other borrowing costs are recognised as an expense in the period in which they are incurred. No borrowing costs are eligible for capitalisation during the year.

j) Earnings per share:

Basic earnings per share are computed by dividing the profit/(loss) after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit/(loss) after tax as adjusted for dividend, interest and other changes to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit or increase the net loss per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits/reverse share splits and bonus shares, as appropriate.

k) Taxes on income:

Current tax is determined as the amount of tax payable in respect of taxable income for the year.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the balance sheet when it is probable that future economic benefit associated with it will flow to the Company.

Deferred tax assets and liabilities are recognised, subject to consideration of prudence, on timing differences, being the difference between taxable income and accounting income, that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets arising on account of unabsorbed depreciation or carry forward of losses under tax laws are recognised only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets on account of other timing differences are recognised to the extent that there is a reasonable certainty of its realisation.

l) Research and development expenditure:

Revenue expenditure pertaining to research is charged to the Statement of Profit and Loss. Development costs of products are also charged to the Statement of Profit and Loss unless a product's technological feasibility has been established, in which case such expenditure is capitalised. The amount capitalised comprises expenditure that can be directly attributed or allocated on a reasonable and consistent basis to creating, producing and making the asset ready for its intended use. Fixed assets utilised for research and development are capitalised and depreciated in accordance with the policies stated for tangible fixed assets.

m) Leases:

The Company's significant leasing arrangements are in respect of operating leases for machineries. These leasing arrangements are cancellable. The aggregate lease rentals payables are charged as rent.

n) Impairment of assets:

The carrying values of assets/cash generating units at each balance sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2015

estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, except in case of revalued assets.

o) Provisions and contingencies:

A provision is recognised when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to their present values and are determined based on management estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates. Contingent liabilities are disclosed in the financial statements.

26. Change in estimates of useful life of fixed assets:

The Company, pursuant to the Companies Act, 2013 ("the Act") coming into effect from 1st April, 2014, is depreciating all class of assets over the useful lives specified in Schedule II of the Act except for plant and machineries in Steel Melting Shop, Blooming Mill, Rolling Mill, Continuous Mill and Ring Division which, based on an independent technical evaluation, are depreciated over the useful life of 20 years. The residual value of tangible fixed assets, having remaining useful life as at 1st April, 2014, is retained at 5% of the original cost for all class of assets.

As a result of the above change in estimates of useful lives of assets and retention of 5% of residual value, the depreciation charge for the year ended 31st March, 2015 is higher by Rs. 27.38 Lakhs. The adjustment to accumulated balance of retained earnings in respect of assets having no remaining useful life as at 1st April, 2014 is Rs. 116.90 Lakhs.

Had the Company adopted useful lives as specified in Schedule II of the Act in respect of plant and machineries in Steel Melting Shop, Blooming Mill, Rolling Mill, Continuous Mill and Ring Division, the depreciation charge for the year ended 31st March, 2015 would have been higher by Rs.289.89 Lakhs.

27. Long-term borrowings:

Terms of repayment and security details in respect of secured term loans from banks are as under:-

Sr. No.	As at 31 st March, 2015		As at 31 st March, 2014		Terms of repayment and other relevant terms with respect to the balance sheet date
	Non-current	Current	Non-current	Current	
	Rs. Lakhs	Rs. Lakhs	Rs. Lakhs	Rs. Lakhs	
1.	-	-	-	302.16	The loan was to be repaid in 12 equal quarterly installments of Rs. 74.22 Lakhs each from April 2012 till March 2015.
2.	-	-	437.50	250.00	The loan was to be repaid in 16 equal quarterly installments of Rs. 62.50 Lakhs each from September 2012 till September 2016.
3.	-	-	5,000.00	2,000.00	The loan was to be repaid in 14 equal quarterly installments of Rs. 500.00 Lakhs each from April 2014 till July 2017.
4.	8,200.00	-	-	-	The loan is to be repaid in 20 equal quarterly installments of Rs. 410 lakhs each from 8th October, 2016 till 7th July, 2021
Total	8,200.00	-	5,437.50	2,552.16	

- a) The interest rate applicable on above term loans is prevailing base rate and applicable premium and the prevailing rate is 11.80%.
- b) Details of security: - Term loan from bank at Sr. No 4 in the table above is secured by first charge on all existing and future immovable and movable properties of the Company.
- c) Company has replaced the term loans at Sr. No. 1,2 and 3 in table above with fresh term loan at Sr. No. 4 in table above.

28. Payment to auditors: *

	31 st March, 2015 Rs. Lakhs	31 st March, 2014 Rs. Lakhs
To Statutory Auditor		
- As auditor	15.00	15.00
- For other services	6.00	6.00
- For reimbursement of expenses	0.06	-
To Cost Auditor		
- As auditor	0.75	0.75

* Amounts mentioned are exclusive of service tax

29. Capital and other commitments:

- a) Estimated amount of contracts remaining to be executed on capital account and not provided for as on 31st March, 2015 Rs. 2,069.39 lakhs (2013-2014 - Rs. 124.02 lakhs).
- b) The Company has entered into Technical Assistance Agreement (TAA) with Sanyo Special Steel Company Limited, Japan. The fixed fee for TAA is US Dollars 105.00 lakhs; approximately Rs.6,562.50 lakhs (2013-14 - Rs. 6,300.00 lakhs), exclusive of applicable taxes, of which US dollars 17.50 lakhs approximately Rs. 1,093.75 lakhs (2013-14 - Rs. Nil) is accrued as at 31st March, 2015.

30. Contingent Liabilities:

- a) Customers' bills discounted but not matured Rs. 1,895.48 lakhs (2013-2014 - Rs. 920.45 lakhs).
- b) Excise and Service tax matters for which the Company is contingently liable includes Rs. 83.83 lakhs (2013-2014 - Rs. Nil) being matters related to availment of service tax credit on bank charges.

31. Segment reporting:

The Company is in the business of tool alloy and special steel which is the only business segment and accordingly segment disclosures are not applicable.

32. Cost of raw materials consumed:

	31 st March, 2015 Rs. Lakhs		31 st March, 2014 Rs. Lakhs	
1) Ferrous scrap.....	39,369.97		31,253.42	
2) Ferro alloys	15,790.51		12,122.17	
3) Processing charges....	1,293.43		1,154.79	
4) Others.....	2,620.89		1,949.72	
	59,074.80		46,480.10	
	31st March, 2015	%	31st March, 2014	%
Imported – at landed cost	12,728.42	22.00	13,014.22	28.00
Indigenously obtained	46,346.38	78.00	33,465.88	72.00
	59,074.80	100.00	46,480.10	100.00

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2015

33. Stores and spares consumed:

	31 st March, 2015		31 st March, 2014	
	Rs. Lakhs	%	Rs. Lakhs	%
Imported – at landed cost ..	1,216.83	14.00	983.91	14.70
Indigenously obtained	7,273.71	86.00	5,708.12	85.30
	8,490.54	100.00	6692.03	100.00

34. C.I.F. value of imports:

	31 st March, 2015	31 st March, 2014
	Rs. Lakhs	Rs. Lakhs
(a) Raw materials	15,538.92	12,847.13
(b) Stores and spares	1,216.40	990.74
(c) Capital goods and Services	972.01	18.10

35. Expenditure in foreign currency:

	31 st March, 2015	31 st March, 2014
	Rs. Lakhs	Rs. Lakhs
(a) Interest	50.54	47.84
(b) Professional and consultation fees..	1,151.22	64.13
(c) Others	148.28	131.48

36. Earnings in foreign exchange:

	31 st March, 2015	31 st March, 2014
	Rs. Lakhs	Rs. Lakhs
(a) F.O.B. value of exports	4,359.08	3,923.28
(b) Freight and insurance	122.46	113.33
(c) Reimbursement of expenses	32.63	17.49

37. Research and development expenditure debited to the Statement of Profit and Loss aggregates Rs. 140.90 lakhs (2013-14 - Rs. 144.15 lakhs) consisting of materials, salaries and power, based on allocations made by the Company.

38. Provision made for increment in employee benefits expense:

	31 st March, 2015	31 st March, 2014
	Rs. Lakhs	Rs. Lakhs
Opening balance	212.23	-
Add : Provision made during the year	133.35	212.23
Less : Utilised/reversed during the year	-	-
Less : Grouped to trade payables on ascertainment of amount payable	345.58	-
Closing balance	-	212.23

Note: The outflow in respect of above expenditure is expected within six months of next financial year.

39. Disclosure required under Micro, Small and Medium Enterprises Development Act, 2006 (the MSMED Act) are as follows:

Sr. No.	Particulars	Rs. Lakhs	
		31 st March, 2015	31 st March, 2014
(a)	Principal amount outstanding	511.46	436.00
(b)	Interest due on the above	0.95	-
(c)	Principal amount paid during the year beyond the appointed day	101.31	4.56
(d)	Interest paid during the year beyond the appointed day	-	0.02
(e)	Amount of interest due and payable for the period of delay in making payment without adding the interest specified under the MSMED Act	-	-
(f)	Amount of interest accrued and remaining unpaid at the end of the year	0.95	-
(g)	Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act	-	-

Note:

- The above information and that given in Note 8 'Trade payables' regarding micro enterprises and small enterprises has been determined on the basis of information available with the Company. This has been relied upon by the auditors.
- The interest computation for vendors, who have submitted their registration certificates during the year, is done from the date of receipt of such certificates by the Company.

40. Related party disclosures:

- Related parties where Control exists:

Ultimate Holding Company	Mahindra & Mahindra Limited (upto 2nd October, 2013)
Holding Company	Mahindra Ugine Steel Company Limited (upto 2nd October, 2013) Mahindra & Mahindra Limited (from 3rd October, 2013)
- Investing Parties

	Sanyo Special Steel Company Limited, Japan (29.00%)
	Mitsui & Company Limited, Japan (20.00%)
- Names of other related parties with whom transactions have taken place during the year:

Fellow subsidiaries	Mahindra Ugine Steel Company Limited (from 9 th December, 2014)
	Mahindra Forgings Ltd (up to 4 th October 2013)
	Mahindra Intertrade Ltd
	Mahindra Logistics Limited
	Mahindra Gears and Transmission Private Limited
	Mahindra Vehicle Manufacturers Ltd
	Metalcastello S.p.A.
	Mahindra Lords Freight (India) Private Limited
Key Management Personnel	Mr. Uday Gupta, Managing Director

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2015

40. (d) Transactions carried out with the related parties referred to in (a), (b) and (c) above in the ordinary course of business Rs. Lakhs

Sr. No.	Particulars	Holding Co (from 3rd October 2013)	Holding Co. (upto 2nd October 2013)	Investor Associate Co.	Investor Associate Co.	FS (upto 9th December 2014)	FS (upto 4th October 2013)	FS	FS	FS	FS	FS	FS	Key Management Personnel
		Mahindra & Mahindra Ltd.	Mahindra Ugine Steel Co. Ltd.	Sanyo Special Steel Co. Ltd., Japan	Mitsui & Co. Ltd., Japan	Mahindra Ugine Steel Co. Ltd.	Mahindra Forgings Ltd.	Mahindra Intertrade Ltd.	Mahindra Logistics Ltd.	Mahindra Gears & Transmission Pvt Ltd.	Mahindra Vehicle Manufacturers Limited	Metalcastello S.p.A	Lords Freights (India) Pvt. Ltd.	Mr. Uday Gupta
1	Purchases of goods or services	73.39	-	-	-	-	-	-	-	-	-	-	-	-
		(847.85)	(43.46)	(-)	(-)	(25.86)	(846.44)	(9.58)	(-)	(-)	(16.21)	(-)	(-)	(-)
2	Receiving of services	169.47	-	23.49	-	-	-	-	96.29	-	-	-	41.24	-
		(217.58)	(-)	(-)	(-)	(-)	(-)	(15.11)	(101.08)	(-)	(-)	(-)	(-)	(-)
3	Technical assistance fees paid	-	-	2,245.29 *	-	-	-	-	-	-	-	-	-	-
		(-)	(-)	(1,227.87) *	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
4	Shared IT services received	89.89	-	-	-	-	-	-	-	-	-	-	-	-
		(116.99)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
5	Rent paid	184.73	-	-	-	2.70	-	-	-	-	-	-	-	-
		(1.69)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
6	Sale of goods	723.94	-	-	-	-	-	-	-	467.71	-	-	-	-
		(578.49)	(-)	(-)	(-)	(-)	(6,189.29)	(-)	(-)	(368.69)	(-)	(16.42)	(-)	(-)
7	Reimbursement of expenses	6.16	-	-	32.63 #	-	-	-	-	-	-	-	-	-
		(-)	(-)	(-)	(17.49) #	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
8	Reimbursement of Colony Maintenance expenses received	107.15	-	-	-	-	-	-	-	-	-	-	-	-
		(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
9	Purchase of fixed assets/ capex services	6.28	-	-	-	-	-	-	-	-	-	-	-	-
		(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
10	Deputation of personnel expense	8.05	-	-	-	-	-	-	-	-	-	-	-	-
		(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
11	Remuneration to key managerial personnel	-	-	-	-	-	-	-	-	-	-	-	-	105.00
		(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(110.91)
12	Outstandings:													
a)	Payables													
	(i) Payables/creditors	187.57	-	1,176.85 **	-	-	-	-	3.70	-	-	-	26.91	15.00
		(943.84)	(-)	(109.80) **	(-)	(11.03)	(-)	(-)	(52.04)	(-)	(-)	(-)	(-)	(26.64)
b)	Receivables													
	(i) Trade Receivables	146.53	-	-	-	-	-	-	-	191.53	-	-	-	-
		(132.55)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(104.29)	(-)	(-)	(-)	(-)
	(ii) Advances	1.30	-	-	14.42 ##	-	-	-	2.21	-	-	-	-	-
		(25.21)	(-)	(-)	(6.14) ##	(-)	(-)	(0.99)	(-)	(-)	(1.92)	(-)	(-)	(-)
	(iii) Deposits	4.52	-	-	-	-	-	-	-	-	-	-	-	-
		(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
	(iv) Provision for doubtful debts and advances	-	-	-	-	-	-	-	-	-	-	-	-	-
		(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(0.01)	(-)	(-)	(-)	(-)

* Includes Rs. 1151.54 Lakhs (2013-2014: Rs. 1179.02 Lakhs) billed by Sanyo Special Steel India Pvt. Ltd., an Indian subsidiary of that company.

** Includes Rs. 83.10 Lakhs (2013-2014: Rs. 72.86 Lakhs) payable to Sanyo Special Steel India Pvt. Ltd., an Indian subsidiary of that company.

Includes Rs. 26.29 Lakhs (2013-2014: Rs. 13.80 Lakhs) billed to Mitsui & Co. (Asia Pacific) Pvt. Ltd., a subsidiary of that company.

Includes Rs. 14.42 Lakhs (2013-2014: Rs. 4.75 Lakhs) receivable from Mitsui & Co. (Asia Pacific) Pvt. Ltd., a subsidiary of that company.

Notes :-

1 The transaction amounts reported above are inclusive of applicable taxes.

2 Previous years figures have been disclosed in parenthesis.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2015

41. Earnings per share:

	31 st March, 2015	31 st March, 2014
a) Net (Loss) after tax (Rs. Lakhs).....	(6,327.46)	(6,833.84)
b) Weighted average equity shares (Nos.)	100,00,000	100,00,000
c) Basic and diluted earnings per equity share (Rs.)	(63.27)	(68.34)

42. Foreign currency exposures:

The Company has entered into forward foreign exchange contracts and plain vanilla options [being derivative instruments], which are not intended for trading or speculative purpose, but for hedging purpose, to establish the amount of reporting currency required or available at the settlement date of trade payables.

The following are the outstanding forward foreign exchange contracts and options contracts as on 31st March, 2015:

Mode of Hedging	Currency	Amount in Lakhs	Buy/Sell
Forward Cover	US Dollar	38.76	Buy
	(US Dollar)	(62.37)	(Buy)
	Euro	9.03	Sell
Options.....	Euro	(Nil)	(-)
	US Dollar	44.72	Buy
	(US Dollar)	(Nil)	(-)

The year end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:

a. Amounts payable in foreign currency on account of the following:

	Indian Rupees Rs. Lakhs	Foreign Currency Lakhs
• Import of goods and services...	-	-
	(159.44)	(US \$ 2.66)

b. Amounts receivable in foreign currency on account of the following:

	Indian Rupees Rs. Lakhs	Foreign Currency Lakhs
• Export of goods and services...	42.60	US \$ 0.68
	(50.57)	(US \$0.84)
	Nil	Nil
	(527.54)	(Euro 6.38)
• Reimbursement of expenses	13.37	US \$ 0.21
	(5.87)	(US \$ 0.10)

Previous year's figures have been disclosed in parenthesis.

43. Employee Benefit Plans:

A Defined Benefit Plans:

Gratuity:

The Company makes annual contributions to the Employees' Group Gratuity-cum-Life Assurance Scheme of the Life Insurance Corporation of India, a funded defined benefit plan for qualifying employees. The scheme provides for lump sum payment to vested employees at retirement or on termination of employment of an amount equivalent to 15 days salary for each completed year of service or part thereof in excess of six months.

In case of death of the employee while in service, gratuity is paid for an amount equivalent to 30 days salary for each completed year of service or part thereof in excess of six months.

The ceiling limit for gratuity payment is restricted to 20 months' salary. Vesting occurs upon completion of five years of service.

Detailed disclosures on Defined Benefit Plan – Gratuity are as follows: (Rs. in lacs)

Particulars	31 st March, 2015	31 st March, 2014
I Expenses/(Income) recognised in the statement of profit and loss for the year ended 31st March, 2015 – included in Note 22 under line item "Contribution to provident and other funds"		
1. Current Service Cost	67.09	71.83
2. Interest Cost	115.98	105.37
3. Expected return on plan assets	(110.84)	(115.07)
4. Actuarial (Gains)/Losses	165.80	(61.38)
5. Total Expense/(Income)	238.03	0.75
II Net Asset/(Liability) recognised in the Balance Sheet as at 31st March, 2015		
1. Present Value of Defined Benefit Obligation	(1,554.25)	(1,340.34)
2. Fair value of plan assets	1,249.90	1,274.03
3. Net Asset/(Liability)	(304.35)	(66.31)
III Change in Obligation during the year ended 31st March, 2015		
1. Present Value of Defined Benefit Obligation at the beginning of the year	1,340.34	1355.99
2. Current Service Cost	67.09	71.83
3. Interest Cost	115.98	105.37
4. Actuarial (Gains)/Losses	164.82	(65.32)
5. Benefit Payments	(133.98)	(127.53)
6. Present Value of Defined Benefit Obligation as at the end of the year	1,554.25	1,340.34
IV Change in Assets during the year ended 31st March, 2015		
1. Plan assets at the beginning of the year	1,274.03	1289.86
2. Expected return on plan assets	110.84	115.07
3. Contributions by employer	-	0.57
4. Actual benefits paid	(133.98)	(127.53)
5. Actuarial Gains/(Losses)	(0.98)	(3.94)
6. Plan assets at the end of the year	1,249.90	1,274.03
V Actual return on Plan Assets (1+2)	109.86	111.12
1. Expected return on plan assets	110.84	115.07
2. Actuarial Gains/(Losses)	(0.98)	(3.95)
VI The major categories of plan assets as a percentage of total Plan		
Funded with LIC of India (See note below)	100%	100%
VII Actuarial Assumptions:		
1. Discount Rate	8.00%	9.15%
2. Expected rate of return on plan assets	9.40%	9.40%
	2006-08	2006-08
3. Mortality pre-retirement	Mortality base	Mortality base
4. Turnover rate	1 to 2%	1 to 2%
5. Salary escalation rate	7.50%	7.50%

Note: The Company is unable to obtain the details of major category of plan assets from the Insurance Company (LIC of India) and hence the disclosure thereof is not made.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2015

B. Net Assets/(Liabilities) recognised in the Balance Sheet as at respective year ends and experience adjustments:

Particulars	31 st March 15 Rs. Lakhs	31 st March 14 Rs. Lakhs	31 st March 13 Rs. Lakhs	31 st March 12 Rs. Lakhs
1. Present Value of Defined Benefit Obligation	(1,554.25)	(1,340.34)	(1,355.99)	-
2. Fair value of plan assets	1,249.90	1,274.03	1,289.86	-
3. Funded Status [Surplus/ (Deficit)].....	(304.35)	(66.31)	(66.13)	-
4. Net Asset/(liability).....	(304.35)	(66.31)	(66.13)	-
5. Experience adjustment arising on:				
a. Plan Liabilities.....	87.94	7.93	107.22	-
b. Plan Assets	(0.98)	(3.95)	40.94	-

C. Basis used to determine expected rate of return on assets:

This is based on expectation of the average long term rate of return expected on investments of the Fund during the estimated term of the obligations.

D. The estimates of future salary increases, considered in actuarial valuation, takes into account the inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

E. The Company expects to fund the entire shortfall in the Employees' Group Gratuity-cum-Life Assurance Scheme with Life Insurance Corporation of India during the first quarter of the next financial year.

F. Defined Contribution Plans:

The Company makes Provident Fund and Superannuation Fund contributions to defined contribution retirement benefit plans for qualifying employees. Under the schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits.

Company's contribution paid/payable during the year to Officer's Superannuation Fund, Pension Fund and Provident Fund are recognized

in the Statement of Profit and Loss. These amounts are recognized as an expense and included in the Note No. 22 of the Statement of Profit and Loss under the heading "Employee benefits expense" in line item "Company's contribution to provident and other funds".

	31 st March, 2015 Rs. Lakhs	31 st March 2014 Rs. Lakhs
i) Provident Fund	126.50	148.87
ii) Superannuation Fund.....	39.85	40.49
ii) Employees' Pension Scheme	73.54	52.40

44. Previous year's figures have been regrouped wherever necessary to correspond with the current year's classification/disclosure.

		For and on behalf of the Board	
Signature to Notes 1 to 44		Uday Gupta	<i>Managing Director</i>
		Shriprakash Shukla	<i>Chairman</i>
Sudhir Yagnik	Pradeep Salian	Kozo Takahashi	} <i>Directors</i>
<i>Chief Financial Officer</i>	<i>Company Secretary</i>	Nobuyuki Tanaka	
		Daljit Mirchandani	
		Jayashree Vaidhyanathan	

Date: 24th April, 2015
Place: Mumbai

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors present their Eighth Report together with the audited financial statements of your Company for the year ended 31st March, 2015.

Financial Results and State of Company's Affairs

	(Rs. in Lakhs)	
	For the year ended 31st March, 2015	
	For the year ended 31 st March, 2014	
Revenue	318.82	463.99
Profit/(Loss) before Interest, Depreciation and Tax	(109.11)	(52.84)
Less : Depreciation	6.92	11.65
Profit/(Loss) before Interest and Tax	(116.03)	(64.49)
Less : Interest Expense	5.70	37.85
Profit/(Loss) before Tax	(121.73)	(102.34)
Provision for Tax/tax of earlier years	5.07	5.00
Profit/(Loss) for the year	(126.80)	(107.34)
Profit/(Loss) brought forward from earlier years	(816.41)	(709.07)
Less: Depreciation on transition to Schedule II of the Companies Act, 2013 on tangible fixed assets with nil remaining useful life	-	-
Profit/(Loss) carried to Balance Sheet	(943.21)	(816.41)
Net Worth	43,488.73	34,382.65

No material changes and commitments have occurred after the closure of the financial year under review till the date of this report which would affect the financial position of the Company.

Operations:

Aircraft Division

GippsAero

During the year, the Company's subsidiary M/s. GippsAero Pty Ltd (GA) continued to implement its strategy to expand its global footprint into new markets and segments. Type Certification in China and Brazil were achieved. GA also penetrated the US airborne surveillance market and secured fleet deals in the US and Botswana testifying its strong growth potential in these strategic market segments. In new product development, the Airvan 10 program has been delayed due to challenges in complying with stringent airworthiness requirements in a few safety critical flight modes. With 18 aircraft sales during the year, GA will continue to invest significant efforts in sales and market growth and perceives sustained interest in the Airvan 8 and the Airvan 10 from Africa, US, Australia, Brazil, China, India and other emerging markets.

CNM-5

Following the successful test flights of the prototype CNM5 aircraft in Australia in 2011, the Company and its CNM-5 development partner, National Aerospace Laboratories (NAL) discussed the potential benefits and approach to Type Certify the CNM5 in Australia and collaboratively prepared a detailed project plan for the same. This being a different approach to

certification than was originally planned, National Aerospace Laboratories (NAL) has to obtain a formal clearance from its parent body, Council of Scientific and Industrial Research and other Government bodies as may be required. The Company has been following up and is waiting for this approval from NAL to launch formal certification program in Australia.

Aerostructures Division

During the year, the Company's subsidiary Mahindra Aerostructures Private Limited (MASPL) commenced commercial operations in its facility near Bangalore after achieving stringent industry-standard accreditations such as AS9100C and NADCAP certifications for Special Processes. MASPL also had to clear numerous customer-specific audits to gain their approvals before starting production on their programs in the course of the year. Business Development efforts over the past few years have started yielding results, and the MASPL has commenced deliveries of First Articles to its overseas customers. After prolonged negotiations MASPL has also sealed a significant contract with a major European Tier 1 to supply components for a airliner programs.

Dividend

In view of the losses, your Directors do not recommend dividend for the year under review.

Subsidiaries and Associates

A report on the performance and financial position of each of the subsidiaries and associates of the Company included in the consolidated financial statement, for the year ended 31st March, 2015, is given in separate section marked as Annexure I and the same forms part of this report.

Consolidated Financial Statement

In accordance with Section 134(7) of the Companies Act, 2013 the audited consolidated financial statement of your Company forms part of this report.

Share Capital

During the year under review, the authorized share capital of the Company was increased from Rs. 200 crores to Rs. 250 crore. The authorised share capital of the company was reclassified to consist of equity share capital and 5% Non-Cumulative Compulsorily Convertible Preference Shares.

Necessary amendments to Memorandum of Association were made during the year under review.

The Paid up share capital of the Company was increased from Rs. 185,53,96,900/- to Rs. 235,29,41,250/-

Board of Directors

Mr. Sanjay Joglekar (DIN: 00209394) and Mr. Arvind Mehra (DIN: 01039769), Directors, retire by rotation and being eligible offer themselves for reappointment.

Mr. S P Shukla (DIN: 00007418) was appointed as Additional Director on 23rd March, 2015 and holds office upto the ensuing Annual General Meeting only. Dr. Devi Singh (DIN: 00015681) and Mrs. Rajyalakshmi Rao Meka (DIN:00009420), who, in the opinion of the Board, are persons with integrity and possess relevant expertise and experience, and who have given declarations to the effect that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013, have been appointed as Independent Directors of the Company, in accordance with the provisions of Section 149 of Companies Act, 2013, on 30th March, 2015 for a term of 2 years with effect from that date. They have initially been appointed as Additional Directors and hence hold office upto the ensuing Annual General Meeting.

Your Company has received notices from a member intimating its intention to propose, at the ensuing Annual General Meeting, Mr. S P Shukla as Director liable to retire by rotation and Dr. Devi Singh and Mrs. Rajyalakshmi Rao Meka, Independent Directors, as Independent Directors not liable to retire by rotation.

Mr. Hemant Luthra (DIN: 00231420) resigned as Director and Chairman of the Board with effect from 31st March, 2015. Your Board takes this opportunity to thank Mr. Luthra for his valuable guidance to the Company during his association with the Company.

Number of Meetings of the Board of Directors

Your Board of Directors met Eight times during the year under review i.e on 22nd May, 2014, 4th June, 2014, 22nd July, 2014, 14th October, 2014, 8th January, 2015, 14th February, 2015, 23rd March, 2015 and 30th March, 2015.

Directors' Responsibility Statement

Pursuant to section 134(3)(c) of the Companies Act, 2013, your Directors, based on the representation received, and after due enquiry, confirm that:

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed;
- (ii) they have, in the selection of the accounting policies, consulted the Statutory Auditors and these have been applied consistently and reasonable and prudent judgments and estimates have been made so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2015 and of the Loss of the Company for the year ended on that date;
- (iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) the annual accounts have been prepared on a going concern basis.
- (v) Proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Evaluation of Performance

Pursuant to the provisions of the Companies Act, 2013 the Board has carried out an annual evaluation of its own performance and that of its committees as well as performance of the Directors individually. Questionnaires/Feedback templates for annual evaluation were circulated to each Board member and duly filled in questionnaires/responses were submitted to the Chairman of the meeting for facilitating the formal annual evaluation.

Codes of Conduct

Your Company has adopted Codes of Conduct for Corporate Governance ("the Codes") for its Directors and Senior Management Personnel and Employees. These Codes enunciate the underlying principles governing the conduct of your Company's business and seek to reiterate the fundamental precept that good governance must and would always be an integral part of your Company's ethos.

Your Company has for the year under review, received declarations from the Board Members and Senior Management Personnel and Employees affirming compliance with respective Code of Conduct.

Key Managerial Personnel (KMP)

Mr. Arvind Kumar Mehra (DIN: 01039769) was reappointed as Whole Time Director of the Company for a period of three years with effect from 9th May, 2014. Mr. Ajay Mantry was appointed as Chief Financial Officer on 14th October, 2014 following resignation of Mr. T Srinivasan as Chief Financial Officer of the Company w.e.f 14th October, 2014.

Mr. Yashesh Bhatt is the Company Secretary of the Company.

Committees of the Board:

Audit Committee

The Committee was reconstituted on 30th March, 2015 pursuant to the appointment of Independent Directors.

The Committee now consists of Mrs. Rajyalakshmi Rao Meka, Independent Director, Dr. Devi Singh, Independent Director and Mr. V. S. Parthasarathy.

Mrs. Rajyalakshmi Rao Meka is the Chairman of the Audit Committee.

The Committee met four times during the year under review i.e. on 22/05/2014, 22/07/2014, 14/10/2014 and 14/02/2015 and complied with the terms of reference assigned to the Committee from time to time.

Nomination and Remuneration Committee

The Committee was reconstituted on 23rd March, 2015 upon induction of Mr. S P Shukla as Director and was once again reconstituted on 30th March, 2015 pursuant to the appointment of Independent Directors.

The Nomination and Remuneration Committee now consists of Dr. Devi Singh, Independent Director, Mrs. Rajyalakshmi Rao Meka, Independent Director, Mr. S P Shukla and Mr. R Laxman. Dr. Devi Singh is the Chairman of the Nomination and Remuneration Committee.

The Committee met five times during the year under review i.e., on 22/05/2014, 14/10/2014, 14/02/2015, 23/03/2015 and 30/03/2015.

The Nomination and Remuneration Committee at their meeting held on 21st May, 2015 carried out an evaluation of the performance of individual directors through a structured questionnaire process.

Policy for Remuneration of Directors, Key Managerial Personnel and other Employees and Criteria for appointment/removal of Directors and Senior Management Personnel

In line with the principles of transparency and consistency and upon recommendation of Nomination and Remuneration Committee, your Board has approved policies for the remuneration of Directors and Key Managerial Personnel and other employees and the appointment/removal of Directors and Senior Management Personnel.

These policies are furnished as Annexure II and form part of this Report.

Risk Management Policy

The Board has formulated a Risk Management Policy for the Company which identifies elements of risk if any which may threaten the existence of the Company. Implementation of the Risk Management Policy is expected to be helpful in managing the risks associated with the business of the Company.

The Sexual Harassment of women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

During the year under review, no complaints were received under the Sexual Harassment of Women at work place (Prevention, Prohibition and Redressal) Act, 2013 and Rules made thereunder.

Statutory Auditors & Audit Report

Messrs. B K Khare & Co, Chartered Accountants, (ICAI Registration Number 105102W) retire as Auditors of your

Company at the forthcoming Annual General Meeting and have given their consent for re-appointment. The members are requested to appoint Auditors from the conclusion of forthcoming Annual General Meeting until the conclusion of next Annual General Meeting and fix their remuneration.

As required under the provisions of section 139 of the Companies Act, 2013, your Company has obtained a written consent and certificate from the above Auditors to the effect that their reappointment, if made, would be in conformity with the conditions and criteria specified therein.

The Auditors' Report does not contain any qualification, reservation or adverse remark.

Secretarial Auditor

Pursuant to Section 204 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, your Company has appointed M/s. M Siroya & Co, a firm of Practicing Company Secretaries, as the Secretarial Auditor of your Company for the financial year ended 31st March 2015.

A Secretarial Audit Report for the financial year ended 31st March 2015, issued by the secretarial auditor pursuant to the aforesaid provisions, is provided as Annexure III and forms part of this report.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The particulars relating to the Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo, as required under section 134(3)(m) of the Companies Act, 2013 read with the Companies Rule 8(3) of The Companies (Accounts) Rules, 2014 are given as Annexure IV to this Report.

Corporate Social Responsibility

The provisions relating to Corporate Social Responsibility are not applicable to your Company during the year under review.

Particulars of loans, guarantees or investments under Section 186 of the Companies Act, 2013

During the year under review, your Company invested in 5,38,50,000 equity shares issued by wholly owned subsidiary Company Mahindra Aerostructures Private Limited and 64,88,000 equity shares issued by wholly owned subsidiary Company Mahindra Aerospace Australia Pty Ltd.

During the year under review, Your Company has given a loan of Rs. 17.64 Lakhs to M/s Lakshya Aviation Private Limited.

There are no other loans, guarantees or investments made under Section 186 of the Companies Act, 2013.

Public Deposits and Loans/Advances

Your Company has not accepted any deposits from the public, or its employees, within the meaning of Section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014 during the year under review and there is no amount which qualifies as deposit outstanding as on the date of balance sheet.

There were no loans/advances, particulars of which are required to be disclosed in the annual accounts of the

Company pursuant to Clause 32 of the Listing Agreement between the Parent Company, Mahindra and Mahindra Limited and the Stock Exchanges.

Particulars of Transactions with Related Parties

All the contracts/arrangements/transactions entered during the year under review with related parties referred to in sub section 1 of Section 188 of Companies Act, 2013, and Rules made thereunder, were carried out in ordinary course of business and at arm's length.

Particulars of material contracts or arrangements or transactions with related parties, required to be furnished in terms of Section 134 of companies Act, 2013 are furnished in form AOC – 2 as Annexure V and the same forms part of this Report.

Extract of Annual Return

Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014 an extract of the Annual return as on 31st March, 2015 is attached herewith as Annexure VI and forms part of this report.

Internal Financial Control

Your Company has an adequate system of internal controls and monitoring procedures as well as internal financial controls on financial statements commensurate with the size and the nature of its business. The internal control system is supplemented by documented policies, guidelines and procedures. Besides the Company regularly conducts reviews to assess the adequacy of financial and operating controls for various businesses of the Company. Significant issues, if any, are brought to the attention of the Audit Committee. The Internal Audit function submits detailed reports periodically to the management and the Audit Committee. The Audit Committee reviews these reports with the operating management with a view to provide oversight of the internal control systems.

Safety, Health and Environmental Performance

Your Company's commitment towards safety, health and environment is being continuously enhanced and persons

working at all locations are given adequate training on safety and health. The requirements relating to various environmental legislations and environment protection have been duly complied with by your Company.

Sustainability

Your Company continues with its journey on sustainable development with conscious efforts to minimize the environmental impact caused by its operations and simultaneously taking responsibility to enable communities to Rise without losing focus on economic performance.

General

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions/ events on these items during the year under review:

1. Issue of equity shares with differential rights as to dividend, voting or otherwise.
2. Issue of Shares (Including Sweat Equity Shares) to employees of the Company under any Scheme.
3. Receipt of any remuneration or commission by the Whole Time Director from any of its subsidiaries.
4. Significant or material orders by Regulators or Courts or Tribunals which impact the going concern status and the Company's operations in future.
5. Particulars of employees, since Rule 5(2) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, are not applicable to an unlisted Company.

Acknowledgements

Your Directors are pleased to take this opportunity to thank the bankers, customers, vendors, all the other stakeholders for their co-operation to the Company during the year under review.

For and on behalf of the Board

S P Shukla
Chairman

Mumbai, 21st May, 2015

ANNEXURE I TO THE DIRECTORS' REPORT
PART "A" SECTION ON SUBSIDIARIES

Rs. Lakhs

Sr. No.	Particulars	Details			
		Mahindra Aerostructures Private Limited (1)	Mahindra Aerospace Australia Pty Ltd (2)	Aerostaff Australia Pty Ltd (3)	Gipp Aero Investments Pty Ltd (4)
1.	Name of the subsidiary				
2.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	31 st March 2015	31 st March 2015	31 st March 2015	31 st March 2015
3 (a)	Reporting currency	Rupees	AUD	AUD	AUD
3 (b)	Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries		AUD=Rs. 47.77	AUD=Rs. 47.77	AUD=Rs. 47.77
4.	Share capital	16,036.00	21,138.46	1,074.83	3,352.15
5.	Reserves & surplus	(7,757.54)	490.66	(1,249.42)	14,915.84
6.	Total assets	19,055.40	31,279.19	597.26	18,272.29
7.	Total Liabilities	19,055.40	31,279.19	597.26	18,272.29
8.	Investments	1,063.88	21,687.58	–	18,272.03
9.	Turnover	195.64	1,053.15	1,139.69	–
10.	Profit/(Loss) before taxation	(4,376.31)	510.22	215.18	(4.43)
11.	Provision for taxation	–	–	–	–
12.	Profit/(Loss) after taxation	(4,376.31)	510.22	215.18	(4.43)
13.	Proposed Dividend	–	–	–	–
14.	% of shareholding	100%	100%	100%	75.10%
15.	Performance of the Company during the financial year 2014-2015	(1,753.99)	(9.03)	(618.98)	17.29

Rs. Lakhs

Sr. No.	Particulars	Details				
		Gipps Aero Pty Ltd (5)	Airvan Flight Services Pty Ltd (6)	GA8 Airvan Pty Ltd (7)	GA200 Pty Ltd (8)	Nomad TC Pty Ltd (9)
1.	Name of the subsidiary					
2.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	31 st March 2015	31 st March 2015	31 st March 2015	31 st March 2015	31 st March 2015
3 (a)	Reporting currency	AUD	AUD	AUD	AUD	AUD
3 (b)	Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	AUD=Rs. 47.77	AUD=Rs. 47.77	AUD=Rs. 47.77	AUD=Rs. 47.77	AUD=Rs. 47.77
4.	Share capital	0.00	–	–	–	5.40
5.	Reserves & surplus	(13,249.00)	–	–	–	(5.40)

Rs. Lakhs

Sr. No.	Particulars	Details				
		Gipps Aero Pty Ltd (5)	Airvan Flight Services Pty Ltd (6)	GA8 Airvan Pty Ltd (7)	GA200 Pty Ltd (8)	Nomad TC Pty Ltd (9)
1.	Name of the subsidiary					
6.	Total assets	21,326.88	-	-	-	-
7.	Total Liabilities	21,326.88	-	-	-	-
8.	Investments	-	-	-	-	-
9.	Turnover	8,266.35	-	-	-	-
10.	Profit/(Loss) before taxation	(4,010.45)	-	-	-	-
11.	Provision for taxation		-	-	-	-
12.	Profit/(Loss) after taxation	(4,010.45)	-	-	-	-
13.	Proposed Dividend	-	-	-	-	-
14.	% of shareholding	75.10%	75.10%	75.10%	75.10%	75.10%
15.	Performance of the Company during the financial year 2014-2015	(3306.49)	-	-	-	-

Notes: The following information shall be furnished at the end of the statement.

- Names of subsidiaries which are yet to commence operations: NIL
- Names of subsidiaries which have been liquidated or sold during the year: NIL

Part "B" Associates and Joint Ventures: None

For and on behalf of the Board

S P Shukla
Chairman

Mumbai, 21st May, 2015

ANNEXURE II TO THE DIRECTORS' REPORT

POLICY FOR REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL

Purpose

This Policy sets out the approach to compensation of Directors and Key Managerial Personnel in Mahindra Aerospace Private Limited.

Policy Statement

Our compensation philosophy strives to attract and retain high performers by compensating them at levels that are broadly comparable with the median of the comparator basket while differentiating people on the basis of performance, potential and criticality for achieving competitive advantage in business.

In order to effectively implement this, our compensation structure is developed through external benchmarking as appropriate, with relevant players across the industry we operate in.

Non-Executive Including Independent Directors

The Nomination and Remuneration Committee (NRC) shall decide the basis for determining the compensation, both Fixed and variable, to the Non-Executive Directors, including Independent Directors, whether as commission or otherwise. The NRC shall take into consideration various factors such as director's participation in Board and Committee meetings during the year, other responsibilities undertaken, such as membership or Chairmanship of committees, time spent in carrying out their duties, role and functions as envisaged in Schedule IV of the Companies Act 2013 and such other factors as the NRC may consider deem fit for determining the compensation. The Board shall determine the compensation to Non-Executive Directors within the overall limits specified in the Shareholders resolution.

Key Managerial Personnel (KMPs)

The terms of remuneration of Chief Executive Officer (CEO), Chief Financial Officer (CFO) and Company Secretary (CS) shall be determined by the Board and revised from time to time either by any Director or such other person as may be authorised by the Board. The remuneration shall be consistent with the competitive position of the salary for similar positions in the industry and their Qualifications, Experience, Roles and Responsibilities. Pursuant to the provisions of section 203 of the Companies Act 2013 the Board shall approve the remuneration at the time of their appointment.

The remuneration to directors, KMPs and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

Employees

We follow a differential approach based on industry benchmarking and statutory requirement, depending upon the level in the organization i.e for all employees from Technician to Senior Management Band, we benchmark with competition from the same industry.

We have a CTC (Cost to Company) concept. In Managerial and Senior Managerial band starting from Grade M3 and above CTC includes a fixed component (Guaranteed Pay) and a variable component (Performance pay). The percentage of the variable component increases with increasing hierarchy levels, as we believe employees at higher positions have a far greater impact and influence on the overall business result. The CTC is reviewed once every year and the compensation strategy for positioning of individuals takes into consideration the following elements:

- Performance
- Potential
- Criticality
- Longevity in grade

Remuneration for the new employees other than KMPs and Senior Management Personnel will be decided by the HR, in consultation with the concerned business unit head at the time of hiring, depending upon the relevant job experience, last compensation and the skill-set of the selected candidate.

The Company may also grant Stock Appreciation Rights and / or Stock Options to Employees and Directors (other than Independent Directors) in accordance with any Scheme of the Company and subject to compliance of the applicable statutes and regulations.

POLICY ON APPOINTMENT OF DIRECTORS AND SENIOR MANAGEMENT PERSONNEL

DEFINITIONS

The definitions of some of the key terms used in this Policy are given below.

“**Board**” means Board of Directors of the Company.

“**Company**” means Mahindra Aerospace Private Limited

“**Committee(s)**” means Committees of the Board for the time being in force.

“**Key Managerial Personnel**” (KMP) refers to key managerial personnel as defined under the Companies Act, 2013 and includes:

- (i) Managing Director (MD), or Chief Executive Officer (CEO); or Manager; or Whole time Director (WTD)
- (ii) Chief Financial Officer (CFO); and
- (iii) Company Secretary (CS).

“**Nomination and Remuneration Committee**” (NRC) means Nomination and Remuneration Committee of Board of Directors of the Company for the time being in force.

“**Senior Management**” means personnel of the Company who are members of its Core Management Team excluding Board of Directors comprising of all members of management one level below the executive directors including the functional heads.

I. APPOINTMENT OF DIRECTORS

- The NRC reviews and assesses Board composition and recommends the appointment of new Directors. In evaluating the suitability of individual Board member, the

NRC shall take into account the following criteria regarding qualifications, positive attributes and independence of director:

1. All Board appointments will be based on merit, in the context of the skills, experience, independence and knowledge, for the Board as a whole to be effective.
2. Ability of the candidates to devote sufficient time and attention to his professional obligations as Independent Director for informed and balanced decision making
3. Adherence to the Code of Conduct and highest level of Corporate Governance in letter and in spirit by the Independent Directors
 - Based on recommendation of the NRC, the Board will evaluate the candidate(s) and decide on the selection of the appropriate member. The Board through the Chairman / Managing Director will interact with the new member to obtain his/her consent for joining the Board. Upon receipt of the consent, the new Director will be co-opted by the Board in accordance with the applicable provisions of the Companies Act 2013 and Rules made thereunder.

Removal of Directors

If a Director is attracted with any disqualification as mentioned in any of the applicable Act, rules and regulations thereunder or due to non - adherence to the applicable policies of the company, the NRC may recommend to the Board with reasons recorded in writing, removal of a Director subject to the compliance of the applicable statutory provisions.

Senior Management Personnel

The NRC shall identify persons who may be appointed in senior management team in accordance with the criteria laid down above.

Senior Management personnel are appointed or promoted and removed/relieved with the authority of Chairman based on the business need and the suitability of the candidate. The details of the appointment made and the personnel removed one level below the Key Managerial Personnel during a quarter shall be presented to the Board.

II. SUCCESSION PLANNING:

Purpose

The Talent Management Policy sets out the approach to the development and management of talent in the Mahindra Group to ensure the implementation of the strategic business plans of the Group and the Group Aspiration of being among the Top 50 globally most-admired brands by 2021.

Board:

The successors for the Independent Directors shall be identified by the NRC at least one quarter before expiry of the scheduled term. In case of separation of Independent Directors due to resignation or otherwise, successor will be appointed at the earliest but not later than the immediate next Board meeting or three months from the date of such vacancy, whichever is later.

The NRC will accord due consideration for the expertise and other criteria required for the successor.

The Board may also decide not to fill the vacancy caused at its discretion.

Senior Management Personnel:

A good succession-planning program aims to identify high growth individuals, train them and feed the pipelines with new talent. It will ensure replacements for key job incumbents in KMPs and senior management positions in the organization.

Significantly, we have a process of identifying Hi-pots and critical positions. Successors are mapped for these positions at the following levels:

1. Emergency successor
2. Ready now
3. Ready in 1 to 2 years
4. Ready in 2 to 5 years
5. Ready in more than 5 years

in order to ensure talent readiness as per a ladder approach.

Policy Statement

The Talent Management framework of the Mahindra Group has been created to address three basic issues:

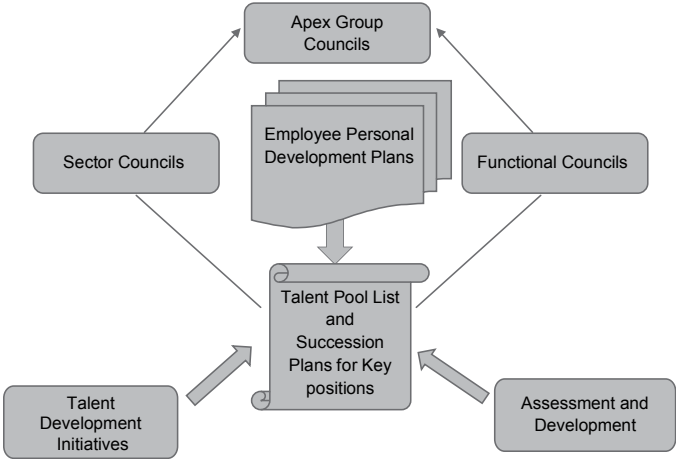
- 1) Given the strategic business plans, do we have the skills and competencies required to implement them? If not, how do we create them – by developing them internally or through lateral induction from outside?
- 2) For critical positions, what is the succession pipeline?
- 3) What are the individual development plans for individuals both in the succession pipeline as well as others?

The framework lays down an architecture and processes to address these questions using the **3E** approach:

- a) **Experience** i.e. both long and short-term assignments. This has 70% weightage
- b) **Exposure** i.e. coaching and mentoring – 20% weightage
- c) **Education** i.e. learning and development initiatives – 10% weightage

The Talent Management process is applicable to all employees. Over the years, the Talent Management framework has become a well-structured and process-oriented system which is driven by an interactive and collaborative network of Talent Councils at the Group and Sector Levels. These Talent Councils, which consist mainly of Senior business leaders supported by HR, are a mix of Sector (Business) and Functional Councils coordinated by an Apex Talent Council, headed by the Group Chairman. The Apex Council reviews the work done by the Talent Councils and facilitates movement of talent across Sectors. The Sector/Functional Councils meet regularly throughout the year and the Apex Council interacts with each one of them separately once a year, and in addition conducts an integrated meeting where the Chairpersons of all the Councils are present.

The Talent Management process can be represented pictorially as under:



The talent pipeline is maintained and developed so as to ensure that there is a seamless flow of talent. An important part of this exercise is drawing up and implementing IDAPs (Individual Development Action Plans) for every Executive concerned using the 3E approach mentioned above.

For and on behalf of the Board

S P Shukla
Chairman

Mumbai, 21st May, 2015

ANNEXURE III TO THE DIRECTORS' REPORT

Report of the Secretarial Auditors

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2015

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No. 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,
The Members,
Mahindra Aerospace Private Limited

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Mahindra Aerospace Private Limited (hereinafter called the "Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2015 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2015 according to the applicable provisions of:

- (i) The Companies Act, 1956 (the Old Act) and the rules made thereunder;
- (ii) The Companies Act, 2013 (the Act) and the rules made thereunder; and
- (iii) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment and Overseas Direct Investment.

Other major Statutes, Acts, Laws, Rules, Regulations, Guidelines and Standards etc., as applicable to the Company are given below:

- (i) Labour Laws and other incidental laws related to employees appointed by the Company either on its payroll or on contractual basis as related to wages, gratuity, provident fund, ESIC, compensation etc.;
- (ii) Acts as prescribed under Direct Tax and Indirect Tax;
- (iii) Land revenues Act;

- (iv) Labour Welfare Act; and
- (v) Such other Local laws etc. as may be applicable in respect of office of the Company.

The Company is an unlisted Company and therefore compliance with listing agreement is not applicable. The Institute of Company Secretaries of India has not prescribed any Secretarial Standards which are mandatory for the year 2014-15.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period the Company has undertaken following major corporate events/actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above:

- (i) The Board of Directors had on June 4, 2014, approved the issue of 44800000 equity shares of INR 10 each for cash at a premium of INR 9.54 each in 3 tranches/issues on rights basis. Pursuant to the said issue, the Company allotted 16376662 equity shares on July 29, 2014 and 7676560 equity shares on September 5, 2014.

The Board at its meeting held on July 22, 2014 revised the third tranche/issue pursuant to the rights offer made on June 4, 2014 and issued 20701213 equity shares. Accordingly 20701213 equity shares were allotted on September 26, 2014;

- (ii) Increased authorised share capital from INR 200 Crores to INR 250 Crores and altered capital clause of the Memorandum and Articles of Association at the extra-ordinary general meeting held on June 4, 2014;
- (iii) Pursuant to the special resolution under Section 180(1) (a) and (c) of the Companies Act, 2013 passed by the members at their annual general meeting held on September 30, 2014, the Board of Directors have been authorised to borrow moneys (apart from temporary loan obtained/to be obtained from the bankers in the ordinary course of business) and create charges subject to maximum limit of INR 200 Crores;
- (iv) At the extra-ordinary general meeting of the members of the Company held on March 23, 2015, the existing authorised share capital of INR 250 Crores was re-classified into equity capital of INR 235 Crores and 5% Non-Cumulative Compulsorily Convertible Preference Shares amounting

to 15 Crores; and altered the Article 70 of the Articles of Association by increasing the number of directors on the Board to 10; and

- (v) The Board, at their meeting held on March 23, 2015, issued 50,00,000, 5% Non-Cumulative Compulsorily Convertible Preference Shares of INR 10 each for cash at par. Pursuant to the said issue, the Board allotted 50,00,000, 5% Non-Cumulative Compulsorily Convertible Preference Shares of INR 10 each for cash at par on March 31, 2015.

**For M Siroya and Company
Company Secretaries**

**Mukesh Siroya
Proprietor
FCS No.: 5682
CP No.: 4157**

Date: May 21, 2015
Place: Mumbai

This report is to be read with our letter of even date which is annexed as **Annexure A** and forms an integral part of this report.

ANNEXURE A

To,
The Members,
Mahindra Aerospace Private Limited

Our report of even date is to be read along with this letter.

- 1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
- 2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
- 3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
- 4. Wherever required, we have obtained the Management's representation about the compliance of laws, rules and regulations and happening of events etc.

- 5. The compliance of the Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the verification of the procedures on test basis.
- 6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**For M Siroya and Company
Company Secretaries**

**Mukesh Siroya
Proprietor
FCS No.: 5682
CP No.: 4157**

Date: May 21, 2015
Place: Mumbai

ANNEXURE IV TO THE DIRECTORS' REPORT

PARTICULARS AS PER RULE 8(3) OF THE COMPANIES (ACCOUNTS) RULES, 2014 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2015.

A. CONSERVATION OF ENERGY

(a) the steps taken or impact on conservation of energy:

Though the activities/operations of the Company are not power intensive, necessary measures are taken to contain and bring about saving in power consumption, wherever practicable.

(b) the steps taken by the company for utilizing alternate sources of energy: Nil

(c) the capital investment on energy conservation equipments: Nil

B. TECHNOLOGY ABSORPTION

i) the efforts made towards technology absorption: Not Applicable

ii) the benefits derived like product improvement, cost reduction, product development or import substitution: Not Applicable

iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year) – Not Applicable

(a) the details of technology imported:

(b) the year of import

(c) whether the technology been fully absorbed:

(d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof:

iv) the expenditure incurred on Research and Development: NIL

C. FOREIGN EXCHANGE EARNINGS AND OUTGO: *(in terms of actual inflow and outflow)*

Total Foreign Exchange Earned and Used:

	(Rs. in Lakhs)	
	For the Financial Year Ended 31 st March, 2015	For the Financial Year Ended 31 st March, 2014
Total Foreign Exchange earned	485.11	213.44
Total Foreign Exchange used	3,683.12	3,276.06

For and on behalf of the Board

S P Shukla
Chairman

Mumbai, 21st May, 2015

ANNEXURE V TO THE DIRECTORS' REPORT**FORM NO. AOC-2****(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014.**

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arm's length transaction under third proviso thereto.

1. Details of contracts or arrangements or transactions not at Arm's length basis. : Nil
2. Details of material contracts or arrangements or transactions at Arm's length basis.

Sr. No.	Name(s) of the related party & nature of relationship		Nature of Transaction	Duration of the transaction	Salient terms of the transaction, including the value if any		Date of approval by the Board	Amount paid as advances, if any
1	Mahindra & Mahindra Ltd	Ultimate Holding Company	Cost sharing of establishment cost	On going	Allocation of corporate cost at actuals.	52.19	N.A.	Nil
2	Mahindra Aerostructures Pvt Limited	Subsidiary Company	Services received	One time during the year	At market rates	1.64	N.A.	Nil
			Services rendered	On going	Resource support services on Cost plus basis	4.37	N.A.	Nil
			Sale of materials	Once during the year	At prevailing market price	15.65	N.A.	Nil
			Payment of rent	For a period of Five years commencing from 10 th July 2014	At prevailing market rate	5.23	N.A.	Nil
			Payment of Rent deposit	One-time payment	As per prevailing market practice	7.20	N.A.	Nil
			Cost sharing of establishment cost	On going	Allocation of corporate cost at actuals	336.91	N.A.	Nil
4	Gippsaero Pty Ltd	Subsidiary	Services Rendered	On going	Aircraft design services at market rates	138.73	N.A.	Nil
			Cost sharing of establishment cost	On going	Allocation of corporate cost at actuals	581.05	N.A.	Nil
5	Mahindra Integrated Business Solutions Pvt Ltd	Fellow Subsidiary	Services received	On going	Payroll processing at market rates	0.96	N.A.	Nil

- Note: for the purpose of materiality, the following criteria have been considered.
- 10% of turnover of the Company or Rs. one hundred crore, whichever is lower is considered as material for the purpose of disclosure in respect of Contracts/transactions/arrangements for sale, purchase, or supply of any goods or materials.
- 10% of net worth of the Company or Rs. one hundred crore, whichever is lower is considered as material for the purpose of disclosure in respect of Contracts/transactions/arrangements for selling or otherwise disposing of or buying property of any kind.
- 10% of the net worth of the Company or 10 % of turnover of the Company or Rs. one hundred crore, whichever is lower is considered as material for the purpose of disclosure in respect of Contracts/transactions/arrangements for leasing of property of any kind.
- 10% of turnover of the Company or Rs. fifty crores, whichever is lower is considered as material for the purpose of disclosure in respect of Contracts/transactions/arrangements for rendering of services.

For and on behalf of the Board

S P Shukla
Chairman

Mumbai, 21st May, 2015

ANNEXURE VI TO THE DIRECTORS' REPORT**Form No. MGT-9****Extract of Annual Return****as on the financial year ended on 31st March, 2015**

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

i)	CIN:-	U63033MH2008PTC179520
ii)	Registration Date	28/02/2008
iii)	Name of the Company	Mahindra Aerospace Private Limited
iv)	Category/Sub-Category of the Company	Company limited by shares/ Non-Government Indian Company
v)	Address of the Registered office and contact details	Mahindra Towers, P K Kurne Chowk, Worli, Mumbai 400 018. Tel No. 022 24901441 Fax No. 022 24975081
vi)	Whether listed Company (Yes/No)	No
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	None

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sr. No	Name and Description of main product/services	NIC Code of the Product/ service	% to total turnover of the Company
1.	Aircraft design services	74109	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

Sr. No	Name and Address of the Company	CIN/GLN	Holding/Subsidiary Associate	% of shares held	Applicable Section
1.	Mahindra and Mahindra Limited Gateway Building, Apollo Bunder, Mumbai 400 001	L65990MH1945PLC004558	Holding	66.67	2(46)
2.	Mahindra Aerostructures Private Limited Mahindra Towers, P K Kurne, Chowk, Worli, Mumbai 400 018	U35122MH2011PTC212744	Subsidiary	100	2(87)
3.	Mahindra Aerospace Australia Pty Ltd C/o Pitcher Partners, Level 19, 15 William Street, Melbourne VIC 3000	ACN142078564	Subsidiary	100	2(87)
4.	Aerostaff Australia Pty Ltd C/o Gippsaero Pty Ltd Latrobe Regional Airport, Airfield Road, Traralgon Vic 3844	ABN81007374790	Subsidiary	100	2(87)
5.	Gipp Aero Investments Pty Ltd C/o Latrobe Valley Airfield Pty Ltd, 75 Airfield Road, Traralgon Vic 3844	ACN003007009	Subsidiary	75.10	2(87)
6.	Gippsaero Pty Ltd C/o Gippsaero Pty Ltd Latrobe Regional Airport, Airfield Road, Traralgon Vic 3844	ABN33140764138	Subsidiary	75.10	2(87)
7.	Airvan Flight Services Pty Ltd C/o Gippsaero Pty Ltd Latrobe Regional Airport, Airfield Road, Traralgon Vic 3844	ACN124404986	Subsidiary	75.10	2(87)

Sr. No	Name and Address of the Company	CIN/GLN	Holding/Subsidiary Associate	% of shares held	Applicable Section
8.	GA 8 Airvan Pty Ltd C/o Gippsaero Pty Ltd Latrobe Regional Airport, Airfield Road, Traralgon Vic 3844	ACN119523830	Subsidiary	75.10	2(87)
9.	GA 200 Pty Ltd C/o Gippsaero Pty Ltd Latrobe Regional Airport, Airfield Road, Traralgon Vic 3844	ACN119523821	Subsidiary	75.10	2(87)
10.	Nomad TC Pty Ltd C/o Gippsaero Pty Ltd Latrobe Regional Airport, Airfield Road, Traralgon Vic 3844	ACN127459625	Subsidiary	75.10	2(87)

IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i. Category-wise Share Holding.

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1. Indian									
a) Individual/HUF	–	–	–	–	–	–	–	–	–
b) Central Govt.	–	–	–	–	–	–	–	–	–
c) State Govt.	–	–	–	–	–	–	–	–	–
d) Bodies Corp.	–	12,36,97,041	12,36,97,041	66.67	–	15,35,34,824	15,35,34,824	66.67	–
e) Bank/FI	–	–	–	–	–	–	–	–	–
f) Any Other	–	–	–	–	–	–	–	–	–
Sub-Total-A(1):-		12,36,97,041	12,36,97,041	66.67		15,35,34,824	15,35,34,824	66.67	–
2. Foreign									
a) NRIs – Individuals	–	–	–	–	–	–	–	–	–
b) Other Individuals	–	–	–	–	–	–	–	–	–
c) Bodies Corp.	–	–	–	–	–	–	–	–	–
d) Banks/FI	–	–	–	–	–	–	–	–	–
e) Any Others....	–	–	–	–	–	–	–	–	–
Sub Total-A(2):-	–	–	–	–	–	–	–	–	–
Total shareholding of Promoter (A)= (A)(1) + (A)(2)		12,36,97,041	12,36,97,041	66.67		15,35,34,824	15,35,34,824	66.67	–
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	–	–	–	–	–	–	–	–	–
b) Banks/FI	–	–	–	–	–	–	–	–	–
c) Central Govt.	–	–	–	–	–	–	–	–	–
d) State Govt(s)	–	–	–	–	–	–	–	–	–
e) Venture Capital Funds	–	–	–	–	–	–	–	–	–

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Fund	-	-	-	-	-	-	-	-	-
i) Others (Specify)	-	-	-	-	-	-	-	-	-
Sub-Total-B(1):-	-	-	-	-	-	-	-	-	-
2. Non-Institutions									
a. Bodies Corp.	-	-	-	-	-	-	-	-	-
(i) Indian		4,55,13,769	4,55,13,769	24.53	-	5,64,92,031	5,64,92,031	24.53	0
(ii) Overseas		163,28,880	163,28,880	8.80	-	2,02,67,270	20,267,270	8.80	0
b. Individual	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital upto Rs. 1 Lakh	-	-	-	-	-	-	-	-	-
ii) Individual shareholders holding nominal share capital in excess of Rs 1 Lakh	-	-	-	-	-	-	-	-	-
c. Other (Specify)	-	-	-	-	-	-	-	-	-
Sub-Total-B(2)	-	618,42,649	618,42,649	33.33	-	7,67,59,301	7,67,59,751	33.33	0
Total Public Shareholding (B)=(B)(1)+ (B)(2)	-	-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)		18,55,39,690	18,55,39,690	100		23,02,94,125	23,02,94,125	100	0

ii. Shareholding of Promoters:

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	
1	Mahindra & Mahindra Limited	123,697,040	66.67	Nil	153,534,823	66.67	Nil	0
2	Mr. Hemant Luthra as nominee of Mahindra & Mahindra Limited*	1	0.00	Nil	1	0	Nil	0
	Total	123,697,041	66.67	Nil	153,534,824	66.67	Nil	0

* Incorporated with Mr. Hemant Luthra as nominee of Mahindra and Mahindra Limited as statutorily required for the purpose of minimum number of members.

iii. Change in Promoters' Shareholding (please specify, if there is no change)

No Change in Promoters' Shareholding

Sr. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	At the beginning of the year	12,36,97,040	66.67		
	Date wise Increase/Decrease in Promoter's Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/ bonus/sweat equity etc.):				
	29.07.2014 allotment 1,09,18,321 Equity Shares			13,46,15,362	66.67
	05.09.2014 allotment 51,17,963 Equity Shares			13,97,33,325	66.67
	26.09.2014 allotment 138,01,499 Equity Shares			15,35,34,824	66.67
	At the end of the year (or on the date of separation, if separated during the year)			15,35,34,823	66.67

iv. Share holding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	For each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	Kotak Mahindra Trustee Limited (Trustee of Kotak India Growth Fund II)				
	At the beginning of the year	446,97,379	24.09		
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/ sweat equity etc.):				
	29.07.2014 Allotment 3,945,138 Equity Shares			4,86,42,517	24.09
	05.09.2014 Allotment 1,849,283 Equity Shares			5,04,91,800	24.09
	26.09.2014 Allotment 4,986,922 Equity Shares			5,54,78,722	24.09
	At the end of the year (or on the date of separation, if separated during the year)			5,54,78,722	24.09

Sr. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	Kotak India Private Equity Fund				
	At the beginning of the year	1,63,28,880	8.80		
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.):				
	29.07.2014 Allotment 1,441,146 Equity Shares			1,77,70,026	8.80
	05.09.2014 Allotment 675,537 Equity Shares			1,84,45,563	8.80
	26.09.2014 allotment 1,821,707 Equity Shares			2,02,67,270	8.80
	At the end of the year (or on the date of separation, if separated during the year)	–	–	2,02,67,270	8.80

Sr. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	Kotak Investment Advisors Limited				
	At the beginning of the year	8,16,390	0.44	–	–
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.):				
	29.07.2014 Allotment 72,057 Equity Shares		–	8,88,447	0.44
	05.09.2014 Allotment 33,777 Equity Shares			9,22,224	0.44
	26.09.2014 Allotment 91,085 Equity Shares			10,13,309	0.44
	At the end of the year (or on the date of separation, if separated during the year)	–	–	10,13,309	0.44

v. Shareholding of Directors and Key Managerial Personnel:

Sr. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	Mr. Hemant Luthra, Director, as nominee of Mahindra and Mahindra Limited				
	At the beginning of the year	1	0	1	0
	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.):	Nil	Nil	Nil	Nil
	At the end of the year	–	–	1	Nil

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(Rs. in Lakhs)

Particulars	Secured Loans Excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	–	–	–	–
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	–	–	–
Total (i + ii + iii)	NIL	NIL	NIL	NIL
Change in Indebtedness during the financial year				
• Addition	–	300	–	300
• Reduction	–	300	–	300
Net change	NIL	NIL	NIL	NIL
Indebtedness at the end of the financial year				
i) Principal Amount	–	–	–	–
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	–	–	–
Total (i + ii + iii)	NIL	NIL	NIL	NIL

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-Time Directors and/or Manager:

Sr. No	Particulars of Remuneration	Mr. Arvind K Mehra Whole-time Director	Total Amount Rs. in Lakhs
1.	Gross Salary		
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act	50.55	50.55
	(b) Value of perquisites u/s 17(2)Income Tax Act, 1961	–	–
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	–	–
2.	Stock Option	–	–
3.	Sweat Equity	–	–
4.	Commission – As % of Profit – Others, specify	–	–
5.	Others, please specify	–	–
	Total (A)	50.55	50.55
	Ceiling as per the Act	Rs. 84 Lakhs based on effective capital in accordance with Schedule V to the Companies Act, 2015	

B. Remuneration of other directors:

Particulars of Remuneration	Name of Directors		Total Amount Rs. in Lakhs
	Mrs. Rajyalakshmi Rao Meka (ID)	Dr. Devi Singh (ID)	
1. Independent Directors			
• Fee for attending board/committee meetings	NIL	NIL	NIL
• Commission	NIL	NIL	NIL
• Others, please specify	NIL	NIL	NIL
Total (1)			
2. Other Non-Executive Directors			
• Fee for attending board/committee meetings	NIL	NIL	NIL
• Commission	NIL	NIL	
• Others, please specify			
Total (2)	NIL	NIL	
Total B = (1+2)	NIL	NIL	NIL
Total Managerial Remuneration	–	–	50.55
Ceiling as per the Act	–	–	Rs. 84 Lakhs In accordance with Schedule V to the Companies Act, 2013

C. Remuneration to Key Managerial Personnel Other Than MD/ Manager/ WTD

Sr. No	Particulars of Remuneration	Key Managerial Personnel			Total Rs. in Lakhs
		Mr. T. Srinivasan, CFO (1 st April 2014 to 13 th October 2014)	Mr. Ajay Mantry, CFO (14 th October 2014 to 31 st March 2015)	Mr. Yashesh Bhatt Company Secretary	
1.	Gross Salary				
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	25.28	16.47	–	41.75
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	–	0.11	–	0.11
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	–	–	–	–
2.	Stock Option	–	–	–	–
3.	Sweat Equity	–	–	–	–
4.	Commission	–	–	–	–
	– As % of Profit				
	– Others, specify				
5.	Others, please specify	–	–	2.06	2.06
	Total	25.28	16.58	2.06	43.92

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

A. Company

Type	Section of the Companies Act	Brief Description	Details of Penalty/Punishment/Compounding fees imposed	Authority (RD/NCLT/ court)	Appeal made, if any (give details)
Penalty			None		
Punishment			None		
Compounding			None		

B. Directors

Type	Section of the Companies Act	Brief Description	Details of Penalty/Punishment/Compounding fees imposed	Authority (RD/NCLT/ court)	Appeal made, if any (give details)
Penalty			None		
Punishment			None		
Compounding			None		

C. Other Officers in Default

Type	Section of the Companies Act	Brief Description	Details of Penalty/Punishment/Compounding fees imposed	Authority (RD/NCLT/ court)	Appeal made, if any (give details)
Penalty			None		
Punishment			None		
Compounding			None		

For and on behalf of the Board

S P Shukla
Chairman

Mumbai, 21st May, 2015

INDEPENDENT AUDITOR'S REPORT

To the Members of MAHINDRA AEROSPACE PRIVATE LIMITED

Report on the Standalone Financial Statements

1. We have audited the accompanying standalone financial statements of MAHINDRA AEROSPACE PRIVATE LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2015, and the Statements of Profit and Loss and Cash Flow for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these standalone financial statements based on our audit.
4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of

the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2015, and its loss and cash flows for the year ended on that date.

Emphasis of Matter

9. We draw attention to Note no. 21 of the financial statements wherein management has detailed the status of the commercial launch of the prototype developed of the 5 seater aircraft jointly with NAL on which Rs. 2098.63 lakhs have been incurred in respect of which the approvals from Government and other statutory authorities is pending/delayed but will not impact the technical or commercial feasibility of the project. Being a technical matter we have relied on such representation.

Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

10. As required by the Companies (Auditor's Report) Order, 2015, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
11. As required by Section 143(3) of the Act, we report that:
 - a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c. the Balance Sheet, the Statement of Profit and Loss and Cash Flow dealt with by this Report are in agreement with the books of account;

- d. The matter described in the paragraph 9 under Emphasis of Matter, in our opinion, may impact the operations of the Company;
 - e. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);
 - f. On the basis of written representations received from the directors as on March 31, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015, from being appointed as a director in terms of Section 164(2) of the Act.
 - g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014(as amended), in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 22 to the financial statements.
- ii. The Company did not have any material foreseeable losses on long term contracts including derivative contracts.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **B. K. Khare & Co.**
Chartered Accountants
Firm's Registration Number 105102W

Padmini Khare Kaicker
Partner
Membership Number 044784

Mumbai, May 21, 2015

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 10 under "Report on other legal and regulatory requirements" of our report of even date on the financial statements for the year ended on March 31, 2015 of Mahindra Aerospace Private Limited.)

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) According to information and explanation given to us, the Company has formulated a regular programme of verification, by which all assets of the Company shall be verified over a period of three years, which in our opinion, is reasonable having regard to the size of the company and nature of its assets. Material discrepancy noticed during the physical verification is dealt in the books.
- ii. (a) Physical verification of inventory was conducted by the management at reasonable interval during the year.
- (b) In our opinion and according to the information and explanation given to us, the procedure of physical verification of stocks followed by the management is reasonable and adequate in relation to the size of the company and nature of its business.
- (c) In our opinion and according to the information and explanation given to us, the Company is maintaining proper records of inventory and discrepancies noticed on physical verification by the Management have been properly adjusted in the books of account.
- iii. According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms and other parties listed in the Register, maintained Under Section 189 of the Companies Act, 2013. Hence the provisions of clause (iii) (a) and (b) are not applicable to the company.
- iv. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the Company in respect of these areas.
- v. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of section 73 to 76 the Companies Act, 2013, and the rules framed thereunder.
- vi. The Central Government of India has not prescribed the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company.
- vii. (a) According to information and explanation given to us, and as per our verification of records of the company, the company is regular in depositing with appropriate authorities undisputed statutory dues deducted/accrued in the books of account in respect of provident fund, investor education and protection fund, employees'

state insurance, income tax, service tax, sales tax, wealth tax, custom duty, excise duty, cess and other material statutory dues have been regularly deposited with the appropriate authorities.

- (b) According to the information and explanations given to us and records of the Company examined by us, there are no dues of income tax, sales tax, wealth tax, service – tax, duty of excise, duty of customs, value added tax, and cess which have not been deposited on account of any dispute except as stated below:

Statute	Nature of dues	Forum where dispute is pending	Period to which relates	Amount Involved (Rs in lacs)
Service Tax	Service Tax	Commissioner of Service Tax	2011-12	98.96

- (c) According to information and explanation given to us, there is no amount to be transferred to investor education and protection fund in accordance with relevant provisions of the companies act.
- viii. The accumulated losses at the end of the current financial year are not more than fifty per cent of its net worth and the Company has incurred cash losses in current financial year as well as in the immediately preceding financial year.
- ix. Based on the records examined by us and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution or bank as at the Balance Sheet date.
- x. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year. Accordingly, the provisions of clause 3(x) of the Order are not applicable to the Company.
- xi. According to the information and explanation given to us, term loans have been applied for the purpose for which the loans were obtained.
- xii. During the course of our examination of the books and records of the Company, carried out in accordance with generally accepted accounting practices and according to the information and explanations given to us, we have neither come across any instance of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of any such instance by the Management.

For **B. K. Khare & Co.**
Chartered Accountants
Firm's Registration Number 105102W

Padmini Khare Kaicker
Partner
Membership Number 044784

Mumbai, May 21, 2015

BALANCE SHEET AS AT MARCH 31, 2015

Particulars	Note	Rupees	
		As at March 31, 2015	As at March 31, 2014
I. Equity and Liabilities			
1. Shareholders' Funds :			
(i) Share Capital	3	2,352,941,250	1,855,396,900
(ii) Reserves and Surplus	4	1,995,932,225	1,582,868,484
		<u>4,348,873,475</u>	<u>3,438,265,384</u>
2. Non-Current liabilities			
(ii) Long term provisions	5	935,732	750,306
		<u>935,732</u>	<u>750,306</u>
3. Current liabilities			
(i) Trade payables	6	14,277,352	12,416,864
(ii) Other current liabilities	7	4,222,223	3,511,279
(iii) Short term Provisions	8	175,527	117,725
		<u>18,675,102</u>	<u>16,045,868</u>
Total.....		<u>4,368,484,309</u>	<u>3,455,061,558</u>
II. Assets			
Non-current assets			
1. (a) Fixed Assets	9		
(i) Tangible assets		554,177	954,280
(ii) Intangible assets		293,546	585,550
(iii) Capital work in progress		27,463,063	27,476,241
(iv) Intangible assets under development		209,863,011	209,863,011
		<u>238,173,797</u>	<u>238,879,082</u>
(b) Non-current Investments	10	3,869,162,545	2,801,599,445
(c) Long term loans and advances	11	11,312,327	175,880,823
(d) Other non current asset	12	50,123,524	61,691,712
		<u>4,168,772,193</u>	<u>3,278,051,062</u>
2. Current assets			
(i) Current Investments	10	8,193,144	26,771,721
(ii) Trade receivables	13	6,503,847	19,123,460
(iii) Cash and Bank balances	14	96,827,018	75,280,317
(iv) Short term loans and advances	15	83,697,922	53,075,482
(v) Other current assets	16	4,490,185	2,759,516
		<u>199,712,116</u>	<u>177,010,496</u>
Total.....		<u>4,368,484,309</u>	<u>3,455,061,558</u>

See accompanying notes forming part of the financial statements

As per our report of even date
For **B.K. Khare & Co.**
Chartered Accountants
(Registration No. 105102W)

Padmini Khare Kaicker
Partner
M. No. 044784

Mumbai, Dated : 21st May 2015

For and on behalf of the Board of Directors
For **Mahindra Aerospace Private Ltd.**

Mr. Arvind Mehra
Director

Mr. Ajay Mantry
CFO

Mumbai, Dated : 21st May 2015

Mr. Sanjay Joglekar
Director

Mr. Yashesh Bhatt
Company Secretary

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2015

Particulars	Note	Rupees	
		Year ended March 31, 2015	Year ended March 31, 2014
I. Income from Services		14,863,421	29,540,591
Other Income	17	17,018,462	16,858,166
Total Revenue		31,881,883	46,398,757
II. Expenditure :			
Employee benefits expense	18	10,488,221	20,292,829
Finance cost	19	569,728	3,784,565
Depreciation and amortisation expense	9 C	692,107	1,165,236
Other expenses	20	32,304,438	31,390,213
		44,054,494	56,632,843
III. Loss before tax		(12,172,611)	(10,234,086)
IV. Less: Tax expense			
– Current tax		–	500,000
– Tax of Earlier Years		507,492	–
VII. Profit/(Loss) for the period		(12,680,103)	(10,734,086)
VIII. Basic and Diluted Earnings Per Share [Refer Note No. 30]		(0.06)	(0.06)

See accompanying notes forming part of the financial statements

As per our report of even date
For **B.K. Khare & Co.**
Chartered Accountants
(Registration No. 105102W)

Padmini Khare Kaicker
Partner
M. No. 044784

Mumbai, Dated : 21st May 2015

For and on behalf of the Board of Directors
For **Mahindra Aerospace Private Ltd.**

Mr. Arvind Mehra
Director

Mr. Ajay Mantry
CFO

Mumbai, Dated : 21st May 2015

Mr. Sanjay Joglekar
Director

Mr. Yashesh Bhatt
Company Secretary

CASHFLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2015

Particulars	For the year ended March 31, 2015	For the year ended March 31, 2014
Rupees		
A. Cash flow from operating activities		
Net Profit/(Loss) before extraordinary items and tax	(12,172,611)	(10,234,086)
<i>Adjustments for:</i>		
Depreciation and amortisation	692,107	1,165,236
Finance costs	569,728	3,930,118
Prototype materials written off	-	570,000
Interest income	(10,618,763)	(6,224,911)
Profit on sale of fixed assets	-	(281,318)
Net (gain)/loss on sale of investment	(2,625,810)	(5,388,122)
Rental income from operating leases	-	(2,766,208)
Liabilities/provisions no longer required written back	(3,393,524)	(1,522,607)
Net unrealised exchange (gain)/loss	773,885	1,621,326
	(14,602,377)	(8,896,486)
Operating profit/(loss) before working capital changes	(26,774,988)	(19,130,572)
<i>Changes in working capital:</i>		
<i>Adjustments for (increase)/decrease in operating assets:</i>		
Trade receivables	12,424,898	(6,646,073)
Short-term loans and advances	(37,868,574)	(7,268,201)
Long-term loans and advances	-	5,361,840
<i>Adjustments for increase/(decrease) in operating liabilities:</i>		
Trade payables	1,860,489	2,346,423
Other current liabilities	1,792,116	3,268,515
Other long-term liabilities	-	(2,680,920)
Short-term provisions	57,802	(56,457)
Long-term provisions	185,426	(313,812)
	(21,547,843)	(5,988,685)
Cash generated from operations	(48,322,831)	(25,119,257)
Net income tax (paid)/refunds	(3,173,996)	(934,593)
Net cash flow from/(used in) operating activities (A)	(51,496,827)	(26,053,850)
B. Cash flow from investing activities		
Capital expenditure on fixed assets, including capital advances	-	(411,292)
Proceeds from sale of fixed assets	13,178	1,177,914
Current investments not considered as cash and cash equivalents		
- Purchased	(293,300,000)	(451,700,000)
- Proceeds from sale	314,504,384	466,070,238
Purchase of long-term investments in subsidiaries	(900,328,100)	(658,940,250)
Non current margin money deposits	13,879,500	(44,683,500)
Inter corporate deposit given	(1,762,123)	(17,307,983)
Inter corporate deposit received back	11,382,458	10,000,000
Interest received		
- from Subsidiaries	-	50,959
- from Bank deposits	4,494,763	2,757,530
- from others	1,441,002	-
Rental income from operating leases	-	2,766,208
Net cash flow from/(used in) investing activities (B)	(849,674,938)	(690,220,176)

CASHFLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2015 (CONTINUED)

Particulars	For the year ended March 31, 2015	Rupees For the year ended March 31, 2014
C. Cash flow from financing activities		
Proceeds from issue of equity shares	923,288,194	766,922,597
Proceeds from other short-term borrowings	30,000,000	90,000,000
Repayment of other short-term borrowings	(30,000,000)	(90,000,000)
Finance cost	(569,728)	(3,930,118)
Net cash flow from/(used in) financing activities (C)	922,718,466	762,992,479
Net increase/(decrease) in Cash and cash equivalents (A+B+C)	21,546,701	46,718,453
Cash and cash equivalents at the beginning of the year	75,280,317	28,561,864
Cash and cash equivalents at the end of the year	96,827,018	75,280,317
See accompanying notes forming part of the financial statements		

For **B.K. Khare & Co.**
Chartered Accountants
(Registration No. 105102W)

For and on behalf of the Board of Directors
For **Mahindra Aerospace Private Ltd.**

Padmini Khare Kaicker
Partner
M. No. 044784

Mr. Arvind Mehra
Director

Mr. Sanjay Joglekar
Director

Mr. Ajay Mantry
CFO

Mr. Yashesh Bhatt
Company Secretary

Mumbai, Dated : 21st May 2015

Mumbai, Dated : 21st May 2015

Notes to Financial Statements for the year ended March 31, 2015

1. Mahindra Aerospace Private Limited (the 'Company') was incorporated on 28th February, 2008 with an objective of exploring various opportunities available in the Aerospace Sector. Presently the Company is engaged in design and development of 5 seat aircraft in technical collaboration with National Aerospace Laboratories (NAL). Also the company is exporting design services.

2. Significant Accounting Policies:

(A) Basis for preparation of financial statements:

The financial statements have been prepared in accordance with the Generally Accepted Accounting Principles (IGAAP) under the historical cost convention as a going concern and on accrual basis and in accordance with the applicable provisions of the Companies Act, 1956 and the Accounting Standards notified under the said Act.

All assets and liabilities have been classified as current and non – current as per the Company's normal operating cycle and other criteria set out in the Revised Schedule VI of the Companies Act, 1956. Based on the nature of services/operations, the Company has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities.

(B) Use of estimates:

The preparation of financial statements requires the management to make estimates and assumptions considered in the reported amount of assets and liabilities (including contingent liabilities) as on the date of financial statements and the reported income and expenses during the reporting period. Management believes that the estimates used in the preparation of the financial statement are prudent and reasonable. Actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

(C) Cash flow statement:

Cash flows are reported using the indirect method, whereby profit/(loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated.

(D) Fixed Assets:

a) Tangible Fixed Assets:

- I. All Fixed Assets are stated at cost less depreciation. Cost of acquisition is inclusive of purchase price, levies and any directly attributable cost of bringing the assets to its working condition for the intended use.
- II. Exchange difference arising on payment of liabilities for purchase of fixed assets in foreign currency and year end conversion of such liabilities are charged/credited to the Statement of Profit and Loss.
- III. When an asset is scrapped or otherwise disposed of, the cost and related depreciation are removed from the books of accounts and resultant profit or loss, if any, is reflected in the statement of Profit and Loss.
- IV. Items of fixed assets that have been retired from active use and are held for disposal are stated at the lower of their net book value and estimated net realizable value and are disclosed separately in the financial statements as current assets
- V. Depreciation is provided on a pro-rata basis on the straight line method over the estimated useful lives of the assets or the rates prescribed under Schedule II of the Companies Act, 2013, whichever is higher, as follows:

Asset	Rates
Data Processing Equipment	33.33%
Office Equipment	20%
Furniture and Fixtures	10%
Vehicle	25%

VI. Assets costing less than Rs.5000/- are fully depreciated in the period of purchase.

b) Intangible Assets

- I. All intangible assets comprising of computer software are initially measured at cost and amortized so as to reflect the pattern in which the assets' economic benefits are consumed.
- II. Computer Software capitalized as intangible asset and amortised over a maximum period of three years or the license period whichever is lower.

c) Capital Work-in-Progress includes the cost of assets that are not ready for intended use at the Balance sheet date.

(E) Investments

Investments that are readily realizable and are intended to be held for not more than one year from the date, on which such investments are made, are classified as current investments. All other investments are classified as long term investments. Current investments are carried at cost or fair value, whichever is lower. Long-term investments are carried at cost. However, provision for diminution is made to recognize a decline, other than temporary, in the value of the investments, such reduction being determined and made for each investment individually.

(F) Employee Benefits

a. Defined Contribution Plans:

Company's contributions paid/payable during the year to Provident Fund are charged to the Statement of Profit and Loss on accrual basis.

b. Gratuity:

Liabilities with regard to the gratuity benefit payable in future are determined by actuarial valuation at each balance sheet date using the projected unit credit method and contributions are made to employee gratuity fund managed by Life Insurance Corporation of India. Actuarial gains and losses arising from changes in actuarial assumptions are recognized in the Statement of profit and loss in the period in which they arise.

c. Leave encashment/compensated absences:

The Company provides for the encashment of leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits for future encashment/availment. The liabilities provided based on the number of days of unutilized leave at each balance sheet date on the basis of an independent actuarial valuation.

(G) Foreign Currency Transactions:

- a) The Company's reporting currency is Indian Rupee (INR). Transactions in foreign currencies entered into by the Company are accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction.
- b) As at the Balance Sheet date non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.
- c) In the case of monetary assets and liabilities denominated in foreign currency, the exchange rate prevalent on the Balance Sheet date is applied to restate such assets and liabilities. Exchange differences arising on restatement of foreign currency assets and liabilities are recognized as income or expenditure in Statement of Profit and Loss.
- d) Exchange differences on forward exchange contracts, entered into for hedging foreign exchange fluctuation risk in respect of an underlying asset/liability, are recognised in the Statement of Profit and Loss in the reporting period in which the exchange rate changes. Premium/Discount on forward exchange contracts are recognised as an expense/income over the life of the contract.

(H) Revenue Recognition

- a) Income from Services:
In contracts involving the rendering of services, revenue is recognized pro-rata over the period of contract as and when services are rendered.
- b) Interest:
Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

(I) Taxes on income

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961.

Deferred tax is measured based on the tax rates and tax laws enacted or substantively enacted at the balance sheet date. Deferred tax is recognized, subject to consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets arising on account of unabsorbed depreciation or carry forward of tax losses shall be recognized only when there is a virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realized.

(J) Provisions and Contingencies

- a. Provisions are recognized in accounts in respect of present probable obligations, the amount of which can be reliably estimated.
- b. Contingent liabilities are disclosed in respect of possible obligations that arise from past events but their existence is confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company.

(K) Leases

- a. Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rentals under operating leases are recognised in the Statement of Profit and Loss on a straight-line basis over the lease period.
- b. Lease income on an operating lease is recognized in the statement of profit and loss on a straight-line basis over the lease period.

(L) Borrowing costs

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use or sale. Ancillary expenditure incurred in connection with the arrangement of borrowings is amortised over the tenure of the respective borrowings.

(M) Segment Reporting

The Company is operating in a single segment viz. designing and commercial production of aircraft and providing related support services and hence no separate disclosure is made under Accounting Standard (AS) 17, Segment Reporting.

(N) Earnings per Share

- a. Basic earnings' per share is computed by dividing net income by the weighted average number of equity shares outstanding during the period.
- b. The number of shares used in computing diluted earnings per share comprises the weighted average shares considered

for deriving basic earnings per share, and also the weighted average number of equity shares that could have been issued on the conversion of all dilutive potential equity shares. The diluted potential equity shares are adjusted for the proceeds receivable, had the shares been actually issued at fair value (i.e., the average market value of the outstanding shares). Diluted potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date.

(O) Impairment of assets

Management periodically, but at least annually, assesses using external and internal indicators whether there is an indication that an asset may be impaired. Impairment occurs where the carrying amount exceeds the present value of future cash flows expected to arise from the continuing use of the asset or its eventual disposal. The impairment loss to be expensed is determined as the excess of the carrying amount over the higher of the asset's net present value or sale price as determined above.

3. Share Capital:

Particulars	Rupees			
	March 31, 2015		March 31, 2014	
	Nos	Amount	Nos	Amount
1. Authorised :				
(Equity shares of Rs. 10 each)	235,000,000	2,350,000,000	200,000,000	2,000,000,000
5% Non Cumulative Compulsorily Convertible Preference Shares of Rs.10 each	15,000,000	150,000,000	-	-
Total.....	250,000,000	2,500,000,000	200,000,000	2,000,000,000
2. Issued and Subscribed :				
Equity shares:				
Opening Balance	185,539,690	1,855,396,900	146,268,965	1,462,689,650
Add: Issued during the year	44,754,435	447,544,350	39,270,725	392,707,250
Closing Balance	230,294,125	2,302,941,250	185,539,690	1,855,396,900
5% Non Cumulative Compulsorily Convertible Preference Shares:				
Opening Balance	-	-	-	-
Add: Issued during the year	5,000,000	50,000,000	-	-
Closing Balance	5,000,000	50,000,000	-	-
Total.....	235,294,125	2,352,941,250	185,539,690	1,855,396,900

Additional information:

- Out of the total equity shares, 153,534,824 (2014: 123,697,041) equity shares are held by Mahindra and Mahindra Ltd., the holding company, including shares held jointly with nominees.
- Entire 5,000,000 shares of 5% Non Cumulative Compulsorily Convertible Preference Shares is held by Mahindra and Mahindra Ltd, the holding company.

2) Details of shareholders holding more than 5% equity shares in the Company.

Name of the Shareholder	March 31, 2015		March 31, 2014	
	Nos	%	Nos	%
Mahindra and Mahindra Limited	153,534,824	66.67%	123,697,041	66.67%
Kotak Mahindra Trustee Limited (Trustee of Kotak India Growth Fund II)	55,478,722	24.09%	44,697,379	24.09%
Kotak India Private Equity Fund	20,267,270	8.80%	16,328,880	8.80%

3) Rights, preferences and restrictions attached to shares:

a) Equity Shares:

The company has one class of equity shares having a par value of Rs.10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

b) 5% Non-Cumulative Compulsorily Convertible Preference shares:

50,00,000, 5% Non-Cumulative Compulsorily Convertible Preference shares (NCCCPS) of Rs.10 each were issued in March 2015 to the holding Company, Mahindra & Mahindra Ltd. The NCCCPS holders will not be entitled to any of the rights and privileges available to the members of the company including the right to receive notices of or to attend and vote at General Meetings or to receive annual reports of the company. The NCCCPS holders shall not have the rights of participation in surplus assets and profits, on winding up which may remain after the entire capital has been repaid. The NCCCPS of Rs.10 each shall have a preferential right to payment of dividend and repayment, in the case of winding up or repayment of capital. The NCCCPS are convertible in to equity shares within a period of 3 years at a price to be determined as per terms of the issue.

4. Reserves and Surplus:

Particulars	Rupees	
	March 31, 2015	March 31, 2014
1. Securities Premium Account		
Opening Balance	1,664,509,230	1,290,293,883
Add : Premium on shares issued during the year	426,957,310	374,642,717

Particulars	Rupees	
	March 31, 2015	March 31, 2014
Less : Share Issue Expenses	(1,213,466)	(427,370)
	<u>2,090,253,074</u>	<u>1,664,509,230</u>
2. Deficit in Statement of Profit and Loss		
Opening Balance	(81,640,746)	(70,906,660)
Add : Loss for the year	(12,680,103)	(10,734,086)
	<u>(94,320,849)</u>	<u>(81,640,746)</u>
Total	<u>1,995,932,225</u>	<u>1,582,868,484</u>

5. Long term provisions:

Particulars	Rupees	
	March 31, 2015	March 31, 2014
Provision for Employee benefits		
Provision for gratuity	525,668	534,886
Provision for compensated absences	410,064	215,420
Total	<u>935,732</u>	<u>750,306</u>

6. Trade Payables:

Particulars	Rupees	
	March 31, 2015	March 31, 2014
1. Trade Payables		
Trade Payables	14,277,352	12,416,864
Total	<u>14,277,352</u>	<u>12,416,864</u>

7. Other Current Liabilities:

Particulars	Rupees	
	March 31, 2015	March 31, 2014
1. Statutory dues	4,114,730	827,747
2. Rent deposit received	-	2,680,920
3. Other payables	107,493	2,612
Total	<u>4,222,223</u>	<u>3,511,279</u>

8. Short term Provisions:

Particulars	Rupees	
	March 31, 2015	March 31, 2014
1. Provision for compensated absences	52,070	24,880
2. Provision for gratuity	123,457	92,845
Total	<u>175,527</u>	<u>117,725</u>

9. Fixed Assets

A : Tangible Assets

Particulars	Gross Block (At Cost)				Depreciation				Net Block	
	As at April 1, 2014	Additions	Deletions	As at March 31, 2015	As at April 1, 2014	For the year	Deletions	As at March 31, 2015	As at March 31, 2015	As at April 1, 2014
Plant and Equipment	505,822	-	-	505,822	439,062	44,276	-	483,338	22,484	66,760
Furniture and Fittings	17,275	-	-	17,275	17,270	-	-	17,270	5	5
Vehicles	1,283,500	-	-	1,283,500	489,665	320,875	-	810,540	472,960	793,835
Office Equipments	528,198	-	-	528,198	464,283	24,156	-	488,439	39,759	63,915
Computers	150,804	-	-	150,804	121,039	10,796	-	131,835	18,969	29,765
Total	2,485,599	-	-	2,485,599	1,531,319	400,103	-	1,931,422	554,177	954,280
Previous Year	3,742,912	17,408	1,274,722	2,485,598	1,839,100	766,036	1,073,818	1,531,318	954,280	1,903,812

B : Intangible Assets

Particulars	Gross Block (At Cost)			Amortization				Net Block		
	As at April 1, 2014	Additions	Deletions	As at March 31, 2015	As at April 1, 2014	For the year	Deletions	As at March 31, 2015	As at March 31, 2015	As at April 1, 2014
Software Expenditure	7,620,643	-	-	7,620,643	7,035,093	292,004	-	7,327,097	293,546	585,550
Total	7,620,643	-	-	7,620,643	7,035,093	292,004	-	7,327,097	293,546	585,550
Previous Year	7,226,759	393,884	-	7,620,643	6,635,874	399,219	-	7,035,093	585,550	590,885

C : Depreciation and Amortization Expense

Particulars	Year ended March 31, 2015	Year ended March 31, 2014
Depreciation on tangible Assets	400,103	766,036
Amortization on intangible Assets	292,004	399,219
Depreciation and Amortization Expense	692,107	1,165,255

Note:

1. Movable fixed assets (present and future) are hypothecated to AXIS Bank Limited for the SBLC facilities sanctioned.

10. Current & Non-Current Investments:

Particulars	March 31, 2015		March 31, 2014		Rupees (2014:9,308,228 units)	-	13,128,828
	Non Current	Current	Non Current	Current			
Investments (At Cost, unless otherwise specified) :					Axis Liquid Fund Direct - Growth [2710.929 (2014:552.463) units]	4,168,362	747,744
Shares (Trade and fully paid-up unless otherwise specified) :						8,193,144	26,771,721
Unquoted :						3,869,162,545	2,801,599,445
Equity Shares in wholly owned subsidiaries							
Mahindra Aerospace Australia PTY Ltd [4,47,38,500 (2014:38,250,500) Shares of AU \$ 1 each]	2,265,562,545	-	1,736,499,445	-			
Mahindra Aerostructures Pvt Ltd [160,360,000 (2014:106,510,000) Equity Shares of Rs.10 each]	1,603,600,000	-	1,065,100,000	-			
	3,869,162,545	-	2,801,599,445	-	Total	3,877,355,689	2,828,371,166

Notes: 1. Aggregate Net Asset value of Mutual Funds - Rs. 82,49,137 (2014: Rs. 2,70,92,483)
2. Shares of Mahindra Aerospace Australia Pty Ltd pledged as Security to Axis Bank Ltd for the SBLC facilities sanctioned

11. Long-Term Loans & Advances:

Particulars	March 31, 2015	March 31, 2014
1. Security deposits		
- Unsecured, Considered Good	5,000	5,000
2. Share application money pending allotment	-	167,235,000
3. Other loans and advances		
- TDS Receivables (Net of Provision for taxation)	11,307,327	8,640,823
Total	11,312,327	175,880,823

12. Other Non current Assets:

Particulars	March 31, 2015	March 31, 2014
1. Margin money deposits	44,683,500	58,563,000
2. Interest accrued on deposits	5,440,024	3,128,712
Total	50,123,524	61,691,712

13. Trade Receivable:

Particulars	March 31, 2015	March 31, 2014
Trade Receivables outstanding for less than six months from the date they are due for payment		
Unsecured, considered good [Refer Note No 29]	6,503,847	19,123,460
Total	6,503,847	19,123,460

Other Investments :

Units :	March 31, 2015	March 31, 2014
Unquoted :		
ICICI Prudential Liquid Plan -Regular Growth [19,580.891 (2014:62,807.99) units]	4,024,782	11,794,419
ICICI Prudential Liquid Direct Plan - Growth [NIL (2014:6,096.477) units]	-	1,100,730
Axis Liquid Fund Institutional Plan - Growth		

14. Cash & Bank balances:

Particulars	Rupees	
	March 31, 2015	March 31, 2014
1. Cash & Cash Equivalents		
Cash on hand	3,078	60,045
	<u>3,078</u>	<u>60,045</u>
2. Balances with Scheduled Banks		
On Current account	2,485,101	17,146,834
On Fixed Deposits	50,000,000	–
In earmarked accounts		
Margin Money Deposits	44,338,839	58,073,438
	<u>96,823,940</u>	<u>75,220,272</u>
Total	<u>96,827,018</u>	<u>75,280,317</u>

15. Short-term Loans & Advances:

Particulars	Rupees	
	March 31, 2015	March 31, 2014
Other loans and advances		
1. Unsecured, considered good		
Service tax receivables	16,518,688	14,679,948
Dues from subsidiaries [Refer Note No 29]	62,429,662	23,473,464
Security deposits	720,000	5,361,840
Others	4,029,572	2,252,247
	<u>83,697,922</u>	<u>45,767,499</u>
2. Unsecured, considered doubtful to the extent provided for		
Inter company deposits	–	9,620,335
Less: Provision for doubtful inter corporate deposits	–	2,312,352
	<u>–</u>	<u>7,307,983</u>
Total	<u>83,697,922</u>	<u>53,075,482</u>

16. Other Current Assets

Particulars	Rupees	
	March 31, 2015	March 31, 2014
1. Asset held for sale	–	1,194,616
2. Interest accrued on deposits	3,936,586	1,564,900
3. Others	553,599	–
Total	<u>4,490,185</u>	<u>2,759,516</u>

17. Other Income

Particulars	Rupees	
	Year ended March 31, 2014	Year ended March 31, 2013
1. Interest income		
On Bank deposits	9,177,761	6,173,952
On Inter corporate deposits	1,441,002	50,959
	<u>10,618,763</u>	<u>6,224,911</u>
2. Profit on sale of fixed asset	–	281,318
3. Gain/(loss) on sale of other investments, net	2,625,810	5,388,122
4. Rental income	–	2,766,208
5. Liabilities written back to the extent no longer required	3,393,524	1,522,607
6. Other miscellaneous income	380,365	675,000
Total	<u>17,018,462</u>	<u>16,858,166</u>

18. Employee Benefit Expenses

Particulars	Rupees	
	Year ended March 31, 2015	Year ended March 31, 2014
1. Salaries, wages, bonus, etc	8,430,658	18,370,573
2. Contribution to provident funds	597,435	682,075
3. Gratuity expense	301,690	188,020
4. Staff welfare	1,158,438	1,052,161
Total	<u>10,488,221</u>	<u>20,292,829</u>

19. Finance Cost

Particulars	Rupees	
	Year ended March 31, 2015	Year ended March 31, 2014
1. Interest on inter corporate deposits	–	3,784,565
2. Interest on short term borrowings	569,728	–
Total	<u>569,728</u>	<u>3,784,565</u>

20. Other Expenses

Particulars	Rupees	
	Year ended March 31, 2015	Year ended March 31, 2014
1. Rates and taxes [Refer Note No. 27]	4,876,592	3,595,311
2. Electricity	212,707	542,726
3. Insurance	169,683	121,931
4. Rent	2,115,075	5,248,578
5. Professional and consultancy charges	11,911,030	9,684,096
6. Travelling and conveyance expenses	1,458,066	5,099,499
7. Communication expenses	221,560	673,233
8. Business promotion expenses	36,903	719,492
9. Auditors' remuneration	1,278,398	924,279
10. Loss on foreign exchange translation, net	7,239,753	399,076
11. Office and admin expenses	2,214,004	2,602,179
12. Prototype materials written off	–	570,000
13. Miscellaneous expenses	570,667	1,209,813
Total	<u>32,304,438</u>	<u>31,390,213</u>

Notes:

Particulars	Rupees	
	Year ended March 31, 2015	Year ended March 31, 2014
Auditors' remuneration includes payment to auditors -		
– Statutory audit	250,000	300,000
– Consolidation	200,000	–
– Taxation matters	70,000	75,000
– Attestation services	55,000	328,427
– For other services	675,000	215,000
– For reimbursement of expenses	28,398	5,852
Total	<u>1,278,398</u>	<u>924,279</u>

21. During November 2008, erstwhile M/S. Plexion Technologies India Pvt. Ltd., which was later on merged with Mahindra Engineering Services Limited (MESL), had entered into a Collaboration Agreement with Council of Scientific Industrial Research (CSIR), represented by National Aerospace Laboratories (NAL) for Joint Development, Commercial Production and Marketing of a 4-Seater Aircraft (**NM 5 Project**). By virtue of a Deed of Assignment dated 28th May, 2008, signed between MESL, the Company

and Council of Scientific Industrial Research (CSIR), the rights, obligations and benefits of MESL under the said Collaboration Agreement was assigned to the Company by MESL and duly affirmed by CSIR. As per the Collaboration Agreement, the Company jointly owns the Intellectual Property Rights arising from joint development of the aircraft. Such Intellectual Property Rights arising from joint development of the aircraft will be a jointly held intangible asset.

The Company has built a prototype of the aircraft which has carried out a successful test flight. The Company is in the process of obtaining the required certification.

The Company had so far incurred an expenditure of Rs. 20,98.63 Lakhs (till 2014: Rs. 20,98.63 Lakhs) towards the design & development and building one prototype aircraft.

Techno-commercial feasibility has been established and therefore this asset is being carried in the books of accounts. On receipt of certification, which would enable the Company to commence commercial sale, these assets would be depreciated/amortized.

22. Contingent Liabilities

- a. Corporate Guarantees issued in respect of borrowings availed by subsidiary companies and others – Rs. 104,00.00 Lakhs (2014: Rs. 115,00.00 Lakhs)
- b. Guarantee given to Banks in consideration of the Standby Letter of Credit (SBLC) opened by them in favor of certain overseas banks as security for loan granted by such overseas banks to the Australian subsidiaries of the Company – Rs. 9,075.00 Lakhs (2014:Rs. 103,12.25 Lakhs) [equivalent to AUD 18.75 mn (2014: AUD 18.75 mn)]
- c. Service tax matter of Rs. 98.96 lakhs (2014:Rs. 98.96 lakhs)
- d. Dividend on Non-Cumulative Compulsorily Convertible Preference Shares Rs. Nil (2014:Rs. Nil)

23. The estimated amount of contracts remaining to be executed on Capital account and not provided for as at 31st March 2015 is NIL (2014: Rs. NIL)

24. During the year the Company has invested Rs. 3,618.29 lakhs (2014: 3,239.40 lakhs) in its wholly owned subsidiary Mahindra Aerospace Australia Pty. Limited (MAAPL) which in turn has invested in various downstream subsidiaries. The subsidiary companies have been incurring losses and are dependent on financial support from the Company. Such investments are, long term and strategic in nature and management based on future business plans and independent valuation of the subsidiaries determined that no provision for diminution other than temporary in the value of these investments is required at March 31, 2015.

25. During the year, the Company has raised Rs. 8745.02 Lakhs (2014: Rs. 7673.50 Lakhs) from shareholders on rights basis at a premium of Rs. 9.54 per share. An amount of Rs. 12.13 lakhs (2014: Rs. 4.27 lakhs) being the share issue expenses is adjusted against the share premium.

26. An amount of Rs. Nil (2014: Rs. 16.40 lakhs), being the withholding tax deducted by the overseas subsidiary M/s. Gippsaero Pty Ltd, Australia, has been charged off to the statement of Profit and Loss, as the Company cannot take credit for the same.

27. Employee Benefits

(A) Defined Benefit Plans

a. Gratuity Liability

The Gratuity liability under defined benefit plan as on 31.3.2015 is Rs. 16.58 Lakhs (2014: Rs. 12.67 Lakhs)

Particulars	Rupees Lakhs	
	2014-15	2013-14
(i) Reconciliation of opening and closing balances of the present value of gratuity liability.		
Opening gratuity liability	12.67	15.33
Service cost	3.46	0.67
Interest cost	0.98	1.12
Actuarial gains and losses on liability	(0.53)	0.78
Benefits paid	-	(5.24)
Closing gratuity liability	16.58	12.67
(ii) Reconciliation of the opening and closing balances of the fair value of the plan asset.		

Particulars	Rupees Lakhs		
	2014-15	2013-14	
Opening Value of Plan Assets	6.39	8.51	
Difference in Opening Balance	(0.01)	(0.04)	
Expected return on plan assets	0.86	0.69	
Actuarial gains and losses	0.02	0.01	
Contribution by the employer	2.81	2.46	
Benefits paid	-	(5.24)	
Closing fair value of plan assets	10.09	6.39	
(iii) Reconciliation of the present value of the gratuity liability and the fair value of the plan assets to the assets and liabilities recognized in the balance sheet:			
Fair value of plan asset	10.09	6.39	
Liability recognized in the balance sheet	6.49	6.28	
Plan liability	16.58	12.67	
(iv) Total expense recognized in statement of Profit and loss.			
Service cost	3.46	0.67	
Interest cost on gratuity liability	0.98	1.12	
Expected return on plan assets	(0.86)	(0.69)	
Net actuarial gains and losses recognized in the year	(0.56)	0.77	
Net gratuity expense charged under the head 'Personnel Costs'	3.02	1.88	
Actual return on plan assets	0.89	0.70	
(v) The major categories of plan asset as percentage of Total plan			
The insurer managed funds	100%	100%	
(vi) Principal actuarial assumptions used in determining gratuity liability as at the balance sheet date are:			
Discount rate	7.73%	8.85%	
Expected return on plan assets for the year under report	8.00%	8.00%	
Any other material actuarial assumption (to specify)			
Salary Increase	10%	10%	
Attrition rate	5%	5%	
Retirement age	60	60	
Interest rate	7.73%	8.85%	
(vii) Experience Adjustments	2014-15	2013-14	2012-13
Defined Benefit Obligation at the end of the year	16.58	12.67	15.33
Plan asset at the end of the period	10.09	6.39	8.51
Funded status	6.49	6.28	6.82
Experience adjustments on plan liabilities	(0.53)	0.78	(0.32)
Experience adjustments on plant assets	0.03	0.01	0.04

Note: In the absence of detailed information regarding plan asset which is funded with insurance company, the composition of each major category of plan asset, the percentage or amount for each category to the fair value of plan assets and details of experience adjustments prior to 2012-13 have not been disclosed.

b. Leave Encashment

Employees are entitled to accumulation of leave which can be encashed at the time of retirement or termination. The leave encashment benefit scheme is not funded. Hence, there are no plan assets attributable to the obligation. The Leave encashment liability under defined benefit plan as on 31.3.2015 is Rs. 4.62 Lakhs (2014: Rs. 2.40 Lakhs).

(B) Defined Contribution Plans –

Amount recognized as an expense and included in the schedule "Contribution to Provident and Other Funds" of Personnel Expenses Rs. 5.97 Lakhs (2014: Rs. 6.82 Lakhs).

29. Related Party Disclosure

a. Name of the Related party and nature of relationship where control exists:

S.No.	Name of the party	Nature of Relationship
1.	Mahindra& Mahindra Ltd.	Holding Company
2.	Mahindra Aerostructures Pvt. Ltd.	Subsidiary
3.	Mahindra Aerospace Australia Pty Ltd	Subsidiary
4.	Aerostaff Australia Pty Ltd	Step Down Subsidiary
5.	Gipp Aero Investments Pty Ltd	Step Down Subsidiary
6.	Gipps Aero Pty Ltd	Step Down Subsidiary
7.	Airvan Flight Services Pty Ltd	Step Down Subsidiary

S.No.	Name of the party	Nature of Relationship
8.	GA 8 Airvan Pty Ltd	Step Down Subsidiary
9.	GA 200 Pty Ltd	Step Down Subsidiary
10.	Nomad TC Pty Ltd	Step Down Subsidiary

b. Key Management Personnel:

S.No.	Name of the Person	Nature of Relationship
1.	Mr.Arvind Kumar Mehra	CEO & Executive Director
2.	Mr.T.Srinivasan	CFO (till Sep'14)
3.	Mr.AjayMantry	CFO (From Oct'14 onwards)

c. Related Party transactions are as under:

Name of Related party	Description of Relationship	Nature of Transactions	Amount of Transactions	Amount outstanding at the end of the year (Payable)	Amount outstanding at the end of the Year (Receivable)
Mahindra & Mahindra Ltd	Holding Company	Services Received	106.00	99.48	
			(51.56)	(56.22)	
		Reimbursement of Expenses paid	1.79		
			(3.81)		
		Advances Received	1.00	1.00	
			(-)	(-)	
		Preference share capital	500.00		
			(-)		
		Capital contribution received	5,830.30		
			(5115.92)		
Mahindra Aerostructures Pvt Ltd	Subsidiary Company	Services Received	1.64		
			(4.05)		
		Sale of goods/Services	20.02		
			(19.42)		
		Rental Income	-		
			(30.10)		
		Sale of assets	-		
			(1.40)		
		Rent Paid	5.23		
			(-)	3.97	23.34
		Intercompany Deposit (ICD) Given	-	(-)	(-)
			100.00		
		ICD Received back	-		
			(100.00)		
		Interest on ICD	-		
			(0.51)		
Reimbursement of expenses received	336.91				
	(0.09)				
Reimbursement of expenses paid	318.49				
	(-)				
Investment in Equity	5385.00				
	(3,350.00)				
Rent Deposit Paid	7.20				
	(-)		7.20		
Rent Deposit Received	-				
	(-)	(26.81)	(-)		
Refund of Rent Deposit	26.81				
	(-)				
Mahindra Aerospace Australia Pty Ltd	Subsidiary Company	Reimbursement of expenses received	103.57		40.45
			(246.41)		(234.73)
		Investment in Equity	3,618.28		
			(3,239.40)		
GippsAero Pty Ltd	Step Down Subsidiary	Services Rendered	138.73		65.04
			(295.41)		(191.23)
		Reimbursement of expenses received	581.05		560.51
			(-)		(-)

Name of Related party	Description of Relationship	Nature of Transactions	Amount of Transactions	Amount outstanding at the end of the year (Payable)	Amount outstanding at the end of the Year (Receivable)
Mahindra First Choice & Wheels Ltd	Fellow Subsidiary	ICD Received	-		
			(400.00)		
		ICD Repaid	-		
		Interest on ICD	(400.00)		
			(25.82)		
Mahindra Automobile Distributor Private Ltd	Fellow Subsidiary	ICD Received	-		
			(500.00)		
		ICD Repaid	-		
			(500.00)		
		Interest on ICD	-		
		Interest on ICD	(11.82)		
			(-)		
Mahindra Integrated Business Solutions Pvt Ltd.	Fellow Subsidiary	Services Received	0.96	0.18	
			(1.04)	(0.09)	
Mahindra & Mahindra Financial services Ltd	Fellow Subsidiary	Corporate Guarantee issued		-	(200.00)
Mr. Arvind Kumar Mehra	Key Management personnel	Remuneration	50.55		
			(26.70)		
Mr. T. Srinivasan	Key Management personnel	Remuneration	25.28		
			(-)		
Mr. Ajay Kumar Mantry	Key Management personnel	Remuneration	18.18		
			(-)		

Note:

Previous Year's figures are in brackets

29. Earnings Per Share

	Rupees Lakhs	
	2014-15	2013-14
Loss as per statement of Profit and Loss	(126.80)	(107.34)
Weighted Average No. of Equity Shares outstanding during the year	211,557,526	165,214,374
Basic Earnings Per Share (Rs.)	(0.06)	(0.06)
Diluted Earnings Per Share (Rs.)	(0.06)	(0.06)

The Company having incurred losses, the effect of conversion of NCCCPS being anti-dilutive, basic and diluted EPS are the same.

30. CIF Value of imports and Payments made for NM5 prototype during the year is Rs. Nil Lakhs (2014: Rs.NIL Lakhs)

31. Expenditure in Foreign Currency

	Rupees Lakhs	
	2014-15	2013-14
Travel	37.98	14.88
Professional and Consultancy Fee	19.80	20.30
Others	-	0.59

32. Earnings in Foreign Exchange

	Rupees Lakhs	
	2014-15	2013-14
Export of Services	138.73	295.41

33. Unhedged Foreign Currency exposure

The year-end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:

Particulars	2014-15		2013-14	
	Rupees Lakhs	Foreign Currency	Rupees Lakhs	Foreign Currency
		AUD		
Receivables	666.00	1,376,029	425.97	AUD 764,619
Payable for consultancy	0.16	AUD 333	9.41	AUD 16,897
			6.18	USD 11,376

34. Deferred tax asset on the business loss amounting to Rs. 126.73 Lakhs (2014:Rs. 121.25 Lakhs) is not recognized in view of absence of virtual certainty of future profits as required by Accounting Standard (AS) 22, Accounting for taxes on Income.

35. There are no micro and small enterprises to which the Company owes dues, which are outstanding for more than 45 days as at 31st March, 2014. This information as required under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company. This information has been relied upon by the Auditors

36. Previous year figures have been reclassified wherever necessary to conform to the current year classification.

As per our report of even date
For **B.K. Khare & Co.**
Chartered Accountants
(Registration No. 105102W)

For and on behalf of the Board of Directors
For **Mahindra Aerospace Private Ltd.**

Padmini Khare Kaicker
Partner
M. No. 044784

Mr. Sanjay Joglekar
Director

Mr. Arvind Mehra
Director

Mumbai, Dated : 26th May 2014

Mumbai, Dated : 22nd May 2014

FORM AOC – 1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)
Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Name of the subsidiary	Mahindra Aerostructures Pvt Ltd	Mahindra Aerospace Australia Pty Ltd	Aerostaff Australia Pty Ltd	Gipp Aero Investemnts Pty Ltd	Gipps Aero Pty Ltd	Airvan Flight Services Pty Ltd	GA8 Airvan Pty Ltd	GA200 Pty Ltd	Nomad TC Pty Ltd
Reporting period for the subsidiary concerned, if different from the holding company's reporting period	31 st March 2015	31 st March 2015	31 st March 2015	31 st March 2015	31 st March 2015	31 st March 2015	31 st March 2015	31 st March 2015	31 st March 2015
Reporting currency	Rupees	AUD	AUD	AUD	AUD	AUD	AUD	AUD	AUD
Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.		AUD=Rs. 47.77	AUD=Rs. 47.77	AUD=Rs. 47.77	AUD=Rs. 47.77	AUD=Rs. 47.77	AUD=Rs. 47.77	AUD=Rs. 47.77	AUD=Rs. 47.77
Share capital	16,036.00	21,138.46	1,074.83	3,352.15	0.00	-	-	-	5.40
Reserves & Surplus	(7,757.54)	490.66	(2,539.21)	(967.69)	(13,249.00)	-	-	-	(5.40)
Total assets	19,055.40	31,279.19	597.26	18,272.29	21,326.88	-	-	-	-
Total Liabilities	19,055.40	31,279.19	597.26	18,272.29	21,326.88	-	-	-	-
Investments	1,063.88	21,687.58	-	18,272.03	-	-	-	-	-
Turnover	195.64	1,053.15	1,139.69	-	8,266.35	-	-	-	-
Profit before taxation	(4,376.31)	510.22	215.18	(4.43)	(4,010.45)	-	-	-	-
Provision for taxation	-	-	-	-	-	-	-	-	-
Profit after taxation	(4,376.31)	510.22	215.18	(4.43)	(4,010.45)	-	-	-	-
Proposed Dividend	-	-	-	-	-	-	-	-	-
% of shareholding	100%	100%	100%	75.10%	75.10%	75.10%	75.10%	75.10%	75.10%

Additional Information:

- Names of subsidiaries which are yet to commence operations: Nil
- Names of subsidiaries which have been liquidated or sold during the year: Nil

For and on behalf of the Board of Directors
For Mahindra Aerospace Private Ltd.

Mr. Arvind Mehra
Director

Mr. Sanjay Joglekar
Director

Mr. Ajay Mantry
CFO

Mr. Yashesh Bhatt
Company Secretary

Mumbai, 21st May, 2015

DIRECTORS' REPORT

The directors present their report together with the financial report of Mahindra Aerospace Australia Pty Ltd for the year ended 31 March 2015 and auditor's report thereon. This financial report has been prepared in accordance with Australian Accounting Standards.

Directors names

The names of the directors in office at any time during or since the end of the year are:

Arvind Mehra
Sanjay Joglekar
Hemant Luthra
Laxman Ramnarayan
Keith Douglas

Nikhil Sohoni (appointed 19 May 2014)

Parthasarathy Vankipuram Srinivasa (resigned 19 May 2014)

The directors have been in office since the start of the year to the date of this report unless otherwise stated.

Results

The profit of the entity for the year after providing for income tax amounted to \$1,068,069 (Rs 51,021,657) (2014: \$18,908 loss, Rs 903,235).

Review of operations

The entity continued to engage in its principal activity, the results of which are disclosed in the attached financial statements.

Significant changes in state of affairs

There were no significant changes in the entity's state of affairs that occurred during the financial year, other than those referred to elsewhere in this report.

Principal activities

The principal activity of the entity during the year was holding of investments.

No significant change in the nature of these activities occurred during the year.

After balance date events

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the entity, the results of those operations, or the state of affairs of the entity in future financial years.

Likely developments

The entity expects to maintain the present status and level of operations.

Environmental regulation

The entity's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Dividends paid, recommended and declared

No dividends were paid or declared since the start of the year. No recommendation for payment of dividends has been made.

Options

No options over unissued shares or interests in the entity were granted during or since the end of the year and there were no options outstanding at the end of the year.

Indemnification of officers

During or since the end of the year, the ultimate parent entity on behalf of the company has given indemnity or entered an agreement to indemnify, or paid or agreed to pay insurance premiums in order to indemnify the directors of the company against liabilities arising as result of the performance of their duties as directors.

Further disclosure required under section 300(9) of the corporations law is prohibited under the terms of the contract.

Indemnification of auditors

No indemnities have been given or insurance premiums paid, during or since the end of the year, for any person who is or has been an auditor of the entity.

Auditor's independence declaration

A copy of the auditor's independence declaration under section 307C of the Corporations Act 2001 in relation to the audit for the financial year is provided with this report.

Proceedings on behalf of the entity

No person has applied for leave of Court to bring proceedings on behalf of the entity or intervene in any proceedings to which the entity is a party for the purpose of taking responsibility on behalf of the entity for all or any part of those proceedings.

Signed on behalf of the board of directors.

Keith Douglas
Director

Arvind Mehra
Director

Dated this 21st day of May 2015

DIRECTORS' DECLARATION

The directors have determined that the company is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements.

The directors of the entity declare that:

1. The financial statements and notes, as set out on following pages, are in accordance with the *Corporations Act 2001*: and
 - (a) comply with Accounting Standards in Australia as detailed in Note 1 to the financial statements and the *Corporations Regulations 2001*; and
 - (b) give a true and fair view of the financial position as at 31 March 2015 and performance for the year ended

on that date of the company and consolidated entity in accordance with the accounting policies described in Note 1 to the financial statements.

2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Keith Douglas
Director

Arvind Mehra
Director

Dated this 21st day of May 2015

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MAHINDRA AEROSPACE AUSTRALIA PTY LTD – INDIAN STAT

We have audited the accompanying financial report, being a special purpose financial report of Mahindra Aerospace Australia Pty Ltd, which comprises the statements of financial position as at 31 March 2015, the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the *Corporations Act 2001* and to meet the needs of the members.

The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design

audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Opinion

In our opinion, the financial report of Mahindra Aerospace Australia Pty Ltd is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the company's financial positions as at 31 March 2015 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards to the extent described in Note 1 and the *Corporations Regulations 2001*.

Basis of Accounting

Without modifying our opinion, we draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the *Corporations Act 2001*. As a result, the financial report may not be suitable for another purpose.

N R BULL
Partner

PITCHER PARTNERS
Melbourne

Date: 21st May 2015

AUDITORS' INDEPENDENCE DECLARATION TO THE DIRECTORS OF MAHINDRA AEROSPACE AUSTRALIA PTY LTD

In relation to the independent audit for the year ended 31 March 2015, to the best of my knowledge and belief there have been:

- (i) No contraventions of the auditor independence requirements of the *Corporations Act 2001*; and
- (ii) No contraventions of any applicable code of professional conduct.

N R BULL
Partner

PITCHER PARTNERS
Melbourne

Date: 21st May 2015

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2015

	Note	2015 \$	2015 Rupees	2014 \$	2014 Rupees
Revenue and other income					
Revenue	4	1,092,630	52,194,935	987,473	47,171,585
Other income	4	1,112,000	53,120,240	–	–
		<u>2,204,630</u>	<u>105,315,175</u>	<u>987,473</u>	<u>47,171,585</u>
Less: expenses					
Finance costs	5	(1,092,630)	(52,194,935)	(992,381)	(47,406,040)
Professional fees		(43,931)	(2,098,584)	(14,000)	(668,780)
		<u>(1,136,561)</u>	<u>(54,293,519)</u>	<u>(1,006,381)</u>	<u>(48,074,820)</u>
Profit/(loss) before income tax expense		<u>1,068,069</u>	<u>51,021,656</u>	<u>(18,908)</u>	<u>(903,235)</u>
Income tax expense		–	–	–	–
Net income/(loss) from continuing operations		<u>1,068,069</u>	<u>51,021,656</u>	<u>(18,908)</u>	<u>(903,235)</u>
Other comprehensive income for the year		–	–	–	–
Total comprehensive income		<u><u>1,068,069</u></u>	<u><u>51,021,656</u></u>	<u><u>(18,908)</u></u>	<u><u>(903,235)</u></u>

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2015

	Note	2015 \$	2015 Rupees	2014 \$	2014 Rupees
Current assets					
Cash and cash equivalents	6	23,462	1,120,780	1,502,268	71,763,342
Receivables	7	386,228	18,450,111	228,217	10,901,926
Other assets	8	–	–	421,351	20,127,937
Total current assets		<u>409,690</u>	<u>19,570,891</u>	<u>2,151,836</u>	<u>102,793,205</u>
Non-current assets					
Receivables	7	19,669,044	939,590,232	18,793,069	897,744,906
Investment in subsidiaries	9	45,400,004	2,168,758,191	37,900,004	1,810,483,191
Total non-current assets		<u>65,069,048</u>	<u>3,108,348,423</u>	<u>56,693,073</u>	<u>2,708,228,097</u>
Total assets		<u>65,478,738</u>	<u>3,127,919,314</u>	<u>58,844,909</u>	<u>2,811,021,302</u>
Current liabilities					
Payables	10	586,568	28,020,353	435,351	20,796,717
Borrowings	11	19,614,543	936,986,719	18,600,000	888,522,000
Provisions	12	–	–	1,600,000	76,432,000
Total current liabilities		<u>20,201,111</u>	<u>965,007,072</u>	<u>20,635,351</u>	<u>985,750,717</u>
Total liabilities		<u>20,201,111</u>	<u>965,007,072</u>	<u>20,635,351</u>	<u>985,750,717</u>
Net assets		<u>45,277,627</u>	<u>2,162,912,242</u>	<u>38,209,558</u>	<u>1,825,270,585</u>
Equity					
Share capital	13	44,250,500	2,113,846,385	35,250,500	1,683,916,385
Reserves	14	–	–	3,000,000	143,310,000
Accumulated profits/(losses)	15	1,027,127	49,065,857	(40,942)	(1,955,800)
Total equity		<u>45,277,627</u>	<u>2,162,912,242</u>	<u>38,209,558</u>	<u>1,825,270,585</u>

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2015

	Contributed equity \$	Reserves \$	Accumulated profits/(losses) \$	Total equity \$
Australian dollars				
Balance as at 1 April 2013	32,500,500	–	(22,034)	32,478,466
Loss for the year	–	–	(18,908)	(18,908)
Total comprehensive income for the year	–	–	(18,908)	(18,908)
Transactions with owners in their capacity as owners:				
Contributions	2,750,000	–	–	2,750,000
Contributions	–	3,000,000	–	3,000,000
Total transactions with owners in their capacity as owners	2,750,000	3,000,000	–	5,750,000
Balance as at 31 March 2014	35,250,500	3,000,000	(40,942)	38,209,558
Balance as at 1 April 2014				
Balance as at 1 April 2014	35,250,500	3,000,000	(40,942)	38,209,558
Profit for the year	–	–	1,068,069	1,068,069
Total comprehensive income for the year	–	–	1,068,069	1,068,069
Transfers	3,000,000	(3,000,000)	–	
Transactions with owners in their capacity as owners:				
Contributions	6,000,000	–	–	6,000,000
Total transactions with owners in their capacity as owners	6,000,000	–	–	6,000,000
Balance as at 31 March 2015	44,250,500	–	1,027,127	45,277,627

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2015

	Contributed equity Rupees	Reserves Rupees	Accumulated profits/(losses) Rupees	Total equity Rupees
Indian rupees				
Balance as at 1 April 2013	1,552,548,885	–	(1,052,565)	1,551,496,320
Loss for the year	–	–	(903,235)	(903,235)
Total comprehensive income for the year	–	–	(903,235)	(903,235)
Transactions with owners in their capacity as owners:				
Contributions	131,367,500	143,310,000	–	274,677,500
Total transactions with owners in their capacity as owners	131,367,500	143,310,000	–	274,677,500
Balance as at 31 March 2014	<u>1,683,916,385</u>	<u>143,310,000</u>	<u>(1,955,800)</u>	<u>1,825,270,585</u>
Balance as at 1 April 2014	1,683,916,385	143,310,000	(1,955,800)	1,825,270,585
Loss for the year	–	–	51,021,657	51,021,657
Total comprehensive income for the year	–	–	51,021,657	51,021,657
Transfers	143,310,000	(143,310,000)	–	–
Transactions with owners in their capacity as owners:				
Contributions	286,620,000	–	–	286,620,000
Total transactions with owners in their capacity as owners	286,620,000	–	–	286,620,000
Balance as at 31 March 2015	<u>2,113,846,385</u>	<u>–</u>	<u>49,065,857</u>	<u>2,162,912,242</u>

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2015

	Note	2015 \$	2015 Rupees	2014 \$	2014 Rupees
Cash flow from operating activities					
Receipts from customers		263,340	12,579,752	9,191	439,054
Payments to suppliers		(42,931)	(2,050,813)	(149,445)	(7,138,988)
Interest received		1,092,630	52,194,935	599,608	28,643,274
Finance costs		(1,092,630)	(52,194,935)	(992,290)	(47,401,693)
Net cash provided by/(used in) operating activities		220,409	10,528,939	(532,936)	(25,458,353)
Cash flow from investing activities					
Payment for investments		(7,988,000)	(381,586,760)	(4,127,000)	(197,146,790)
Net cash used in investing activities		(7,988,000)	(381,586,760)	(4,127,000)	(197,146,790)
Cash flow from financing activities					
Proceeds from share issue		6,000,000	286,620,000	2,750,000	131,367,500
Payment received for shares not yet issued		–	–	3,000,000	143,310,000
Loan from financiers		–	–	6,600,000	315,282,000
Loans to related entities		(725,758)	(34,669,460)	(6,197,771)	(296,067,521)
Net cash provided by financing activities		5,274,242	251,950,540	6,152,229	293,891,979
Reconciliation of cash					
Cash at beginning of the financial period		1,502,268	71,763,342	9,975	476,506
Net (decrease)/increase in cash held		(2,493,349)	(119,107,281)	1,492,293	71,286,836
Cash at end of financial period		(991,081)	(47,343,939)	1,502,268	71,763,342

The accompanying notes form part of these financial statements.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This financial report is a special purpose financial report prepared for use by the directors and members of the entity. The directors have determined that the entity is not a reporting entity. Mahindra Aerospace Australia Pty Ltd is a for-profit entity for the purpose of preparing the financial statements.

The financial report was approved by the directors as at the date of the directors' report.

The financial report has been prepared in accordance with all applicable Accounting Standards, with the exception of:

AASB 7:	Financial Instruments: Disclosures
AASB 10:	Consolidated Financial Statements
AASB 101:	Presentation of Financial Statements
AASB 107:	Cash Flow Statements
AASB 112:	Income Taxes
AASB 124:	Related Party Disclosures
AASB 136:	Impairments of Assets

The following specific accounting policies have been adopted in the preparation of this report:

(a) Basis of preparation of the financial report

Historical Cost Convention

The financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets as described in the accounting policies.

(b) Foreign currency translations and balances

Functional and presentation currency

The functional currency of the company is measured using the currency of the primary economic environment in which the company operates. For disclosure purposes at year end this has been converted into the currency of the ultimate parent company, Indian Rupees, at a pre-determined 'convenient rate'. This is displayed as comparative balances for both the current and prior years.

All Foreign currency amounts, including comparatives are translated for convenience into Indian Rupees at the exchange rate of Rs 47.77 = AUD\$1.00 as advised by the ultimate parent entity.

(c) Going concern

The financial report has been prepared on a going concern basis, which contemplated continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

The entity earned a profit from ordinary activities of \$1,068,069 (Rs 51,021,656) during the year ended 31 March 2015, however this was primarily due to a non-cash write back of deferred consideration (note 12).

The company is dependant on ongoing financial support of the ultimate parent entity to meet its financial obligations at 31 March 2015.

At this time, the directors believe that the ongoing financial support of the ultimate parent entity will be continued.

(d) Revenue

Interest revenue is recognised when it becomes receivable on a proportional basis taking in to account the interest rates applicable to the financial assets.

All revenue is stated net of the amount of goods and services tax (GST).

(e) Cash and cash equivalents

Cash and cash equivalents include cash on hand and at banks, short term deposits with an original maturity of three months or less held at call with financial institutions, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statements of financial position.

(f) Investments in subsidiaries

Non-current investments are recorded at cost. The carrying amount of the investments is reviewed annually by directors to ensure it is not in excess of the recoverable amount of these investments.

(g) Provisions

Provisions are recognised when the entity has a legal or constructive obligation, as a result of past events, for which it is probable that an out

flow of economic benefits will result and that outflow can be reliably measured.

(h) Comparatives

Where necessary, comparative information has been reclassified and repositioned for consistency with current period disclosures.

NOTE 2: ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED BUT NOT OPERATIVE AT 31 MARCH 2015

The following standards and interpretations have been issued at the reporting date but are not yet effective. The directors' assessment of the impact of these standards and interpretations is set out below.

(a) AASB 9 Financial Instruments, AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9, AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010), AASB 2012-6 Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosure and AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments (effective from 1 January 2017)

AASB 9 Financial Instruments improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. When adopted, the standard could change the classification and measurement of financial assets. AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income for equity investments that are not held for trading. In the current reporting period, the entity recognised \$0 in other comprehensive income in relation to the movements in the fair value of available for sale financial assets, which are not held for trading.

Most of the requirements for financial liabilities were carried forward unchanged. However, some changes were made to the fair value option for financial liabilities to address the issue of own credit risk. The entity does not have any financial liabilities that are designated at fair value through profit or loss. The new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss. Therefore, there will be no impact on the entity's accounting for financial liabilities.

In December 2013, new general hedge accounting requirements were incorporated into AASB 9. The new model aligns hedge accounting more closely with risk management, and will be easier to apply and reduce the costs of implementation. However, the new model requires extended disclosure. The standard is not applicable until 1 January 2017 but is available for early adoption. The entity does not apply hedge accounting.

The entity has decided not to early adopt AASB 9 at 31 March 2015.

NOTE 3: CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Certain accounting estimates include assumptions concerning the future, which, by definition, will seldom represent actual results. Estimates and assumptions based on future events have a significant inherent risk, and where future events are not as anticipated there could be a material impact on the carrying amounts of the assets and liabilities discussed below:

(a) Investment in Subsidiaries

All investments in subsidiaries are assessed for impairment by evaluating whether indicators of impairment exist in relation to their carrying values.

For the purposes of impairment assessment, the investments in subsidiaries are regarded as a single cash generating unit (CGU), relating primarily to the manufacturing and sale of aircraft.

The recoverable amount of the CGU is based on management's projected cashflows covering a period of 10 years. A formal valuation has also been completed by a qualified business valuer for the investments in the subsidiary companies which management has used in its assessments of impairment.

The present value of the future cashflows has been calculated using the following key assumptions:

- average growth rate between 3% and 3.5% for the sale price of aircraft;
- average cost of sales growth rate between -0.5% to 3.5%;
- terminal value growth rate of 2.5%;
- the USD/AUD exchange rate to be at parity throughout the projection period;
- discount rate in the range of 15-17%, and;
- sales volumes as anticipated by management following its analysis of the aerospace industry.

	Note	2015 \$	2015 Rupees	2014 \$	2014 Rupees
NOTE 4: REVENUE AND OTHER INCOME					
Interest income		1,092,630	52,194,935	910,469	43,493,104
Other revenue		–	–	77,004	3,678,481
		<u>1,092,630</u>	<u>52,194,935</u>	<u>987,473</u>	<u>47,171,585</u>
Write-back of deferred consideration	12	1,112,000	53,120,240	–	–

NOTE 5: OPERATING PROFIT

Profit/(loss) before income tax has been determined after:					
Finance costs		1,092,630	52,194,935	992,381	46,406,040

NOTE 6: CASH AND CASH EQUIVALENTS

Cash at bank		<u>23,462</u>	<u>1,120,780</u>	<u>1,502,268</u>	<u>71,763,342</u>
--------------	--	---------------	------------------	------------------	-------------------

NOTE 7: RECEIVABLES

CURRENT					
Other receivables		242,864	11,601,613	228,217	10,901,926
– GippsAero Pty Ltd		143,364	6,848,498	–	–
		<u>386,228</u>	<u>18,450,111</u>	<u>228,217</u>	<u>10,901,926</u>
NON CURRENT					
Loans to associates					
– GippsAero Pty Ltd		18,563,044	886,756,612	17,687,069	844,911,286
– Aerostaff Australia Pty Ltd		1,106,000	52,833,620	1,106,000	52,833,620
		<u>19,669,044</u>	<u>939,590,232</u>	<u>18,793,069</u>	<u>897,744,906</u>

NOTE 8: OTHER ASSETS

CURRENT					
Accrued income		–	–	421,351	20,127,937

NOTE 9: INVESTMENT IN SUBSIDIARIES

NON CURRENT					
Investment - Aerostaff Australia Pty Ltd		6,350,004	303,339,691	4,850,004	231,684,691
Investment - Gipp Aero Investments Pty Ltd		39,050,000	1,865,418,500	33,050,000	1,578,798,500
Total investment in subsidiaries		<u>45,400,004</u>	<u>2,168,758,191</u>	<u>37,900,004</u>	<u>1,810,483,191</u>

The recoverable amount of the carrying value of investment in subsidiaries has been assessed on the basis of projected cash flows approved by management covering a period of 10 years. The present value of the future cash flows has been calculated using the following key assumptions:

- average growth rate between 3% and 3.5% for the sale price of aircraft;
- average cost of sales growth rate between –0.5% to 3.5%;
- terminal value growth rate of 2.5%;
- the USD/AUD exchange rate to be at parity throughout the projection period;
- discount rate in the range of 15–17%, and;
- sales volumes as anticipated by management following its analysis of the aerospace industry.

Management has obtained a formal valuation prepared by qualified valuer to assist in its assessment of impairment.

NOTE 10: PAYABLES

	2015 \$	2015 Rupees	2014 \$	2014 Rupees
CURRENT				
<i>Unsecured liabilities</i>				
Amounts payable to:				
– Mahindra Aerospace Private Ltd	571,568	27,303,803	421,351	20,127,937
Accrued expenses	15,000	716,550	14,000	668,780
	<u>586,568</u>	<u>28,020,353</u>	<u>435,351</u>	<u>20,796,717</u>

NOTE 11: BORROWINGS

CURRENT				
<i>Unsecured liabilities</i>				
Bank overdraft	1,014,543	48,464,719	–	–
<i>Secured liabilities</i>				
Bank loans	18,600,000	888,522,000	18,600,000	888,522,000
	<u>19,614,543</u>	<u>936,986,719</u>	<u>18,600,000</u>	<u>888,522,000</u>

NOTE 12: PROVISIONS

Provision for additional consideration on purchase of investments	–	–	1,600,000	76,432,000
---	---	---	-----------	------------

(a) Description of provisions

The provision relates to deferred consideration on the purchase of Gipp Aero Investments Pty Ltd to cover the cost of warranty claims and liabilities not recognised at the date of purchase.

During the year, the entity settled the amount of unrecognised claims with the previous shareholders. An amount of \$488,000 was paid to the previous owners, and an amount of \$1.112m was written back to the statement of comprehensive income.

NOTE 13: SHARE CAPITAL

Issued and paidup capital	44,250,500			
Ordinary shares (2014: 35,250,000)	44,250,500	2,113,846,385	35,250,500	1,683,916,385

NOTE 14: RESERVES

General reserve	–	–	3,000,000	143,310,000
-----------------	---	---	-----------	-------------

The general reserve is used to record funds received for shares not yet issued.

NOTE 15: ACCUMULATED PROFITS/(LOSSES)

Accumulated losses at beginning of year	(40,942)	(1,955,799)	(22,034)	(1,052,565)
Net profit/(loss) for year	1,068,069	51,021,656	(18,908)	(903,235)
	<u>1,027,127</u>	<u>49,065,857</u>	<u>(40,942)</u>	<u>(1,955,800)</u>

NOTE 16: EVENTS SUBSEQUENT TO REPORTING DATE

There has been no matter or circumstance, which has arisen since 31 March 2015 that has significantly affected or may significantly affect:

- (a) the operations, in financial years subsequent to 31 March 2015, of the entity, or
- (b) the results of those operations, or
- (c) the state of affairs, in financial years subsequent to 31 March 2015, of the entity.

NOTE 17: COMPANY DETAILS

The registered office of the entity is:

Mahindra Aerospace Australia Pty Ltd
Latrobe Regional Airport
Airfield Rd
TRARALGON VIC 3844

DIRECTORS' REPORT

The directors present their report together with the financial report of Aerostaff Australia Pty Ltd for the year ended 31 March 2015 and auditor's report thereon. This financial report has been prepared in accordance with Australian Accounting Standards.

Directors names

The names of the directors in office at any time during or since the end of the year are:

Arvind Mehra

Sanjay Joglekar

Hemant Luthra

Laxman Ramnarayan

Keith Douglas

Nikhil Sohoni (appointed 19 May 2014)

Parthasarathy Vankipuram Srinivasa (resigned 19 May 2014)

The directors have been in office since the start of the year to the date of this report unless otherwise stated.

Results

The loss of the company for the year after providing for income tax amounted to \$450,443 (Rs 21,517,663), (2014: \$1,295,761, Rs 61,898,503).

Review of operations

The company continued to engage in its principal activity, the results of which are disclosed in the attached financial statements.

Significant changes in state of affairs

There were no significant changes in the company's state of affairs that occurred during the financial year, other than those referred to elsewhere in this report.

Principal activities

The principal activity of the company during the year was aircraft sheet metal manufacture and assembly.

No significant change in the nature of these activities occurred during the year.

After balance date events

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

Likely developments

The company expects to maintain the present status and level of operations.

Environmental regulation

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Dividends paid, recommended and declared

No dividends were paid or declared since the start of the year. No recommendation for payment of dividends has been made.

Options

No options over unissued shares or interests in the company were granted during or since the end of the year and there were no options outstanding at the end of the year.

Indemnification of officers

During or since the end of the year, the company has given indemnity or entered an agreement to indemnify, or paid or agreed to pay insurance premiums in order to indemnify the directors of the company against liabilities arising from performance of their duties as directors.

Further disclosure required under section 300(9) of the corporations law is prohibited under the terms of the contract.

Proceedings on behalf of the company

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

Signed on behalf of the board of directors.

Keith Douglas
Director

Arvind Mehra
Director

Dated this 21st day of May 2015

DIRECTORS' DECLARATION

The directors have determined that the company is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements.

The directors of the company declare that:

1. The financial statements and notes, as set out on following pages, presents fairly the company's financial position as at 31 March 2015 and performance for the year ended on that date of the company in accordance with the accounting policies outlined in Note 1 to the financial statements.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Keith Douglas
Director

Arvind Mehra
Director

Dated this 21st day of May 2015

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF AEROSTAFF AUSTRALIA PTY LTD

We have audited the accompanying financial report, being a special purpose financial report of Aerostaff Australia Pty Ltd and controlled entities, which comprises the statements of financial position as at 31 March 2015, the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the company and the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors are responsible for the preparation and fair presentation of the financial report and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the needs of the members.

The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers

internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with APES 110 *Code of Ethics for Professional Accountants*.

Opinion

In our opinion, the financial report of Aerostaff Australia Pty Ltd and controlled entities presents fairly, in all material respects, the company's and consolidated entity's financial positions as at 31 March 2015 and their performance and their cash flows for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial report.

Basis of Accounting

Without modifying our opinion, we draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared to assist Aerostaff Australia Pty Ltd and controlled entities to meet the financial reporting responsibilities under the Constitution. As a result, the financial report may not be suitable for another purpose.

N R BULL

Partner

Date 21st day of May 2015

PITCHER PARTNERS

Melbourne

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2015

	Note	2015 \$	2015 ₹	2014 \$	2014 ₹
Revenue and other income					
Sales revenue	3	2,374,190	113,415,056	1,656,781	79,144,428
Other revenue	3	11,605	554,371	10,824	517,062
		<u>2,385,795</u>	<u>113,969,427</u>	<u>1,667,605</u>	<u>79,661,490</u>
Less: expenses					
Cost of sales	4	(1,661,312)	(79,360,874)	(1,247,414)	(59,588,967)
Administration expenses		(680,534)	(32,509,109)	(861,407)	(41,149,412)
Distribution expenses		–	–	(573)	(27,372)
Occupancy expenses		(99,215)	(4,739,501)	(506,463)	(24,193,738)
Finance costs	4	(53,889)	(2,574,278)	(72,781)	(3,476,748)
Depreciation	4	(47,885)	(2,287,466)	(45,872)	(2,191,305)
Other expenses		(293,403)	(14,015,862)	(228,856)	(10,932,451)
		<u>(2,836,238)</u>	<u>(135,487,090)</u>	<u>(2,963,366)</u>	<u>(141,559,993)</u>
Loss before income tax expense		(450,443)	(21,517,663)	(1,295,761)	(61,898,503)
Income tax expense		–	–	–	–
Net loss from continuing operations		(450,443)	(21,517,663)	(1,295,761)	(61,898,503)
Other comprehensive income for the year ...		–	–	–	–
Total comprehensive income		(450,443)	(21,517,663)	(1,295,761)	(61,898,503)

The accompanying notes form part of these financial statements.

STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2015

	Note	2015 \$	2015 ₹	2014 \$	2014 ₹
Current assets					
Cash and cash equivalents.....	5	1,075	51,353	160,454	7,664,888
Receivables.....	6	694,035	33,154,052	382,778	18,285,305
Inventories.....	7	344,625	16,462,736	644,999	30,811,602
Other assets.....	8	4,001	191,128	68,952	3,293,837
Total current assets		<u>1,043,736</u>	<u>49,859,269</u>	<u>1,257,183</u>	<u>60,055,632</u>
Non-current assets					
Plant and equipment.....	9	206,550	9,866,893	243,122	11,613,938
Total non-current assets		<u>206,550</u>	<u>9,866,893</u>	<u>243,122</u>	<u>11,613,938</u>
Total assets		<u>1,250,286</u>	<u>59,726,162</u>	<u>1,500,305</u>	<u>71,669,570</u>
Current liabilities					
Payables.....	10	422,617	20,188,414	1,676,645	80,093,331
Borrowings.....	11	4,011	191,605	105,448	5,037,251
Provisions.....	12	74,039	3,536,843	19,309	922,391
Total current liabilities		<u>500,667</u>	<u>23,916,862</u>	<u>1,801,402</u>	<u>86,052,973</u>
Non-current liabilities					
Payables.....	10	1,106,000	52,833,620	1,106,000	52,833,620
Borrowings.....	11	–	–	3,955	188,930
Provisions.....	12	9,114	435,376	4,000	191,080
Total non-current liabilities		<u>1,115,114</u>	<u>53,268,996</u>	<u>1,113,955</u>	<u>53,213,630</u>
Total liabilities		<u>1,615,781</u>	<u>77,185,858</u>	<u>2,915,357</u>	<u>139,266,603</u>
Net assets		<u>(365,495)</u>	<u>(17,459,696)</u>	<u>(1,415,052)</u>	<u>(67,597,033)</u>
Equity					
Share capital.....	13	2,250,004	107,482,691	2,250,004	107,482,691
Reserves.....	14	2,700,000	128,979,000	1,200,000	57,324,000
Accumulated losses	15	(5,315,499)	(253,921,387)	(4,865,056)	(232,403,724)
Total equity		<u>(365,495)</u>	<u>(17,459,696)</u>	<u>(1,415,052)</u>	<u>(67,597,033)</u>

The accompanying notes form part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2015

Australian dollars	Contributed equity	Reserves	Accumulated losses	Total equity
	\$	\$	\$	\$
Balance as at 1 April 2013	2,250,004	–	(3,569,295)	(1,319,291)
Loss for the year.....	–	–	(1,295,761)	(1,295,761)
Total comprehensive income for the year	–	–	(1,295,761)	(1,295,761)
Transactions with owners in their capacity as owners:				
Contributions.....	–	1,200,000	–	1,200,000
Total transactions with owners in their capacity as owners	–	1,200,000	–	1,200,000
Balance as at 31 March 2014	<u>2,250,004</u>	<u>1,200,000</u>	<u>(4,865,056)</u>	<u>(1,415,052)</u>
Balance as at 1 April 2014	2,250,004	1,200,000	(4,865,056)	(1,415,052)
Loss for the year	–	–	(450,443)	(450,443)
Total comprehensive income for the year	–	–	(450,443)	(450,443)
Transactions with owners in their capacity as owners:				
Contributions.....	–	1,500,000	–	1,500,000
Total transactions with owners in their capacity as owners	–	1,500,000	–	1,500,000
Balance as at 31 March 2015	<u>2,250,004</u>	<u>2,700,000</u>	<u>(5,315,499)</u>	<u>(365,495)</u>

The accompanying notes form part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2015

Indian rupees	Contributed equity	Reserves	Accumulated losses	Total equity
	₹	₹	₹	₹
Balance as at 1 April 2013	107,482,691	–	(170,505,221)	(63,022,530)
Loss for the year.....	–	–	(61,898,503)	(61,898,503)
Total comprehensive income for the year	–	–	(61,898,503)	(61,898,503)
Transactions with owners in their capacity as owners:				
Contributions.....	–	57,324,000	–	57,324,000
Total transactions with owners in their capacity as owners	–	57,324,000	–	57,324,000
Balance as at 31 March 2014	107,482,691	57,324,000	(232,403,724)	(67,597,033)
Balance as at 1 April 2014	107,482,691	57,324,000	(232,403,724)	(67,597,033)
Loss for the year	–	–	(24,726,374)	(24,726,374)
Total comprehensive income for the year	–	–	(24,726,374)	(24,726,374)
Transactions with owners in their capacity as owners:				
Contributions.....	–	71,655,000	–	71,655,000
Total transactions with owners in their capacity as owners	–	71,655,000	–	71,655,000
Balance as at 31 March 2015	107,482,691	128,979,000	(257,130,098)	(20,668,407)

The accompanying notes form part of these financial statements.

STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2015

	2015	2015	2014	2014
	\$	₹	\$	₹
Cash flow from operating activities				
Receipts from customers	2,982,105	142,455,156	1,451,023	69,315,369
Payments to suppliers and employees	(2,850,513)	(136,169,006)	(3,532,840)	(168,763,767)
Finance costs.....	(53,889)	(2,574,278)	(72,781)	(3,476,748)
Net cash used in operating activities	77,703	3,711,872	(2,154,598)	(102,925,146)
Cash flow from investing activities				
Proceeds from sale of property, plant and equipment.....	59,551	2,844,751	–	–
Payment for property, plant and equipment ...	(77,362)	(3,695,583)	(44,943)	(2,146,927)
Net cash used in investing activities	(17,811)	(850,832)	(44,943)	(2,146,927)
Cash flow from financing activities				
Payment received for shares not yet issued..	1,500,000	71,655,000	1,200,000	57,324,000
Net repayments of borrowings	(105,392)	(5,034,575)	(99,859)	(4,770,264)
Loans from parent, associated and director related entities	(1,613,879)	(77,095,000)	959,623	45,841,191
Net cash provided by financing activities ...	(219,271)	(10,474,575)	2,059,764	98,394,927
Reconciliation of cash				
Cash at beginning of the financial year.....	160,454	7,664,888	300,231	14,342,034
Net increase/(decrease) in cash held.....	(159,379)	(7,613,535)	(139,777)	(6,677,146)
Cash at end of financial year	1,075	51,353	160,454	7,664,888

The accompanying notes form part of these financial statements.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This financial report is a special purpose financial report prepared for use by the directors and members of the company. The directors have determined that the company is not a reporting entity. Aerostaff Australia Pty Ltd is a for-profit entity for the purpose of preparing the financial statements.

The financial report was approved by the directors as at the date of the directors' report.

The financial report has been prepared in accordance with all applicable Accounting Standards, with the exception of:

AASB 7:	Financial Instruments: Disclosures
AASB 101:	Presentation of Financial Statements
AASB 107:	Cash Flow Statements
AASB 112:	Income Taxes
AASB 124:	Related Party Disclosures

The following specific accounting policies, which are consistent with the previous period unless otherwise stated, have been adopted in the preparation of this report:

(a) Basis of preparation of the financial report

Historical Cost Convention

The financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets as described in the accounting policies.

(b) Going concern

The financial report has been prepared on a going concern basis.

The company incurred a loss from ordinary activities of \$450,443 (Rs: 24,726,374) during the year ended 31 March 2015, and as at that date the company's total liabilities exceeded total assets by \$365,495 (Rs: 20,668,407).

The company is dependent on the ongoing financial support at of its ultimate parent entity to meet its financial obligations at 31 March 2015. At this time, the directors believe that the ongoing financial support of the ultimate parent entity will be continued.

(c) Foreign currency translations and balances

Functional and presentation currency

The financial statements of the entity are measured using the currency of the primary economic environment in which that entity operates (the functional currency). The financial statements are presented in Australian dollars which is the entity's functional and presentation currency.

The functional currency of the company is measured using the currency of the primary economic environment in which the company operates. For disclosure purposes at year end this has been converted into the currency of the ultimate parent company, Indian Rupees, at a pre-determined 'convenient rate'. This is displayed as comparative balances for both the current and prior years.

All foreign currency amounts, including comparatives are translated for convenience into Indian Rupees at the exchange rate of Rs 47.77 = AUD\$1.00 as advised by the ultimate parent entity.

(d) Revenue

Revenue from sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Risks and rewards of ownership are considered passed to the buyer at the time of delivery of the goods to the customer.

Interest revenue is recognised when it becomes receivable on a proportional basis taking in to account the interest rates applicable to the financial assets.

All revenue is stated net of the amount of goods and services tax (GST).

(e) Income tax

Current income tax expense or revenue is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities.

Deferred tax assets and liabilities are recognised for temporary differences at the applicable tax rates when the assets are expected to be recovered or liabilities are settled. No deferred tax asset or liability is recognised in relation to temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable future taxable amounts will be available to utilise those temporary differences and losses.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

(f) Cash and cash equivalents

Cash and cash equivalents include cash on hand and at banks, short term deposits with an original maturity of three months or less held at call with financial institutions, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statements of financial position.

(g) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of manufactured products includes direct material, direct labour and a proportion of manufacturing overheads based on normal operating capacity. Inventories include raw materials, work in progress and finished goods.

(h) Work in progress

Work in progress is valued at cost, which includes both variable and fixed costs relating to specific items, and those costs that are attributable to the WIP activity in general that can be allocated on a reasonable basis.

(i) Plant and equipment

Each class of plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and any accumulated impairment losses.

Plant and equipment

Plant and equipment is measured on a cost basis.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to present values in determining recoverable amounts.

Depreciation

The depreciable amount of all fixed assets is depreciated over their estimated useful lives commencing from the time the asset is held ready for use.

Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

Class of fixed asset	Depreciation rates	Depreciation basis
Leasehold improvements at cost	10-20%	Diminishing value
Plant and equipment at cost	10-40%	Diminishing value
Motor vehicles at cost	22.5%	Diminishing value
Office equipment at cost	15-50%	Diminishing value

(j) Provisions

Provisions are recognised when the company has a legal or constructive obligation, as a result of past events, for which it is probable that an out flow of economic benefits will result and that outflow can be reliably measured.

(k) Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

Finance leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the company are classified as finance leases. Finance leases are capitalised, recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values. The interest expense is calculated using the interest rate implicit in the lease and is included in finance costs in the statement of comprehensive income. Leased assets are depreciated on a straight line basis over their estimated useful lives where it is likely that the company will obtain ownership of the asset, or over the term of the lease. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Operating leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as an expense on a straightline basis over the term of the lease.

Lease incentives received under operating leases are recognised as a liability and amortised on a straightline basis over the life of the lease term.

(l) Employee benefits**(i) Short term employee benefit obligations**

Liabilities arising in respect of wages and salaries, annual leave and any other employee benefits expected to be settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. The expected cost of short term employee benefits in the form of compensated absences such as annual leave is recognised in the provision for employee benefits. All other short term employee benefit obligations are presented as payables.

(ii) Long term employee benefit obligations

Liabilities arising in respect of long service leave and annual leave which is not expected to be settled within twelve months of the reporting date are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date.

Employee benefit obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

(m) Borrowing costs

Borrowing costs including interest expense calculated using the effective interest method, finance charges in respect of finance leases, and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

Borrowing costs are expensed as incurred, except for borrowing costs incurred as part of the cost of the construction of a qualifying asset are capitalised until the asset is ready for its intended use or sale.

(n) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statements of financial position are shown inclusive of GST.

Cash flows are presented in the statements of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(o) Comparatives

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

NOTE 2: ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED BUT NOT OPERATIVE AT 31 MARCH 2015

The following standards and interpretations have been issued at the reporting date but are not yet effective. The directors' assessment of the impact of these standards and interpretations is set out below.

(i) AASB 9 Financial Instruments, AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9, AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010), AASB 2012-6 Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosure and AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments (effective from 1 January 2017).

AASB 9 Financial Instruments improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Most of the requirements for financial liabilities were carried forward unchanged. However, some changes were made to the fair value option for financial liabilities to address the issue of own credit risk. Requirements for general hedge accounting were included in December 2013. In December 2013, the new hedge accounting model was incorporated into AASB 9. The new model aligns hedging accounting more closely with risk management, will be easier to apply and reduce the costs of implementation. However, the new model requires extended disclosure. The standard is not applicable until 1 January 2017 but is available for early adoption.

When adopted, the standard could change the classification and measurement of financial assets. AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income for equity investments that are not held for trading. In the current reporting period, the group recognised \$nil in other comprehensive income in relation to the movements in the fair value of available for sale financial assets, which are not held for trading.

The entity does not have any financial liabilities that are designated at fair value through profit or loss. The new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss. Therefore, there will be no impact on the entity's accounting for financial liabilities.

The entity does not apply hedge accounting.

The entity has decided not to early adopt AASB 9 at 31 March 2015.

NOTE 3: REVENUE AND OTHER INCOME

	2015	2015	2014	2014
	\$	₹	\$	₹
Sale of goods	2,374,190	113,415,056	1,656,781	79,144,428
Other revenue	11,605	554,371	10,824	517,062
	<u>2,385,795</u>	<u>113,969,427</u>	<u>1,667,605</u>	<u>79,661,490</u>

NOTE 4: OPERATING PROFIT

Losses before income tax has been determined after:

Cost of sales				
– Purchases/materials used	199,559	9,532,933	637,547	30,455,620
– Direct labour costs	1,065,661	50,906,626	746,651	35,667,518
– Closing inventory	396,092	18,921,315	(136,784)	(6,534,172)
	<u>1,661,312</u>	<u>79,360,874</u>	<u>1,247,414</u>	<u>59,588,966</u>
Finance costs	53,889	2,574,278	72,781	3,476,748
Depreciation	47,885	2,287,466	45,872	2,191,305
Bad and doubtful debts	16,790	802,058	–	–
Impairment of inventory	24,283	1,159,999	–	–
Foreign currency translation losses	–	–	(565)	(26,990)
Indirect employee benefit expenses	552,733	26,404,055	714,837	43,147,763
Loss on disposal of non current assets	15,909	759,973	8,890	424,675

NOTE 5: CASH AND CASH EQUIVALENTS

	2015	2015	2014	2014
	\$	₹	\$	₹
Cash at bank	1,075	51,353	160,454	7,664,888

NOTE 6: RECEIVABLES**CURRENT**

Trade debtors	-	-	369,285	17,640,744
Other debtors	-	-	6,576	314,136
Amounts receivable from:				
- Mahindra Aerostructures Private Limited	-	-	6,917	330,425
- GippsAero Pty Ltd	694,035	33,154,052	-	-
	694,035	33,154,052	382,778	18,285,305

NOTE 7: INVENTORIES**CURRENT***At cost*

Raw materials	29,140	1,392,018	57,961	2,768,797
Work in progress	339,768	16,230,717	587,038	28,042,805
Impairment provision	(24,283)	(1,159,999)	-	-
	344,625	16,462,736	644,999	30,811,602

NOTE 8: OTHER ASSETS**CURRENT**

Prepayments	3,286	156,972	20,293	969,397
Other current assets	715	34,156	48,659	2,324,440
	4,001	191,128	68,952	3,293,837

NOTE 9: PLANT AND EQUIPMENT**Leasehold improvements**

At cost	62,457	2,983,571	41,452	1,980,162
Accumulated depreciation	(11,968)	(571,711)	-	-
	50,489	2,411,860	41,452	1,980,162

Plant and equipment

Plant and equipment at cost	1,256,743	60,034,613	1,635,804	78,142,357
Accumulated depreciation	(1,141,032)	(54,507,099)	(1,470,710)	(70,255,817)
	115,711	5,527,514	165,094	7,886,540
Motor vehicles at cost	20,000	955,400	20,000	955,400
Accumulated depreciation	(11,214)	(535,693)	(8,662)	(413,784)
	8,786	419,707	11,338	541,616
Office equipment at cost	258,020	12,325,615	239,615	11,446,409
Accumulated depreciation	(226,456)	(10,817,803)	(214,377)	(10,240,789)
	31,564	1,507,812	25,238	1,205,620
Total plant and equipment	206,550	9,866,893	243,122	11,613,938

(a) Reconciliations*Leasehold improvements*

Opening carrying amount	41,452	1,980,162	4,619	220,650
Additions	21,005	1,003,409	41,452	1,980,162

	2015	2015	2014	2014
	\$	₹	\$	₹
Write offs/disposals	-	-	(4,147)	(198,103)
Depreciation expense	(11,968)	(571,711)	(472)	(22,547)
Closing carrying amount	50,489	2,411,860	41,452	1,980,162

Plant and equipment

Opening carrying amount	165,094	7,886,540	199,451	9,527,774
Additions	22,043	1,053,002	3,400	162,418
Write offs/disposals	(50,140)	(2,395,146)	-	-
Depreciation expense	(21,286)	(1,016,882)	(37,757)	(1,803,652)
Closing carrying amount	115,711	5,527,514	165,094	7,886,540

Motor vehicles

Opening carrying amount	11,338	541,616	16,016	765,084
Additions	-	-	91	4,347
Write offs/disposals	-	-	(1,165)	(55,652)
Depreciation expense	(2,552)	(121,909)	(3,604)	(172,163)
Closing carrying amount	8,786	419,707	11,338	541,616

Office equipment

Opening carrying amount	25,238	1,205,620	29,277	1,398,563
Additions	34,314	1,639,180	-	-
Write offs/disposals	(15,909)	(759,973)	-	-
Depreciation expense	(12,079)	(577,014)	(4,039)	(192,943)
Closing carrying amount	31,564	1,507,813	25,238	1,205,620

Total plant and equipment

Carrying amount at 1 April	243,122	11,613,938	249,363	11,912,071
Additions	77,362	3,695,591	44,943	2,146,927
Write offs/disposals	(66,049)	(3,155,119)	(5,312)	(253,755)
Depreciation expense	(47,885)	(2,287,516)	(45,872)	(2,191,305)
Carrying amount at 31 March	206,550	9,866,894	243,122	11,613,938

NOTE 10: PAYABLES**CURRENT***Unsecured liabilities*

Trade creditors	180,068	8,601,848	129,068	6,165,578
Sundry creditors and accruals	242,549	11,586,566	620,816	29,656,380

	2015	2015	2014	2014
	\$	₹	\$	₹
Loan from associates				
– GippsAero Pty Ltd	–	–	922,396	44,062,857
– Roebuck Family Trust	–	–	4,365	208,516
	<u>422,617</u>	<u>20,188,414</u>	<u>1,676,645</u>	<u>80,093,331</u>

NON CURRENT

Unsecured liabilities

Loan from associates

– Mahindra Aerospace Australia Pty Ltd	<u>1,106,000</u>	<u>52,833,620</u>	<u>1,106,000</u>	<u>52,833,620</u>
--	------------------	-------------------	------------------	-------------------

NOTE 11: BORROWINGS

CURRENT

Secured liabilities

Bank loans	–	–	100,000	4,777,000
Hire purchase liability	<u>4,011</u>	<u>191,605</u>	<u>5,448</u>	<u>260,251</u>
	<u>4,011</u>	<u>191,605</u>	<u>105,448</u>	<u>5,037,251</u>

NON CURRENT

Secured liabilities

Hire purchase liability	–	–	3,955	188,930
-------------------------	---	---	-------	---------

NOTE 12: PROVISIONS

CURRENT

Employee benefits (a)	<u>74,039</u>	<u>3,536,843</u>	<u>19,309</u>	<u>922,391</u>
-----------------------	---------------	------------------	---------------	----------------

NON CURRENT

Employee benefits (a)	<u>9,114</u>	<u>435,376</u>	<u>4,000</u>	<u>191,080</u>
-----------------------	--------------	----------------	--------------	----------------

(a) Aggregate employee benefits liability	<u>83,153</u>	<u>3,972,219</u>	<u>23,309</u>	<u>1,113,471</u>
---	---------------	------------------	---------------	------------------

NOTE 13: SHARE CAPITAL

Issued and paid-up capital

2,250,010 Ordinary shares (2014: 2,250,010)	<u>2,250,004</u>	<u>107,482,691</u>	<u>2,250,004</u>	<u>107,482,691</u>
---	------------------	--------------------	------------------	--------------------

NOTE 14: RESERVES

General reserve	<u>2,700,000</u>	<u>128,979,000</u>	<u>1,200,000</u>	<u>57,324,000</u>
-----------------	------------------	--------------------	------------------	-------------------

The general reserve is used to record funds received for shares not yet issued.

NOTE 15: ACCUMULATED LOSSES

	2015	2015	2014	2014
	\$	₹	\$	₹
Accumulated losses at beginning of year	(4,865,056)	(232,403,724)	(3,569,295)	(170,505,221)
Net loss	<u>(450,443)</u>	<u>(21,517,663)</u>	<u>(1,295,761)</u>	<u>(61,898,503)</u>
	<u>(5,315,499)</u>	<u>(253,921,387)</u>	<u>(4,865,056)</u>	<u>(232,403,724)</u>

NOTE 16: CAPITAL AND LEASING COMMITMENTS

(a) Hire purchase commitments

Payable

– not later than one year	4,080	194,905	6,120	340,952
– later than one year and not later than five years	–	–	4,100	227,301

Minimum hire purchase payments	4,080	194,905	10,220	568,253
Less future finance charges	(69)	(3,300)	(817)	(45,510)

Total hire purchase liability	<u>4,011</u>	<u>191,605</u>	<u>9,403</u>	<u>522,743</u>
-------------------------------	--------------	----------------	--------------	----------------

Represented by:

Current liability	4,011	191,605	5,448	302,387
Non-current liability	–	–	3,955	220,356
	<u>4,011</u>	<u>191,605</u>	<u>9,403</u>	<u>522,743</u>

Hire purchases relate to the lease of motor vehicles.

NOTE 17: EVENTS SUBSEQUENT TO REPORTING DATE

There has been no matter or circumstance, which has arisen since 31 March 2015 that has significantly affected or may significantly affect:

- the operations, in financial years subsequent to 31 March 2015, of the company, or
- the results of those operations, or
- the state of affairs, in financial years subsequent to 31 March 2015, of the company.

NOTE 18: COMPANY DETAILS

The registered office of the company is:

Aerostaff Australia Pty Ltd
 Latrobe Regional Airport
 Airfield Road
 TRARALGON VIC 3844

DIRECTORS' REPORT

The directors present their report together with the financial report of Gipp Aero Investments Pty Ltd (the "company"), for the year ended 31 March 2015 and auditor's report thereon. This financial report has been prepared in accordance with Australian Accounting Standards.

Directors names

The names of the directors in office at any time during or since the end of the year are:

George Morgan

Arvind Mehra

Sanjay Joglekar

Keith Douglas

The directors have been in office since the start of the year to the date of this report unless otherwise stated.

Results

The loss of the company for the year after providing for income tax amounted to \$9,266 (Rs 442,637) (2014: \$36,203 profit, Rs 1,729,417)

Review of operations

The company continued to engage in its principal activity, the results of which are disclosed in the attached financial statements.

Significant changes in state of affairs

There were no significant changes in the company's state of affairs that occurred during the financial year, other than those referred to elsewhere in this report.

Principal activities

The principal activity of the company during the year was holding of investments.

No significant change in the nature of these activities occurred during the year.

After balance date events

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

Likely developments

The company expects to maintain the present status and level of operations.

Environmental regulation

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Dividends paid, recommended and declared

No dividends were paid or declared since the start of the year. No recommendation for payment of dividends has been made.

Options

No options over unissued shares or interests in the company were granted during or since the end of the year and there were no options outstanding at the end of the year.

Indemnification of officers

During or since the end of the year, ultimate parent entity on behalf of the company has given indemnity or entered an agreement to indemnify, or paid or agreed to pay insurance premiums in order to indemnify the directors of the company against liabilities arising as a result of the performance of their duties as directors.

Further disclosure required under section 300(9) of the corporations law is prohibited under the terms of the contract.

Indemnification of auditors

No indemnities have been given or insurance premiums paid, during or since the end of the year, for any person who is or has been an auditor of the company.

Auditor's independence declaration

A copy of the auditor's independence declaration under section 307C of the *Corporations Act 2001* in relation to the audit for the financial year is provided with this report.

Proceedings on behalf of the company

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

Signed on behalf of the board of directors.

Keith Douglas

Director

Arvind Mehra

Director

Dated this 21st day of May 2015

DIRECTORS' DECLARATION

The directors have determined that the company is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements.

The directors of the company declare that:

- The financial statements and notes, as set out on following pages, are in accordance with the *Corporations Act 2001*: and
 - comply with Accounting Standards in Australia as detailed in Note 1 to the financial statements and the *Corporations Regulations 2001*; and
 - give a true and fair view of the financial position as at 31 March 2015 and performance for the year ended on that date of the company and consolidated entity in accordance with the accounting policies described in Note 1 to the financial statements.
- In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Keith Douglas

Director

Arvind Mehra

Director

Dated this 21st day of May 2015

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GIPP AERO INVESTMENTS PTY LTD

We have audited the accompanying financial report, being a special purpose financial report of Gipp Aero Investments Pty Ltd, which comprises the statements of financial position as at 31 March 2015, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration..

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the *Corporations Act 2001* and to meet the needs of the members.

The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances,

but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Opinion

In our opinion, the financial report of Gipp Aero Investments Pty Ltd is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the company's financial position as at 31 March 2015 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards to the extent described in Note 1 and the *Corporations Regulations 2001*.

Basis of Accounting

Without modifying our opinion, we draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the *Corporations Act 2001*. As a result, the financial report may not be suitable for another purpose.

N R BULL
Partner

PITCHER PARTNERS
Melbourne

Date: 21st day of May 2015

AUDITOR'S INDEPENDENCE DECLARATION

In relation to the independent audit for the year ended 31 March 2015, to the best of my knowledge and belief there have been:

- (i) No contraventions of the auditor independence requirements of the *Corporations Act 2001*; and
- (ii) No contraventions of any applicable code of professional conduct.

N R BULL PITCHER PARTNERS
Partner Melbourne

Date: 21st day of May 2015

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2015

	2015	2015	2014	2014
	\$	₹	\$	₹
Revenue and other income				
Other revenue	–	–	36,203	1,729,417
	–	–	36,203	1,729,417
Less: expenses				
Finance costs.....	(266)	(12,707)	–	–
Professional fees	(9,000)	(429,930)	–	–
	(9,266)	(442,637)	–	–
(Loss)/profit before income tax expense...	(9,266)	(442,637)	36,203	1,729,417
Income tax expense	–	–	–	–
(Loss)/profit from continuing operations ..	(9,266)	(442,637)	36,203	1,729,417
Total comprehensive income.....	(9,266)	(442,637)	36,203	1,729,417

The accompanying notes form part of these financial statements.

STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2015

	Note	2015 \$	2015 ₹	2014 \$	2014 ₹
Current assets					
Cash and cash equivalents.....	4	538	25,700	804	38,407
Total current assets		<u>538</u>	<u>25,700</u>	<u>804</u>	<u>38,407</u>
Non-current assets					
Other financial assets	5	38,250,018	1,827,203,360	32,250,018	1,540,583,360
Total non-current assets		<u>38,250,018</u>	<u>1,827,203,360</u>	<u>32,250,018</u>	<u>1,540,583,360</u>
Total assets		<u>38,250,556</u>	<u>1,827,229,060</u>	<u>32,250,822</u>	<u>1,540,621,767</u>
Current liabilities					
Payables.....	6	9,000	429,930	–	–
Total current liabilities		<u>9,000</u>	<u>429,930</u>	<u>–</u>	<u>–</u>
Total liabilities		<u>9,000</u>	<u>429,930</u>	<u>–</u>	<u>–</u>
Net assets		<u>38,241,556</u>	<u>1,826,799,130</u>	<u>32,250,822</u>	<u>1,540,621,767</u>
Equity					
Share capital.....	7	7,017,275	335,215,227	7,017,275	335,215,227
Reserves.....	8	33,250,000	1,588,352,500	27,250,000	1,301,732,500
Accumulated losses	9	(2,025,719)	(96,768,597)	(2,016,453)	(96,325,960)
Total equity		<u>38,241,556</u>	<u>1,826,799,130</u>	<u>32,250,822</u>	<u>1,540,621,767</u>

The accompanying notes form part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2015

Australian Dollars	Note	Contributed equity	Reserves	Accumulated losses	Total equity
		\$	\$	\$	\$
Balance as at 1 April 2013		7,017,275	24,330,000	(2,052,656)	29,294,619
Profit for the year		–	–	36,203	36,203
Total comprehensive income for the year		–	–	36,203	36,203
Transactions with owners in their capacity as owners:					
Contributions.....		–	2,920,000	–	2,920,000
Total transactions with owners in their capacity as owners		–	2,920,000	–	2,920,000
Balance as at 31 March 2014		<u>7,017,275</u>	<u>27,250,000</u>	<u>(2,016,453)</u>	<u>32,250,822</u>
Balance as at 1 April 2014		7,017,275	27,250,000	(2,016,453)	32,250,822
Profit/(loss) for the year		–	–	(9,266)	(9,266)
Total comprehensive income for the year		–	–	(9,266)	(9,266)
Transactions with owners in their capacity as owners:					
Contributions.....		–	6,000,000	–	6,000,000
Total transactions with owners in their capacity as owners		–	6,000,000	–	6,000,000
Balance as at 31 March 2015		<u>7,017,275</u>	<u>33,250,000</u>	<u>(2,025,719)</u>	<u>38,241,556</u>

The accompanying notes form part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2015

Indian Rupees	Contributed equity	Reserves	Accumulated losses	Total equity
	₹	₹	₹	₹
Balance as at 1 April 2013	335,215,227	1,162,244,100	(98,055,377)	1,399,403,950
Loss for the year.....	—	—	1,729,417	1,729,417
Total comprehensive income for the year	—	—	1,729,417	1,729,417
Transactions with owners in their capacity as owners:				
Contributions.....	—	139,488,400	—	139,488,400
Total transactions with owners in their capacity as owners	—	139,488,400	—	139,488,400
Balance as at 31 March 2014	<u>335,215,227</u>	<u>1,301,732,500</u>	<u>(96,325,960)</u>	<u>1,540,621,767</u>
Balance as at 1 April 2014	335,215,227	1,301,732,500	(96,325,960)	1,540,621,767
Profit/(loss) for the year.....	—	—	(442,637)	(442,637)
Total comprehensive income for the year	—	—	(442,637)	(442,637)
Transactions with owners in their capacity as owners:				
Contributions.....	—	286,620,000	—	286,620,000
Total transactions with owners in their capacity as owners	—	286,620,000	—	286,620,000
Balance as at 31 March 2015	<u>335,215,227</u>	<u>1,588,352,500</u>	<u>(96,768,597)</u>	<u>1,826,799,130</u>

The accompanying notes form part of these financial statements.

STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2015

	Note	2015	2015	2014	2014
		\$	₹	\$	₹
Cash flow from operating activities					
Finance costs.....		(266)	(12,707)	–	–
Net cash used in operating activities		<u>(266)</u>	<u>(12,707)</u>	<u>–</u>	<u>–</u>
Cash flow from investing activities					
Payment for investments in subsidiaries		(6,000,000)	(286,620,000)	(2,920,000)	(139,488,400)
Net cash used in investing activities		<u>(6,000,000)</u>	<u>(286,620,000)</u>	<u>(2,920,000)</u>	<u>(139,488,400)</u>
Cash flow from financing activities					
Funds received from parent entity.....		6,000,000	286,620,000	2,920,000	139,488,400
Net cash provided by financing activities		<u>6,000,000</u>	<u>286,620,000</u>	<u>2,920,000</u>	<u>139,488,400</u>
Reconciliation of cash					
Cash at beginning of the financial year.....		804	38,407	804	38,407
Net decrease in cash held		(266)	(12,707)	–	–
Cash at end of financial year		<u>538</u>	<u>25,700</u>	<u>804</u>	<u>38,407</u>

The accompanying notes form part of these financial statements.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This financial report is a special purpose financial report prepared for use by the directors and members of the company. The directors have determined that the company is not a reporting entity. Gipp Aero Investments Pty Ltd – Ind Stat is a for-profit entity for the purpose of preparing the financial statements.

The financial report was approved by the directors as at the date of the directors' report.

The financial report has been prepared in accordance with the requirements of the *Corporations Act 2001* and all applicable Accounting Standards, with the exception of:

AASB 7:	Financial Instruments: Disclosures
AASB 10:	Consolidated Financial Statements
AASB 101:	Presentation of Financial Statements
AASB 107:	Cash Flow Statements
AASB 112:	Income Taxes
AASB 124:	Related Party Disclosures

The following specific accounting policies, which are consistent with the previous period unless otherwise stated, have been adopted in the preparation of this report:

(a) Basis of preparation of the financial report

Historical Cost Convention

The financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets as described in the accounting policies.

(b) Going concern

The financial report has been prepared on a going concern basis, which contemplated continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

The company incurred a loss from ordinary activities of \$9,266 (Rs 442,637) during the year ended 31 March 2015.

The company is dependent on the ongoing financial support of the ultimate parent entity to meet its financial obligations at 31 March 2015.

At this time, the directors believe that the ongoing financial support of the ultimate parent entity will be continued.

(c) Foreign currency translations and balances

Functional and presentation currency

The functional currency of the company is measured using the currency of the primary economic environment in which the company operates. For disclosure purposes at year end this has been converted into the currency of the ultimate parent company, Indian Rupees, at a pre-determined 'convenient rate'. This is displayed as comparative balances for both the current and prior years.

All Foreign currency amounts, including comparatives are translated for convenience into Indian Rupees at the exchange rate of Rs 47.77 = AUD\$1.00 as advised by the ultimate parent entity.

(d) Revenue

Interest revenue is recognised when it becomes receivable on a proportional basis taking in to account the interest rates applicable to the financial assets.

All revenue is stated net of the amount of goods and services tax (GST).

(e) Cash and cash equivalents

Cash and cash equivalents include cash on hand and at banks, short term deposits with an original maturity of three months or less held at call with financial institutions, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statements of financial position.

(f) Other financial assets

Non-current investments are recorded at cost. The carrying amount of the investments is reviewed annually by directors to ensure it is not in excess of the recoverable amount of these investments.

(g) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statements of financial position are shown inclusive of GST.

Cash flows are presented in the statements of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(h) Comparatives

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

NOTE 2: ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED BUT NOT OPERATIVE AT 31 MARCH 2015

The following standards and interpretations have been issued at the reporting date but are not yet effective. The directors' assessment of the impact of these standards and interpretations is set out below.

- (a) AASB 9 *Financial Instruments*, AASB 2009–11 *Amendments to Australian Accounting Standards arising from AASB 9*, AASB 2010–7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)*, AASB 2012–6 *Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosure* and AASB 2013–9 *Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments (effective from 1 January 2017)*

AASB 9 Financial Instruments improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. When adopted, the standard could change the classification and measurement of financial assets. AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income for equity investments that are not held for trading. In the current reporting period, the company recognised \$0 in other comprehensive income in relation to the movements in the fair value of available for sale financial assets, which are not held for trading.

Most of the requirements for financial liabilities were carried forward unchanged. However, some changes were made to the fair value option for financial liabilities to address the issue of own credit risk. The company does not have any financial liabilities that are designated at fair value through profit or loss. The new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss. Therefore, there will be no impact on the company's accounting for financial liabilities.

In December 2013, new general hedge accounting requirements were incorporated into AASB 9. The new model aligns hedge accounting more closely with risk management, and will be easier to apply and reduce the costs of implementation. However, the new model requires extended disclosure. The standard is not applicable until 1 January 2017 but is available for early adoption. The company has yet to assess the impact of new general hedge accounting model on its hedge arrangements. The company has decided not to early adopt AASB 9 at 31 March 2015.

Other standards and interpretations, including have been issued at the reporting date but are not yet effective. When adopted, these standards and interpretations are likely to impact on the financial information presented. However the assessment of impact has not yet been completed.

NOTE 3: CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Certain accounting estimates include assumptions concerning the future, which, by definition, will seldom represent actual results. Estimates and assumptions based on future events have a significant inherent risk, and where future events are not as anticipated there could be a material impact on the carrying amounts of the assets and liabilities discussed below:

- (a) *Investment in Subsidiaries*

All investments in subsidiaries are assessed for impairment by evaluating whether indicators of impairment exist in relation to their carrying values.

For the purposes of impairment assessment, the investments in subsidiaries are regarded as a single cash generating unit (CGU), relating primarily to the manufacturing and sale of aircraft.

The recoverable amount of the CGU is based on management's projected cash flows covering a period of 10 years. A formal valuation has also been completed by a qualified business valuer for the investments in the subsidiary companies which management has used in its assessments of impairment.

The present value of the future cash flows has been calculated using the following key assumptions:

- average growth rate between 3% and 3.5% for the sale price of aircraft;
- average cost of sales growth rate between -0.5% to 3.5%;
- terminal value growth rate of 2.5%;
- the USD/AUD exchange rate to be at parity throughout the projection period;
- discount rate in the range of 15-17%, and;
- sales volumes as anticipated by management following its analysis of the aerospace industry.

	2015	2015	2014	2014
	\$	₹	\$	₹

NOTE 4: CASH AND CASH EQUIVALENTS

Cash at bank	538	25,700	804	38,407
--------------	-----	--------	-----	--------

NOTE 5: OTHER FINANCIAL ASSETS

NON CURRENT

Investments at cost:

Investment in GA8 Airvan Pty Ltd	3	143	3	143
Investment in GA200 Pty Ltd	3	143	3	143
Investment in Airvan Flight Services Pty Ltd	2	96	2	96
Investment in Nomad TC Pty Ltd	5,000,000	238,850,000	5,000,000	238,850,000
Investment in GippsAero Pty Ltd	33,250,010	1,588,352,978	27,250,010	1,301,732,978
	<u>38,250,018</u>	<u>1,827,203,360</u>	<u>32,250,018</u>	<u>1,540,583,360</u>

The recoverable amount of the CGU is based on management's projected cash flows covering a period of 10 years. A formal valuation has also been completed by a qualified business valuer for the investments in the subsidiary companies which management has used in its assessments of impairment.

The present value of the future cash flows has been calculated using the following key assumptions:

- average growth rate between 3% and 3.5% for the sale price of aircraft;
- average cost of sales growth rate between -0.5% to 3.5%;
- terminal value growth rate of 2.5%;
- the USD/AUD exchange rate to be at parity throughout the projection period;

- discount rate in the range of 15-17%, and;
- sales volumes as anticipated by management following its analysis of the aerospace industry.

Management has also obtained a formal valuation prepared by qualified valuer to assist in its assessment of impairment.

On the basis of the information currently available, management is of the view that the key assumptions are valid and accordingly the present value calculation of future cash flows coupled with the terminal value does not result in an impairment.

	2015	2015	2014	2014
	\$	₹	\$	₹

NOTE 6: PAYABLES

CURRENT

Unsecured liabilities

Amounts payable to:

- GippsAero Pty Ltd	9,000	429,930	-	-
---------------------	-------	---------	---	---

NOTE 7: SHARE CAPITAL

Issued and paid-up capital Ordinary shares

32,247 (2014: 32,247)	7,017,275	335,215,227	7,017,275	335,215,227
-----------------------	-----------	-------------	-----------	-------------

NOTE 8: RESERVES

General reserve	33,250,000	1,518,097,500	27,250,000	1,301,732,500
-----------------	------------	---------------	------------	---------------

The general reserve is used to record funds transferred from the ultimate parent to Gipp Aero Investments Pty Ltd for operational purposes which takes the form of equity.

NOTE 9: ACCUMULATED LOSSES

Accumulated losses at beginning of year	(2,016,453)	(96,325,960)	(2,052,656)	(98,055,377)
Net (loss)/profit for the year	(9,266)	(442,637)	36,203	1,729,417
	<u>(2,025,719)</u>	<u>(96,768,597)</u>	<u>(2,016,453)</u>	<u>(96,325,960)</u>

NOTE 10: EVENTS SUBSEQUENT TO REPORTING DATE

There has been no matter or circumstance, which has arisen since 31 March 2015 that has significantly affected or may significantly affect:

- (a) the operations, in financial years subsequent to 31 March 2015, of the company, or
- (b) the results of those operations, or
- (c) the state of affairs, in financial years subsequent to 31 March 2015, of the company.

NOTE 11: COMPANY DETAILS

The registered office of the company is:

Gipp Aero Investments Pty Ltd
 Latrobe Regional Airport
 Airfield Road
 TRARALGON VIC 3844

DIRECTORS' REPORT

The directors present their report together with the financial report of GippsAero Pty Ltd, for the year ended 31 March 2015 and auditor's report thereon. This financial report has been prepared in accordance with Australian Accounting Standards.

Directors names

The names of the directors in office at any time during or since the end of the year are:

George Morgan
Arvind Mehra
Sanjay Joglekar
Hemant Luthra
Laxman Ramnarayan
Keith Douglas

Nikhil Sohoni (appointed 14th March 2014)

Parthasarathy Vankipuram Srinivasa (resigned 19 May 2014)

Shriprakash Shukla (appointed 23rd March 2015)

The directors have been in office since the start of the year to the date of this report unless otherwise stated.

Results

The loss of the company for the year after providing for income tax amounted to \$8,395,322 (Rs 401,044,531) (2014: \$6,921,694, Rs 330,649,322).

Review of operations

The company continued to engage in its principal activity, the results of which are disclosed in the attached financial statements.

Significant changes in state of affairs

There were no significant changes in the company's state of affairs that occurred during the financial year, other than those referred to elsewhere in this report.

Principal activities

The principal activity of the company during the year was the manufacture and sale of aircraft.

No significant change in the nature of these activities occurred during the year.

After balance date events

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

Likely developments

The company expects to maintain the present status and level of operations.

Environmental regulation

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Dividends paid, recommended and declared

No dividends were paid or declared since the start of the year. No recommendation for payment of dividends has been made.

Options

No options over unissued shares or interests in the company were granted during or since the end of the year and there were no options outstanding at the end of the year.

Indemnification of officers

During or since the end of the year, the ultimate parent entity on behalf of the company has given indemnity or entered an agreement to indemnify, or paid or agreed to pay insurance premiums in order to indemnify the directors of the company against liabilities arising as a result of the performance of their duties as directors.

Further disclosure required under section 300(9) of the corporations law is prohibited under the terms of the contract.

Indemnification of auditors

No indemnities have been given or insurance premiums paid, during or since the end of the year, for any person who is or has been an auditor of the company.

Auditor's independence declaration

A copy of the auditor's independence declaration under section 307C of the *Corporations Act 2001* in relation to the audit for the financial year is provided with this report.

Proceedings on behalf of the company

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

Signed on behalf of the board of directors.

Keith Douglas
Director

Arvind Mehra
Director

Dated this 21st day of May 2015

DIRECTORS' DECLARATION

The directors have determined that the company is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements.

The directors of the company declare that:

1. The financial statements and notes, as set out on following pages, are in accordance with the Corporations Act 2001: and
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Keith Douglas
Director

Arvind Mehra
Director

Dated this 21st day of May 2015

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF GIPPSAERO PTY LTD

We have audited the accompanying financial report, being a special purpose financial report of GippsAero Pty Ltd, which comprises the statement of financial position as at 31 March 2014, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the Corporations Act 2001 and is appropriate to meet the needs of the members.

The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We have conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers

internal control relevant to the company's preparation of the financial report that gives a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with APES 110 *Code of Ethics for Professional Accountants*.

Opinion

In our opinion, the financial report of GippsAero Pty Ltd is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the company's financial positions as at 31 March 2015 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards to the extent described in Note 1 and the *Corporations Regulations 2001*.

Basis of Accounting

Without modifying our opinion, we draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the *Corporations Act 2001*. As a result, the financial report may not be suitable for another purpose.

N R BULL
Partner

PITCHER PARTNERS
Melbourne

Date: 21st May 2015

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31st MARCH 2015

	Note	2015 \$	2015 Rupees	2014 \$	2014 Rupees
Revenue and other income					
Sales revenue	4	15,147,729	723,607,014	13,880,535	663,073,157
Other revenue	4	2,156,749	103,027,900	1,976,364	94,410,908
		<u>17,304,478</u>	<u>826,634,914</u>	<u>15,856,899</u>	<u>757,484,065</u>
Less: expenses					
Changes in inventories of finished goods and work in progress	5	3,711,644	424,081,367	–	–
Materials and consumables used	5	(12,264,594)	(832,655,789)	(9,627,365)	(459,899,226)
Transport expense		–	–	(222,739)	(10,640,242)
Depreciation and amortisation expense	5	(901,816)	(43,079,750)	(756,059)	(36,116,938)
Employee benefits expense	5	(10,377,458)	(495,731,169)	(7,582,557)	(362,218,748)
Occupancy expense		(386,030)	(18,440,653)	(363,540)	(17,366,306)
Marketing and promotional expense		(946,746)	(45,226,056)	(769,931)	(36,779,604)
Finance costs	5	(1,472,156)	(70,324,892)	(1,004,269)	(47,973,930)
Travel expense		(546,647)	(26,113,327)	(513,859)	(24,547,044)
Foreign exchange losses	5	(481,599)	(23,005,984)	(134,499)	(6,425,017)
Other expenses		(2,034,398)	(97,183,192)	(1,803,775)	(86,166,332)
		<u>(25,699,800)</u>	<u>(1,227,679,445)</u>	<u>(22,778,593)</u>	<u>(1,088,133,387)</u>
Loss before income tax expense		(8,395,322)	(401,044,531)	(6,921,694)	(330,649,322)
Income tax expense		–	–	–	–
Loss for the year		(8,395,322)	(401,044,531)	(6,921,694)	(330,649,322)
Other comprehensive income for the year		–	–	–	–
Total comprehensive income		<u>(8,395,322)</u>	<u>(401,044,531)</u>	<u>(6,921,694)</u>	<u>(330,649,322)</u>

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2015

	Note	2015 \$	2015 Rupees	2014 \$	2014 Rupees
Current assets					
Cash and cash equivalents	6	666,564	31,841,762	746,649	35,667,423
Receivables	7	5,935,954	283,560,523	4,004,908	191,314,455
Inventories	8	9,117,101	435,523,915	5,405,457	258,218,681
Other assets	9	2,110,095	100,799,239	1,769,045	84,507,280
Total current assets		17,829,714	851,725,439	11,926,059	569,707,839
Non-current assets					
Receivables	7	1,042,824	49,815,702	552,919	26,412,941
Intangible assets	10	21,736,619	1,038,358,289	15,937,667	761,342,352
Plant and equipment	11	4,035,767	192,788,588	4,344,288	207,526,638
Total non-current assets		26,815,210	1,280,962,579	20,834,874	995,281,931
Total assets		44,644,924	2,132,688,018	32,760,933	1,564,989,770
Current liabilities					
Payables	12	8,143,889	389,033,574	3,381,822	161,549,637
Borrowings	13	5,030,063	240,286,110	192,573	9,199,212
Provisions	14	1,080,703	51,625,182	888,953	42,465,285
Other liabilities	15	1,432,247	68,418,439	855,822	40,882,617
Total current liabilities		15,686,902	749,363,305	5,319,170	254,096,751
Non-current liabilities					
Payables	12	18,563,044	886,756,612	17,550,000	838,363,500
Borrowings	13	3,485,435	166,499,230	1,981,417	94,652,290
Provisions	14	1,394,519	66,616,173	–	–
Total non-current liabilities		23,442,998	1,119,872,015	19,531,417	933,015,790
Total liabilities		39,129,900	1,869,235,320	24,850,587	1,187,112,541
Net assets		5,515,024	263,452,698	7,910,346	377,877,229
Equity					
Share capital	16	10	478	10	478
Reserves	17	33,250,000	1,588,352,500	27,250,000	1,301,732,500
Accumulated losses	18	(27,734,986)	(1,324,900,280)	(19,339,664)	(923,855,749)
Total equity		5,515,024	263,452,698	7,910,346	377,877,229

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2015

	Contributed equity \$	Reserves \$	Accumulated losses \$	Total equity \$
Australian dollars				
Balance as at 1 April 2013	10	24,329,900	(12,417,970)	11,911,940
Loss for the year	–	–	(6,921,694)	(6,921,694)
Total comprehensive income for the year	–	–	(6,921,694)	(6,921,694)
Transactions with owners in their capacity as owners:				
Contributions	–	2,920,100	–	2,920,100
Total transactions with owners in their capacity as owners	–	2,920,100	–	2,920,100
Balance as at 31 March 2014	10	27,250,000	(19,339,664)	7,910,346
Balance as at 1 April 2014	10	27,250,000	(19,339,664)	7,910,346
Loss for the year	–	–	(8,395,322)	(8,395,322)
Total comprehensive income for the year	–	–	(8,395,322)	(8,395,322)
Transactions with owners in their capacity as owners:				
Contributions	–	6,000,000	–	6,000,000
Total transactions with owners in their capacity as owners	–	6,000,000	–	6,000,000
Balance as at 31 March 2015	10	33,250,000	(27,734,986)	5,515,024

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2015

Indian rupees	Contributed equity Rupees	Reserves Rupees	Accumulated losses Rupees	Total equity Rupees
Balance as at 1 April 2013	478	1,162,239,323	(593,206,427)	569,033,374
Loss for the period	–	–	(330,649,323)	(330,649,323)
Total comprehensive income for the year	–	–	(330,649,323)	(330,649,323)
Transactions with owners in their capacity as owners:				
Contributions	–	139,493,177	–	139,493,177
Total transactions with owners in their capacity as owners	–	139,493,177	–	139,493,177
Balance as at 31 March 2014	478	1,301,732,500	(923,855,750)	377,877,228
Balance as at 1 April 2014	478	1,301,732,500	(923,855,750)	377,877,228
Loss for the year	–	–	(401,044,532)	(401,044,532)
Total comprehensive income for the year	–	–	(401,044,532)	(401,044,532)
Transactions with owners in their capacity as owners:				
Contributions	–	286,620,000	–	286,620,000
Total transactions with owners in their capacity as owners	–	286,620,000	–	286,620,000
Balance as at 31 March 2015	478	1,588,352,500	(1,324,900,282)	263,452,696

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2014

	Note	2015 \$	2015 Rupees	2014 \$	2014 Rupees
Cash flow from operating activities					
Receipts from customers		16,091,119	768,672,755	14,427,673	689,209,939
Payments to suppliers and employees		(24,184,374)	(1,155,287,547)	(18,140,021)	(866,548,803)
Interest received		62,418	2,981,708	54,599	2,608,194
Finance costs		(1,472,156)	(70,324,892)	(1,004,269)	(47,973,930)
Net cash used in operating activities		(9,502,993)	(453,957,976)	(4,662,018)	(222,704,600)
Cash flow from investing activities					
Proceeds from sale of plant and equipment		2,684,083	128,218,645	–	–
Payment for plant & equipment		(3,026,581)	(144,579,774)	(1,949,270)	(93,116,628)
Payment for capitalised project and research & development costs		(5,997,739)	(286,511,992)	(5,189,603)	(247,907,335)
Net cash used in investing activities		(6,340,237)	(302,873,121)	(7,138,873)	(341,023,963)
Cash flow from financing activities					
Proceeds from borrowings		7,588,182	362,487,454	2,238,011	106,909,785
Repayment of borrowings		(1,246,674)	(59,553,617)	(479,007)	(22,882,164)
Funds received from parent entity		6,000,000	286,620,000	2,920,100	139,493,177
Loans from associated entities		3,421,637	163,451,599	7,212,244	344,528,896
Net cash provided by financing activities		15,763,145	753,005,436	11,891,348	568,049,694
Reconciliation of cash					
Cash at beginning of the financial year		746,649	35,667,423	656,192	31,346,292
Net increase/(decrease) in cash held		(80,085)	(3,825,661)	90,457	4,321,131
Cash at end of financial year		666,564	31,841,762	746,649	35,667,423

The accompanying notes form part of these financial statements.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This financial report is a special purpose financial report prepared for use by the directors and members of the company. The directors have determined that the company is not a reporting entity. GippsAero Pty Ltd – Ind Stat is a for-profit entity for the purpose of preparing the financial statements.

The financial report was approved by the directors as at the date of the directors' report.

The financial report has been prepared in accordance with the requirements of the Corporations Act 2001 and all applicable Accounting Standards, with the exception of:

AASB 7:	Financial Instruments: Disclosures
AASB 101:	Presentation of Financial Statements
AASB 107:	Cash Flow Statements
AASB 112:	Income Taxes
AASB 124:	Related Party Disclosures
AASB 138:	Intangible Assets

The following specific accounting policies, which are consistent with the previous period unless otherwise stated, have been adopted in the preparation of this report:

(a) Basis of preparation of the financial report

Historical Cost Convention

The financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets as described in the accounting policies.

(b) Foreign currency translations and balances

Functional and presentation currency

The functional currency of the company is measured using the currency of the primary economic environment in which the company operates. For disclosure purposes at year end this has been converted into the currency of the ultimate parent company, Indian Rupees, at a pre-determined 'convenient rate'. This is displayed as comparative balances for both the current and prior years.

All Foreign currency amounts, including comparatives are translated for convenience into Indian Rupees at the exchange rate of Rs 47.77 = AUD\$1.00 as advised by the ultimate parent entity.

(c) Going concern

The financial report has been prepared on a going concern basis, which contemplated continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

The company incurred a loss from ordinary activities of \$8,395,322 (Rs 401,044,532) during the year ended 31 March 2015.

The company is dependant on the ongoing financial support of its ultimate parent entity at 31 March 2015. As at the date of signing the company has received confirmation of on going financial support from its ultimate parent company.

The going concern basis above assumes the continued support of its ultimate parent entity, the ability to source alternative finance if required, and the Company's ability to generate sufficient cash flows from future trading. If the going concern basis is found to no longer be appropriate the recoverable amounts of the assets shown in the Statement of Financial Position are likely to be significantly less than the amounts disclosed and the extent of the liabilities may differ significantly from those reflected.

At this time, directors believe that the ongoing financial support of the ultimate parent entity will be continued.

(d) Revenue

Revenue from sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Risks and rewards of ownership are considered passed to the buyer at the time of delivery of the goods to the customer.

Revenue from the rendering of services is recognised upon the delivery of the service to the customers.

Revenue from sale and lease back transactions is deferred and amortised over the term of the lease.

Interest revenue is recognised when it becomes receivable on a proportional basis taking in to account the interest rates applicable to the financial assets.

All revenue is stated net of the amount of goods and services tax (GST).

(e) Income tax

Current income tax expense or revenue is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities.

Deferred tax assets and liabilities are recognised for temporary differences at the applicable tax rates when the assets are expected to be recovered or liabilities are settled. No deferred tax asset or liability is recognised in relation to temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

(f) Cash and cash equivalents

Cash and cash equivalents include cash on hand and at banks, short term deposits with an original maturity of three months or less held at call with financial institutions, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statements of financial position.

(g) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of manufactured products includes direct material, direct labour and a proportion of manufacturing overheads based on normal operating capacity.

(h) Work in progress

Work in progress is valued at cost, which includes both variable and fixed costs relating to specific items, and those costs that are attributable to the WIP activity in general that can be allocated on a reasonable basis.

(i) Plant and equipment

Each class of plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and any accumulated impairment losses.

Plant and equipment

Plant and equipment is measured on a cost basis.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal.

Depreciation

The depreciable amount of all fixed assets is depreciated over their estimated useful lives commencing from the time the asset is held ready for use.

Class of fixed asset	Depreciation rates	Depreciation basis
Hangar at cost	5-20%	Straight line
Leasehold improvements at cost	9-10%	Straight line
Plant and equipment at cost	6-33%	Straight line
Aircraft at cost	6-10%	Straight line
Aircraft under lease at cost	10-15%	Straight line
Motor vehicles at cost	20%	Straight line
Computer equipment at cost	23-63%	Straight line

(j) Intangibles*Goodwill*

Goodwill is recognised initially at the excess over the aggregate of the consideration transferred, the fair value of the non-controlling interest, and the acquisition date fair value of the acquirer's previously held equity interest (in case of step acquisition), less the fair value of the identifiable assets acquired and liabilities assumed.

Goodwill is not amortised, but is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses.

Patents

Patents are recognised at cost and are not amortised. Patents are carried at cost less any impairment losses.

(k) Research and development expenditure

Expenditure on research activities is recognised as an expense when incurred.

Expenditure on development activities is capitalised only when technical feasibility studies demonstrate that the project will deliver future economic benefits and these benefits can be measured reliably. Capitalised development expenditure is stated at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of its estimated useful life commencing when the intangible asset is available for use.

Other development expenditure is recognised as an expense when incurred.

Project expenses are capitalised as incurred once identified as relating to a project that will deliver future economic benefits than can be measured reliably.

Amortisation is calculated using the straight-line method to allocate the cost of its estimated useful life commencing when the intangible asset is available for use.

(l) Impairment of non-financial assets

Assets with an indefinite useful life are not amortised but are tested annually for impairment in accordance with AASB 136. Assets subject to annual depreciation or amortisation are reviewed for impairment whenever events or circumstances arise that indicate that the carrying amount of the asset may be impaired.

An impairment loss is recognised where the carrying amount of the asset exceeds its recoverable amount. The recoverable amount of an asset is defined as the higher of its fair value less costs to sell and value in use.

(m) Provisions

Provisions are recognised when the company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(n) Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

Finance Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the company are classified as finance leases. Finance leases are capitalised, recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values. The interest expense is calculated using the interest rate implicit in the lease and is included in finance costs in the statements of comprehensive income. Leased assets are depreciated on a straight line basis over their estimated useful lives where it is likely that the company will obtain ownership of the asset, or over the term of the lease. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Operating leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as an expense on a straight-line basis over the term of the lease.

Lease incentives received under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

(o) Employee benefits*(i) Short term employee benefit obligations*

Liabilities arising in respect of wages and salaries, annual leave and any other employee benefits expected to be settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. The expected cost of short term employee benefits in the form of compensated absences such as annual leave is recognised in the provision for employee benefits. All other short term employee benefit obligations are presented as payables.

(ii) Long term employee benefit obligations

Liabilities arising in respect of long service leave and annual leave which is not expected to be settled within twelve months of the reporting date are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date.

Employee benefit obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

(p) Borrowing costs

Borrowing costs including interest expense calculated using the effective interest method, finance charges in respect of finance leases, and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

Borrowing costs are expensed as incurred, except for borrowing costs incurred as part of the cost of the construction of a qualifying asset are capitalised until the asset is ready for its intended use or sale.

(q) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statements of financial position are shown inclusive of GST.

Cash flows are presented in the statements of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(r) Comparatives

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

NOTE 2: CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Certain accounting estimates include assumptions concerning the future, which, by definition, will seldom represent actual results. Estimates and assumptions based on future events have a significant inherent risk, and where future events are not as anticipated there could be a material impact on the carrying amounts of the assets and liabilities discussed below:

(a) Intangible assets

All intangible assets are assessed for impairment by evaluating whether indicators of impairment exist in relation to their carrying values.

For the purposes of impairment assessment, all of the company's intangible assets are regarded as a single cash generating unit (CGU), relating primarily to the manufacturing and sale of aircraft.

The recoverable amount of the CGU is based on management's projected cashflows covering a period of 10 years. A formal valuation has also been completed by a qualified business valuer which management has used in its assessments of the carrying value of intangible assets.

The present value of the future cashflows has been calculated using the following key assumptions:

- average growth rate between 3% and 3.5% for the sale price of aircraft;
- average cost of sales growth rate between –0.5% to 3.5%;
- terminal value growth rate of 2.5%;
- the USD/AUD exchange rate to be at parity throughout the projection period;
- discount rate in the range of 15–17%, and;
- sales volumes as anticipated by management following its analysis of the aerospace industry.

NOTE 3: ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED BUT NOT OPERATIVE AT 31 MARCH 2015

A number of accounting standards and interpretations have been issued at the reporting date but are not yet effective. The directors have not yet assessed the impact of these standards and interpretations.

(a) AASB 9 Financial Instruments, AASB 2009–11 Amendments to Australian Accounting Standards arising from AASB 9, AASB 2010–7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010), AASB 2012–6 Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosure and AASB 2013–9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments (effective from 1 January 2017)

AASB 9 Financial Instruments improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. When adopted, the standard could change the classification and measurement of financial assets. AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income for equity investments that are not held for trading. In the current reporting period, the company recognised \$0 in other comprehensive income in relation to the movements in the fair value of available for sale financial assets, which are not held for trading.

Most of the requirements for financial liabilities were carried forward unchanged. However, some changes were made to the fair value option for financial liabilities to address the issue of own credit risk. The company does not have any financial liabilities that are designated at fair value through profit or loss. The new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss. Therefore, there will be no impact on the company's accounting for financial liabilities.

In December 2013, new general hedge accounting requirements were incorporated into AASB 9. The new model aligns hedge accounting more closely with risk management, and will be easier to apply and reduce the costs of implementation. However, the new model requires extended disclosure. The standard is not applicable until 1 January 2017 but is available for early adoption. The company does not apply hedge accounting.

The company has decided not to early adopt AASB 9 at 31 March 2015.

Other standards and interpretations have been issued at the reporting date but are not yet effective. When adopted, these standards and interpretations are likely to impact on the financial information presented. However the assessment of impact has not yet been completed.

	2015 \$	2015 Rupees	2014 \$	2014 Rupees
NOTE 4: REVENUE AND OTHER INCOME				
Sale of goods	13,502,175	644,998,900	12,660,687	604,801,018
Spare parts and maintenance	1,645,554	78,608,115	1,219,848	58,272,139
	<u>15,147,729</u>	<u>723,607,015</u>	<u>13,880,535</u>	<u>663,073,157</u>
Other revenue				
Interest income	62,418	2,981,708	54,599	2,608,194
Aircraft hire income	1,890,501	90,309,233	1,656,085	79,111,180
Other revenue	151,820	7,252,441	252,044	12,040,142
Profit on sale of non current assets	52,010	2,484,518	13,636	651,392
	<u>17,304,478</u>	<u>826,634,915</u>	<u>15,856,899</u>	<u>757,484,065</u>

	2015 \$	2015 Rupees	2014 \$	2014 Rupees
--	------------	----------------	------------	----------------

NOTE 5: OPERATING LOSS

Losses before income tax has been determined after:

Profit on sale of plant and equipment	52,010	2,484,518	13,636	651,392
Cost of sales	8,552,950	408,574,422	9,627,365	459,899,226
Finance costs	1,472,156	70,324,892	1,004,269	47,973,930
Depreciation	703,029	33,583,695	611,494	29,211,068
Amortisation of non-current assets				
– research and development	198,787	9,496,055	144,565	6,905,870
Bad and doubtful debts	44,464	2,124,045	49,903	2,383,866
Foreign currency translation losses	481,599	23,005,984	134,499	6,425,017
Employee benefits	10,377,458	495,731,169	7,582,557	362,218,748

NOTE 6: CASH AND CASH EQUIVALENTS

Cash at bank	665,331	31,782,862	746,266	35,649,127
Petty Cash	1,233	58,900	383	18,296
	<u>666,564</u>	<u>31,841,762</u>	<u>746,649</u>	<u>35,667,423</u>

NOTE 7: RECEIVABLES

CURRENT				
Trade Debtors	5,770,216	275,643,218	3,017,477	144,144,876
Provision for doubtful debts	(12,046)	(575,437)	(12,046)	(575,437)
	<u>5,758,170</u>	<u>275,067,781</u>	<u>3,005,431</u>	<u>143,569,439</u>
Finance lease receivable	136,718	6,531,019	77,081	3,682,159
Amounts receivables from:				
– Aerostaff Australia Pty Ltd	–	–	922,396	44,062,857
– Gipp Aero Investments Pty Ltd	9,000	429,930	–	–
– Mahindra Aerospace Australia Pty Ltd	32,066	1,531,793	–	–
	<u>41,066</u>	<u>1,961,723</u>	<u>922,396</u>	<u>44,062,857</u>
	<u>5,935,954</u>	<u>283,560,523</u>	<u>4,004,908</u>	<u>191,314,455</u>
NON CURRENT				
Finance lease receivable	1,042,824	49,815,702	552,919	26,412,941

NOTE 8: INVENTORIES

CURRENT				
At cost				
Raw material and stores	3,514,451	167,885,324	2,790,696	133,311,548
Work in Progress	5,171,800	247,056,886	1,351,595	64,565,693
Completed aircraft	430,850	20,581,705	1,263,166	60,341,440
	<u>9,117,101</u>	<u>435,523,915</u>	<u>5,405,457</u>	<u>258,218,681</u>
NOTE 9: OTHER ASSETS				
CURRENT				
Prepayments	1,994,350	95,270,100	1,736,452	82,950,312
other current assets	115,745	5,529,139	32,593	1,556,968
	<u>2,110,095</u>	<u>100,799,239</u>	<u>1,769,045</u>	<u>84,507,280</u>

	2015 \$	2015 Rupees	2014 \$	2014 Rupees
NOTE 10: INTANGIBLE ASSETS				
Goodwill at cost	788,669	37,674,718	788,669	37,674,718
Patents at cost	46,043	2,199,474	46,043	2,199,474
Research and development at cost	3,409,284	162,861,497	1,972,974	94,248,968
Accumulated amortisation	(814,089)	(38,889,032)	(615,302)	(29,392,977)
	2,595,195	123,972,465	1,357,672	64,855,991
Projects currently in development at cost	18,306,712	874,511,632	13,745,283	656,612,169
Total intangible assets	21,736,619	1,038,358,289	15,937,667	761,342,352

All intangible assets are assessed for impairment by evaluating whether indicators of impairment exist in relation to their carrying values.

For the purposes of impairment assessment, intangible assets are regarded as a single cash generating unit (CGU), relating primarily to the manufacturing and sale of aircraft.

The recoverable amount of the carrying value of investment in subsidiaries has been assessed on the basis of projected cash flows approved by management covering a period of 10 years. The present value of the future cash flows has been calculated using the following key assumptions:

- average growth rate between 3% and 3.5% for the sale price of aircraft;
- average cost of sales growth rate between –0.5% to 3.5%;
- terminal value growth rate of 2.5%;
- the USD/AUD exchange rate to be at parity throughout the projection period;
- discount rate in the range of 15–17%, and;
- sales volumes as anticipated by management following its analysis of the aerospace industry.

Management has obtained a formal valuation prepared by qualified valuer to assist in its assessment of impairment.

NOTE 11: PLANT AND EQUIPMENT

Hangar

At cost	51,503	2,460,298	51,503	2,460,298
Accumulated depreciation	(10,621)	(507,365)	(7,766)	(370,982)
	40,882	1,952,933	43,737	2,089,316

Leasehold improvements

At cost	90,778	4,336,465	78,620	3,755,677
Accumulated depreciation	(22,297)	(1,065,128)	(15,388)	(735,085)
	68,481	3,271,337	63,232	3,020,592

Plant and equipment

Plant and equipment at cost	1,199,107	57,281,341	1,139,818	54,449,106
Accumulated depreciation	(678,615)	(32,417,439)	(559,150)	(26,710,596)
	520,492	24,863,902	580,668	27,738,510
Aircraft under lease at cost	3,479,060	166,194,696	2,276,249	108,736,415
Accumulated depreciation	(268,188)	(12,811,341)	(55,246)	(2,639,101)
	3,210,872	153,383,355	2,221,003	106,097,314
Aircraft at cost	154,740	7,391,930	1,641,102	78,395,443
Accumulated depreciation	(65,664)	(3,136,769)	(408,550)	(19,516,434)
	89,076	4,255,161	1,232,552	58,879,009
Motor vehicles at cost	42,395	2,025,209	42,395	2,025,209
Accumulated depreciation	(38,237)	(1,826,581)	(29,759)	(1,421,587)
	4,158	198,628	12,636	603,622
Computer equipment at cost	845,577	40,393,213	794,545	37,955,415
Accumulated depreciation	(743,771)	(35,529,941)	(604,085)	(28,857,140)
	101,806	4,863,272	190,460	9,098,275
Total plant and equipment	4,035,767	192,788,588	4,344,288	207,526,638

(a) Reconciliations

Hangar

	2015 \$	2015 Rupees	2014 \$	2014 Rupees
Opening carrying amount	43,737	2,089,316	46,592	2,225,699
Depreciation expense	(2,855)	(136,383)	(2,855)	(136,383)
Closing carrying amount	40,882	1,952,933	43,737	2,089,316

Leasehold improvements

Opening carrying amount	63,232	3,020,592	31,813	1,519,706
Additions	12,158	580,788	35,504	1,696,026
Depreciation expense	(6,909)	(330,043)	(4,085)	(195,140)
Closing carrying amount	68,481	3,271,337	63,232	3,020,592

Plant and equipment

Opening carrying amount	580,668	27,738,510	682,802	32,617,451
Additions	59,289	2,832,235	25,636	1,224,632
Depreciation expense	(119,465)	(5,706,843)	(127,770)	(6,103,573)
Closing carrying amount	520,492	24,863,902	580,668	27,738,510

Aircraft under lease

Opening carrying amount	2,221,003	106,097,314	–	–
Additions	2,904,102	138,728,952	2,276,249	108,736,415
Disposals	(1,577,356)	(75,350,297)	–	–
Depreciation expense	(336,877)	(16,092,614)	(55,246)	(2,639,101)
Closing carrying amount	3,210,872	153,383,355	2,221,003	106,097,314

Aircraft

Opening carrying amount	1,232,552	58,879,009	1,841,926	87,988,805
Additions	–	–	5,500	262,735
Disposals	(1,054,717)	(50,383,831)	(407,783)	(19,479,794)
Depreciation expense	(88,759)	(4,240,017)	(207,091)	(9,892,737)
Closing carrying amount	89,076	4,255,161	1,232,552	58,879,009

Motor vehicles

Opening carrying amount	12,636	603,622	21,113	1,008,568
Depreciation expense	(8,478)	(404,994)	(8,477)	(404,946)
Closing carrying amount	4,158	198,628	12,636	603,622

Computer equipment

Opening carrying amount	190,460	9,098,275	382,266	18,260,848
Additions	51,032	2,437,797	14,164	676,614
Depreciation expense	(139,686)	(6,672,800)	(205,970)	(9,839,187)
Closing carrying amount	101,806	4,863,272	190,460	9,098,275

Total plant and equipment

Carrying amount at 1 April	4,344,288	207,526,638	3,006,512	143,621,077
Additions	3,026,581	144,579,772	2,357,053	112,596,422
Disposals	(2,632,073)	(125,734,128)	(407,783)	(19,479,794)
Depreciation expense	(703,029)	(33,583,694)	(611,494)	(29,211,067)
Carrying amount at 31 March	4,035,767	192,788,588	4,344,288	207,526,638

NOTE 12: PAYABLES

CURRENT

Unsecured liabilities

Trade creditors	3,727,268	178,051,592	794,835	37,969,268
Amounts payable to:				
– Mahindra Aerostructures Pvt Ltd	74,925	3,579,167	–	–

	2015 \$	2015 Rupees	2014 \$	2014 Rupees
– Mahindra Technologies Services Inc	154,682	7,389,159	–	–
– Mahindra Aerospace Australia Pty Ltd	143,364	6,848,498	–	–
– Gipp Aero Investments Pty Ltd	694,035	33,154,052	–	–
– Mahindra Aerospace Ltd	1,339,582	63,991,832	343,268	16,397,912
– Mahindra & Mahindra Ltd	788,574	37,670,180	1,324,629	63,277,527
Sundry creditors and accruals	1,221,459	58,349,094	919,090	43,904,930
	<u>8,143,889</u>	<u>389,033,574</u>	<u>3,381,822</u>	<u>161,549,637</u>

NON CURRENT

Unsecured liabilities

Loan from associates

– Mahindra Aerospace Australia Pty Ltd	18,563,044	886,756,612	17,550,000	838,363,500
--	------------	-------------	------------	-------------

NOTE 13: BORROWINGS

CURRENT

Secured liabilities

Bank loans	4,000,000	191,080,000	–	–
Debtor financing	684,080	32,678,502	–	–
Finance lease liability	345,983	16,527,608	178,044	8,505,162
Hire purchase liability	–	–	14,529	694,050
	<u>5,030,063</u>	<u>240,286,110</u>	<u>192,573</u>	<u>9,199,212</u>

NON CURRENT

Secured liabilities

Finance lease liability	3,485,435	166,499,230	1,981,417	94,652,290
-------------------------	-----------	-------------	-----------	------------

NOTE 14: PROVISIONS

CURRENT

Employee benefits (a)	1,073,581	51,284,964	881,831	42,125,067
Warranties	7,122	340,218	7,122	340,218
	<u>1,080,703</u>	<u>51,625,182</u>	<u>888,953</u>	<u>42,465,285</u>

NON CURRENT

Employee benefits (a)	1,394,519	66,616,173	–	–
(a) Aggregate employee benefits liability	2,468,100	117,901,137	881,831	42,125,067

NOTE 15: OTHER LIABILITIES

CURRENT

Deferred income	–	–	571,131	27,282,928
Customer deposits	1,432,247	68,418,439	284,691	13,599,689
	<u>1,432,247</u>	<u>68,418,439</u>	<u>855,822</u>	<u>40,882,617</u>

NOTE 16: SHARE CAPITAL

Issued and paid-up capital

(2014: 10) Ordinary shares	10	478	10	478
----------------------------	----	-----	----	-----

NOTE 17: RESERVES

General reserve	33,250,000	1,588,352,500	27,250,000	1,301,732,500
-----------------	------------	---------------	------------	---------------

The general reserve is used to record funds transferred from the ultimate parent to GippsAero Pty Ltd for operational purposes which takes the form of equity.

	2015 \$	2015 Rupees	2014 \$	2014 Rupees
--	------------	----------------	------------	----------------

NOTE 18: ACCUMULATED LOSSES

Accumulated losses at beginning of year	(19,339,664)	(923,855,749)	(12,417,970)	(593,206,427)
Net loss for year	(8,395,322)	(401,044,531)	(6,921,694)	(330,649,322)
Accumulated losses at end of year	<u>(27,734,986)</u>	<u>(1,324,900,280)</u>	<u>(19,339,664)</u>	<u>(923,855,749)</u>

NOTE 19: CAPITAL AND LEASING COMMITMENTS

(a) Finance leasing commitments

Payable				
– not later than one year	678,077	32,391,738	370,413	17,694,629
– later than one year and not later than five years	4,046,340	193,293,662	2,399,154	114,607,587
Minimum lease payments	4,724,417	225,685,400	2,769,567	132,302,216
Less future finance charges	(892,999)	(42,658,562)	(610,106)	(29,144,764)
Total finance lease liability	<u>3,831,418</u>	<u>183,026,838</u>	<u>2,159,461</u>	<u>103,157,452</u>
Represented by:				
Current liability	345,983	16,527,608	178,044	8,505,162
Non-current liability	3,485,435	166,499,230	1,981,417	94,652,290
	<u>3,831,418</u>	<u>183,026,838</u>	<u>2,159,461</u>	<u>103,157,452</u>

Finance leasing commitments relate to aircrafts.

(b) Hire purchase commitments

Payable				
– not later than one year	–	–	15,293	730,547
Minimum hire purchase payments	–	–	15,293	730,547
Less future finance charges	–	–	(764)	(36,497)
Total hire purchase liability	<u>–</u>	<u>–</u>	<u>14,529</u>	<u>694,050</u>
Represented by:				
Current liability	–	–	14,529	694,050
	<u>–</u>	<u>–</u>	<u>14,529</u>	<u>694,050</u>

Hire purchases relate to aircrafts and a motor vehicle.

NOTE 20: EVENTS SUBSEQUENT TO REPORTING DATE

There has been no matter or circumstance, which has arisen since 31 March 2015 that has significantly affected or may significantly affect:

- the operations, in financial years subsequent to 31 March 2015, of the company, or
- the results of those operations, or
- the state of affairs, in financial years subsequent to 31 March 2015, of the company.

NOTE 21: COMPANY DETAILS

The registered office of the company is:

GippsAero Pty Ltd – Ind Stat
Latrobe Regional Airport
Airfield Road
TRARALGON VIC 3844

DIRECTORS' REPORT

The directors present their report together with the financial report of G8 Airvan Pty Ltd (the "company") for the year ended 31 March 2015 and auditor's report thereon. This financial report has been prepared in accordance with Australian Accounting Standards.

Directors names

The names of the directors in office at any time during or since the end of the year are:

George Morgan

Arvind Mehra

Keith Douglas

The directors have been in office since the start of the period to the date of this report unless otherwise stated.

Results

The profit of the company for the year after providing for income tax amounted to \$NIL (2014: \$NIL).

Review of operations

The company continued to engage in its principal activity, the results of which are disclosed in the attached financial statements.

Significant changes in state of affairs

There were no significant changes in the company's state of affairs that occurred during the financial year, other than those referred to elsewhere in this report.

Principal activities

The principal activity of the company during the year was holder of a CASA type certificate.

No significant change in the nature of these activities occurred during the year.

After balance date events

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

Likely developments

The company expects to maintain the present status and level of operations.

Environmental regulation

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Dividends paid, recommended and declared

No dividends were paid or declared since the start of the year. No recommendation for payment of dividends has been made.

Options

No options over unissued shares or interests in the company were granted during or since the end of the year and there were no options outstanding at the end of the year.

Indemnification of officers

During or since the end of the year, the ultimate parent entity on behalf of the company has given indemnity or entered an agreement to indemnify, or paid or agreed to pay insurance premiums in order to indemnify the directors of the company against liabilities arising as a result of the performance of their duties as directors.

Further disclosure required under section 300(9) of the corporations law is prohibited under the terms of the contract.

Proceedings on behalf of the company

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

Signed on behalf of the board of directors.

Keith Douglas
Director

Arvind Mehra
Director

Dated this 21st day of May 2015

DIRECTORS' DECLARATION

The directors have determined that the company is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements.

The directors of the company declare that:

1. The financial statements and notes, as set out on following pages, presents fairly the company's financial position as at 31 March 2015 and performance for the year ended on that date of the company in accordance with the accounting policies outlined in Note 1 to the financial statements.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Keith Douglas
Director

Arvind Mehra
Director

Dated this 21st day of May 2015

INDEPENDENT AUDITORS' REPORT

To the Members of GA8 Airvan Pty Ltd

We have audited the accompanying financial report, being a special purpose financial report, of GA8 Airvan Pty Ltd, which comprises the statement of financial position as at 31 March 2015, the statement of comprehensive income and statement of changes in equity for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation and fair presentation of the financial report and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the financial reporting requirements of the constitution.

The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair

presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with APES 110 *Code of Ethics for Professional Accountants*.

Opinion

In our opinion, the financial report presents fairly, in all material respects, the financial position of GA8 Airvan Pty Ltd as at 31 March 2015 and of its financial performance and its cash flows for the year then ended in accordance with the accounting policies described in Note 1 to the financial report.

Basis of Accounting

Without modifying our opinion, we draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared to assist the directors of GA8 Airvan Pty Ltd to meet the financial reporting responsibilities under the Constitution. As a result, the financial report may not be suitable for another purpose.

N R BULL
Partner

PITCHER PARTNERS
MELBOURNE

Date: 21st May 2015

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2015

	2015	2015	2014	2014
	\$	Rupees	\$	Rupees
Revenue	-	-	-	-
Less: expenses	-	-	-	-
Profit before income tax expense	-	-	-	-
Income tax expense	-	-	-	-
Profit for the year	-	-	-	-
Total comprehensive income	-	-	-	-

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2015

	Note	2015 \$	2015 Rupees	2014 \$	2014 Rupees
Current assets					
Cash and cash equivalents	2	3	143	3	143
Total current assets		<u>3</u>	<u>143</u>	<u>3</u>	<u>143</u>
Total assets		<u>3</u>	<u>143</u>	<u>3</u>	<u>143</u>
Net assets		<u>3</u>	<u>143</u>	<u>3</u>	<u>143</u>
Equity					
Share capital	3	3	143	3	143
Total equity		<u>3</u>	<u>143</u>	<u>3</u>	<u>143</u>

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2015

Australian Dollars	Contributed equity	Retained earnings	Total equity
	\$	\$	\$
Balance as at 1 April 2013	3	–	3
Profit for the year	–	–	–
Balance as at 31 March 2014	<u>3</u>	<u>–</u>	<u>3</u>
Balance as at 1 April 2014	3	–	3
Profit for the year	–	–	–
Balance as at 31 March 2015	<u>3</u>	<u>–</u>	<u>3</u>
Indian rupees			
Balance as at 1 April 2013	143	–	143
Profit for the year	–	–	–
Balance as at 31 March 2014	<u>143</u>	<u>–</u>	<u>143</u>
Balance as at 1 April 2014	143	–	143
Profit for the period	–	–	–
Balance as at 31 March 2015	<u>143</u>	<u>–</u>	<u>143</u>

The accompanying notes form part of these financial statements.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This financial report is a special purpose financial report prepared for use by the directors and members of the company. The directors have determined that the company is not a reporting entity. GA8 Airvan Pty Ltd is a for profit entity for the purpose of preparing the financial statements.

The financial report was approved by the directors as at the date of the directors' report.

The financial report has been prepared in accordance with all applicable Accounting Standards, with the exception of:

AASB 101: Presentation of Financial Statements
 AASB 107: Cash Flow Statements
 AASB 139: Financial Instruments: Recognition and Measurement

The following specific accounting policies, which are consistent with the previous period unless otherwise stated, have been adopted in the preparation of this report:

(a) Basis of preparation of the financial report

Historical Cost Convention

The financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets as described in the accounting policies.

(b) Foreign currency translations and balances

Functional and presentation currency

The financial statements are measured using the currency of the primary economic environment in which that entity operates (the functional currency). For disclosure purposes at period end this has been converted into the currency of the ultimate parent company, Indian Rupees, at a pre determined 'convenient rate'. This is displayed as comparative balances for both the current and prior years.

Foreign currency amounts are translated for convenience into Indian Rupees at the exchange rate of Rs 47.77 = \$1 AUD as advised by the ultimate parent entity.

(c) Comparatives

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

NOTE 2: CASH AND CASH EQUIVALENTS

	2015	2015	2014	2014
	\$	Rupees	\$	Rupees
Cash on hand	3	143	3	143

NOTE 3: SHARE CAPITAL

Issued and paid-up capital 3 (2014: 3)				
Ordinary shares	3	143	3	143

NOTE 4: EVENTS SUBSEQUENT TO REPORTING DATE

There has been no matter or circumstance, which has arisen since 31 March 2015 that has significantly affected or may significantly affect:

- the operations, in financial years subsequent to 31 March 2015, of the company, or
- the results of those operations, or
- the state of affairs, in financial years subsequent to 31 March 2015, of the company.

NOTE 5: COMPANY DETAILS

The registered office of the company is:

GA8 Airvan Pty Ltd.
 Latrobe Regional Airport
 Airfield Road
 TRARALGON VIC 3844

DIRECTORS' REPORT

The directors present their report together with the financial report of GA200 Pty Ltd (the "company") for the year ended 31 March 2015 and auditor's report thereon. This financial report has been prepared in accordance with Australian Accounting Standards.

Directors names

The names of the directors in office at any time during or since the end of the year are:

George Morgan

Arvind Mehra

Keith Douglas

The directors have been in office since the start of the year to the date of this report unless otherwise stated.

Results

The profit of the company for the year after providing for income tax amounted to \$NIL (2014: \$NIL).

Review of operations

The company continued to engage in its principal activity, the results of which are disclosed in the attached financial statements.

Significant changes in state of affairs

There were no significant changes in the company's state of affairs that occurred during the financial year, other than those referred to elsewhere in this report.

Principal activities

The principal activity of the company during the year was holder of a CASA type certificate.

No significant change in the nature of these activities occurred during the year.

After balance date events

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

Likely developments

The company expects to maintain the present status and level of operations.

Environmental regulation

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Dividends paid, recommended and declared

No dividends were paid or declared since the start of the year. No recommendation for payment of dividends has been made.

Options

No options over unissued shares or interests in the company were granted during or since the end of the year and there were no options outstanding at the end of the year.

Indemnification of officers

During or since the end of the year, the ultimate parent entity on behalf of the company has given indemnity or entered an agreement to indemnify, or paid or agreed to pay insurance premiums in order to indemnify the directors of the company against liabilities arising as a result of the performance of their duties as directors.

Further disclosure required under section 300(9) of the corporations law is prohibited under the terms of the contract.

Proceedings on behalf of the company

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

Signed on behalf of the board of directors.

Keith Douglas
Director

Arvind Mehra
Director

Dated this 21st day of April 2015.

DIRECTORS' DECLARATION

The directors have determined that the company is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements.

The directors of the company declare that:

1. The financial statements and notes, as set out on following pages, presents fairly the company's financial position as at 31 March 2015 and performance for the year ended on that date of the company in accordance with the accounting policies outlined in Note 1 to the financial statements.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Keith Douglas
Director

Arvind Mehra
Director

Dated this 21st day of April 2015.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GA200 PTY LTD

We have audited the accompanying financial report, being a special purpose financial report, of GA 200 Pty Ltd, which comprises the statement of financial position as at 31 March 2015, the statement of comprehensive income and statement of changes in equity for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation and fair presentation of the financial report and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the financial reporting requirements of the constitution.

The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with APES 110 *Code of Ethics for Professional Accountants*.

Opinion

In our opinion, the financial report presents fairly, in all material respects, the financial position of GA 200 Pty Ltd as at 31 March 2015 and of its financial performance and its cash flows for the year then ended in accordance with the accounting policies described in Note 1 to the financial report.

Basis of Accounting

Without modifying our opinion, we draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared to assist the directors of GA 200 Pty Ltd to meet the financial reporting responsibilities under the Constitution. As a result, the financial report may not be suitable for another purpose.

N R BULL

Partner

Date: 21st May 2015

PITCHER PARTNERS

Melbourne

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2015

	2015	2015	2014	2014
	\$	Rupees	\$	Rupees
Revenue	-	-	-	-
Less: expenses	-	-	-	-
Profit before income tax expense	-	-	-	-
Income tax expense	-	-	-	-
Profit for the year	-	-	-	-
Total comprehensive income	-	-	-	-

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2015

	Note	2015	2015	2014	2014
		\$	Rupees	\$	Rupees
Current assets					
Cash and cash equivalents.....	2	3	143	3	143
Total current assets		3	143	3	143
Total assets		3	143	3	143
Net assets		3	143	3	143
Equity					
Share capital.....	3	3	143	3	143
Total equity		3	143	3	143

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2015

	Contributed equity \$	Retained earnings \$	Total equity \$
Australian Dollars			
Balance as at 1 April 2013	3	3	6
Profit for the year	–	–	–
Balance as at 31 March 2014	<u>3</u>	<u>3</u>	<u>6</u>
Balance as at 1 April 2014	3	–	3
Profit for the year	–	–	–
Balance at 31 March 2015	<u>3</u>	<u>–</u>	<u>3</u>
Indian Rupees			
Balance as at 1 April 2013	143	–	143
Profit for the year	–	–	–
Balance as at 31 March 2014	<u>143</u>	<u>–</u>	<u>143</u>
Balance as at 1 April 2014	143	–	143
Profit for the period	–	–	–
Balance as at 31 March 2015	<u>143</u>	<u>–</u>	<u>143</u>

The accompanying notes form part of these financial statements.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This financial report is a special purpose financial report prepared for use by the directors and members of the company. The directors have determined that the company is not a reporting entity. GA 200 Pty Ltd is a for profit entity for the purpose of preparing the financial statements.

The financial report was approved by the directors as at the date of the directors' report.

The financial report has been prepared in accordance with all applicable Accounting Standards, with the exception of:

AASB 101: Presentation of Financial Statements

AASB 107: Cash Flow Statements

AASB 139: Financial Instruments: Recognition and Measurement

The following specific accounting policies, which are consistent with the previous period unless otherwise stated, have been adopted in the preparation of this report:

(a) Basis of preparation of the financial report

Historical Cost Convention

The financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets as described in the accounting policies.

(b) Foreign currency translations and balances

Functional and presentation currency

The financial statements are measured using the currency of the primary economic environment in which that entity operates (the functional currency). For disclosure purposes at period end this has been converted into the currency of the ultimate parent company, Indian Rupees, at a pre determined 'convenient rate'. This is displayed as comparative balances for both the current and prior years.

Foreign currency amounts are translated for convenience into Indian Rupees at the exchange rate of Rs 47.77 = \$1 AUD as advised by the ultimate parent entity.

(c) Comparatives

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

	2015 \$	2015 Rupees	2014 \$	2014 Rupees
NOTE 2: CASH AND CASH EQUIVALENTS				
Cash on hand	3	143	3	143
NOTE 3: SHARE CAPITAL				
Issued and paid up capital 3 (2014: 3) Ordinary shares	3	143	3	143

NOTE 4: EVENTS SUBSEQUENT TO REPORTING DATE

There has been no matter or circumstance, which has arisen since 31 March 2015 that has significantly affected or may significantly affect:

- (a) the operations, in financial years subsequent to 31 March 2015, of the company, or
- (b) the results of those operations, or
- (c) the state of affairs, in financial years subsequent to 31 March 2015, of the company.

NOTE 5: COMPANY DETAILS

The registered office of the company is:

GA200 Pty LTD.

Latrobe Regional Airport

Airfield Road

TRARALGON VIC 3844

DIRECTORS' REPORT

The directors present their report together with the financial report of Airvan Flight Services Pty Ltd (the "company") for the year ended 31 March 2015 and auditor's report thereon. This financial report has been prepared in accordance with Australian Accounting Standards.

Directors names

The names of the directors in office at any time during or since the end of the year are:

George Morgan

Arvind Mehra

Keith Douglas (appointed 25 June 2013)

Dr. Terence Miles (resigned 25 June 2013)

The directors have been in office since the start of the year to the date of this report unless otherwise stated.

Results

The profit of the company for the year after providing for income tax amounted to \$NIL (2014: \$NIL).

Review of operations

The company continued to engage in its principal activity, the results of which are disclosed in the attached financial statements.

Significant changes in state of affairs

There were no significant changes in the company's state of affairs that occurred during the financial year, other than those referred to elsewhere in this report.

Principal activities

The principal activity of the company during the year was holder of a CASA type certificate.

No significant change in the nature of these activities occurred during the year.

After balance date events

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

Likely developments

The company expects to maintain the present status and level of operations.

Environmental regulation

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Dividends paid, recommended and declared

No dividends were paid or declared since the start of the year. No recommendation for payment of dividends has been made.

Options

No options over unissued shares or interests in the company were granted during or since the end of the year and there were no options outstanding at the end of the year.

Indemnification of officers

During or since the end of the year, the ultimate parent entity on behalf of the company has given indemnity or entered an agreement to indemnify, or paid or agreed to pay insurance premiums in order to indemnify the directors of the company against liabilities arising as a result of the performance of their duties as directors.

Further disclosure required under section 300(9) of the corporations law is prohibited under the terms of the contract.

Proceedings on behalf of the company

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

Signed on behalf of the board of directors.

Keith Douglas

Director

Arvind Mehra

Director

Dated this 21st day of May 2015.

DIRECTORS' DECLARATION

The directors have determined that the company is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements.

The directors of the company declare that:

1. The financial statements and notes, as set out on following pages, are in accordance with the *Corporations Act 2001*: and
 - (a) comply with Accounting Standards in Australia as detailed in Note 1 to the financial statements and the *Corporations Regulations 2001*; and
 - (b) give a true and fair view of the financial position as at 31 March 2015 and performance for the year ended on that date of the company and consolidated entity in accordance with the accounting policies described in Note 1 to the financial statements.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Keith Douglas

Director

Arvind Mehra

Director

Dated this 21st day of May 2015.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AIRVAN FLIGHT SERVICES PTY LTD

We have audited the accompanying financial report, being a special purpose financial report, of Airvan Flight Services Pty Ltd, which comprises the statement of financial position as at 31 March 2015, the statement of comprehensive income and statement of changes in equity for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation and fair presentation of the financial report and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the financial reporting requirements of the constitution.

The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with APES 110 *Code of Ethics for Professional Accountants*.

Opinion

In our opinion, the financial report presents fairly, in all material respects, the financial position of Airvan Flight Services Pty Ltd as at 31 March 2015 and of its financial performance and its cash flows for the year then ended in accordance with the accounting policies described in Note 1 to the financial report.

Basis of Accounting

Without modifying our opinion, we draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared to assist the directors of Airvan Flight Services Pty Ltd to meet the financial reporting responsibilities under the Constitution. As a result, the financial report may not be suitable for another purpose.

N R BULL
Partner

PITCHER PARTNERS
Melbourne

Date: 21st May 2015

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2015

	2015 \$	2015 Rupees	2014 \$	2014 Rupees
Revenue	-	-	-	-
Less: expenses	-	-	-	-
Profit before income tax expense	-	-	-	-
Income tax expense	-	-	-	-
Profit for the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2015

	Note	2015 \$	2015 Rupees	2014 \$	2014 Rupees
Current assets					
Cash and cash equivalents		2	2	2	2
Total current assets		<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>
Total assets		<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>
Net assets		<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>
Equity					
Share capital	2	2	2	2	2
Total equity		<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2015

	Contributed equity \$	Retained earnings \$	Total equity \$
Australian Dollars			
Balance as at 1 April 2013	2	–	2
Profit for the year	–	–	–
Balance as at 31 March 2014	2	–	2
Balance as at 1 April 2014	2	–	2
Profit/(loss) for the year	–	–	–
Balance as at 31 March 2015	2	–	2
Indian Rupees			
Balance as at 1 April 2013	143	–	143
Profit for the year	–	–	–
Balance as at 31 March 2014	143	–	143
Balance as at 1 April 2014	143	–	143
Profit/(loss) for the period	–	–	–
Balance as at 31 March 2015	143	–	143

The accompanying notes form part of these financial statements.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This financial report is a special purpose financial report prepared for use by the directors and members of the company. The directors have determined that the company is not a reporting entity. Airvan Flight Services Pty Ltd is a for profit entity for the purpose of preparing the financial statements.

The financial report was approved by the directors as at the date of the directors' report.

The financial report has been prepared in accordance with the requirements of the Corporations Act 2001 and all applicable Accounting Standards, with the exception of:

AASB 101: Presentation of Financial Statements

AASB 139: Financial Instruments: Recognition and Measurement

The following specific accounting policies, which are consistent with the previous period unless otherwise stated, have been adopted in the preparation of this report:

(a) Basis of preparation of the financial report

Historical Cost Convention

The financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets as described in the accounting policies.

(b) Foreign currency translations and balances

Functional and presentation currency

The financial statements are measured using the currency of the primary economic environment in which that entity operates (the functional currency). For disclosure purposes at period end this has been converted into the currency of the ultimate parent company, Indian Rupees, at a pre determined 'convenient rate'. This is displayed as comparative balances for both the current and prior years.

Foreign currency amounts are translated for convenience into Indian Rupees at the exchange rate of Rs 47.77 = \$1 AUD as advised by the ultimate parent entity.

(c) Comparatives

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

	2015 \$	2015 Rupees	2014 \$	2014 Rupees
NOTE 2: SHARE CAPITAL				
Issued and paid up capital				
Capital as yet unallocated / (overallocated)	–	(141)	–	(141)
– (2014: 11,308) Ordinary shares	2	143	2	143

NOTE 3: ACCUMULATED LOSSES

Net profit/(loss)	–	–	–	–
-------------------	---	---	---	---

NOTE 4: EVENTS SUBSEQUENT TO REPORTING DATE

There has been no matter or circumstance, which has arisen since 31 March 2015 that has significantly affected or may significantly affect:

- the operations, in financial years subsequent to 31 March 2015, of the company, or
- the results of those operations, or
- the state of affairs, in financial years subsequent to 31 March 2015, of the company.

NOTE 5: COMPANY DETAILS

The registered office of the company is:

Airvan Flight Services Pty Ltd
Latrobe Regional Airport
Airfield Road
TRARALGON VIC 3844

DIRECTORS' REPORT

The directors present their report together with the financial report of Nomad TC Pty Ltd (the "company") for the year ended 31 March 2015 and auditor's report thereon. This financial report has been prepared in accordance with Australian Accounting Standards.

Directors names

The names of the directors in office at any time during or since the end of the year are:

George Morgan

Arvind Mehra

Keith Douglas

The directors have been in office since the start of the year to the date of this report unless otherwise stated.

Results

The profit of the company for the year after providing for income tax amounted to \$NIL (2014: \$NIL).

Review of operations

The company continued to engage in its principal activity, the results of which are disclosed in the attached financial statements.

Significant changes in state of affairs

There were no significant changes in the company's state of affairs that occurred during the financial year, other than those referred to elsewhere in this report.

Principal activities

The principal activity of the company during the year was holder of a CASA type certificate.

No significant change in the nature of these activities occurred during the year.

After balance date events

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

Likely developments

The company expects to maintain the present status and level of operations.

Environmental regulation

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Dividends paid, recommended and declared

No dividends were paid or declared since the start of the year. No recommendation for payment of dividends has been made.

Options

No options over unissued shares or interests in the company were granted during or since the end of the year and there were no options outstanding at the end of the year.

Indemnification of officers

During or since the end of the year, the ultimate parent entity on behalf of the company has given indemnity or entered an agreement to indemnify, or paid or agreed to pay insurance premiums in order to indemnify the directors of the company against liabilities arising as a result of the performance of their duties as directors.

Further disclosure required under section 300(9) of the corporations law is prohibited under the terms of the contract.

Indemnification of auditors

No indemnities have been given or insurance premiums paid, during or since the end of the year, for any person who is or has been an auditor of the company.

Proceedings on behalf of the company

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

Signed on behalf of the board of directors.

Keith Douglas

Director

Arvind Mehra

Director

Dated this 21st day of May 2015

DIRECTORS' DECLARATION

The directors have determined that the company is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements.

The directors of the company declare that:

1. The financial statements and notes, as set out on following pages, presents fairly the company's financial position as at 31 March 2015 and performance for the year ended on that date of the company in accordance with the accounting policies outlined in Note 1 to the financial statements.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Keith Douglas

Director

Arvind Mehra

Director

Dated this 21st day of May 2015

INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF NOMAD TC PTY LTD

We have audited the accompanying financial report, being a special purpose financial report of Nomad TC Pty Ltd and controlled entities, which comprises the statements of financial position as at 31 March 2015, the statements of comprehensive income and statements of changes in equity for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the company and the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors are responsible for the preparation and fair presentation of the financial report and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the needs of the members.

The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair

presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with APES 110 *Code of Ethics for Professional Accountants*.

Opinion

In our opinion, the financial report of Nomad TC Pty Ltd and controlled entities presents fairly, in all material respects, the company's and consolidated entity's financial positions as at 31 March 2015 and their performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial report.

Basis of Accounting

Without modifying our opinion, we draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared to assist Nomad TC Pty Ltd and controlled entities to meet the financial reporting responsibilities under the Constitution. As a result, the financial report may not be suitable for another purpose.

N R BULL

Partner

Date: 21st May 2015

PITCHER PARTNERS

Melbourne

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2015

	Note	2015	2015	2014	2014
		\$	Rupees	\$	Rupees
Revenue		-	-	-	-
Less: expenses					
Profit before income tax expense		-	-	-	-
Income tax expense		-	-	-	-
Profit for the year.....		-	-	-	-
Total comprehensive income.....		-	-	-	-

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2015

	Note	2015	2015	2014	2014
		\$	Rupees	\$	Rupees
Equity					
Share capital	2	11,308	540,183	11,308	540,183
Accumulated losses	3	(11,308)	(540,183)	(11,308)	(540,183)
Total equity		-	-	-	-

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2015

	Contributed equity \$	Retained earnings \$	Total equity \$
Australian dollars			
Balance as at 1 April 2013	11,308	(11,308)	–
Profit for the year	–	–	–
Balance as at 31 March 2014	<u>11,308</u>	<u>(11,308)</u>	<u>–</u>
Australian dollars			
Balance as at 1 April 2014	11,308	(11,308)	–
Profit for the year	–	–	–
Balance as at 31 March 2015	<u>11,308</u>	<u>(11,308)</u>	<u>–</u>
Indian rupees			
Balance as at 1 April 2013	540,183	(540,183)	–
Profit for the year	–	–	–
Balance as at 31 March 2014	<u>540,183</u>	<u>(540,183)</u>	<u>–</u>
Indian rupees			
Balance as at 1 April 2014	540,183	(540,183)	–
Profit for the period.....	–	–	–
Balance as at 31 March 2015	<u>540,183</u>	<u>(540,183)</u>	<u>–</u>

The accompanying notes form part of these financial statements.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This financial report is a special purpose financial report prepared for use by the directors and members of the company. The directors have determined that the company is not a reporting entity. Nomad TC Pty Ltd is a for profit entity for the purpose of preparing the financial statements.

The financial report was approved by the directors as at the date of the directors' report.

The financial report has been prepared in accordance with all applicable Accounting Standards, with the exception of:

AASB 101: Presentation of Financial Statements

AASB 112: Income Taxes

AASB 124: Related Party Disclosures

AASB 139: Financial Instruments: Recognition and Measurement

The following specific accounting policies, which are consistent with the previous period unless otherwise stated, have been adopted in the preparation of this report:

(a) Basis of preparation of the financial report

Historical Cost Convention

The financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets as described in the accounting policies.

(b) Foreign currency translations and balances

Functional and presentation currency

The financial statements are measured using the currency of the primary economic environment in which that entity operates (the functional currency). For disclosure purposes at period end this has been converted into the currency of the ultimate parent company, Indian Rupees, at a pre determined 'convenient rate'. This is displayed as comparative balances for both the current and prior years.

Foreign currency amounts are translated for convenience into Indian Rupees at the exchange rate of Rs 47.77 = \$1 AUD as advised by the ultimate parent entity.

(c) Comparatives

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

NOTE 2: SHARE CAPITAL

	2015	2015	2014	2014
	\$	Rupees	\$	Rupees
Issued and paid up capital				
11,308 Ordinary shares				
(2014: 11,308).....	11,308	540,183	11,308	540,183
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

NOTE 3: ACCUMULATED LOSSES

	2015	2015	2014	2014
	\$	Rupees	\$	Rupees
Accumulated losses at beginning of year.....	(11,308)	(540,183)	(11,308)	(540,183)
Net profit	-	-	-	-
Accumulated losses at end of year.....	<u>(11,308)</u>	<u>(540,183)</u>	<u>(11,308)</u>	<u>(540,183)</u>

NOTE 4: EVENTS SUBSEQUENT TO REPORTING DATE

There has been no matter or circumstance, which has arisen since 31 March 2015 that has significantly affected or may significantly affect:

- the operations, in financial years subsequent to 31 March 2015, of the company, or
- the results of those operations, or
- the state of affairs, in financial years subsequent to 31 March 2015, of the company.

NOTE 5: COMPANY DETAILS

The registered office of the company is:

Nomad TC Pty Ltd
Latrobe Regional Airport
Airfield Road
TRARALGON VIC 3844

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors present their Fifth Report together with the Audited Financial Statements of your Company for the year ended 31st March, 2015.

FINANCIAL RESULTS AND STATE OF COMPANY'S AFFAIRS**(Rs. in Lakhs)**

Particulars	For the year ended 31 st March, 2015	For the year ended 31 st March, 2014
Revenue	195.63	140.86
Profit/(Loss) before Interest, Depreciation and Tax	(2,441.19)	(1,695.25)
Less : Depreciation	973.93	36.58
Profit/(Loss) before Interest and Tax	(3,415.12)	(1,731.83)
Less : Interest Expense	961.19	22.16
Profit/(Loss) before Tax	(4,376.31)	(1,753.99)
Provision for Tax	-	-
Profit/(Loss) for the year	(4,376.31)	(1,753.99)
Profit/(Loss) brought forward from earlier years	(3,381.23)	(1,627.24)
Less: Depreciation on transition to Schedule II of the Companies Act, 2013 on tangible fixed assets with nil remaining useful life	-	-
Profit/(Loss) carried to Balance Sheet	(7,757.54)	(3,381.23)
Net Worth	8,278.46	7,269.77

No material changes and commitments have occurred after the closure of current financial year till the date of this report which would affect the financial position of the Company.

Operations

During the year, your Company commenced commercial operations in its facility near Bangalore after achieving stringent industry-standard accreditations such as AS9100C and NADCAP certifications for Special Processes. Your Company also had to clear numerous customer-specific audits to gain their approvals before starting production on their programs in the course of the year. Business Development efforts over the past few years have started yielding results, and your company has commenced deliveries of First Articles to its overseas customers. After prolonged negotiations the Company has also sealed a five-year contract with a major European Tier 1 customer to supply components for a variety of airliner programs.

Dividend

In view of the continuing losses, your Directors do not recommend dividend for the year under review.

Share Capital

During the year under review, the Authorized Share Capital of the Company was increased from Rs. 150,00,00,000 to Rs. 170,00,00,000 divided into 17,00,00,000 Equity Shares of the face value Rs. 10 each by creating 2,00,00,000 Equity Shares of Rs. 10 each.

During the year under review, your company issued 5,38,50,000 shares on Rights Issue Basis and the paid up share capital of the Company stood at Rs. 160,36,00,000 as at the end of the year under review.

Board of Directors

Mr. Sanjay Joglekar (DIN: 00209394), Director, retires by rotation and being eligible offers himself for reappointment.

Mr. S P Shukla (DIN: 00007418) was appointed as Additional Director on 23rd March, 2015 and holds office upto the ensuing Annual General Meeting only. Rear Admiral Sanjiv Kapoor AVSM (Retd.) (DIN: 07138582) and Mrs. Rajyalakshmi Rao Meka (DIN: 00009420), who, in the opinion of the Board, are persons with integrity and possess relevant expertise and experience, and who have given declarations to the effect that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013, have been appointed as Independent Directors of the Company, in accordance with the provisions of Section 149 of Companies Act, 2013 on 30th March, 2015 for a term of 2 years with effect from that date. They have initially been appointed as Additional Directors and hence hold office upto the ensuing Annual General Meeting.

Dr. Karthik Krishnamurthy (DIN: 07130799) was appointed on 23rd March, 2015 as Additional Director and Whole Time Director for a period of two years with effect from that date. Dr. Karthik holds office of directorship upto the ensuing Annual General Meeting only.

Your Company has received notices from a member intimating its intention to propose, at the ensuing Annual General Meeting, Dr Karthik Krishnamurthy and Mr. S P Shukla as Directors liable to retire by rotation and Rear Admiral Sanjiv Kapoor AVSM (Retd.) and Mrs. Rajyalakshmi Rao Meka as Directors not liable to retire by rotation.

Mr. N. N. Shanbhag (DIN: 02755150) resigned as Whole Time Director with effect from 23rd March, 2015. Mr. Hemant Luthra (DIN: 00231420) resigned as Director and Chairman of the Board with effect from 31st March, 2015. Your Board takes this opportunity to thank Mr. Shanbhag and Mr. Luthra for their valuable guidance to the Company during their association with the Company.

Number of Meetings of the Board of Directors

Your Board of Directors met Eight times during the year under review i.e. on 22nd May, 2014, 4th June, 2014, 22nd July, 2014, 14th October, 2014, 8th January, 2015, 14th February, 2015, 23rd March, 2015 and 30th March, 2015.

Directors' Responsibility Statement

Pursuant to section 134(3)(c) of the Companies Act, 2013, your Directors, based on the representation received, and after due enquiry, confirm that:

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed;
- (ii) they have, in the selection of the accounting policies, consulted the Statutory Auditors and these have been applied consistently and reasonable and prudent judgments and estimates have been made so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2015 and of the Loss of the Company for the year ended on that date;
- (iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) the annual accounts have been prepared on a going concern basis.
- (v) Proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Evaluation of Performance

Pursuant to the provisions of the Companies Act, 2013 the Board has carried out an annual evaluation of its own performance and that of its committees as well as performance of the Directors individually. Questionnaires/Feedback templates for annual evaluation were circulated to each Board member and duly filled in questionnaires/responses were submitted to the Chairman of the meeting for facilitating the formal annual evaluation.

Codes of Conduct

Your Company has adopted Codes of Conduct for Corporate Governance ("the Codes") for its Directors and Senior Management Personnel and Employees. These Codes enunciate the underlying principles governing the conduct of your Company's business and seek to reiterate the fundamental precept that good governance must and would always be an integral part of your Company's ethos.

Your Company has for the year under review, received declarations from the Board Members and Senior Management Personnel and employees affirming compliance with respective Code of Conduct.

Key Managerial Personnel (KMP)

Mr. N. N. Shanbhag (DIN: 02755150) resigned as Whole Time Director with effect from 23rd March, 2015 and Dr. Karthik Krishnamurthy (DIN: 07130799) was appointed as Whole Time Director, subject to approval of the shareholders, for a period of two years with effect from 23rd March, 2015.

Mr. Yashesh Bhatt is the Company Secretary and KMP of the Company. Mr. T. Subrahmanya Sarma is the CFO and KMP of the Company.

Committees of the Board:

Audit Committee

The Committee was reconstituted on 30th March, 2015 pursuant to the appointment of Independent Directors.

The Committee now consists of Mrs. Rajyalakshmi Rao Meka, Independent Director, Rear Admiral Sanjiv Kapoor AVSM (Retd.), Independent Director and Mr. Sanjay Joglekar.

Mrs. Rajyalakshmi Rao Meka is the Chairman of the Audit Committee.

The Committee met four times during the year under review i.e. on 22/05/2014, 22/07/2014, 14/10/2014 and 14/02/2015 and complied with the terms of reference assigned to the Committee from time to time.

Nomination and Remuneration Committee

The Committee was reconstituted on 23rd March, 2015 upon induction of Mr. S P Shukla as Director and was once again reconstituted on 30th March, 2015 pursuant to the appointment of Independent Directors.

The Nomination and Remuneration Committee now consists of Rear Admiral Sanjiv Kapoor AVSM (Retd.), Independent Director, Mrs. Rajyalakshmi Rao Meka, Independent Director, Mr. S P Shukla and Mr. Arvind Mehra. Rear Admiral Sanjiv Kapoor AVSM (Retd.) is the Chairman of the Nomination and Remuneration Committee.

The Committee met four times during the year under review i.e. on 22/07/2014, 14/02/2015, 23/03/2015 and 30/03/2015.

The Committee members at their meeting held on 21st May, 2015 carried out an evaluation of the performance of individual directors through a structured questionnaire process.

Policy for Remuneration of Directors, Key Managerial Personnel and other Employees and Criteria for appointment/removal of Directors and Senior Management Personnel

In line with the principles of transparency and consistency and upon recommendation of Nomination and Remuneration Committee, your Board has approved policies for the remuneration of Directors, Key Managerial Personnel and other employees and the appointment/removal of Directors and Senior Management Personnel.

These policies are furnished as Annexure I and form part of this Report.

Risk Management Policy

The Board has formulated a Risk Management Policy for the Company which identifies elements of risk if any which may threaten the existence of the Company. Implementation of the Risk Management Policy is expected to be helpful in managing the risks associated with the business of the Company.

Vigil Mechanism

The Vigil Mechanism, as envisaged in the Companies Act, 2013 and the Rules prescribed, is implemented through the Company's Whistle blower Policy to enable the Directors and employees of the Company to report genuine concerns.

The mechanism, as established, provides for adequate safeguards against victimization of employees and directors who avail vigil mechanism and an easy access to the Chairperson of the Audit Committee.

The Sexual Harassment of women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

During the year under review, no complaints were received under the Sexual Harassment of Women at work place (Prevention, Prohibition and Redressal) Act, 2013 and Rules made thereunder.

Statutory Auditors & Audit Report

Messrs. B K Khare & Co, Chartered Accountants, (ICAI Registration Number 105102W) retire as Auditors of your Company at the forthcoming Annual General Meeting and have given their consent for re-appointment. The members are requested to appoint Auditors from the conclusion of forthcoming Annual General Meeting until the conclusion of next Annual General Meeting and fix their remuneration.

As required under the provisions of section 139 of the Companies Act, 2013, your Company has obtained a written consent and certificate from the above Auditors to the effect that their reappointment, if made, would be in conformity with the conditions and criteria specified therein.

The Auditors' Report does not contain any qualification, reservation or adverse remark.

Secretarial Auditor

Pursuant to Section 204 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, your Company has appointed M/s. M Siroya & Co, a firm of Practicing Company Secretaries, as the Secretarial Auditor of your Company for the financial year ended 31st March 2015.

A Secretarial Audit Report for the financial year ended 31st March 2015, issued by the secretarial auditor pursuant to the aforesaid provisions, is provided as Annexure II and forms part of this report.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The particulars relating to the Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo, as required under section 134(3)(m) of the Companies Act, 2013 read with the Companies Rule 8 (3) of The Companies (Accounts) Rules, 2014 are given as Annexure III to this Report.

Corporate Social Responsibility

The provisions relating to Corporate Social Responsibility are not applicable to your company during the year under review.

Particulars of loans, guarantees or investments under Section 186 of the Companies Act, 2013

During the year under review, your Company has not made any investment or given loans/guarantees under section 186.

Public Deposits and Loans/Advances

Your Company has not accepted any deposits from the public, or its employees, within the meaning of Section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014 during the year under review and there is no amount which qualifies as deposit outstanding as on the date of balance sheet.

There are no loans/advances, the particulars of which are required to be disclosed in the annual accounts of the Company pursuant to Clause 32 of the Listing Agreement between the Parent Company, Mahindra and Mahindra Limited and the Stock Exchanges.

Particulars of Transactions with Related Parties

All the contracts/ arrangements/transactions entered during the year under review with related parties referred to in sub section 1 of Section 188 of Companies Act, 2013, and Rules made thereunder, were carried out in ordinary course of business and on arm's length basis.

Particulars of material contracts or arrangements or transactions with related parties, required to be furnished in terms of Section 134 of Companies Act, 2013 are furnished in form AOC – 2 as Annexure IV and the same forms part of this Report.

Extract of Annual Return

Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014 an extract of the Annual return as on 31st March, 2015 is attached herewith as Annexure V and forms part of this report.

Internal Financial Control

Your Company has an adequate system of internal controls and monitoring procedures as well as internal financial controls on financial statements commensurate with the size and the nature of its business. The internal control system is supplemented by documented policies, guidelines and procedures. Besides the Company regularly conducts reviews to assess the adequacy of financial and operating controls for various businesses of the Company. Significant issues, if any, are brought to the attention of the Audit Committee. The Internal Audit function submits detailed reports periodically to the management and the Audit Committee. The Audit Committee reviews these reports with the operating management with a view to provide oversight of the internal control systems.

Safety, Health and Environmental Performance

Your Company's commitment towards safety, health and environment is being continuously enhanced and persons working at all locations are given adequate training on safety and health. The requirements relating to various environmental legislations and environment protection have been duly complied with by your Company.

Sustainability

Your Company continues with its journey on sustainable development with conscious efforts to minimize the environmental impact caused by its operations and simultaneously taking responsibility to enable communities to Rise without losing focus on economic performance.

General

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions/ events on these items during the year under review:

1. Issue of equity shares with differential rights as to dividend, voting or otherwise.
2. Issue of Shares (Including Sweat Equity Shares) to employees of the Company under any Scheme.
3. Significant or material orders by Regulators or Courts or Tribunals which impact the going concern status and the Company's operations in future.
4. Particulars of employees, since the provisions of Section 197 (12) of the Companies Act, 2013 and the Rule 5 (2) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, are not applicable to an unlisted Company.

Acknowledgements

Your Directors are pleased to take this opportunity to thank the bankers, customers, vendors, all the other stakeholders for their co-operation to the Company during the year under review.

For and on behalf of the Board

S P Shukla
Chairman

Mumbai, 21st May, 2015

ANNEXURE I TO THE DIRECTORS' REPORT

POLICY FOR REMUNERATION OF DIRECTORS KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES

Purpose

This Policy sets out the approach to compensation of Directors and Key Managerial Personnel in Mahindra Aerostructures Private Limited.

Policy Statement

Our compensation philosophy strives to attract and retain high performers by compensating them at levels that are broadly comparable with the median of the comparator basket while differentiating people on the basis of performance, potential and criticality for achieving competitive advantage in business.

In order to effectively implement this, our compensation structure is developed through external benchmarking as appropriate, with relevant players across the industry we operate in.

Non-Executive Including Independent Directors

The Nomination and Remuneration Committee (NRC) shall decide the basis for determining the compensation, both Fixed and variable, to the Non-Executive Directors, including Independent Directors, whether as commission or otherwise. The NRC shall take into consideration various factors such as director's participation in Board and Committee meetings during the year, other responsibilities undertaken, such as membership or Chairmanship of committees, time spent in carrying out their duties, role and functions as envisaged in Schedule IV of the Companies Act 2013 and such other factors as the NRC may consider deem fit for determining the compensation. The Board shall determine the compensation to Non-Executive Directors within the overall limits specified in the Shareholders resolution.

Key Managerial Personnel (KMPs)

The terms of remuneration of Chief Executive Officer (CEO), Chief Financial Officer (CFO) and Company Secretary (CS) shall be determined by the Board and may be revised, from time to time, either by any Director or such other person as may be authorised by the Board. The remuneration shall be consistent with the competitive position of the salary for similar positions in the industry and their Qualifications, Experience, Roles and Responsibilities. Pursuant to the provisions of section 203 of the Companies Act 2013 the Board shall approve the remuneration at the time of their appointment.

The remuneration to directors, KMPs and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

Employees

We follow a position and level based approach for compensation benchmarking with companies in the steel/ steel service centre and related engineering industries.

We have a CTC (Cost to Company) concept which includes a fixed component (guaranteed pay) and a variable component (performance pay). The percentage of the variable component increases with increasing hierarchy levels as employees at higher positions have a greater impact and influence on the company's overall business result. CTC is reviewed once every year and the compensation strategy for positioning of individuals takes into consideration the following elements:

- Performance
- Potential
- Criticality
- Longevity in grade

Remuneration for new employees other than KMPs and senior management will be decided by HR, and approved by the Managing Director, based on factors such as relevant job experience, last compensation drawn, skill-set of the selected candidate, internal equity and related parameters.

The Company may also grant Stock Appreciation Rights and /or Stock Options to Employees and Directors (other than Independent Directors) in accordance with any Scheme of the Company and subject to compliance of the applicable statutes and regulations.

POLICY ON APPOINTMENT OF DIRECTORS AND SENIOR MANAGEMENT PERSONNEL

DEFINITIONS

The definitions of some of the key terms used in this Policy are given below.

“**Board**” means Board of Directors of the Company.

“**Company**” means Mahindra Aerostructures Private Limited

“**Committee(s)**” means Committees of the Board for the time being in force.

“**Key Managerial Personnel**” (KMP) refers to key managerial personnel as defined under the Companies Act, 2013 and includes:

- (i) Managing Director (MD), or Chief Executive Officer (CEO); or Manager; or Whole time Director (WTD)
- (ii) Chief Financial Officer (CFO); and
- (iii) Company Secretary (CS).

“**Nomination and Remuneration Committee**” (NRC) means Nomination and Remuneration Committee of Board of Directors of the Company for the time being in force.

“**Senior Management**” means personnel of the Company who are members of its Core Management Team excluding Board of Directors comprising of all members of management one level below the executive directors including the functional heads.

I. APPOINTMENT OF DIRECTORS

- The NRC reviews and assesses Board composition and recommends the appointment of new Directors. In evaluating the suitability of individual Board member, the NRC shall take into account the following criteria regarding qualifications, positive attributes and independence of director:
 1. All Board appointments will be based on merit, in the context of the skills, experience, independence and knowledge, for the Board as a whole to be effective.
 2. Ability of the candidates to devote sufficient time and attention to his professional obligations as Independent Director for informed and balanced decision making
 3. Adherence to the Code of Conduct and highest level of Corporate Governance in letter and in spirit by the Independent Directors
- Based on recommendation of the NRC, the Board will evaluate the candidate(s) and decide on the selection of the appropriate member. The Board through the Chairman/ Managing Director will interact with the new member to obtain his/her consent for joining the Board. Upon receipt of the consent, the new Director will be co-opted by the Board in accordance with the applicable provisions of the Companies Act 2013 and Rules made thereunder.

Removal of Directors

If a Director is attracted with any disqualification as mentioned in any of the applicable Act, rules and regulations thereunder or due to non - adherence to the applicable policies of the company, the NRC may recommend to the Board with reasons recorded in writing, removal of a Director subject to the compliance of the applicable statutory provisions.

Senior Management Personnel

The NRC shall identify persons who may be appointed in senior management team in accordance with the criteria laid down above.

Senior Management personnel are appointed or promoted and removed/relieved with the authority of Chairman based on the business need and the suitability of the candidate. The details of the appointment made and the personnel removed one level below the Key Managerial Personnel during a quarter shall be presented to the Board.

II. SUCCESSION PLANNING:

Purpose

The Talent Management Policy sets out the approach to the development and management of talent in the Mahindra Group to ensure the implementation of the strategic business plans of the Group and the Group Aspiration of being among the Top 50 globally most-admired brands by 2021.

Board:

The successors for the Independent Directors shall be identified by the NRC at least one quarter before expiry of the scheduled term. In case of separation of Independent Directors due to

resignation or otherwise, successor will be appointed at the earliest but not later than the immediate next Board meeting or three months from the date of such vacancy, whichever is later.

The NRC will accord due consideration for the expertise and other criteria required for the successor.

The Board may also decide not to fill the vacancy caused at its discretion.

Senior Management Personnel:

A good succession-planning program aims to identify high growth individuals, train them and feed the pipelines with new talent. It will ensure replacements for key job incumbents in KMPs and senior management positions in the organization.

Significantly, we have a process of identifying Hi-pots and critical positions. Successors are mapped for these positions at the following levels:

1. Emergency successor
2. Ready now
3. Ready in 1 to 2 years
4. Ready in 2 to 5 years
5. Ready in more than 5 years

in order to ensure talent readiness as per a ladder approach.

Policy Statement

The Talent Management framework of the Mahindra Group has been created to address three basic issues:

- 1) Given the strategic business plans, do we have the skills and competencies required to implement them? If not, how do we create them – by developing them internally or through lateral induction from outside?
- 2) For critical positions, what is the succession pipeline?
- 3) What are the individual development plans for individuals both in the succession pipeline as well as others?

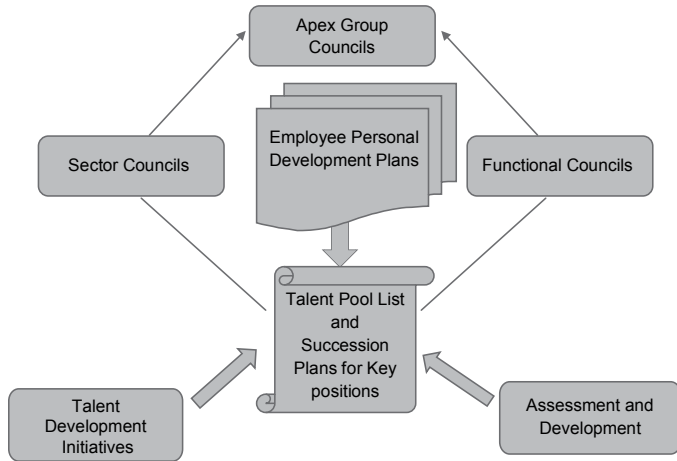
The framework lays down an architecture and processes to address these questions using the **3E** approach:

- a) **Experience** i.e. both long and short-term assignments. This has 70% weightage
- b) **Exposure** i.e. coaching and mentoring – 20% weightage
- c) **Education** i.e. learning and development initiatives – 10% weightage

The Talent Management process is applicable to all employees. Over the years, the Talent Management framework has become a well-structured and process-oriented system which is driven by an interactive and collaborative network of Talent Councils at the Group and Sector Levels. These Talent Councils, which consist mainly of Senior business leaders supported by HR, are a mix of Sector (Business) and Functional Councils coordinated by an Apex Talent Council, headed by the Group Chairman. The Apex Council reviews the work done by the Talent Councils and facilitates movement

of talent across Sectors. The Sector/Functional Councils meet regularly throughout the year and the Apex Council interacts with each one of them separately once a year, and in addition conducts an integrated meeting where the Chairpersons of all the Councils are present.

The Talent Management process can be represented pictorially as under:



The talent pipeline is maintained and developed so as to ensure that there is a seamless flow of talent. An important part of this exercise is drawing up and implementing IDAPs (Individual Development Action Plans) for every Executive concerned using the 3E approach mentioned above.

For and on behalf of the Board

S P Shukla
Chairman

Mumbai, 21st May, 2015

ANNEXURE II TO THE DIRECTORS' REPORT - Report of the Secretarial Auditors**Form No. MR-3****SECRETARIAL AUDIT REPORT**

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2015

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,
The Members,
Mahindra Aerostructures Private Limited

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Mahindra Aerostructures Private Limited (hereinafter called the "Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2015 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2015 according to the applicable provisions of:

- (i) The Companies Act, 1956 (the Old Act) and the rules made thereunder; and
- (ii) The Companies Act, 2013 (the Act) and the rules made thereunder.

Other major Statutes, Acts, Laws, Rules, Regulations, Guidelines and Standards etc., as applicable to the Company are given below:

- (i) Labour Laws and other incidental laws related to employees and labour appointed by the Company either on its payroll or on contractual basis as related to wages, gratuity, provident fund, ESIC, compensation etc.;
- (ii) Acts as prescribed under Direct Tax and Indirect Tax;
- (iii) Land revenues Act;
- (iv) Labour Welfare Act; and
- (v) Such other Local laws etc. as may be applicable in respect of office and factory premises of the Company.

The Company is an unlisted Company and therefore compliance with listing agreement is not applicable. The Institute of Company Secretaries of India has not prescribed any Secretarial Standards which are mandatory for the year 2014-15.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period the Company has undertaken following major corporate events/actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above:

- (i) The Board of Directors had allotted 6000000 equity shares of INR 10 each on July 9, 2014 pursuant to the issue of shares on rights basis approved by the Board on March 28, 2014;
- (ii) The Board of Directors had on June 4, 2014, approved the issue of 47900000 equity shares of INR 10 each for cash at par in 3 tranches/issues on rights basis. Pursuant to the said issue, the Company allotted 12000000 equity shares on August 4, 2014; 3800000 equity shares on September 5, 2014. The Board at its meeting held on July 22, 2014 revised the third tranche/issue pursuant to the

rights offer made on June 4, 2014 and issued 32050000 equity shares. Accordingly 32050000 equity shares were allotted on September 26, 2014;

- (iii) Increased authorised share capital from INR 150 Crores to INR 170 Crores and altered capital clause of the Memorandum and Articles of Association at the extraordinary general meeting held on June 4, 2014; and
- (iv) Pursuant to the special resolution under Section 180(1) (a) and (c) of the Companies Act, 2013 passed by the members at their annual general meeting held on September 30, 2014, the Board of Directors have been authorised to borrow moneys (apart from temporary

loan obtained/to be obtained from the bankers in the ordinary course of business) and create charges subject to maximum limit of INR 200 Crores.

**For M Siroya and Company
Company Secretaries**

**Mukesh Siroya
Proprietor
FCS No.: 5682
CP No.: 4157**

Date: May 21, 2015
Place: Mumbai

This report is to be read with our letter of even date which is annexed as **Annexure A** and forms an integral part of this report.

'Annexure A'

To,
The Members,
Mahindra Aerostructures Private Limited

Our report of even date is to be read along with this letter.

- 1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
- 2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
- 3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
- 4. Wherever required, we have obtained the Management's representation about the compliance of laws, rules and regulations and happening of events etc.

5. The compliance of the Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the verification of the procedures on test basis.

6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**For M Siroya and Company
Company Secretaries**

**Mukesh Siroya
Proprietor
FCS No.: 5682
CP No.: 4157**

Date: May 21, 2015
Place: Mumbai

ANNEXURE III TO THE DIRECTORS' REPORT

PARTICULARS AS PER RULE 8(3) OF THE COMPANIES (ACCOUNTS) RULES, 2014 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2015.

A. CONSERVATION OF ENERGY**(a) the steps taken or impact on conservation of energy:**

Though the activities/operations of the Company are not power intensive, necessary measures are taken to contain and bring about saving in power consumption, wherever practicable.

(b) the steps taken by the company for utilizing alternate sources of energy: NIL

(c) the capital investment on energy conservation equipments: NIL

B. TECHNOLOGY ABSORPTION

i) the efforts made towards technology absorption: Various employees of the Company have been trained on-site on the quality and manufacturing process.

ii) the benefits derived like product improvement, cost reduction, product development or import substitution: The major benefit derived is setting up of robust quality systems.

iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year) –

(a)	the details of technology imported	:	<ul style="list-style-type: none"> • Support for preparation of business plan, project layout, capital expenditure to planning • Support in purchase of equipment by providing specifications etc. • Training manuals, procedures and processes • Quality system documentation • In-plant quality documentation • Production and engineering documentation
(b)	the year of import	:	2013 & 2014
(c)	whether the technology been fully absorbed	:	Yes
(d)	if not fully absorbed, areas where absorption has not taken place, and the reasons thereof	:	Not Applicable

iv) the expenditure incurred on Research and Development : NIL

C. FOREIGN EXCHANGE EARNINGS AND OUTGO: (in terms of actual inflow and outflow)

Total Foreign Exchange Earned and Used:

(Rupees in Lakhs)

	For the Financial Year Ended 31st March, 2015	For the Financial Year Ended 31 st March, 2014
Total Foreign Exchange earned	22.72	–
Total Foreign Exchange used	649.86	605.22

For and on behalf of the Board

S P Shukla
Chairman

Mumbai, 21st May, 2015

ANNEXURE IV TO THE DIRECTORS' REPORT**FORM NO. AOC -2**

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014.

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arm's length transaction under third proviso thereto.

1. Details of contracts or arrangements or transactions not at Arm's length basis : Nil
2. Details of material contracts or arrangements or transactions at Arm's length basis.

Sr. No.	Name(s) of the related party & nature of relationship		Nature of transaction	Duration of the transaction	Salient terms of the transaction, including the value if any		Date of approval by the Board	Amount paid as advances, if any
1	Mahindra & Mahindra Ltd	Ultimate Holding Company	Cost sharing of establishment cost	Ongoing	Allocation of corporate cost At actuals and based on the time spent by respective personnel	250.68	N.A	-
2	Mahindra Aerospace Pvt Limited	Holding Company	Services rendered	One time during the year	At market rates	1.64	N.A	-
			Services received	On going	Resource support services on Cost plus basis	4.37		
			Purchase of raw materials	Twice during the year	At prevailing market price	15.65		
			renting of office space	For a period of Five years commencing from 10 th July 2014	At prevailing market rate	5.23		
			Receipt of Rent deposit	One-time payment	As per prevailing market practice	7.20		
			Cost sharing of establishment cost	On going	Allocation of corporate cost At actuals and based on the time spent by respective personnel	336.91		
3	Bristle Cone Ltd	Fellow Subsidiary	Services received	1st Apr 14 to 31 st Mar 15	SAP implementation	74.65	N.A	-
4	Gippsaero Pty Ltd	Fellow Subsidiary	Sale of components	1 st Apr 14 to 31 st Mar 15	Resource support services on Cost plus basis	2.08	N.A	-
			Services Rendered	Ongoing				
5	Mahindra Engineering Services (Europe) Ltd	Fellow Subsidiary	Services received	Ongoing	Resource support services on Cost plus basis	126.55	N.A	-
6	Mahindra Integrated Business Solutions Pvt Ltd	Fellow Subsidiary	Services received	Ongoing	Payroll processing at market rates	1.41	N.A	-
7	Lords freight India Pvt ltd	Fellow Subsidiary	Logistics services	Ongoing	Logistics services at market rates	24.43	N.A	-

- Note: for the purpose of materiality, the following criteria have been considered.
- 10% of turnover of the Company or Rs. one hundred crore, whichever is lower is considered as material for the purpose of disclosure in respect of Contracts/transactions/arrangements for sale, purchase, or supply of any goods or materials.
- 10% of net worth of the Company or Rs. one hundred crore, whichever is lower is considered as material for the purpose of disclosure in respect of Contracts/transactions/arrangements for selling or otherwise disposing of or buying property of any kind.

- 10% of the net worth of the Company or 10 % of turnover of the Company or Rs. one hundred crore, whichever is lower is considered as material for the purpose of disclosure in respect of Contracts/transactions/arrangements for leasing of property of any kind.
- 10% of turnover of the Company or Rs. fifty crores, whichever is lower is considered as material for the purpose of disclosure in respect of Contracts/transactions/arrangements for rendering of services.

For and on behalf of the Board

S P Shukla
Chairman

Mumbai, 21st May, 2015

ANNEXURE V TO THE DIRECTORS' REPORT

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31st March, 2015

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

i)	CIN:-	U35122MH2011PTC212744
ii)	Registration Date	27/01/2011
iii)	Name of the Company	Mahindra Aerostructures Private Limited
iv)	Category/Sub-Category of the Company	Company limited by shares/Non-Government Indian Company
v)	Address of the Registered office and contact details	Mahindra Towers, P K Kurne Chowk, Worli, Mumbai 400 018. Tel No. 022 24901441 Fax No. 022 24975081
vi)	Whether listed Company (Yes/No)	No
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	None

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main product/services	NIC Code of the Product/service	% to total turnover of the Company
1.	Manufacture of aerospace components & assemblies	30305	96%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -

Sl. No.	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/SUBSIDIARY/ASSOCIATE	% of shares held	Applicable Section
1.	Mahindra Aerospace Private Limited Mahindra Towers, P K Kurne Chowk, Worli, Mumbai 400 018.	U63033MH2008PTC179520	Holding Company	100	2(46)
2.	Mahindra and Mahindra Limited Gateway Building, Apollo Bunder Mumbai - 400001	L65990MH1945PLC004558	Ultimate Holding Company	-	2(46)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	-	-	-	-	-	-	-	-	-
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt.(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	106,510,000	106,510,000	100	-	160,360,000	160,360,000	100	0
e) Bank/FI	-	-	-	-	-	-	-	-	-
f) Any Other	-	-	-	-	-	-	-	-	-
Sub-total A(1):-	-	106,510,000	106,510,000	100	-	160,360,000	160,360,000	100	0

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(2) Foreign									
a) NRI – Individuals	–	–	–	–	–	–	–	–	–
b) Other – Individuals	–	–	–	–	–	–	–	–	–
c) Bodies Corp.	–	–	–	–	–	–	–	–	–
d) Bank/FI	–	–	–	–	–	–	–	–	–
e) Any Others	–	–	–	–	–	–	–	–	–
Sub-total A(2):-	–	–	–	–	–	–	–	–	–
Total shareholding of Promoter (A)=(A)(1)+(A)(2)	–	106,510,000	106,510,000	100	–	160,360,000	160,360,000	100	0
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	–	–	–	–	–	–	–	–	–
b) Bank/FI	–	–	–	–	–	–	–	–	–
c) Central Govt.	–	–	–	–	–	–	–	–	–
d) State Govt(s)	–	–	–	–	–	–	–	–	–
e) Venture Capital Funds	–	–	–	–	–	–	–	–	–
f) Insurance Companies	–	–	–	–	–	–	–	–	–
g) FIs	–	–	–	–	–	–	–	–	–
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
i) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(1):-	–	–	–	–	–	–	–	–	–
2. Non-Institutions									
a) Body Corp. (i) Indian (ii) Overseas	–	–	–	–	–	–	–	–	–
b) Individual	–	–	–	–	–	–	–	–	–
i. Individual shareholders holding nominal share capital upto Rs. 1 lakh	–	–	–	–	–	–	–	–	–
ii. Individual shareholders holding nominal share capital in excess of Rs. 1 Lakh	–	–	–	–	–	–	–	–	–
Sub-total (B)(2):-	–	–	–	–	–	–	–	–	–
Total Public Shareholding (B)=(B)(1)+(B)(2)	–	–	–	–	–	–	–	–	–
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	–	106,510,000	106,510,000	100	–	1,603,600,000	1,603,600,000	100	–

(ii) Shareholding of Promoters:

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	
1	Mahindra Aerospace Private Limited	106,509,999	100	Nil	160,359,999	160,359,999	Nil	0
2	Mr. Sanjay Joglekar (As nominee of Mahindra Aerospace Private Limited)*	1	0	Nil	1	0	Nil	0
	Total	106,510,000	100	Nil	160,360,000	160,360,000	100	0

* Jointly held with Mahindra Aerospace Private Limited for the purpose of compliance with the statutory provisions of Companies Act with regard to minimum number of members.

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	Mahindra Aerospace Private Limited				
	At the beginning of the year	106,510,000	100		
	Date wise Increase/Decrease in Promoter's Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.):				
	Allotment 09.07.2014 – 60,00,000 Equity Shares	–	–	11,25,10,000	100
	Allotment 04.08.2014 – 1,20,00,000 Equity Shares			12,45,10,000	100
	Allotment 05.09.2014 – 38,00,000 Equity Shares			12,83,10,000	100
	Allotment 26.09.2014 – 3,20,50,000 Equity Shares			16,03,60,000	100
	At the end of the year (or on the date of separation, if separated during the year)	106,510,000	100	1,603,60,000	100

(iv) Share holding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	For Each of the Top 10 Shareholders				
	At the beginning of the year	–	–	–	–
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/ sweat equity etc.):				
	At the end of the year (or on the date of separation, if separated during the year)	–	–	–	–

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	Mr. Sanjay Joglekar, Director, as nominee of Mahindra Aerospace Private Limited				
	At the beginning of the year	1	0	1	–
	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):	–	–	–	–
	At the end of the year	–	–	1	0

V. INDEBTEDNESS
Indebtedness of the Company including interest outstanding/accrued but not due for payment

PARTICULARS	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness Rs. in Lakhs
Indebtedness at the beginning of the financial year				
i) Principal Amount	7336.09	–	–	7336.09
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	75.60	–	–	75.60
Total (i+ii+iii)	7411.69	–	–	7411.69
Change in Indebtedness during the financial year				
• Addition	1121.89	–	–	1121.89
• Reduction	277.32	–	–	277.32
Net change	844.57	–	–	844.57
Indebtedness at the end of the financial year				
i) Principal Amount	8180.66	–	–	8180.66
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	85.10	–	–	85.10
Total (i+ii+iii)	8265.76	–	–	8265.76

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-Time Directors and/or Manager:

Sl. No.	Particulars of Remuneration	Mr. N. N. Shanbhag Whole-time Director (1.4.14 – 22.03.15)	Dr. Karthik Krishnamurthy Whole-time Director (23.03.15 to 31.03.15)	Total Amount Rs. in Lakhs
1.	Gross Salary			
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	42.20	0.80	43.00
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	–	0.01	0.01
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	–	–	–
2.	Stock Option	–	–	–
3.	Sweat Equity	–	–	–
4.	Commission – As % of Profit – Others, specify	–	–	–
5.	Others, please specify	–	–	–
	Total (A)	42.20	0.81	43.01
	Ceiling as per the Act	Rs. 1.20 Crores pa in accordance with Schedule V to the Companies Act, 2013.	Rs. 1.20 Crores pa in accordance with Schedule V to the Companies Act, 2013	

B. Remuneration to other directors:

Particulars of Remuneration	Name of Directors		Total Amount Rs. in Lakhs
	Mrs. Rajyalakshmi Rao Meka (ID)	Mr. Sanjiv Kapoor (ID)	
1. Independent Directors	–	–	–
• Fee for attending board/committee meetings	–	–	–
• Commission	–	–	–
• Others, please	–	–	–
Total (1)	–	–	–
2. Other Non-Executive Directors	–	–	–
• Fee for attending board/committee meetings	–	–	–
• Commission	–	–	–
• Others, please	–	–	–
Total (2)	–	–	–
Total B = (1+2)	NIL	NIL	NIL
Total Managerial Remuneration	42.20	0.81	43.01
Ceiling as per the Act			In accordance with Schedule V to the Companies Act, 2013

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		TOTAL Rs. in Lakhs
		Mr. T. Subrahmanya Sarma, CFO	Mr. Yashesh Bhat, Company Secretary	
1.	Gross Salary			
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	33.58	-	33.58
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission - As % of Profit - Others, specify	-	-	-
5.	Others, please specify	-	2.06	2.06
	Total	33.58	2.06	35.64

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

A. Company

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority (RD/ NCLT/court)	Appeal made, if any (give details)
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

B. Directors

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority (RD/ NCLT/court)	Appeal made, if any (give details)
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

C. Other Officers in Default

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority (RD/ NCLT/court)	Appeal made, if any (give details)
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

For and on behalf of the Board

S P Shukla
Chairman

Mumbai, 21st May, 2015

INDEPENDENT AUDITOR'S REPORT

To the Members of Mahindra Aerostructures Private Limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **MAHINDRA AEROSTRUCTURES PRIVATE LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2015, and the Statements of Profit and Loss and Cash Flow for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these standalone financial statements based on our audit.
4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment

of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2015, and its loss and cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

9. As required by the Companies (Auditor's Report) Order, 2015, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
10. As required by Section 143(3) of the Act, we report that:
 - a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c. the Balance Sheet, the Statement of Profit and Loss and Cash Flow dealt with by this Report are in agreement with the books of account;
 - d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);

- e. On the basis of written representations received from the directors as on March 31, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015, from being appointed as a director in terms of Section 164(2) of the Act.
- f. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014(as amended), in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 26 to the financial statements.
 - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any on long-term contracts.
 - iii. were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For B. K. Khare & Co.
Chartered Accountants
Firm's Registration Number 105102W

Padmini Khare Kaicker
Partner
Membership Number: 044784

Mumbai, May 21, 2015

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 9 under "Report on other legal and regulatory requirements" of our report of even date on the financial statements for the year ended on March 31, 2015 of MAHINDRA AEROSTRUCTURES PRIVATE LTD)

- i. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The fixed assets of the Company have been physically verified by the Management during the year. The discrepancies noticed on such verification were not material and have been properly dealt with in the books of account. In our opinion, the frequency of verification is reasonable.
- ii. (a) Physical verification of inventory was conducted by the management at reasonable interval during the year.
- (b) In our opinion and according to the information and explanation given to us, the procedure of physical verification of stocks followed by the management is reasonable and adequate in relation to the size of the company and nature of its business.
- (c) In our opinion and according to the information and explanation given to us, the Company is maintaining proper records of inventory and discrepancies noticed on physical verification by the Management have been properly adjusted in the books of account.
- iii. According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms and other parties listed in the Register, maintained Under Section 189 of the Companies Act, 2013. Hence the provisions of clause (iii) (a) and (b) are not applicable to the company.
- iv. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the Company in respect of these areas.
- v. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of section 73 to 76 the Companies Act, 2013, and the rules framed thereunder to the extent notified.
- vi. The Central Government of India has not prescribed the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company.
- vii. (a) According to information and explanation given to us, and as per our verification of records of the company, the company is regular in depositing with appropriate authorities undisputed statutory dues deducted/accrued in the books of account in respect of provident fund, investor education and protection fund, employees' state insurance, income tax, service

tax, sales tax, wealth tax, custom duty, excise duty, cess and other material statutory dues have been regularly deposited with the appropriate authorities.

- (b) According to the information and explanations given to us and records of the Company examined by us, there are no dues of income tax, sales tax, wealth tax, service –tax, duty of excise, duty of customs, value added tax, and cess which have not been deposited on account of any dispute except as stated below:

Statute	Nature of dues	Forum where dispute is pending	Period to which relates	Amount Involved (Rs in lacs)
Customs Duty	Customs Duty with Interest	Directorate of Revenue Intelligence-Appeal is pending with the CESTAT	2014-15	2598.85
Customs Duty	Customs Duty	Directorate of Revenue Intelligence-Appeal is pending with the Joint Commissioner, Customs	2014-15	41.36

- (c) According to information and explanation given to us, there is no amount to be transferred to investor education and protection fund in accordance with relevant provisions of the companies act.
- viii. The accumulated losses at the end of the current financial year are not more than fifty per cent of its net worth and the Company has incurred cash losses in current financial year as well as in the immediately preceding financial year.
- ix. Based on the records examined by us and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution or bank as at the Balance Sheet date.
- x. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year. Accordingly, the provisions of clause 3(x) of the Order are not applicable to the Company.
- xi. According to the information and explanation given to us, term loans have been applied for the purpose for which the loans were obtained.
- xii. During the course of our examination of the books and records of the Company, carried out in accordance with generally accepted accounting practices and according to the information and explanations given to us, we have neither come across any instance of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of any such instance by the Management.

For B. K. Khare & Co.
Chartered Accountants
Firm's Registration Number 105102W

Padmini Khare Kaicker
Partner
Membership Number 044784

Mumbai, May 21, 2015

CASH FLOW STATEMENT FOR THE HALF YEAR ENDED MARCH 31, 2015

Particulars	Rupees	
	For the year ended March 31, 2015	For the year ended March 31, 2014
A. Cash flow from operating activities		
Net Profit/(Loss) before extraordinary items and tax	(437,630,761)	(175,398,559)
<i>Adjustments for:</i>		
Depreciation and amortisation	97,393,362	3,657,518
Finance costs	96,119,023	2,215,611
(Profit)/Loss on fixed assets sold, scrapped, written off (Net)	-	(17,434)
Interest income	(2,834,306)	(919,568)
Net unrealised exchange (gain)/loss	656,737	(551,609)
Net (gain)/loss on sale of investments	(5,842,858)	(9,902,894)
	<u>185,491,958</u>	<u>(5,518,376)</u>
Operating profit/(loss) before working capital changes	(252,138,803)	(180,916,935)
<i>Changes in working capital:</i>		
<i>Adjustments for (increase)/decrease in operating assets:</i>		
Inventories	(23,583,402)	-
Trade receivables	(5,962,868)	-
Short-term loans and advances	(17,404,277)	(30,661,492)
Long-term loans and advances	4,820,790	5,054,427
Other current assets	(658,880)	
<i>Adjustments for increase/(decrease) in operating liabilities:</i>		
Trade payables	(19,389,023)	57,646,621
Other current liabilities	77,688,723	3,882,080
Short-term provisions	254,543	53,201
Long-term provisions	1,195,672	613,660
	<u>16,961,278</u>	<u>36,588,497</u>
Cash generated from operations	(235,177,525)	(144,328,438)
Net income tax (paid)/refunds	(3,525,922)	(100,094)
Net cash flow from/(used in) operating activities (A)	<u>(238,703,447)</u>	<u>(144,428,532)</u>
B. Cash flow from investing activities		
Capital expenditure on fixed assets, including capital advances	(205,092,880)	(472,742,342)
Proceeds from sale of fixed assets	-	136,132
Interest received	2,627,846	919,568
Current investments		
– Purchased	(542,159,144)	(342,500,000)
– Proceeds from sale	485,295,534	389,476,212
	<u>(259,328,644)</u>	<u>(424,710,430)</u>
Net cash flow from/(used in) investing activities (B)	<u>(259,328,644)</u>	<u>(424,710,430)</u>

CASH FLOW STATEMENT FOR THE HALF YEAR ENDED MARCH 31, 2015 (CONTINUED)

Particulars	For the year ended March 31, 2015	Rupees For the year ended March 31, 2014
C. Cash flow from financing activities		
Proceeds from issue of equity shares.....	538,500,000	335,000,000
Proceeds from borrowings (net).....	112,188,800	312,224,853
Loan repayment.....	(27,731,800)	–
Inter Corporate Deposit Received.....	–	10,000,000
Inter Corporate Deposit Repaid.....	–	(10,000,000)
Finance cost.....	(97,321,713)	(70,858,987)
Net cash flow from/(used in) financing activities (C)	525,635,287	576,365,866
Net increase/(decrease) in Cash and cash equivalents (A+B+C).....	27,603,196	7,226,904
Cash and cash equivalents at the beginning of the year.....	11,304,598	4,077,694
Cash and cash equivalents at the end of the year.....	38,907,794	11,304,598

See accompanying notes forming part of the financial statements

As per our report of even date
For B.K. Khare & Co.
Chartered Accountants
(Registration No. 105102W)

Padmini Khare Kaicker
Partner
M. No. 044784

Mumbai, Dated: 21st May 2015

For and on behalf of the Board of Directors
For Mahindra Aerostructures Private Ltd.

Dr. Karthik Krishnamurthy **Mr. Arvind Mehra**
Director Director
Mr. T. Subrahmanya Sarma **Mr. Yashesh Bhatt**
CFO Company Secretary

Mumbai, Dated: 21st May 2015

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

1. Significant Accounting Policies:

(A) Basis for preparation of financial statements:

The financial statements have been prepared in accordance with the Generally Accepted Accounting Principles (GAAP) under the historical cost convention as a going concern and on accrual basis and in accordance with the provisions of the Companies Act, 2013 and the notified Accounting Standards notified as applicable.

All assets and liabilities have been classified as current and non-current as per the Company's normal operating cycle and other criteria set out in the Revised Schedule VI of the Companies Act, 1956. Based on the nature of operation, the Company has ascertained its operating cycle as 12 months for the purpose of current – non-current classification of assets and liabilities.

(B) Use of estimates:

The preparation of financial statements requires the management to make estimates and assumptions considered in the reported amount of assets and liabilities (including contingent liabilities) as on the date of financial statements and the reported income and expenses during the reporting period. Management believes that the estimates used in the preparation of the financial statement are prudent and reasonable. Actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

(C) Cash flow statement:

Cash flows are reported using the indirect method, whereby profit/(loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated.

(D) Fixed Assets:

a) Tangible Fixed Assets:

- I. All Fixed Assets are stated at cost less depreciation. Cost of acquisition is inclusive of purchase price, levies and any directly attributable cost of bringing the assets to its working condition for the intended use.
- II. Exchange difference arising on payment of liabilities for purchase of fixed assets in foreign currency and year end conversion of such liabilities are charged/credited to the Statement of Profit and Loss.
- III. When an asset is scrapped or otherwise disposed of, the cost and related depreciation are removed from the books of accounts and resultant profit or loss, if any, is reflected in the Statement of Profit and Loss.
- IV. Items of fixed assets that have been retired from active use and are held for disposal are stated at the lower of their net book value and estimated net realizable value and are disclosed separately in the financial statements as current assets
- V. Depreciation is provided on a pro-rata basis on straight line method over the estimated useful lives of the assets or the rates prescribed under Schedule II of the Companies Act, 2013, whichever is higher, as follows:

Asset	Rates
Plant and Machinery	6.33% to 9.5%
Factory Building	3.16%

Asset	Rates
Bore well & roads	20%
Tools & Jigs	20% to 33.33%
Data Processing Equipment	33.33%%
Office Equipment	20%
Furniture and Fixtures	10%
Vehicle	20%

VI. Assets costing less than Rs. 5000/- are fully depreciated in the period of purchase.

b) Intangible Assets

- I. All intangible assets comprising of computer software are initially measured at cost and amortized so as to reflect the pattern in which the assets' economic benefits are consumed or license period whichever is lower.
- c) Capital Work-in-Progress includes the cost of assets that are not ready for intended use at the Balance sheet date.

(E) Investments:

Investments that are readily realizable and are intended to be held for not more than one year from the date, on which such investments are made, are classified as current investments. All other investments are classified as long term investments. Current investments are carried at cost or market value, whichever is lower. Long-term investments are carried at cost. However, provision for diminution is made to recognize a decline, other than temporary, in the value of the investments, such reduction being determined and made for each investment individually.

(F) Inventories:

Raw materials, stores and spares are valued on moving weighted average method.

Inventories of finished goods, work in progress and tools are valued at cost and net realizable value whichever is lower.

In case of Work in progress, finished goods and tools cost includes raw material cost, where appropriate manufacturing overhead and, wherever applicable, excise duty.

(G) Employee Benefits:

a. Defined Contribution Plans:

Company's contributions paid/payable during the year to Provident Fund are charged to the Statement of Profit and Loss on accrual basis.

b. Gratuity:

Liabilities with regard to the gratuity benefit payable in future are determined by actuarial valuation at each balance sheet date using the projected unit credit method and contributed to employee gratuity fund managed by Life Insurance Corporation of India. Actuarial gains and losses arising from changes in actuarial assumptions are recognized in the Statement of profit and loss in the period in which they arise.

c. Leave encashment/compensated absences –

The Company provides for the encashment of leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits for future encashment/availment. The liabilities provided based on the number of days of unutilized leave at each balance sheet date on the basis of an independent actuarial valuation.

(H) Foreign Currency Transactions:

- a) The Company's reporting currency is Indian Rupee (INR). Transactions in foreign currencies entered into by the Company are accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction.
- b) As at the Balance Sheet date non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.
- c) In the case of monetary assets and liabilities denominated in foreign currency, the exchange rate prevalent on the Balance Sheet date is applied to restate such assets and liabilities. Exchange differences arising on restatement of foreign currency assets and liabilities are recognized as income or expenditure in the statement of Profit and Loss.
- d) Exchange differences on forward exchange contracts, entered into for hedging foreign exchange fluctuation risk in respect of an underlying asset/liability, are recognized in the Statement of Profit and Loss in the reporting period in which the exchange rate changes. Premium/Discount on forward exchange contracts are recognized as an expense/income over the life of the contract.

(I) Revenue Recognition

- a) Sale of goods:
Revenue is recognized on transfer of significant risk and rewards of ownership to the buyer as per terms of the contract.
- b) Rendering of Services:
Revenue from Job work is recognized when services are rendered and related cost are incurred.
- c) Interest:
Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

(J) Taxes on income

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961.

Deferred tax is measured based on the tax rates and tax laws enacted or substantively enacted at the balance sheet date. Deferred tax is recognized, subject to consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets arising on account of unabsorbed depreciation or carry forward of tax losses shall be recognized only when there is a virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realized.

(K) Provisions and Contingencies

- a. Provisions are recognized in accounts in respect of present probable obligations, the amount of which can be reliably estimated.
- b. Contingent liabilities are disclosed in respect of possible obligations that arise from past events but their existence is confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company.

(L) Leases:

VII. Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rentals under operating leases are recognised in the Statement of Profit and Loss on a straight-line basis over the lease period.

VIII. Lease income on an operating lease is recognized in the statement of profit and loss on a straight-line basis over the lease period.

(M) Borrowing costs:

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use or sale. Ancillary expenditure incurred in connection with the arrangement of borrowings is amortised over the tenure of the respective borrowings.

(N) Segment Reporting:

The company is operating under single segment being manufacture and sale of aircraft component and assemblies and hence disclosures under Accounting Standard 17, Segment Reporting are not applicable to the Company.

(O) Earnings per Share:

- a. Basic earnings' per share is computed by dividing net income by the weighted average number of common stock outstanding during the period.
- b. The number of shares used in computing diluted earnings per share comprises the weighted average shares considered for deriving basic earnings per share, and also the weighted average number of equity shares that could have been issued on the conversion of all dilutive potential equity shares. The diluted potential equity shares are adjusted for the proceeds receivable, had the shares been actually issued at fair value (i.e., the average market value of the outstanding shares). Diluted potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date.

(P) Impairment of assets:

Management periodically, but at least annually, assesses using external and internal indicators whether there is an indication that an asset may be impaired. Impairment occurs where the carrying amount exceeds the present value of future cash flows expected to arise from the continuing use of the asset or its eventual disposal. The impairment loss to be expensed is determined as the excess of the carrying amount over the higher of the asset's net present value or sale price as determined above.

Note 2 - Share Capital:

Particulars	March 31, 2015		March 31, 2014	
	Nos	Amount	Nos	Amount
1 Authorised:	170,000,000	1,700,000,000	150,000,000	1,500,000,000
(Equity Shares of Rs 10 each)				
Total	<u>170,000,000</u>	<u>1,700,000,000</u>	<u>150,000,000</u>	<u>1,500,000,000</u>
2 Issued and Subscribed:				
Equity: (Equity shares of Rs 10 each)				
Opening Balance	106,510,000	1,065,100,000	73,010,000	730,100,000
Add: Issued during the year	53,850,000	538,500,000	33,500,000	335,000,000
Closing Balance	<u>160,360,000</u>	<u>1,603,600,000</u>	<u>106,510,000</u>	<u>1,065,100,000</u>
Total	<u>160,360,000</u>	<u>1,603,600,000</u>	<u>106,510,000</u>	<u>1,065,100,000</u>

Additional information:

1) Out of the above 160,360,000 (2014: 1,06,510,000) shares are held by Mahindra Aerospace Private Ltd., the holding company, including shares held jointly with nominees

2) Details of shareholders holding more than 5% shares in the Company:

Name of the Shareholder	March 31, 2015		March 31, 2014	
	Nos	%	Nos	%
Mahindra Aerospace Private Limited	160,360,000	100.00%	106,510,000	100.00%

3) Rights, preferences and restrictions attached to equity shares:

The company has one class of equity shares having a par value of Rs.10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

4) The Company had entered into a Share Subscription Agreement with M/s. Aerometallic Company S.A.U, Spain (AMC) on 6th February 2013. As per the terms of the said agreement, M/s. AMC will subscribe to 15% equity stake in the Company after satisfactory completion of certain 'Conditions Precedent', subject to applicable approvals under applicable acts/regulations.

Note 3 - Reserves and Surplus:

Particulars	Rupees	
	March 31, 2015	March 31, 2014
Deficit in Statement of Profit and Loss		
Opening Balance	(338,123,415)	(162,724,856)
Add: Loss for the year	(437,630,761)	(175,398,559)
Total	<u>(775,754,176)</u>	<u>(338,123,415)</u>

Note 4 - Long-term borrowings:

Particulars	Rupees	
	March 31, 2015	March 31, 2014
Secured		
Rupee term loans from Banks	726,600,512	676,384,512
Vehicle loan from bank	98,032	465,853
Total	<u>726,698,544</u>	<u>676,850,365</u>

Note:

A) The Term Loan is secured by:

– First charge by way of equitable mortgage of the immovable property comprising leasehold land with building and other structures (existing and to be constructed).

– First charge by way of hypothecation of (a) entire current assets, present and future, including stocks of raw materials, semi finished goods, finished goods, stores, spares, book debts and other current assets and (b) all the movable fixed assets present and future.

– The loan is guaranteed by Mahindra Aerospace Private limited, the holding Company.

B) Repayment Terms and Interest

The Term Loan carries interest of base rate + 2.10% p.a. The Loan is repayable in 23 quarterly installments from November 2014.

C) Vehicle Loan is Secured by hypothecation of Vehicle and is repayable over 36 months and carries interest rate of 10.35%.

Note 5 - Long term provisions:

Particulars	Rupees	
	March 31, 2015	March 31, 2014
Provision for Employee benefits		
Provision for gratuity	750,753	623,915
Provision for compensated absences	1,456,933	388,099
Total	<u>2,207,686</u>	<u>1,012,014</u>

Note 6 - Short term borrowings:

Particulars	Rupees	
	March 31, 2015	March 31, 2014
Buyers credit in foreign currency	–	26,427,200
Total	<u>–</u>	<u>26,427,200</u>

Note:

A) The Buyers Credit is a sub-limit under the Term Loan facility. For the details of security refer Point No. (A) under Note No. 5

Note 7 - Trade payables:

Particulars	Rupees	
	March 31, 2015	March 31, 2014
1 Payables - Micro & small enterprises [Refer Note No. 39]	3,711,987	17,752,751
2 Payables - Other than micro & small enterprises	60,304,334	65,652,585
3 Capital creditors	99,720,374	104,090,028
Total	<u>163,736,695</u>	<u>187,495,364</u>

Note 8 - Other current liabilities:

Particulars	Rupees	
	March 31, 2015	March 31, 2014
1 Current maturity of long term liabilities	91,367,821	30,331,800
2 Interest accrued	8,509,455	7,559,536
3 Statutory dues	83,970,980	5,074,699
4 Security Deposits	720,000	–
5 Other payables	96,816	2,024,374
Total	<u>184,665,072</u>	<u>44,990,409</u>

Note 9 - Short term provisions:

Particulars	Rupees	
	March 31, 2015	March 31, 2014
Provision for Employee benefits		
Provision for Gratuity	152,743	61,854
Provision for compensated absences	233,840	70,186
Total	<u>386,583</u>	<u>132,040</u>

Note 10 - Fixed Assets:

A : Tangible Assets

Rupees

Particulars	Gross Block (At Cost)				Depreciation				Net Block		
	As at April 1, 2014	Additions	Deletions	As at March 31, 2015	As at April 1, 2014	For the year	Deletions	As at March 31, 2015	As at March 31, 2015	As at April 1, 2014	
Factory Building	-	640,292,659		640,292,659	-	23,726,768		23,726,768	616,565,891	-	
Plant & Machinery	-	665,693,162		665,693,162	-	48,308,523		48,308,523	617,384,639	-	
Electrical Installation	-	127,668,923	-	127,668,923	-	11,862,717	-	11,862,717	115,806,206	-	
Furniture and Fittings	169,337	17,762,534		17,931,871	44,843	1,704,497	-	1,749,340	16,182,531	124,494	
Vehicles	1,455,889	4,507,525	-	5,963,414	287,190	791,763	-	1,078,953	4,884,461	1,168,699	
Office Equipments	2,401,587	16,010,726	-	18,412,313	452,297	3,476,323	-	3,928,620	14,483,693	1,949,290	
Computers	6,486,305	9,376,374	-	15,862,679	1,251,063	3,072,471	-	4,323,534	11,539,145	5,235,242	
Total	10,513,118	1,481,311,903	-	1,491,825,022	2,035,393	92,943,062	-	94,978,456	1,396,846,566	8,477,725	
Previous Year	2,510,345	8,544,340	541,567	10,513,118	848,576	1,609,686	422,869	2,035,393	8,477,725	1,661,769	

B : Intangible Assets

Particulars	Gross Block (At Cost)				Depreciation				Net Block		
	As at April 1, 2014	Additions	Deletions	As at March 31, 2015	As at April 1, 2014	For the year	Deletions	As at March 31, 2015	As at March 31, 2015	As at April 1, 2014	
Software Expenditure	7,975,646	13,201,386	-	21,177,032	4,061,226	4,450,300	-	8,511,526	12,665,506	3,914,420	
Total	7,975,646	13,201,386	-	21,177,032	4,061,226	4,450,300	-	8,511,526	12,665,506	3,914,420	
Previous Year	5,167,488	2,808,158	-	7,975,646	2,013,394	2,047,832	-	4,061,226	3,914,420	3,154,094	

C : Depreciation and Amortization Expense

Particulars	Year ended March 31, 2015	Year ended March 31, 2014
Depreciation on tangible Assets	92,943,062	1,609,686
Amortization on intangible Assets	4,450,300	2,047,832
Depreciation and Amortization Expense	97,393,362	3,657,518

Note:

- Charge by way of equitable mortgage of the immovable property comprising land with building and other structures (existing and to be constructed) is created in favor of AXIS Bank Limited for the Term Loan availed by the Company.
- Movable fixed assets (present and future) are hypothecated to AXIS Bank Limited for the Term Loan availed by the Company & also for the SBLC facilities sanctioned to M/s. Mahindra Aerospace Private Limited, the Holding Company.

Note 11 - Long - Term Loans & Advances:

Particulars	Rupees	
	March 31, 2015	March 31, 2014
1 Capital advances		
Unsecured, Considered Good	-	2,736,426
	-	2,736,426
2 Security deposits		
Unsecured, Considered Good	3,771,000	3,771,000
	3,771,000	3,771,000
3 Other loans and advances		
Unsecured, Considered Good		
Consideration paid for Lease Land [Refer Note No. 35]	87,051,200	87,051,200
TDS receivable	3,626,016	100,094

Rupees

Particulars	March 31, 2015	March 31, 2014
Deposit lying with Government Authorities [Refer Note No. 36]	27,747,044	27,630,544
	118,424,260	114,781,838
Total	122,195,260	121,289,264

Note 12 - Other Non-current Assets:

Particulars	Rupees	
	March 31, 2015	March 31, 2014
Unamortised expenses		
Unamortized portion of Finance Charges	5,514,998	10,452,288
Total	5,514,998	10,452,288

Note 13 - Current & Non-Current Investments:

Particulars	Rupees			
	March 31, 2015	March 31, 2015	March 31, 2014	March 31, 2014
	Non-Current		Current	
Investments (At Cost, unless otherwise specified):				
Investment in mutual funds (other than trade)				
Units:				
Unquoted				
ICICI Prudential Liquid Plan - Growth				
[176,987.034 (2014:114,031.093)] units		35,680,751		21,604,838

Particulars	Rupees			
	March 31, 2015	March 31, 2015	March 31, 2014	March 31, 2014
	Non-Current	Current	Non-Current	Current
Axis Liquid Fund Institutional Plan - Growth [23,623.597 (2014: 15,562.866) units]	-	35,655,243	-	22,076,258
Kotak Floater Short Term [15,784.3046 (2014: Nil) units]		35,051,580		-
Total.....	-	106,387,573	-	43,681,096

Note: Aggregate net asset value of mutual funds - Rs. 109,389,126 (2014: Rs. 204,834,562)

Note 14 - Inventories

Particulars	Rupees	
	March 31, 2015	March 31, 2014
Raw Materials	16,457,404	-
Work-in-progress	1,733,971	-
Finished Goods	1,097,565	-
Stores and Spares	4,294,462	-
Total.....	23,583,402	-

Note 15 - Trade Receivables

Particulars	Rupees	
	March 31, 2015	March 31, 2014
Trade Receivable outstanding for less than six months from the date they are due for payment		
Unsecured considered good	5,962,868	-
Total.....	5,962,868	-

Note 16 - Cash & Bank balances:

Particulars	Rupees	
	March 31, 2015	March 31, 2014
1 Cash & Cash Equivalents		
Cash on hand	31,486	7,130
	31,486	7,130
2 Balances with Scheduled Banks		
On Current account	13,311,345	11,297,468
On Fixed Deposits	25,564,963	-
	38,876,308	11,297,468
Total.....	38,907,794	11,304,598

Note 17 - Short-term Loans & Advances:

Particulars	Rupees	
	March 31, 2015	March 31, 2014
Loans and advances		
Unsecured, Considered Good		
Excise duty, service tax, VAT receivable	70,587,590	54,657,787
Security deposits	541,900	3,212,820
Prepaid expenses	2,576,334	3,172,174
Receivable from holding company	-	396,911

Particulars	Rupees	
	March 31, 2015	March 31, 2014
Employee advances	2,046,709	3,167,596
Advance to suppliers	5,119,217	-
Others	2,105,605	965,791
Total.....	82,977,355	65,573,079

Note 18 - Other current assets

Particulars	Rupees	
	March 31, 2015	March 31, 2014
Interest accrued on fixed deposits	206,460	-
Others	658,880	-
Total.....	865,340	-

Note 19 - Income from Operations

Particulars	Rupees	
	March 31, 2015	March 31, 2014
Sale of Components & Assemblies	4,286,529	-
Income from Services:		
Job work charges	2,090,171	-
Resource Support Services	364,113	-
NRC charges for Toolings	1,401,861	-
Total.....	8,142,674	-

Note 20 - Other Income:

Particulars	Rupees	
	Year Ended March 31, 2015	Year Ended March 31, 2014
1 Interest income on bank deposit	2,834,306	919,568
2 Gain/(loss) on foreign exchange translation, net	-	2,100,206
3 Profit on sale of fixed assets	-	17,434
4 Gain/(loss) on sale of investments, net	5,842,858	9,902,894
5 Rental Income	522,581	-
6 Provision no longer required	653,812	1,146,060
7 Other income	1,567,351	-
Total.....	11,420,908	14,086,162

Note 21 - Cost of material consumed

Particulars	Rupees	
	Year Ended March 31, 2015	Year Ended March 31, 2014
Inventory at the beginning of the year	-	-
Add: Purchases (Net)	19,950,137	-
	19,950,137	-
Less Inventory at the end of the period	16,457,404	-
Total.....	3,492,733	-
Material consumed comprises:		
Aluminium alloy Sheet Metals	2,810,418	-
Paint	5,40,344	-

Rupees

Particulars	Year Ended March 31, 2015	Year Ended March 31, 2014
Others	141,971	-
Total	<u>3,492,733</u>	<u>-</u>

Note 22 - Changes in Inventories of Finished goods and Work-in-progress

Rupees

Particulars	Year Ended March 31, 2015	Year Ended March 31, 2014
Stock at the beginning of the year	-	-
Work-in-progress	-	-
Finished goods	-	-
	<u>-</u>	<u>-</u>
Less Inventory at the end of the period		
Work-in-progress	1,733,971	-
Finished goods	1,097,565	-
	<u>2,831,536</u>	<u>-</u>
Net (increase)/decrease	<u>(2,831,536)</u>	<u>-</u>

Note 23 - Employee Benefit Expenses:

Rupees

Particulars	Year Ended March 31, 2015	Year Ended March 31, 2014
1 Salaries, wages, bonus, etc	87,723,456	41,630,361
2 Contribution to provident fund	3,038,650	1,688,124
3 Gratuity expense	1,172,978	509,877
4 Staff welfare	12,725,271	7,407,326
Total	<u>104,660,355</u>	<u>51,235,688</u>

Note 24 - Finance Cost:

Rupees

Particulars	Year Ended March 31, 2015	Year Ended March 31, 2014
1 Interest on Term Loan	90,087,711	-
2 Interest on Inter corporate deposits	-	50,959
2 Other interest costs	92,339	798,856
3 Finance charges	5,938,973	1,365,796
Total	<u>96,119,023</u>	<u>2,215,611</u>

Note 25 - Other Expenses:

Rupees

Particulars	Year Ended March 31, 2015	Year Ended March 31, 2014
1 Stores, Tools & consumable	5,121,575	2,078,369
2 Rates and taxes	3,164,437	3,929,700
3 Power & fuel	14,776,839	406,249
4 Insurance	1,387,972	1,086,085
5 Rent	2,376,680	5,011,823
6 Repairs to Building	463,828	-

Rupees

Particulars	Year Ended March 31, 2015	Year Ended March 31, 2014
7 Repairs to Machinery	7,963,833	-
8 Repairs- Others	2,543,838	-
9 Training cost	-	18,318,000
10 Professional and consultancy charges	39,981,088	32,257,800
11 Travelling and conveyance expenses	31,704,895	39,843,738
12 Communication expenses	1,500,345	926,712
13 Business promotion expenses	20,031,711	12,506,843
14 Freight Outwards	891,287	-
15 Exchange Loss (Net)	974,669	-
16 Staff recruitment expenses	3,604,662	6,590,486
17 Auditors' remuneration	865,141	1,032,121
18 Software & IT expenses	6,217,190	1,269,778
19 Office and admin expenses	8,985,531	4,732,223
20 Testing & Calibration charges	1,963,739	-
21 Printing & Stationery	1,174,202	560,472
22 Miscellaneous expenses	2,666,944	1,825,505
Total	<u>158,360,406</u>	<u>132,375,904</u>

Notes:

Rupees

Particulars	Year Ended March 31, 2015	Year Ended March 31, 2014
Auditors' remuneration includes payment to auditors -		
- Statutory audit	400,000	300,000
- Taxation matters	275,000	250,000
- Attestation services	170,000	124,467
- Other services	-	350,000
- Reimbursement of expenses	20,141	7,654
Total	<u>865,141</u>	<u>1,032,121</u>

26. Contingent Liabilities

- Corporate Guarantees issued in respect of SBLC facilities availed by the holding company – Rs. 9,075.00 Lakhs (2014: 10,312.25 Lakhs) [equivalent to AUD 18.75 mn (2014: AUD 18.75 mn)]
- Bank Guarantees given to customs authorities for import of capital goods under EPCG license Rs. 277.00 Lakhs (2014: Rs. 277 Lakhs) [The Company had imported certain capital equipment under the Export Promotion Capital Goods Scheme (EPCG). Accordingly, the Company undertook an export obligation of Rs. 3415.88 Lakhs (2014: Rs. 3415.88 Lakhs) within 8 years and of Rs. 974.99 Lakhs (2014:Rs. 974.99 Lakhs) within 6 years starting from the financial year 2012-13]. During the year, the company has met an export obligation of Rs. 10.33 Lakhs (2014: Nil) against EPCG license.
- Customs duty & penalty of Rs. 2598.85 Lakhs along with the applicable interest payable (2014: Nil) against the order issued by the Commissioner of Customs in the matter of import of certain pre owned equipment. The Company has filed an appeal and the same is pending with the CESTAT.
- Customs duty of Rs. 41.36 Lakhs along with the applicable interest (2014: Nil) payable against the Demand Cum show cause notice issued by the Directorate of Revenue Intelligence in the matter of certain imports relating to installation of certain equipment, for which the company has submitted reply and the same is pending with Joint Commissioner of Customs.
- Demand from Karnataka Industrial Area Development Board (KIADB) towards incremental cost for providing water supply Rs. 276.00 (2014: Nil).
- Claims not acknowledged as debt Rs. 124.40 Lakhs (2014: Rs. Nil).

27. The estimated amount of contracts remaining to be executed on Capital account and not provided for Rs. 57.23 Lakhs (2014: Rs. 160.39 Lakhs)

28. Employee Benefits:

(A) Defined Benefit Plans

a. Gratuity Liability

The Gratuity liability under defined benefit plan as on 31.3.2015 is Rs. 20.71 Lakhs (2014: Rs. 8.46 Lakhs)

		Rupees Lakhs	
Particulars	2014-15	2013-14	
(i) Reconciliation of opening and closing balances of the present value of gratuity liability.			
Opening gratuity liability	8.46	5.10	
Service cost	12.30	4.51	
Interest cost	0.66	0.36	
Actuarial gains and losses on liability	(0.71)	0.43	
Benefits paid	-	(1.94)	
Closing gratuity liability	20.71	8.46	
(ii) Reconciliation of the opening and closing balances of the fair value of the plan asset (being an eligible insurance policy)			
Opening Value of Plan Assets	1.60	3.35	
Expected return on plan assets	0.51	0.19	
Actuarial gains and losses	0.02	0.01	
Contribution by the employer	9.55	0.00	
Benefits paid	-	(1.94)	
Closing fair value of plan assets	11.68	1.60	
(iii) Reconciliation of the present value of the gratuity liability and the fair value of the plan assets to the assets and liabilities recognized in the balance sheet:			
Fair value of plan asset	11.68	1.60	
Liability recognized in the balance sheet	9.03	6.86	
Plan liability	20.71	8.46	
(iv) Total expense recognized in the Profit and loss Account:			
Service cost	12.30	4.51	
Interest cost on gratuity liability	0.66	0.36	
Expected return on plan assets	(0.51)	(0.19)	
Net actuarial gains and losses recognized in the year	(0.72)	0.42	
Net gratuity expense charged under the head 'Personnel Costs'	11.73	5.10	
Actual return on plan assets	(0.51)	(0.19)	
(v) The major categories of plan assets as a percentage of the fair value of the total plan assets are as follows:			
The Insurer managed fund	100%	100%	
(vi) Return on Plan Assets			
The overall expected rate of return on assets is determined based on	8.00%	8.00%	
(vii) Principal actuarial assumptions used in determining gratuity liability as at the balance sheet date are:			
Discount rate	7.81%	8.78%	
Any other material actuarial assumption (to specify)			
Salary Increase	10%	7%	
Attrition rate	5%	5%	
Retirement age	60	60	
Interest Rate	7.81%	8.78%	

(viii) Experience Adjustments:	2014-15	2013-14	2012-13
Defined Benefit Obligation at the end of the year	20.71	8.46	5.10
Plant asset at the end of the period	11.68	1.60	3.35
Funded status	9.03	6.86	1.75
Experience adjustments on plan liabilities	(0.71)	0.43	(0.48)
Experience adjustments on plant assets	0.02	0.01	0.01

Note: In the absence of detailed information regarding plan asset which is funded with insurance company, the composition of each major category of plan asset, the percentage or amount for each category to the fair value of plan assets and details of experience adjustments prior to 2012-13 have not been disclosed.

b) Leave Encashment

Employees are entitled to accumulation of leave which can be encashed at the time of retirement or termination. The leave encashment benefit scheme is not funded. Hence, there are no plan assets attributable to the obligation. The Leave encashment liability under the scheme as on 31.3.2015 is Rs. 16.90 Lakhs (2014: Rs. 4.58 Lakhs).

(B) Defined Contribution Plans –

Amount recognized as an expense and included in the schedule "Contribution to Provident and Other Funds" of Personnel Expenses Rs. 30.39 Lakhs (2014: Rs. 18.25 Lakhs) out of which Rs. Nil Lakhs (2014: Rs. 3.39 Lakhs) is capitalized.

29. Related Party Disclosure:

(i) Name of the related party and nature of relationship where control exists:

S.No.	Name of Related Party Company	Nature of Relationship
1.	Mahindra & Mahindra Limited	Ultimate holding company
2.	Mahindra Aerospace Pvt. Ltd	Holding company

(ii) other parties with whom transaction have taken place during the year:

S.No.	Name of Related Party Company	Nature of Relationship
1.	Mahindra Integrated Business solution Pvt Ltd	Ultimate holding company
2.	Gipps Aero Pty Ltd.	Fellow Subsidiary
3.	Bristlecone India Ltd.	Associate company
4.	Lords Freight (India) Pvt Ltd	Associate company
Key Managerial Personnel		
1.	Mr. Narendra Narayan Shabhag (upto 22 nd March 2015)	Whole-time Director
2.	Dr. Karthik Krishnamuthy (From 23 rd March 2015)	Whole-time Director
3.	Mr. T. Subrahmanya Sarma (From 1 st April 2014 to 31 st March 2015)	CFO

(iii) Related Party transactions are as under:

Name of the Related Party	Description of Relationship	Nature of Transactions	Amount of Transactions	Rupees Lakhs	
				Amount outstanding at the end of the year	
				Payable	Receivable
Mahindra & Mahindra Ltd	Ultimate Holding Company	Services Received	30.34 (38.82)	160.95 (247.06)	
		Reimbursement of Expenses paid	250.68 (203.97)		
Mahindra Aerospace Pvt Ltd	Holding Company	Services/ Material Received	20.02 (21.34)		- (3.97)
		Services Rendered	1.64 (3.21)		
		Rent Paid	- (30.10)		
		Rent Received	5.23 (-)		
		Purchase of Fixed Assets	- (1.59)		
		Reimbursement of Expenses paid	336.91 (0.09)	23.34 (-)	
		Reimbursement of Expenses received	318.49 (-)		
		Capital Contribution	5385.00 (3350.00)		
		Inter Corporate Deposit Received	- (100.00)		
		Inter Corporate Deposit Repaid	- (100.00)		
		Interest on Inter Corporate Deposit Repaid	- (0.51)		
		Rent Deposit received	7.20 (-)	7.20 (-)	
		Rent deposit received back	26.81 (-)		
		Rent deposit paid			(-) 26.81
Mahindra Integrated Business Solutions Pvt Ltd	Associate Company	Services Received	1.41 (1.07)	0.32 (0.10)	
Gipps Aero Pty Ltd.	Fellow Subsidiary	Services Rendered	2.08 (-)	- (1.12)	
		Reimbursement of Expenses Received	21.06 (-)		59.29 (-)
		Sale of Goods	56.88 (-)		
Bristlecone India Ltd.	Associate Company	Software Expenditure	74.65 (-)		
		Reimbursement of Expenses paid	0.55 (-)		
Lords Freight (India) Pvt Ltd	Associate Company	Freight Expenses paid	24.43 (-)	5.13 (-)	

Name of the Related Party	Description of Relationship	Nature of Transactions	Amount of Transactions	Rupees Lakhs	
				Amount outstanding at the end of the year	
Mr Narendra N Shanbag	Director	Remuneration (Upto 22 nd March 2015)	43.08 (32.82)		
Dr. Karthik Krishnamoorthy	Director	Remuneration (Effective from 23 rd March 2015)	0.83 (-)		
Mr. T. Subrahmanya Sarma	CFO	Remuneration (Apr14-Mar15)	34.69 (-)		

Note:- Figures in brackets are in respect of the corresponding previous year.

30. Earnings Per Share:

	Rupees Lakhs	
	2014-15	2013-14
Loss as per statement Profit and Loss	(4,376.31)	(1753.99)
Weighted Average No. of Equity Shares outstanding during the year	136,536,712	95,811,370
Basic Earnings Per Share (Rs.)	(3.21)	(1.83)
Diluted Earnings Per Share (Rs.)	(3.21)	(1.83)

31. CIF value of Imports Rs. 205.71 Lakhs (2014: Rs. 613.77 Lakhs).

32. Value of Imported and indigenous Raw material consumed:

	Rupees Lakhs	
Particulars	2014-15	2013-14
Raw material, Components imported	26.61	-
Others	8.32	-
Total	34.93	-

33. FOB Value of exports Rs. 35.30 Lakhs (2014: Rs. Nil)

34. Expenditure in Foreign Currency

	Rupees Lakhs	
Particulars	2014-15	2013-14
Travel	97.33	115.78
Professional and Consultancy Fee	241.40	552.23
Technology transfer fee and support	1,592.32	-
Others	10.10	2.51

35. The Company entered into a lease-cum-sale agreement for a period of 10 years with KIADB for 20 acres of land allotted in Narasapura Industrial area, Kolar District, Karnataka, for the setting up of aerospace component manufacturing facility. The title of the land will be transferred to the Company during the currency of the lease term or at the end of 10 year or extended period, if any, after fulfilling all conditions stipulated in the said Agreement.

During the year ended March 31, 2012, the company incurred Rs. 870.51 Lakhs towards allotment consideration and other related expenses in connection with the said lease-cum-sale agreement. The said amount is disclosed under the head Long term Loans and advances as the title of the land is yet to be transferred to the Company. This amount will be included in the tangible assets as and when the title of the land is transferred to the Company.

36. During the years ended March 31, 2013 and March 31, 2014, the Directorate of Revenue Intelligence initiated investigation of certain imports made by the Company. During the investigation, the company paid Rs. 309.50 Lakhs (2014: Rs. 308.34 Lakhs). Out of this total amount paid an amount of Rs. 32.03 Lakhs was charged off in the year ended March 31, 2013 and the balance amount was grouped under Capital Work in Progress. During the current year, this amount is reclassified as Deposits lying with Government Authorities.

37. The Company uses foreign currency forward contracts to hedge its risks associated with foreign currency exposures relating to the underlying transactions and firm commitments. The Company does not enter into any derivative instruments for trading and speculative purposes.

The following are the outstanding Forward Exchange Contracts entered into by the Company as at 31 March 2015.

Year	Number of contracts	Type	Foreign currency	INR equivalent (In Lakhs)
2014-15	Nil	Nil	Nil	Nil
2013-14	(2)	(Buy)	(Euro 323,657)	(276.82)

Previous year figures are given in brackets

Unhedged Foreign Currency exposure

The yearend foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:

Particulars	2014-15		2013-14	
	Rupees Lakhs	Foreign currency	Rupees Lakhs	Foreign currency
Payable for capital goods	-	-	127.21	Euro 154,040
	-	-	9.89	GBP 9,900
	-	-	3.39	USD 5,645
Payable for Raw materials	12.81	USD 20,562	-	-
Payable for consultancy	39.95	GBP 42,734	37.59	GBP 37,648
	0.22	EUR 320	-	-
	1009.36	USD 1,622,764	1.93	USD 3,213
Others	-	-	0.97	USD 1,609
Receivable	23.13	AUD 47,796	-	-
	36.94	USD 59,378		

38. Deferred tax asset on the business loss amounting to Rs. 2,240.72 (2014: Rs. 980.78 Lakhs) is not recognized in view of absence of virtual certainty of future profits as required by Accounting Standard (AS) 22, *Accounting for taxes on Income*.

39. The information as required under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company. This information has been relied upon by the Auditors. The disclosures relating to Micro, Small and Medium Enterprises as at march 31, 2015 are as under:

S.No	Particulars	2015	2014
A)	The principal amount remaining unpaid to supplier as at the end of the year	31.41	171.94
B)	The interest due thereon remaining unpaid to supplier as at the end of the year	0.13	5.58
C)	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act	5.58	-
D)	The amount of interest accrued during the year and remaining unpaid at the end of the year	5.71	5.58

40. Previous year figures have been regrouped/reclassified, to conform to the current year disclosure.

As per our report of even date
For B.K. Khare & Co.
 Chartered Accountants
 (Registration No. 105102W)

Padmini Khare Kaicker
 Partner
 M. No. 044784

Mumbai, Dated: 21st May 2015

For and on behalf of the Board of Directors

Dr. Karthik Krishnamurthy **Mr. Arvind Mehra**
 Director Director
Mr. T. Subrahmanya Sarma **Mr. Yashesh Bhatt**
 CFO Company Secretary

Mumbai, Dated: 21st May 2015

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors present their Sixty First Report along with the audited financial statements of your Company for Financial Year ended 31st March, 2015.

Financial Highlights and State of Company's Affairs

	(Rs. in Lakhs)	
	For the year ended 31 st March, 2015	For the year ended 31 st March, 2014
Total Income.....	378.29	462.39
Profit before Interest, Depreciation and Taxation.....	196.72	173.71
Less: Interest.....	8.51	24.14
Less: Depreciation.....	5.30	4.40
Profit before exceptional item and tax.....	182.91	145.17
Exceptional Item – Add : Gain on sale of long term investments.....	2910.92	–
Less: Provision for diminution in value of long term investments.....	7100.00	–
(Loss)/Profit before Tax.....	(4006.17)	145.17
Less: Income Tax thereon:		
Current Tax.....	665.50	10.35
Deferred Tax.....	1.49	3.92
Refund received in respect of earlier years (Net of short provision of Rs. 409,285 for tax in respect of previous year)	(41.94)	–
Net (Loss)/Profit for the year.....	(4631.22)	130.90
Balance of Profit brought forward from last year.....	9671.73	9540.84
Balance of Profit carried to Balance Sheet.....	5040.51	9671.73
Net Worth.....	49104.75	49235.96

During the year, your Company carried out the business activities like trading in engines of boats, rendering of security services, hiring of boat, etc.

The following material changes and commitment occurred between the end of the Financial year to which this financial statements relate and the date of the Report.

55,00,000 equity shares of Rs. 10 each at a premium of Rs. 90 per share of the Company were allotted to the holding Company Mahindra and Mahindra Limited on 16th April, 2015, under the Rights Issue which was opened on 30th March, 2015 but closed after the closure of the financial year under review. The aforesaid amount of Rs. 5,500 lakhs has been shown in the financial statements as Share Application Money pending allotment as at 31st March, 2015.

Operations

The Total income and Loss after tax (including exceptional item) for the year under review were Rs. 378.29 Lakhs and 4631.22 Lakhs as against Total income and Profit after tax of Rs. 462.39 Lakhs and Rs. 130.90 Lakhs respectively in the previous year.

Dividend

In view of the current year loss, your Directors do not recommend any dividend for the period under review.

Subsidiaries and Associates

A report on the performance and financial position of each of the subsidiaries and associates of the Company included in the consolidated financial statement, for the year ended 31st March, 2015, is given in separate section marked as Annexure I and the same forms part of this report.

Consolidated Financial Statement

In accordance with Section 134(7) of the Companies Act, 2013 the audited consolidated financial statement of your Company forms part of this report.

Share Capital

During the year under review, the Authorized Share Capital of your Company was increased from Rs. 5,000 lakhs divided into 50,00,000 Equity Shares of Rs. 10 each to Rs. 5,500 lakhs divided into 55,00,000 Equity Shares of Rs. 10 each.

During the year under review, your Company issued and allotted 4,50,000 Equity Shares of Rs. 10 each for cash at a premium of Rs. 90 per share, aggregating Rs. 4,500 lakhs to its Holding Company, Mahindra and Mahindra Limited, on Rights issue basis.

During the closure of the year under review, your Company further issued 5,500,001 Equity shares of Rs. 10 each at a premium of Rs. 90 per share, aggregating Rs. 5,500 lakhs to its members on Rights Issue basis. Rights Issue remained open on the closing day of the financial year under review. 5,500,000 Equity shares were subscribed by its Holding Company, Mahindra and Mahindra Limited.

Necessary amendment to Memorandum of Association of your Company was carried out, during the year under review, to reflect the increase in authorised share capital of the Company from Rs. 5,000 lakhs to Rs. 5,500 lakhs.

Board of Directors

Mr. Satish Kamat (DIN: 01536698), Director, retires by rotation and being eligible offers himself for reappointment.

Mr. Nozar Bharucha (DIN: 03315303) was appointed as an Additional Director on 4th September, 2014 and as a director at the subsequent Annual General Meeting held on 30th September, 2014.

Mr. Raghunath Murti (DIN: 00082761), Chairman and Director, ceased to be a director with effect from 30th September, 2014, due to his reappointment not taken up at the previous Annual General Meeting following his intimation to the Company about his unwillingness to be reappointed as director at the last annual general meeting. Your Board takes this opportunity to place on record the valuable services and guidance provided by Mr. Raghunath Murti during his association with the Company as Director and Chairman of the Board.

Mr. Noshir Dastur (DIN: 00493177) and Mr. Ajay Mehta (DIN: 07102804), who in the opinion of the Board, are persons with integrity and possess relevant expertise and experience and who have given declarations to the effect that they meet the criteria of independence as laid down under section 149(6) of the Companies Act, 2013, were appointed as Independent Directors of the Company, in accordance with the provisions of Section 149 of Companies Act, 2013, at the Extra Ordinary General Meeting of the members held on 23rd March, 2015. They shall hold the office of directorship for a term of three years and would not be liable to retire by rotation.

Number of Meetings of the Board of Directors

Your Board of Directors met eight times during the year under review i.e., on 20th May, 2014, 6th June, 2014, 25th June, 2014, 21st July, 2014, 26th September, 2014, 11th December, 2014, 11th February 2015 and 11th March, 2015.

Directors' Responsibility Statement

Pursuant to section 134(3)(c) of the Companies Act, 2013, your Directors, based on the representation received, and after due enquiry, confirm that:

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed;
- (ii) they have, in the selection of the accounting policies, consulted the Statutory Auditors and these have been applied consistently and reasonable and prudent judgments and estimates have been made so as to give

a true and fair view of the state of affairs of the Company as at 31st March, 2015 and of the Loss of the Company for the year ended on that date;

- (iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) the annual accounts have been prepared on a going concern basis.
- (v) Proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Evaluation of Performance

Pursuant to the provisions of the Companies Act, 2013, the Board has carried out an annual evaluation of its own performance and that of its committees as well as performance of the Directors individually. Questionnaires/Feedback templates for annual evaluation were circulated to each Board member and duly filled in questionnaires/responses were submitted to the Chairman of the meeting for facilitating the formal annual evaluation.

Codes of Conduct

Your Company has, adopted Codes of Conduct for Corporate Governance ("the Codes") for its Directors and Senior Management Personnel and Employees. These Codes enunciate the underlying principles governing the conduct of your Company's business and seek to reiterate the fundamental precept that good governance must and would always be an integral part of your Company's ethos.

Your Company has for the year under review, received declarations from the Board Members affirming compliance with Code of Conduct for Directors as well as from the Senior Management Personnel. As regards the declarations from Employees of the Company, there was no employee in the Company during the year under review.

Key Managerial Personnel

Mr. Mitesh Shah was appointed as Chief Financial Officer on 21st July, 2014 and Ms. Bhakti Khanna was appointed as Company Secretary on 11th December, 2014 in accordance with provisions of Companies Act, 2013.

Mr. Mitesh Shah resigned as Chief Financial Officer with effect from 10th March, 2015 and was appointed as Chief Executive Officer with effect from 11th March, 2015.

Mr. Rajvimal Agarwal was appointed as Chief Financial Officer with effect from 11th March, 2015.

Committees of the Board:

Audit Committee

The Committee was reconstituted by the Board at its meeting held on 26th September, 2014 following the appointment of Mr. Nozar Bharucha as Director. The Committee was once again reconstituted on 31st March, 2015 pursuant to the appointment of Independent Directors on 23rd March, 2015.

The Committee now consists of Mr. Noshir Dastur (Independent Director), Mr. Ajay Mehta (Independent Director) and Mr. Nozar Bharucha. Mr. Noshir Dastur (Independent Director) is the Chairman of the Committee.

The Committee met three times during the year under review i.e., on 20th May, 2014, 11th February, 2015 and 11th March, 2015 and complied with the terms of reference assigned to the Committee.

Nomination and Remuneration Committee

The Committee was reconstituted by the Board at its meeting held on 26th September, 2014 following the appointment of Mr. Nozar Bharucha as Director on the Board. The Committee was once again reconstituted on 31st March, 2015 pursuant to the appointment of Independent Directors on 23rd March, 2015.

The Nomination and Remuneration Committee now consists of Mr. Noshir Dastur (Independent Director), Mr. Ajay Mehta (Independent Director) and Mr. S Venkatraman (DIN: 00077193). Mr. Noshir Dastur (Independent Director) is the Chairman of the Committee.

The Committee met four times during the year under review i.e. on 21st July, 2014, 11th December, 2014, 11th February, 2015 and 11th March, 2015.

The Committee members at their meeting held on 6th May, 2015 carried out an evaluation of the performance of individual directors through a structured questionnaire process.

Corporate Social Responsibility Committee

The Committee was constituted by the Board at its meeting held on 26th September, 2014. The Committee was subsequently reconstituted on 31st March, 2015 pursuant to the appointment of Independent Directors on 23rd March, 2015. The Committee now consists of Mr. Noshir Dastur (Independent Director), Mr. Satish Kamat and Mr. S Venkatraman. Mr. S Venkatraman is the Chairman of the Committee.

The Committee met once during the year on 11th February, 2015 and recommended the Corporate Social Responsibility Policy to the Board of the Company which was subsequently adopted by the Board.

Policy for Remuneration of Directors and Key Managerial Personnel and Criteria for appointment/removal of Directors and Senior Management Personnel

In line with the principles of transparency and consistency and upon recommendation of Nomination and Remuneration Committee, your Board has approved policies for the remuneration of Directors and Key Managerial Personnel and the appointment/removal of Directors and Senior Management Personnel.

These policies are furnished as Annexure II and form part of this Report.

Risk Management Policy

Your Board has formulated Risk Management Policy including therein identification therein the elements of risk which in the opinion of Board may threaten the existence of the Company.

Implementation of the Risk Management Policy is expected to be helpful in managing the risks associated with the business of the Company.

Corporate Social Responsibility Policy

Your Board has approved a Corporate Social Responsibility policy, as formulated by the Corporate Social Responsibility Committee, in accordance with the relevant provisions of Companies Act, 2013.

In terms of the provisions of Section 135 of the Companies Act, 2013 and Rules made thereunder, the Company is not required to spend any amount on any Corporate Social Responsibility activities since the average net profit of last three financial years, as computed in accordance with the provisions of Section 198 for the purpose of Section 135, is negative.

Annual Report on Corporate Social Responsibility containing particulars specified in Annexure to The Companies (Corporate Social Responsibility Policy) Rules, 2014 is given in Annexure III and forms part of this report.

The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

During the year under review, no complaints were received by the Company under the Sexual Harassment of Women at work place (Prevention, Prohibition and Redressal) Act, 2013, and Rules made there under.

Auditors and Audit Report

Messrs. Deloitte Haskins & Sells, Chartered Accountants, (ICAI registration Number 117365W) retire as Auditors of your Company at the forthcoming Annual General Meeting and have given their consent for re-appointment. The members are requested to appoint Auditors from the conclusion of forthcoming Annual General Meeting until the conclusion of next Annual General Meeting and fix their remuneration.

As required under the provisions of section 139 of the Companies Act, 2013, your Company has obtained a written consent and certificate from the above Auditors to the effect that their reappointment, if made, would be in conformity with the conditions and criteria specified therein.

The Auditors' Report does not contain any qualification, reservation or adverse remark.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The particulars relating to the Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo, as required under section 134(3)(m) of the Companies Act, 2013 read with the Companies Rule 8(3) of The Companies (Accounts) Rules, 2014 are given as Annexure IV to this Report.

Particulars of loans, guarantees or investments under Section 186 of the Companies Act, 2013

Particulars of loans given, investments made, and guarantees and securities provided, pursuant to Section 186 of the Companies Act, 2013 during the year under review are given in the note no. 31 in financial statement and the same forms part of this report.

Public Deposits and Loans/Advances

Your Company has not accepted any deposits from the public, or its employees, within the meaning of Section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014 during the year under review and there is no amount which qualifies as deposit outstanding as on the date of balance sheet and not in Compliance with the requirement of Chapter V of the Companies Act, 2013.

There were no loans and advances, the particulars of which are required to be disclosed in the annual accounts of the Company pursuant to Clause 32 of the Listing Agreement between the Parent Company, Mahindra and Mahindra Limited and the Stock Exchanges.

Particulars of Transactions with Related Parties

All the contracts / arrangements / transactions entered, during the year under review, with related parties referred to in sub section 1 of Section 188 of Companies Act, 2013 and Rules made thereunder, were in ordinary course of business and on arm's length basis.

Particulars of material contracts or arrangements or transactions with related parties, required to be furnished in terms of Section 134 of Companies Act, 2013 are furnished in form AOC – 2 as Annexure V and the same forms part of this report.

Extract of Annual Return

Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of the Annual return as on 31st March, 2015 is attached herewith as Annexure VI and forms part of this report.

Internal Financial Controls

Your Company has implemented an Internal Control System,

commensurate with the size, scale and complexity of its operations. The Company has further prepared and put internal control over financial reporting framework in place in line with consultation of KPMG team. Besides, your Company regularly conducts reviews to assess the adequacy of financial and operating controls for various businesses of the Company. Significant issues, if any, are brought to the attention of the Audit Committee. Statutory Auditors and Internal Auditors are invited to attend Audit Committee meetings.

General

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions/ events on these items during the year under review:

1. Issue of equity shares with differential rights as to dividend, voting or otherwise.
2. Issue of Shares (Including Sweat Equity Shares) to employees of the Company under any Scheme.
3. Significant or material orders by Regulators or Courts or Tribunals which impact the going concern status and the Company's operations in future.
4. Particulars of employees, since the provisions of Section 197 (12) of the Companies Act, 2013 and the Rule 5 (2) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, are not applicable to an unlisted Company.

Acknowledgements

Your Directors are pleased to take this opportunity to thank the bankers, customers, vendors, all the other stakeholders for their co-operation to the Company during the year under review.

For and on behalf of the Board

Nozar Bharucha
Director

Noshir Dastur
Director

Mumbai, 27th May, 2015

ANNEXURE I TO THE DIRECTORS' REPORT

Part "A": Section on Subsidiaries

(Amount Rs. in Lakhs)

SL. No.	Particulars			
1.	Name of the subsidiary	Retail Initiative Holdings Limited (RIHL)	Mahindra Retail Private Limited* (MRPL)	Mahindra Internet Commerce Private Limited* (MICPL)
2.	Reporting period for the subsidiary concerned, if different from the holding Company's reporting period	Not Applicable	Not Applicable	Not Applicable
3.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	Not Applicable	Not Applicable	Not Applicable
4.	Share capital	2,055	53,346	501
5.	Reserves & surplus	(144)	(58,220)	(321)
6.	Total assets	51,353	9,898	778
7.	Total Liabilities	51,353	9,898	778
8.	Investments	51,337	7,65	NIL
9.	Turnover	Nil	21,053	403
10.	Profit/(loss)before taxation	(46)	(11,889)	(334)
11.	Provision for taxation	Nil	Nil	Nil
12.	Profit/(loss)after taxation	(46)	(11,889)	(334)
13.	Proposed Dividend	Nil	Nil	Nil
14.	% of shareholding	100%	96.22%	96.22%
15.	Performance of the Company during the financial year 2014-2015	<p>During the year under review, RIHL acquired 6,52,08,248 Equity Shares of Rs. 10 each of MRPL, a subsidiary of RIHL, at par by way of Rights Issues of shares, for a consideration aggregating to Rs. 65.21 Crores.</p> <p>Subsequent to this acquisition, RIHL's holding in MRPL stands increased to Rs. 51,328 lakhs constituting 96.22% of its total paid up equity share capital.</p> <p>RIHL also divested 1,000 Equity Shares of Rs. 10 each of MRPL to your Company at par by way of sale of shares, for a consideration of Rs. 10,000.</p>	<p>MRPL recorded revenues of Rs. 21,053 lakhs as compared to Rs. 20,600 lakhs in the previous year. Loss after tax for the year was Rs.11,889 lakhs as compared to Rs. 11,399 lakhs in the previous year.</p>	<p>MICPL recorded revenues of Rs. 403 lakhs as compared to Rs. 1 lakh in the previous year. Loss after tax for the year was Rs. 334 lakhs as compared to Rs. 1 lakh in the previous year. During the year under review, MICPL has changed its name and object clause and started business operations of trading in baby and mother care product on E- Commerce platform from 20th December, 2014.</p>

* Mahindra Internet Commerce Private Limited is a wholly owned subsidiary of Mahindra Retail Private Limited in which Retail Initiative Holdings Limited holds 96.22% stake and Retail Initiative Holdings Limited is a wholly owned subsidiary of the Company. During the year under review, your Company has also purchased 1,000 shares of MRPL from RIHL.

Names of subsidiaries which have been liquidated or sold during the year:

Pursuant to the execution of Share Purchase Agreement and Shareholders Agreements, your Company's holding in Mahindra Tsubaki Conveyor Systems Private Limited (MTCSP) (formerly known as Mahindra Conveyor Systems Private Limited) came down from 91.50 % to 49 % and MTCSP ceased to be a subsidiary with effect from 31st July, 2014.

MTCSP is however your associate Company under the provisions of Companies Act, 2013.

Part “B”: Associates and Joint Ventures**Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures**

Name of associate	Mahindra Tsubaki Conveyor Systems Private Limited (MTC SPL)
1. Latest audited Balance Sheet Date	31 st March, 2015
2. Shares of Associate held by the Company on the year end	
No.	15,376,025 shares
Amount of Investment in Associate	Rs. 1,831.40 lakhs
Extend of Holding%	49.00%
3. Description of how there is significant influence	Since Company has 49% stake in associate as at 31 st March, 2015
4. Reason why the associate is not consolidated	Share of profit in associate has been considered in consolidation according to 'Accounting Standard 23 – Accounting for Investments in Associates in Consolidated Financial Statements'
5. Net worth attributable to shareholding as per latest audited Balance Sheet	Rs. 2848 lakhs
6. Profit for the year	
i. Considered in Consolidation	Rs. 48.50 lakhs
ii. Not Considered in Consolidation	Rs. 45.50 lakhs
7. Performance of the Company	MTC SPL recorded revenues of Rs. 4,542 lakhs as compared to Rs. 6,712 lakhs in the previous year. Net profit after tax for the year was Rs. 94 lakhs as compared to Rs. 441 lakhs in the previous year. Operations for the period under review were impacted due to low sales turnover resulting from the ongoing slowdown in the sectors served by MTC SPL. Lack of fresh investments in Cement, Power and related sectors, together with intense completion, resulted in drop in order intake and sales turnover.

- Names of associates or joint ventures which are yet to commence operations. – Nil
- Names of associates or joint ventures which have been liquidated or sold during the year. – Nil

For and on behalf of the Board

Nozar Bharucha **Noshir Dastur**
Director Director

Mumbai, 27th May, 2015

ANNEXURE II TO THE DIRECTORS' REPORT

POLICY FOR REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

Purpose

This Policy sets out the approach to compensation of Directors and Key Managerial Personnel in Mahindra Engineering and Chemical Products Limited.

Policy Statement

Our compensation philosophy strives to attract and retain high performers by compensating them at levels that are broadly comparable with the median of the comparator basket while differentiating people on the basis of performance, potential and criticality for achieving competitive advantage in business.

In order to effectively implement this, our compensation structure is developed through external benchmarking as appropriate, with relevant players across the industry we operate in.

Non-Executive Including Independent Directors

The Nomination and Remuneration Committee (NRC) shall decide the basis for determining the compensation, both Fixed and variable, to the Non-Executive Directors, including Independent Directors, whether as commission or otherwise. The NRC shall take into consideration various factors such as director's participation in Board and Committee meetings during the year, other responsibilities undertaken, such as membership or Chairmanship of committees, time spent in carrying out their duties, role and functions as envisaged in Schedule IV of the Companies Act 2013 and such other factors as the NRC may consider deem fit for determining the compensation. The Board shall determine the compensation to Non-Executive Directors within the overall limits specified in the Shareholders resolution.

Key Managerial Personnel (KMPs)

The terms of remuneration of Chief Executive Officer (CEO), Chief Financial Officer (CFO) and Company Secretary (CS) shall be determined by the Board and may be revised, from time to time, by any Director or such other person as may be authorised by the Board. The remuneration shall be consistent with the competitive position of the salary for similar positions in the industry and their Qualifications, Experience, Roles and Responsibilities. Pursuant to the provisions of section 203 of the Companies Act 2013 the Board shall approve the remuneration at the time of their appointment.

The remuneration to directors, KMPs and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

POLICY ON APPOINTMENT OF DIRECTORS AND SENIOR MANAGEMENT PERSONNEL

Definitions

The definitions of some of the key terms used in this Policy are given below.

“**Board**” means Board of Directors of the Company.

“**Company**” means Mahindra Engineering and Chemical Products Limited

“**Committee(s)**” means Committees of the Board for the time being in force.

“**Key Managerial Personnel**” (KMP) refers to key managerial personnel as defined under the Companies Act, 2013 and includes:

- (i) Managing Director (MD), or Chief Executive Officer (CEO); or Manager; or Whole time Director (WTD)
- (ii) Chief Financial Officer (CFO); and
- (iii) Company Secretary (CS).

“**Nomination and Remuneration Committee**” (NRC) means Nomination and Remuneration Committee of Board of Directors of the Company for the time being in force.

“**Senior Management**” means personnel of the Company who are members of its Core Management Team, excluding Board of Directors, comprising of all members of management one level below the executive directors including the functional heads.

I. APPOINTMENT OF DIRECTORS

- The NRC reviews and assesses Board composition and recommends the appointment of new Directors. In evaluating the suitability of individual Board member, the NRC shall take into account the following criteria regarding qualifications, positive attributes and independence of director:
 1. All Board appointments will be based on merit, in the context of the skills, experience, independence and knowledge, for the Board as a whole to be effective.
 2. Ability of the candidates to devote sufficient time and attention to his professional obligations as Independent Director for informed and balanced decision making
 3. Adherence to the Code of Conduct and highest level of Corporate Governance in letter and in spirit by the Independent Directors
- Based on recommendation of the NRC, the Board will evaluate the candidate(s) and decide on the selection of the appropriate member. The Board through the Chairman / Managing Director will interact with the new member to obtain his/her consent for joining the Board. Upon receipt of the consent, the new Director will be co-opted by the Board in accordance with the applicable provisions of the Companies Act 2013 and Rules made thereunder.

Removal of Directors

If a Director is attracted with any disqualification as mentioned in any of the applicable Act, rules and regulations thereunder or due to non - adherence to the applicable policies of the

Company, the NRC may recommend to the Board with reasons recorded in writing, removal of a Director subject to the compliance of the applicable statutory provisions.

Senior Management Personnel

The NRC shall identify persons who may be appointed in senior management team in accordance with the criteria laid down above.

Senior Management personnel are appointed or promoted and removed/relieved with the authority of Chairman based on the business need and the suitability of the candidate. The details of the appointment made and the personnel removed one level below the Key Managerial Personnel during a quarter shall be presented to the Board.

II. SUCCESSION PLANNING:

Purpose

The Talent Management Policy sets out the approach to the development and management of talent in the Mahindra Group to ensure the implementation of the strategic business plans of the Group and the Group Aspiration of being among the Top 50 globally most-admired brands by 2021.

Board:

The successors for the Independent Directors shall be identified by the NRC at least one quarter before expiry of the scheduled term. In case of separation of Independent Directors due to resignation or otherwise, successor will be appointed at the earliest but not later than the immediate next Board meeting or three months from the date of such vacancy, whichever is later.

The NRC will accord due consideration for the expertise and other criteria required for the successor.

The Board may also decide not to fill the vacancy caused at its discretion.

For and on behalf of the Board

Nozar Bharucha
Director

Noshir Dastur
Director

Mumbai, 27th May, 2015

ANNEXURE III TO THE DIRECTORS' REPORT

ANNUAL REPORT ON CSR ACTIVITIES

- (1) Mahindra Engineering and Chemical Products Limited (MECP) is a subsidiary of Mahindra & Mahindra Limited. The CSR vision of MECP is to serve and give back to the communities within which it works. The commitment to CSR will be manifested by investing resources in the areas like promoting education, promoting gender equality, empowering women, ensuring environmental sustainability, rural development projects, etc.
- (2) The Composition of the CSR Committee.
The CSR Committee of the Board comprises of the following Board members:
Mr. S Venkatraman (Chairman)
Mr. Noshir Dastur (Independent Director)
Mr. Satish Kamat
- (3) Average net profit of the Company for last three financial years is negative of Rs. 147 lakhs.

- (4) Prescribed CSR expenditure:
In terms of the provisions of Section 135 of the Companies Act, 2013 and Rules made there under, the Company is not required to spend any amount on any Corporate Social Responsibility activities since the average net profit of last three financial years, as computed in accordance with the provisions of Section 198 for the purpose of Section 135, is negative.
- (5) Details of CSR Spent during the Financial Year.
N. A.
- (6) A responsibility statement of the CSR Committee:
The implementation and monitoring of CSR Policy is in compliance with CSR objectives and Policy of the Company.

For and on behalf of the Board

Noshir Dastur
Director

S Venkatraman
Chairman CSR Committee

Mumbai, 6th May, 2015

ANNEXURE IV TO THE DIRECTORS' REPORT

PARTICULARS AS PER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2015.

A. CONSERVATION OF ENERGY

(a) **the steps taken or impact on conservation of energy:**

Though Your Company is not energy intensive, necessary steps are being taken to conserve energy.

(b) the steps taken by the Company for utilizing alternate sources of energy: Nil

(c) the capital investment on energy conservation equipments: Nil

B. TECHNOLOGY ABSORPTION

i) the efforts made towards technology absorption Nil

ii) the benefits derived like product improvement, cost reduction, product development or import substitution: Nil

iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)–

(a) the details of technology imported: Nil

(b) the year of import: Nil

(c) whether the technology been fully absorbed: Nil

(d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof: Nil

iv) the expenditure incurred on Research and Development : Nil

C. FOREIGN EXCHANGE EARNINGS AND OUTGO: *(in terms of actual inflow and outflow)*

Total Foreign Exchange Earned and Used:

	(Rupees in Lakhs)	
	For the Financial Year Ended 31st March, 2015	For the Financial Year Ended 31 st March, 2014
Total Foreign Exchange Earned	Nil	Nil
Total Foreign Exchange Used	Nil	92.15

For and on behalf of the Board

Nozar Bharucha
Director

Noshir Dastur
Director

Mumbai, 27th May, 2015

ANNEXURE V TO THE DIRECTORS' REPORT**FORM NO. AOC -2**

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014.

Form for Disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arm's length transaction under third proviso thereto.

1. Details of contracts or arrangements or transactions not at Arm's length basis: Nil
2. Details of material contracts or arrangements or transactions at Arm's length basis.

SL. No. Particulars	Details
a) Name (s) of the related party & nature of relationship	Mahindra & Mahindra Limited & Holding Company
b) Nature of contracts/arrangements/transaction	Administration and Security Service transaction
c) Duration of the contracts/arrangements/transaction	From 15 th July, 2013 to 14 th July, 2014 and From 15 th July, 2014 to 31 st October, 2014.
d) Salient terms of the contracts or arrangements or transaction including the value, if any	At prevailing market rate Rs. 52,73,698/-
e) Date(s) of approval by the Board, if any.	Not Applicable
f) Amount paid as advances, if any	Nil

- Note: for the purpose of materiality, the following criteria have been considered.
- 10% of turnover of the Company or Rs. one hundred crore, whichever is lower is considered as material for the purpose of disclosure in respect of Contracts/transactions/arrangements for sale, purchase, or supply of any goods or materials.
- 10% of net worth of the Company or Rs. one hundred crore, whichever is lower is considered as material for the purpose of disclosure in respect of Contracts/transactions/arrangements for selling or otherwise disposing of or buying property of any kind.
- 10% of the net worth of the Company or 10 % of turnover of the Company or Rs. one hundred crore, whichever is lower is considered as material for the purpose of disclosure in respect of Contracts/transactions/arrangements for leasing of property of any kind.
- 10% of turnover of the Company or Rs. fifty crores, whichever is lower is considered as material for the purpose of disclosure in respect of Contracts/transactions/arrangements for rendering of services.

For and on behalf of the Board

Nozar Bharucha
Director

Noshir Dastur
Director

Mumbai, 27th May, 2015

ANNEXURE VI TO THE DIRECTORS' REPORT

Form No. MGT-9

Extract of Annual Return

as on the financial year ended on 31st March, 2015

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

1.	CIN	U74999MH1954PLC019908
2.	Registration Date	07/06/1954
3.	Name of the Company	Mahindra Engineering and Chemical Products Limited
4.	Category/Sub-Category of the Company	Company Limited by Shares/Indian Non-Government Company
5.	Address of the Registered office and contact details	Gateway Building, Apollo Bunder, Mumbai - 400001 Tel No. 022 22021031 Fax No. 022 22875485
5.	Whether listed Company (Yes/No)	No
6.	Name, Address and Contact details of Registrar and Transfer Agent, if any	None

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:-

Sr. No	Name and Description of Main Product/Services	NIC Code of the Product	% to total turnover of the Company.
1.	Sale of Traded Products (Marine Engines)	Not Available	40.91%
2.	Sale of Services (Security Services)	80100	56.64%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

Sr. No	Name and Address of the Company	CIN/GIN	Holding/Subsidiary/Associates	% of shares held	Applicable Section
1.	Mahindra and Mahindra Limited Gateway Building, Apollo Bunder, Mumbai - 400001.	L65990MH1945PLC00455	Holding Company	99.99	2 (46)
2.	Retail Initiative Holdings Limited (RIHL) Mahindra Towers, P.K. Kurne Chowk, Worli Mumbai - 400018	U67110MH2008PLC188837	Subsidiary Company	100.00	2 (87)(ii)
3.	Mahindra Retail Private Limited (MRPL) Mahindra Towers, P.K. Kurne Chowk, Worli Mumbai - 400018	U52190MH2007PTC173762	Subsidiary Company through RIHL	96.22	2 (87)(ii)
4.	Mahindra Internet Commerce Private Limited Mahindra Towers, P.K. Kurne Chowk, Worli Mumbai - 400018	U52399MH2008PTC187927	Subsidiary through MRPL	96.22	2 (87)(ii)
5.	Mahindra Tsubaki Conveyor Systems Private Limited Mahindra Towers, P.K. Kurne Chowk, Worli Mumbai - 400018	U29268MH2010PTC198438	Associate Company	49.00	2 (6)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i. Category-wise Share Holding.

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1. Indian									
a. Individual/HUF	–	–	–	–	–	–	–	–	–
b. Central Govt.	–	–	–	–	–	–	–	–	–
c. State Govt.	–	–	–	–	–	–	–	–	–
d. Bodies Corp.	–	4,39,98,472	4,39,98,472	100	–	4,84,98,472	4,84,98,472	100	0
e. Bank/FI	–	–	–	–	–	–	–	–	–
f. Any Other	–	–	–	–	–	–	–	–	–
Sub-Total-A(1)	–	4,39,98,472	4,39,98,472	100	–	4,84,98,472	4,84,98,472	100	0
2. Foreign									
a. NRI-Individuals	–	–	–	–	–	–	–	–	–
b. Other Individuals	–	–	–	–	–	–	–	–	–
c. Body Corporate	–	–	–	–	–	–	–	–	–
d. Bank/FI	–	–	–	–	–	–	–	–	–
e. Any Others	–	–	–	–	–	–	–	–	–
Sub Total-A(2)	–	–	–	–	–	–	–	–	–
Total Share Holding of Promoters (A)(1) + (A)(2)	–	4,39,98,472	4,39,98,472	100	–	4,84,98,472	4,84,98,472	100	0

B. Public Shareholding									
1. Institution									
a. Mutual Funds	–	–	–	–	–	–	–	–	–
b. Bank/FI	–	–	–	–	–	–	–	–	–
c. Cent. Govt.	–	–	–	–	–	–	–	–	–
d. State Govt.	–	–	–	–	–	–	–	–	–
e. Venture Capital	–	–	–	–	–	–	–	–	–
f. Insurance Co.	–	–	–	–	–	–	–	–	–
g. FIs	–	–	–	–	–	–	–	–	–
h. Foreign Venture Capital Fund	–	–	–	–	–	–	–	–	–
i. Others	–	–	–	–	–	–	–	–	–
Sub-Total-B(1)	–	–	–	–	–	–	–	–	–

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
2. Non-Institution									
a. Body Corp.	-	-	-	-	-	-	-	-	-
b. Individual	-	-	-	-	-	-	-	-	-
i. Individual shareholders holding nominal share capital upto Rs. 1 lakh	-	-	-	-	-	-	-	-	-
ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	-	-	-	-	-	-	-	-	-
c. Others									
Sub-Total-B(2)	-	-	-	-	-	-	-	-	-
Total Public Shareholding (B)=(B)(1)+ (B)(2)	-	-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs & ADRs									
Promoter and Promoter Group	-	-	-	-	-	-	-	-	-
Public	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	-	4,39,98,472	4,39,98,472	100	-	4,84,98,472	4,84,98,472	100	0

ii. Shareholding of Promoters:

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	
1	Mahindra and Mahindra Limited	4,39,98,452	99.99	-	4,84,98,454	99.99	-	Nil
2	Mahindra and Mahindra Limited jointly with Mr. Keshub Mahindra*	1	0	-	1	0	-	-
3	Mahindra and Mahindra Limited jointly with Mr. A K Nanda*	2	0	-	2	0	-	-
4	Mahindra and Mahindra Limited jointly with Mr. M Raghuram*	1	0	-	1	0	-	-
5	Mahindra and Mahindra Limited jointly with Mr. Bharat Doshi*	1	0	-	1	0	-	-
6	Mahindra and Mahindra Limited jointly with Mr. U Y Phadke*	2	0	-	0	0	-	-
7	Mahindra and Mahindra Limited jointly with Mr. M A Nazareth*	1	0	-	1	0	-	-
8	Mahindra and Mahindra Limited jointly with Mr. A M Choksey*	1	0	-	1	0	-	-

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged/encumbered to total shares	
9	Mahindra and Mahindra Limited jointly with Mr. Rajeev Dubey*	1	0	–	1	0	–	–
10	Mahindra Holdings Limited	10	0	–	10	0	–	–
	Total	4,39,98,472	100	–	4,84,98,472	100	–	Nil

* Jointly held with Mahindra and Mahindra Limited for the purpose of compliance with the Statutory Provision of Companies Act with regard to minimum number of members.

iii. Change in Promoters' Shareholding

(please specify, if there is no change):

Sr. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	At the beginning of the year	4,39,98,472	100	–	–
	Date wise Increase/Decrease in Promoter's Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.):				
	25.06.2014 – Allotment of 45,00,000 equity shares	–	–	4,84,98,472	100
	At the end of the year (or on the date of separation, if separated during the year)	–	–	4,84,98,472	100

iv. Shareholding Pattern of top ten Shareholders

(other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	For each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	At the beginning of the year	–	–	–	–
	Date wise Increase/Decrease in Promoter's Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.):				
		–	–	–	–
	At the end of the year (or on the date of separation, if separated during the year)	–	–	–	–

v. Shareholding of Directors and Key Managerial Personnel:

Sr. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		During the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	At the beginning of the year	–	–	–	–
	Date wise Increase/Decrease in Promoter's Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc.):	–	–	–	–
	At the end of the year (or on the date of separation, if separated during the year)	–	–	–	–

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(Rs. in Lakhs)

Particulars	Secured Loans Excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year 01.04.2014				
1) Principal Amount	Nil	200.00	Nil	200.00
2) Interest due but not paid	Nil	Nil	Nil	Nil
3) Interest accrued but not due	Nil	5.14	Nil	5.14
Total of (1+2+3)	Nil	205.14	Nil	205.14
Change in Indebtedness during the financial year				
+ Addition	Nil	7.66	Nil	7.66
- Reduction	Nil	(212.80)	Nil	(212.80)
Net change	Nil	(205.14)	Nil	(205.14)
Indebtedness at the end of the financial year- 31.03.2015				
1) Principal Amount	Nil	Nil	Nil	Nil
2) Interest due but not paid	Nil	Nil	Nil	Nil
3) Interest accrued but not due	Nil	Nil	Nil	Nil
Total of (1+2+3)	Nil	Nil	Nil	Nil

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL
A. Remuneration to Managing Director, Whole-Time Directors and/or Manager:

Sr. No.	Particulars of Remuneration	Name of MD/WTD/Manager		Total Amount (Rs. In Lakhs)
1.	Gross Salary	–	–	–
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act	–	–	–
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	–	–	–
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	–	–	–
2.	Stock Option	–	–	–
3.	Sweat Equity	–	–	–
4.	Commission			
	– As % of Profit	–	–	–
	– Others, specify	–	–	–
5.	Others, please specify	–	–	–
	Total (A)	–	–	–
	Ceiling as per the Act		–	

B. Remuneration of other directors:

Particulars of Remuneration	Name of Directors		Total Amount Rs. in Lakhs
	Mr. Noshir Dastur (ID)	Mr. Ajay Mehta (ID)	
1. Independent Directors			
• Fee for attending board/committee meetings	–		
• Commission	–	–	–
• Others, please specify	–	–	–
Total (1)	–	–	–
2. Other Non-Executive Directors	–	–	–
• Fee for attending board/committee meetings	–	–	–
• Commission	–	–	–
• Others, please specify	–	–	–
Total (2)	–	–	–
Total B = (1+2)	–	–	–
Total Managerial Remuneration			
Over all Ceiling as per the Act	–	–	–

C. Remuneration to Key Managerial Personnel Other Than MD/ Manager/ WTD

Sr. No	Particulars of Remuneration	Name of the KMP			Total Amount (Rs. in Lakhs)
		Mr. Mitesh Shah CEO	Mrs. Bhakti Khanna CS	Mr. Rajvimal Agarwal CFO	
1.	Gross Salary				
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act	–	–	–	–
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	–	–	–	–
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	–	–	–	–
2.	Stock Option	–	–	–	–
3.	Sweat Equity	–	–	–	–
4.	Commission	–	–	–	–
	– As % of Profit				
	– Others, specify				
5.	Others, please specify	2.30	0.90	0.11	3.31
	Total	2.30	0.90	0.11	3.31

VII. PENALTIES/ PUNISHMENT/ COMPOUNDING OF OFFENCES (Under the Companies Act):

A. Company

Type	Section of the Companies Act	Brief Description	Details of Penalty/Punishment/ Compounding fees imposed	Authority (RD/NCLT/ court)	Appeal made, if any (give details)
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil

B. Directors

Type	Section of the Companies Act	Brief Description	Details of Penalty/Punishment/ Compounding fees imposed	Authority (RD/NCLT/ court)	Appeal made, if any (give details)
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil

C. Other Officers in Default

Type	Section of the Companies Act	Brief Description	Details of Penalty/Punishment/ Compounding fees imposed	Authority (RD/NCLT/ court)	Appeal made, if any (give details)
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil

For and on behalf of the Board

Nozar Bharucha **Noshir Dastur**
Director Director

Mumbai, 27th May, 2015

INDEPENDENT AUDITORS' REPORT

**TO THE MEMBERS OF
MAHINDRA ENGINEERING AND CHEMICAL PRODUCTS LIMITED**

Report on the Financial Statements

We have audited the accompanying financial statements of **MAHINDRA ENGINEERING AND CHEMICAL PRODUCTS LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2015, and its loss and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of the written representations received from the directors as on 31st March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164(2) of the Act.
 - (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - (i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 23 to the financial statements.
 - (ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Firm's Registration No. 117365W)

Uday M. Neogi
(Partner)
(Membership No. 30235)

Place : Mumbai
Date : 27th May, 2015

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date to the members of Mahindra Engineering and Chemical Products Limited on the financial statements for the year ended 31st March, 2015)

- (i) Having regard to the nature of the Company's business/ activities/results during the year, clauses (ii), (v), (vi), (viii), (ix) and (xi) of the Order are not applicable to the Company.
- (ii) In respect of its fixed assets:
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
 - (b) The Company has physically verified the fixed assets during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of physical verification of fixed assets is reasonable having regard to the size of the Company and the nature of the assets.
- (iii) In our opinion and according to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.
- (iv) In our opinion and according to the information and explanations given to us, having regard to the explanation that most of the items are of special nature for which alternative sources are not readily available for obtaining comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and the sales of goods and services. During the course of our audit, we have not observed any major weakness in such internal control system.
- (v) According to the information and explanations given to us in respect of statutory dues:
 - (a) The Company has generally been regular in depositing undisputed statutory dues, including Income-tax, Sales Tax, Service Tax, Cess and any other statutory dues applicable to it with the appropriate authorities.
 - (b) No undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and any other statutory dues were in arrears as at 31st March, 2015 for a period of more than six months from the date they became payable.

- (c) As at 31st March, 2015 the following are the particulars of dues on account of Income-tax, Sales Tax, Wealth Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax and Cess that have not been deposited on account of any dispute:

Name of Statute	Nature of Dues	Forum where the Dispute is pending	Period to which the amount relates	Amount involved (Rs.)
Income Tax Laws	Income Tax	Appellate Authority – Commissioner (Appeals)	AY 2000-01	7,556,312
Income Tax Laws	Income Tax	Appellate Authority – Commissioner (Appeals)	AY 2012-13	4,531,490
Sales – Tax Laws	Sales tax	Appellate Authority – Commissioner (Appeals)	AY 2009-10	749,267

- (d) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company in accordance with the relevant provisions of the Companies Act, 1956 and rules made thereunder.
- (vi) According to the information and explanations given to us, the Company has not given guarantees for loans taken by others from banks and financial institutions.
- (vii) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Firm's Registration No. 117365W)

Uday M. Neogi
(Partner)
(Membership No. 30235)

Place : Mumbai
Date : 27th May, 2015

BALANCE SHEET AS AT 31ST MARCH, 2015

Particulars	Note No.	As at 31st March, 2015 Rupees	As at 31st March, 2014 Rupees
I EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share Capital	3	484,984,720	439,984,720
(b) Reserves and Surplus	4	4,425,490,084	4,483,611,677
		4,910,474,804	4,923,596,397
(2) Share application money pending allotment	28	550,000,000	-
(3) Non-Current Liabilities			
(a) Deferred tax liabilities (net)	27	541,494	392,240
(b) Other long term liabilities	5	-	10,000,000
		541,494	10,392,240
(4) Current Liabilities			
(a) Short-term borrowings	6	-	20,000,000
(b) Trade payables	7	1,691,960	962,985
(c) Other current liabilities	8	10,126,163	144,008,902
(d) Short term provisions	8(a)	1,387,378	-
		13,205,501	164,971,887
Total		<u>5,474,221,799</u>	<u>5,098,960,524</u>
II ASSETS			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible assets	9	4,955,023	5,484,632
(b) Non-current investments	10	5,223,915,403	4,887,741,400
(c) Long term loans and advances	11	135,498,412	130,786,396
		5,359,413,815	5,018,527,796
(2) Current assets			
(a) Trade receivables	12	251,621	6,076,525
(b) Cash and cash equivalents	13	55,155,564	10,400,691
(c) Short-term loans and advances	14	50,044,788	52,150,364
(d) Other current assets	15	4,400,988	6,320,516
		109,852,961	74,948,096
Total		<u>5,474,221,799</u>	<u>5,098,960,524</u>

SEE ACCOMPANYING NOTES FORMING PART OF THE FINANCIALS STATEMENTS

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants

Uday M. Neogi
Partner

Date : 27th May, 2015
Place : Mumbai

For and on behalf of the Board of Directors

Nozar Bharucha Director
Noshir Dastur Director
Mitesh Shah Chief Executive Officer
Bhakti Khanna Company Secretary
Rajvimal Agarwal Chief Financial Officer

Date : 27th May, 2015
Place : Mumbai

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2015

Particulars	Note No.	Rupees	For the	For the
			year ended 31st March, 2015	year ended 31st March, 2014
			Rupees	Rupees
I. Revenue from operations (gross)		9,311,136		20,190,439
Less: Excise duty.....		—		—
Revenue from operations (net)	16		9,311,136	20,190,439
II. Other Income	17		28,518,289	26,049,063
III. Total Revenue			<u>37,829,425</u>	<u>46,239,502</u>
IV. Expenses:				
Purchase of Stock-in-Trade (Marine Engine).....		3,628,036		11,272,353
Purchase of Services.....		4,948,184		7,956,631
Finance costs.....	18	851,562		2,414,521
Depreciation expense.....	9	529,609		440,190
Other expenses.....	19	9,580,974		9,638,937
Total Expenses			<u>19,538,365</u>	<u>31,722,632</u>
V. Profit before exceptional item and tax.....			18,291,060	14,516,870
VI. Exceptional Item				—
a) Gain on sale of long term investments (refer foot note to Note 10 - Non-current investments).....		291,092,378		—
b) Provision for diminution in value of long term investments (refer Note 10 - Non-current investments)		(710,000,000)		—
			<u>(418,907,622)</u>	—
VII. (Loss)/Profit before tax			<u>(400,616,562)</u>	<u>14,516,870</u>
VIII. Tax expense:				
(1) Current tax		66,550,000		1,035,000
(2) Refund received in respect of earlier years (Net of short provision of Rs 409,285 for tax in respect of previous year).....		(4,194,223)		—
(3) Deferred Tax		149,254		392,240
			<u>62,505,031</u>	<u>1,427,240</u>
IX. (Loss)/Profit for the year			<u>(463,121,593)</u>	<u>13,089,630</u>
X. Earnings per equity share (Face Value per share Rs. 10):				
Basic/Diluted	26		(9.76)	0.34

SEE ACCOMPANYING NOTES FORMING PART OF THE FINANCIAL STATEMENTS

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants

Uday M. Neogi
Partner

Date : 27th May, 2015
Place : Mumbai

For and on behalf of the Board of Directors

Nozar Bharucha Director
Noshir Dastur Director
Mitesh Shah Chief Executive Officer
Bhakti Khanna Company Secretary
Rajvimal Agarwal Chief Financial Officer

Date : 27th May, 2015
Place : Mumbai

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2015

	Year ended 31st March, 2015		Year ended 31st March, 2014	
	Rupees	Rupees	Rupees	Rupees
A. CASH FLOW FROM OPERATING ACTIVITIES				
(Loss)/Profit before tax		(400,616,562)		14,516,870
Adjustments for:				
Depreciation	529,609		440,190	
Provision for diminution in long term investments.....	710,000,000		–	
Interest expense	851,562		2,414,521	
Stamp duty, registration charges on increase in authorised share capital.....	1,377,529		1,500,000	
Interest on Fixed Deposit	(17,404,712)		(125,923)	
Interest income on inter corporate deposits	(9,491,920)		(9,550,689)	
Rental income from investment property	(630,000)		(630,000)	
Dividend Income from subsidiary	–		(12,345,945)	
Gain on sale of long term investments	(291,092,378)			
		394,139,690		(18,297,846)
Operating profit before Working Capital changes		(6,476,872)		(3,780,976)
Adjustments for changes in Working capital:				
Long term Loans and advances	(5,121,301)		–	
Trade Receivables	5,824,904		(1,320,814)	
Short term Loans and advances.....	2,105,576		(2,114,711)	
Trade Payables	728,975		(914,700)	
Other current liabilities.....	(3,351)		(203,123)	
		3,534,803		(4,553,348)
Cash generated from operations.....		(2,942,069)		(8,334,324)
Income taxes paid (net of refunds)		(2,462,102)		(30,863,163)
Net Cash used in Operating activities		(5,404,171)		(39,197,487)
B. CASH FLOW FROM INVESTING ACTIVITIES				
Share application money given	(550,000,000)		–	
Purchase of long term investments				
Subsidiary	(655,010,000)		–	
Proceeds from sale of long term investments (refer Note 2)				
Subsidiary	449,928,375		–	
Rental Income from Investment Property	630,000		630,000	
Intercompany deposit given to subsidiary.....	–		(803,000,000)	
Intercompany deposit given to others	(10,000,000)		(3,000,000)	
Intercompany deposit recovered from subsidiary.....	–		660	
Intercompany deposits recovered from others.....	10,000,000		8,000,000	
Interest received on Intercompany deposits.....	11,391,920		3,340,689	
Interest received on fixed deposit.....	17,424,240		268,765	
Dividend received	–		12,345,945	
		(725,635,465)		(781,413,941)
Cash generated from investment activities		(725,635,465)		(781,413,941)
Income taxes paid		(58,097,012)		–
Net Cash used in investing activities.....		(783,732,477)		(781,413,941)

	Year ended 31st March, 2015		Year ended 31st March, 2014	
	Rupees	Rupees	Rupees	Rupees
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from issuance of Share Capital.....	450,000,000		800,000,000	
Share application money received	550,000,000		-	
Stamp duty, registration charges on increase in authorised share capital.....	(1,377,529)		(1,500,000)	
Short term borrowings.....	-		20,000,000	
Repayment of Short term borrowings	(20,000,000)		-	
Interest paid	(144,730,950)		(1,900,831)	
Net Cash from financing activities		833,891,521		816,599,169
D. NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)		44,754,873		(4,012,259)
Cash and cash equivalents at the beginning of the year (refer note 13)		10,400,691		14,412,950
Cash and cash equivalents at the end of the year (refer note 13)		55,155,564		10,400,691
		44,754,873		(4,012,259)

Reconciliation of Cash and cash equivalents with the Balance Sheet:

Cash and cash equivalents as per Balance Sheet (Refer note 13)

Component of cash and cash equivalents

with banks: in current accounts.....	5,155,564	2,400,691
in deposit account.....	50,000,000	8,000,000
	55,155,564	10,400,691

Notes:

- The above Cash Flow Statement has been prepared under the 'indirect method' as set out in Accounting Standard 3 'Cash Flow Statement'.
- The total sale consideration of Rs. 449,928,375/- received on sale of investment in Mahindra Conveyor Systems Private Limited (refer Footnote to Note 10).
- Figures in brackets represent outflows of cash and cash equivalents.

SEE ACCOMPANYING NOTES FORMING PART OF THE FINANCIAL STATEMENTS

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants

Uday M. Neogi
Partner

Date : 27th May, 2015
Place : Mumbai

For and on behalf of the Board of Directors

Nozar Bharucha Director
Noshir Dastur Director
Mitesh Shah Chief Executive Officer
Bhakti Khanna Company Secretary
Rajvimal Agarwal Chief Financial Officer

Date : 27th May, 2015
Place : Mumbai

Notes forming part of the Financial Statements

1. Corporate information:

Mahindra Engineering and Chemical Products Limited is a public limited company incorporated on 7th June, 1954 under the Companies Act, 1956. The Company's main activity is carrying out the business of offering services and trading/distributing, etc. of boats and yachts of all kinds and engines.

2. Significant Accounting Policies followed by the Company:

2.1 Basis of accounting and preparation of financial statements:

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under the section 133 of the Companies Act, 2013 read with rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 (The Act). The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

All assets and liabilities are classified as current if it is expected to realise or settle within 12 months after the Balance Sheet date.

2.2 Use of estimates:

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates, are recognized in the periods in which the results are known/materialize.

2.3 Cash and cash equivalents (for purposes of Cash Flow Statement):

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

2.4 Cash flow statement:

Cash flows are reported using the indirect method, whereby profit/(loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

2.5 Fixed Assets:

(a) Fixed Assets are stated at cost less accumulated depreciation. The cost of fixed assets comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses. Borrowing costs that are attributable to the acquisition, construction or production of a qualifying asset are included in the cost of asset upto the date the asset is ready for its intended use.

(b) Depreciation on fixed assets is calculated on Straight Line Method as per the useful life prescribed in Schedule II to the Companies Act, 2013. (Refer Note no. 29)

2.6 Revenue Recognition:

Sale of products are recognized, when the significant risks and rewards of ownership are transferred to the Buyer.

Sale of services are recognised when services are rendered.

2.7 Other Income:

Interest income is accounted on accrual basis. Dividend income is accounted for when the right to receive it is established.

2.8 Foreign Currency Transactions:

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of transaction. All foreign currency monetary items outstanding at the year end (excluding long term liability) are translated at

the relevant rates of exchange prevailing at the year end and the resulting exchange differences are recognized in the Statement of Profit and Loss.

2.9 Investments:

Long term Investments are valued at cost less provision, if any, for decline other than temporary, in value of such investments. Current investments are valued at the lower of cost and fair value determined by category of investment.

2.10 Earnings Per Share:

Basic earnings per share is computed by dividing the profit/(loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year.

2.11 Taxes on Income:

Tax expense comprises current and deferred tax. Current Tax is determined as either (i) the amount of tax payable in respect of taxable income after considering usual allowances and disallowances under the Income-tax Act, 1961 or (ii) Minimum Alternate Tax for the year. Credit in respect of Minimum Alternate Tax paid is recognised only if there is convincing evidence of realisation of the same. Deferred tax reflects the impact of current year timing differences between taxable income and accounting income and reversal of timing differences of the earlier years.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward of losses, deferred tax assets are recognised only if there is virtual certainty that there will be sufficient future taxable income available to realise the assets. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each balance sheet date for their realisability.

NOTE 3 – SHARE CAPITAL

Particulars	As at 31st March, 2015		As at 31st March, 2014	
	Number of Shares	Rupees	Number of Shares	Rupees
(a) Authorised:				
Equity shares of Rs. 10 each.....	55,000,000	550,000,000	50,000,000	500,000,000
	<u>55,000,000</u>	<u>550,000,000</u>	<u>50,000,000</u>	<u>500,000,000</u>
(b) Issued				
Equity shares of Rs. 10 each.....	53,998,473	539,984,730	43,998,472	439,984,720
	<u>53,998,473</u>	<u>539,984,730</u>	<u>43,998,472</u>	<u>439,984,720</u>
(c) Subscribed				
Equity shares of Rs. 10 each.....	53,998,472	539,984,720	43,998,472	439,984,720
	<u>53,998,472</u>	<u>539,984,720</u>	<u>43,998,472</u>	<u>439,984,720</u>
(c) Fully paid up				
Equity shares of Rs. 10 each.....	48,498,472	484,984,720	43,998,472	439,984,720
	<u>48,498,472</u>	<u>484,984,720</u>	<u>43,998,472</u>	<u>439,984,720</u>

(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period

Particulars	Opening Balance	Fresh issue	Buy back	Closing Balance
Equity Shares of Rs. 10 each				
Year ended 31 March, 2015				
Number of shares.....	43,998,472	4,500,000	–	48,498,472
Amount	439,984,720	45,000,000	–	484,984,720
Year ended 31 March, 2014				
Number of shares.....	35,998,472	8,000,000	–	43,998,472
Amount.....	359,984,720	80,000,000	–	439,984,720

Notes forming part of the Financial Statements

- (ii) The company has not allotted any equity shares for consideration other than cash, bonus shares, nor have any shares been bought back during the period of five years immediately preceding the Balance Sheet date.

Terms/rights attached to equity shares

The Company has only one class of equity share having a par value of Rs. 10/- per share. Each shareholder has the following voting rights (i) On a show of hands: one vote for a member present in person and (ii) On a poll: in proportion to his share of the paid up equity capital of the Company. The same are subject to restrictions contained in the Articles in this regard. In the event of winding up, the liquidator may, with the sanction of a special resolution of the Company and any other sanction required by the Act, divide amongst the members, in specie or kind, the whole or any part of the assets of the company, whether they shall consist of property of the same kind or not.

(iii) Details of shares held by the holding company

Particulars	As at 31 March, 2015	As at 31 March, 2014
Mahindra & Mahindra Limited, the holding Company (including 10 equity shares held jointly with its nominees) ...	48,498,462	43,998,462

(iv) Details of shares held by each shareholder holding more than 5% shares

Particulars	As at 31st March, 2015		As at 31st March, 2014	
	Number of shares	% of holding	Number of shares	% of holding
Mahindra & Mahindra Limited (including 10 equity shares held jointly with its nominees)....	48,498,462	99.99%	43,998,462	99.99%

NOTE 4 – RESERVES AND SURPLUS

Particulars	As at 31st March, 2015 Rupees	As at 31st March, 2014 Rupees
Capital Reserve:.....	1,015,444	1,015,444
Securities Premium Account:		
Opening balance	3,474,000,000	2,754,000,000
Add: Premium on shares issued during the year	405,000,000	720,000,000
Closing Balance.....	3,879,000,000	3,474,000,000
General Reserve:	41,423,458	41,423,458
Surplus in the statement of profit and loss		
Opening balance	967,172,775	954,083,145
Add: (Loss)/ Profit for the year.....	(463,121,593)	13,089,630
Closing Balance.....	504,051,182	967,172,775
	<u>4,425,490,084</u>	<u>4,483,611,677</u>

NOTE 5 – OTHER LONG TERM LIABILITIES

Particulars	As at 31st March, 2015 Rupees	As at 31st March, 2014 Rupees
Security Deposit.....	–	10,000,000
Total	<u>–</u>	<u>10,000,000</u>

NOTE 6 – SHORT TERM BORROWINGS

Particulars	As at 31st March, 2015 Rupees	As at 31st March, 2014 Rupees
Loans and advances from related party *		
Unsecured.....	–	20,000,000
	<u>–</u>	<u>20,000,000</u>

Note *

Loans and advances from related party represents Inter Corporate Deposit from Mahindra Logistics Limited, the fellow subsidiary of the Company at the rate of interest @ 12.55% p.a. for 90 days term borrowed during the previous financial year and renewed @ 12.75% p.a. during the current year from 8th April, 2014 to 31st July, 2014. Company repaid the aforesaid borrowing on 1st August, 2014.

Particulars	As at 31st March, 2015 Rupees	As at 31st March, 2014 Rupees
Mahindra Logistics Limited	–	20,000,000

NOTE 7 – TRADE PAYABLES

Particulars	As at 31st March, 2015 Rupees	As at 31st March, 2014 Rupees
Trade Payables		
Other than Acceptance - Micro and small enterprises (refer note 25).....	–	–
Other than Acceptance - Other than micro and small enterprises	1,691,960	962,985
	<u>1,691,960</u>	<u>962,985</u>

NOTE 8 – OTHER CURRENT LIABILITIES

Particulars	As at 31st March, 2015 Rupees	As at 31st March, 2014 Rupees
Interest accrued and due on borrowings *	–	143,879,388
Other payables:		
Statutory remittances (withholding taxes etc.).....	126,163	129,514
Security Deposit	10,000,000	–
Total	<u>10,126,163</u>	<u>144,008,902</u>

Note:*

Includes Interest accrued and due on borrowings of Rs. 143,365,698 paid to the Holding Company during the current financial year which was outstanding since financial year 2011-12. The borrowings were completely repaid during financial year 2011-12.

NOTE 8(a)- Short term provisions

Provision Others:		
Provision for Income tax (net of payments)	1,387,378	–
	<u>1,387,378</u>	<u>–</u>

Notes forming part of the Financial Statements
NOTE 9 – FIXED ASSETS – TANGIBLE

Particulars	Gross Block				Depreciation				Net Block
	Balance as at 1st April, 2014 Rupees	Additions during the year Rupees	Disposals during the year Rupees	Balance as at 31st March, 2015 Rupees	Balance as at 1st April, 2014 Rupees	For the year Rupees	On Disposals Rupees	Balance as at 31st March, 2015 Rupees	Balance as at 31st March, 2015 Rupees
TANGIBLE ASSETS									
Vehicles (Vessels - Speed boat)*...	5,818,845	-	-	5,818,845	457,478	426,233	-	883,711	4,935,134
	(5,818,845)	-	-	(5,818,845)	(46,085)	(411,393)	-	(457,478)	(5,361,367)
Computers and data processing units	177,648	-	-	177,648	54,383	103,376	-	157,759	19,889
	(177,648)	-	-	(177,648)	(25,586)	(28,797)	-	(54,383)	(123,265)
Total	5,996,493	-	-	5,996,493	511,861	529,609	-	1,041,470	4,955,023
Previous year	(5,996,493)	(-)	(-)	(5,996,493)	(71,671)	(440,190)	(-)	(511,861)	(5,484,632)

* Company has applied for getting permanent registration of Speed boat with the concerned authority.

Figures in brackets are in respect of the previous year.

NOTE 10 – NON-CURRENT INVESTMENTS

Particulars	As at		Particulars	As at	
	31st March, 2015 Rupees	31st March, 2014 Rupees		31st March, 2015 Rupees	31st March, 2014 Rupees
A. Trade Investments (Unquoted)			b) Investment Property		
a) Investments in Equity Instruments			- Residential Flat in Co-operative Society (including 5 shares of Rs. 50 each in Mahindra Heights Co-op. Housing Society Limited)	51,210,850	51,210,850
Subsidiaries:			Total	<u>5,223,915,403</u>	<u>4,887,741,400</u>
Retail Initiative Holdings Limited [20,550,000 shares (previous year 50,000 shares) having face value of Rs. 10 each, fully paid] ...	205,500,000	500,000			
Mahindra Retail Private Limited [1,000 shares having face value of Rs. 10 each, fully paid]	10,000	-	Aggregate amount of unquoted investments (net of provision) is Rs. 5,172,704,553 (previous year Rs. 4,836,530,550)		
Mahindra Retail Private Limited [Share application money pending allotment of 55,000,000 shares having face value of Rs. 10 each, fully paid] (refer note 30)	550,000,000	-	Footnote * – During the current financial year, the Company has diluted its 42.5% stake (13,335,475 equity shares) in Mahindra Conveyor Systems Private Limited.		
Mahindra Conveyor Systems Private Limited (now known as Mahindra Tsubaki Conveyor Systems Private Limited) [28,711,500 shares having face value of Rs. 10 each, fully paid]*	-	341,976,550	NOTE 11 – LONG TERM LOANS AND ADVANCES		
Associates:					
Mahindra Tsubaki Conveyor Systems Private Limited (formerly known as Mahindra Conveyor Systems Private Limited) [15,376,025 shares having face value of Rs. 10 each, fully paid] ...	183,140,553	-			
b) Investment in Compulsorily Fully Convertible Debentures					
Subsidiaries:					
Investment in 0% Unsecured Compulsorily Fully Convertible Debentures of Retail Initiative Holdings Limited (49,44,053 debentures (previous year 44,94,053 debentures) having face value of Rs. 1,000 each, fully paid) ..	4,944,053,000	4,494,053,000			
Less: Provision for diminution in value of investment	(710,000,000)	-			
	<u>4,234,053,000</u>	<u>4,494,053,000</u>			
B. Other investments:					
a) Investments in Equity Instruments (Unquoted)					
Mahindra Logistics Limited [100 shares having face value of Rs. 10 each, fully paid]	1,000	1,000			

Notes forming part of the Financial Statements

NOTE 14 – SHORT TERM LOANS AND ADVANCES

Particulars	As at 31st March, 2015 Rupees	As at 31st March, 2014 Rupees
(Unsecured, considered good)		
(a) Prepaid expenses.....	33,830	33,828
(b) Inter Corporate deposits	50,000,000	50,000,000
(c) Balances with government authorities Service Tax credit receivable	10,958	–
(d) Advances to Suppliers.....	–	2,116,536
Total	<u>50,044,788</u>	<u>52,150,364</u>

NOTE 15 – OTHER CURRENT ASSETS

Particulars	As at 31st March, 2015 Rupees	As at 31st March, 2014 Rupees
Accruals		
Interest accrued on Inter Corporate Deposit	4,380,275	6,280,275
Interest accrued on Fixed Deposit.....	20,713	40,241
Total	<u>4,400,988</u>	<u>6,320,516</u>

NOTE 16 – REVENUE FROM OPERATIONS

Particulars	For the year ended 31st March, 2015 Rupees	For the year ended 31st March, 2014 Rupees
a) Sale of Traded Products (Marine Engines).....	3,809,438	11,835,971
b) Sale of Services (Security Services)....	5,273,698	8,354,468
c) Sale of Services (Boat hiring)	228,000	–
Total	<u>9,311,136</u>	<u>20,190,439</u>

NOTE 17 – OTHER INCOME

Particulars	For the year ended 31st March, 2015 Rupees	For the year ended 31st March, 2014 Rupees
Interest income on Inter Corporate deposits.....	9,491,920	9,550,689
Interest Income from Fixed Deposits.....	17,404,712	125,923
Interest on income tax refund.....	991,657	–
Dividend from subsidiary company.....	–	12,345,945
Rental Income from Investment Property (Long term investment)	630,000	630,000
Sale from Scrap.....	–	3,396,506
Total	<u>28,518,289</u>	<u>26,049,063</u>

NOTE 18 – FINANCE COSTS

Particulars	For the year ended 31st March, 2015 Rupees	For the year ended 31st March, 2014 Rupees
Interest expense	851,562	2,414,521
Total	<u>851,562</u>	<u>2,414,521</u>

NOTE 19 – OTHER EXPENSES

Repairs and maintenance:		
Boat.....	738,264	354,439
Buildings.....	172,060	147,160
Others	–	3,600
Insurance	47,458	43,931
Rates & Taxes (excluding taxes on income)	190,076	1,613,085
Payment to Auditors - (including service tax) [refer note (i)].....	135,565	123,596
Professional and Legal Fess.....	6,643,217	5,585,917
Stamp duty, registration charges on increase in authorised share capital	1,377,529	1,500,000
Printing and Stationery.....	23,678	7,587
Travelling & Conveyance.....	142,415	67,213
Miscellaneous expenses	110,712	192,409
Total	<u>9,580,974</u>	<u>9,638,937</u>

Note (i) Auditors' remuneration

Auditors' remuneration includes payment to auditors -

(a) As statutory auditor.....	133,596	123,596
(b) For reimbursement of expenses.....	1,969	–
	<u>135,565</u>	<u>123,596</u>

NOTE 20 – Related Party transactions:

Related party disclosures as required by AS-18 "related party disclosures" are given below.

A) Name of the related party and nature of relationship where control exists:

Name of Related Party	Nature of Relationship
Mahindra & Mahindra Ltd.	Holding Company
Retail Initiative Holdings Limited	Subsidiary Company
Mahindra Retail Private Limited	Subsidiary Company
Mahindra Conveyor Systems Private Limited	Subsidiary Company*

Other party with whom transaction has taken place during the year.

Mahindra Logistics Limited	Fellow subsidiary
Mahindra Holidays and Resorts India Limited	Fellow subsidiary

Notes forming part of the Financial Statements

B) Disclosure of transactions between the company and related parties during the year ended 31 March, 2015 including Outstanding receivable and Outstanding payable:

Name of Related Party	Description of Relationship	Nature of Transactions	Amount of Transactions	Amount Outstanding at the end of year	
			Rupees	Payables in Rupees	Receivables in Rupees
Mahindra & Mahindra Ltd.	Holding Company	Interest on Intercompany Deposit	-	-	-
			(-)	(143,365,698)	(-)
		Interest repaid on Intercompany Deposit	143,365,698	-	-
			(-)	(-)	(-)
		Issue of shares (including securities premium)	450,000,000	-	-
			(800,000,000)	(-)	(-)
		Share application money received	550,000,000	550,000,000	-
			(-)	(-)	(-)
		Rent Deposit received	-	10,000,000	-
			(-)	(10,000,000)	(-)
		Rent received	630,000	-	-
			(630,000)	(-)	(-)
		Income from Services rendered	5,273,698	-	-
			(8,354,468)	(-)	(787,196)
		Retail Initiative Holdings Limited	Subsidiary	Deputation fees	271,095
	(-)			(-)	(-)
Reimbursement of expenses	169,000			153,959	-
	(-)			(-)	(-)
Income from Boat hiring charges	256,181			-	251,621
	(-)			(-)	(-)
Intercompany Deposit given	-			-	-
	(803,000,000)			(-)	(-)
Intercompany Deposit recovered	-			-	-
	(660)			(-)	(-)
Intercompany Deposits adjusted against Convertible Debentures issued to the company	-			-	-
	(4,494,053,000)			(-)	(4,494,053,000)
Investment in equity shares	205,000,000			-	-
	(-)			(-)	(-)
Investment in compulsorily fully convertible debentures	450,000,000			-	4,944,053,000
	(-)	(-)	(-)		
Purchase of equity shares of MRPL	10,000	-	-		
	(-)	(-)	(-)		
Mahindra Retail Private Limited	Subsidiary	Share application money pending allotment	550,000,000	-	550,000,000
			(-)	(-)	(-)
Mahindra Conveyor Systems Private Limited	Subsidiary	Dividend received	-	-	-
			(12,345,945)	(-)	(-)
Mahindra Logistics Limited	Fellow subsidiary	Intercompany Deposit taken	-	-	-
			(20,000,000)	(20,000,000)	(-)
		Intercompany Deposit repaid	20,000,000	-	-
			(-)	(-)	(-)
Mahindra Holidays and Resorts India Limited	Fellow subsidiary	Interest on Intercompany Deposit (Net of TDS)	766,405	-	-
			(1,659,379)	(513,690)	(-)
		Travelling charges	112,536	-	-
		(-)	(-)	(-)	

Note:-

*Mahindra Conveyor Systems Private Limited (now known as Mahindra Tsubaki Conveyor Systems Private Limited) was a subsidiary till 31st July, 2014 and has become an associate w.e.f. 1st August, 2014.

Figures in brackets are in respect of the previous year.

Notes forming part of the Financial Statements

Note 21 – Segment Reporting

a) Primary Segment – Business Segment

The Company has identified business segments as its primary segment and there are no geographical segments. Business segments are primarily Trading of Engines, Security Services rendered and Speed Boat. Revenues and expenses directly attributable to segments are reported under each reportable segment. Expenses which are not directly identifiable to each reportable segment have been allocated on the basis of associated revenues of the segment. All other expenses which are not attributable or allocable to segments have been disclosed as net of unallocated income. Assets and liabilities that are directly attributable or allocable to segments are disclosed under each reportable segment. All other assets and liabilities are disclosed as unallocable. Fixed assets that are used interchangeably amongst segments are not allocated to primary segment.

Particulars	Trading of Engines		Security Services rendered		Speed Boat		Total	Total
	Current year	Previous year	Current year	Previous year	Current year	Previous year	Current year	Previous year
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Revenue								
Net external revenue	3,809,438	11,835,971	5,273,698	8,354,468	228,000	–	9,311,136	20,190,439
Inter-segment revenue	–	–	–	–	–	–	–	–
Total	3,809,438	11,835,971	5,273,698	8,354,468	228,000	–	9,311,136	20,190,439
Result								
Segment Result	181,402	563,618	325,514	397,837	(549,214)	(416,962)	(42,298)	544,493
Finance costs							(851,562)	(2,414,521)
Unallocated income net of unallocated corporate expenses							19,184,920	16,386,898
Exceptional item unallocable to segments							(418,907,622)	–
(Loss)/Profit before tax							(400,616,562)	14,516,870
Income Taxes							62,505,031	1,427,240
(Loss)/Profit after tax							(463,121,593)	13,089,630
Other Information								
Segment assets	–	7,405,865	–	787,196	5,231,543	5,395,195	5,231,543	13,588,256
Unallocated corporate assets							5,468,990,256	5,085,372,268
Total assets							5,474,221,799	5,098,960,524
Segment liabilities	–	–	–	749,709	515,465	51,888	515,465	801,597
Unallocated corporate liabilities							13,231,530	174,562,530
Total liabilities							13,746,995	175,364,127
Capital expenditure	–	–	–	–	–	–	–	–
Depreciation and amortisation (allocable)	–	–	–	–	426,233	411,393	426,233	411,393
Depreciation and amortisation (unallocable)	–	–	–	–	–	–	103,376	28,797
Non-cash expenses other than depreciation	–	–	–	–	–	–	–	–

b) Secondary Segment – Geographical segments

The company does not have any geographical segment.

Previous year's figures have been regrouped/reclassified due to additional segment identified during the year.

Notes forming part of the Financial Statements

NOTE 22 – Expenditure in Foreign Currency:

Particulars	For the Year ended 31 March, 2015 Rupees	For the Year ended 31 March, 2014 Rupees
Purchase of traded goods which were sold by the company in high seas.....	–	9,150,368
Purchase of spare parts for Boat.....	–	65,100
	<u>–</u>	<u>9,215,468</u>

NOTE 23 – Contingent Liability (to the extent not provided for):

Income Tax matters	140,882,492	128,794,694
Sales Tax matters (AY 2009-10)	749,267	–
Total	<u>141,631,759</u>	<u>128,794,694</u>

NOTE 24 – Commitments (to the extent not provided for):

The Company has given letter of comfort to a bank of Mahindra Retail Private Limited with respect to financial facilities aggregating Rs. 8,00,900,000 (previous year Rs. 1,050,000,000) granted by the said bank to Mahindra Retail Private Limited.

NOTE 25 – Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

The identification of vendors as a “Supplier” under the Micro, Small and Medium Enterprises Development Act, 2006 (The Act) has been done on the basis of the information to the extent provided by the vendors to the Company. This has been relied upon by the auditors.

NOTE 26 – Earning per Share:

(Loss)/Profit after tax (A)	(463,121,593)	13,089,630
Weighted average number of shares Basic (B)	47,450,527	38,179,294
Earnings per share Basic/Diluted (Rupees)(A/B)	(9.76)	0.34
Nominal value of equity share (Rupees).....	10	10

NOTE 31

Particulars of loans given\investments made\guarantees given, as required by clause (4) of Section 186 of the Companies Act, 2013.

Name of party	Nature	Amount in Rupees	Period	Rate of interest	Purpose
Retail Initiative Holdings Limited	Investment in 20,500,000 equity shares @ Rs. 10 each via rights issue	205,000,000	NA	NA	Subscription of rights issue
Retail Initiative Holdings Limited	Investment in 450,000 debentures @ Rs. 1000 each in zero coupon compulsorily fully convertible debentures	450,000,000	NA	NA	Subscription of rights issue
Retail Initiative Holdings Limited	Purchase of 1,000 equity shares of Mahindra Retail Private Limited @ Rs. 10 each	10,000	NA	NA	Business purpose
Mahindra Retail Private Limited	Investment in 55,000,000 equity shares @ Rs. 10 each via rights issue	550,000,000	NA	NA	Subscription of rights issue
Mahindra Ocean Blue Marine Private Limited	Inter - Corporate deposit given	10,000,000	8 months	15%	Business purpose

* The corresponding figures of the previous year has not been given as section 186 of the Companies Act, 2013 is applicable with effect from April 1, 2014.

NOTE 32

Previous year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosure.

NOTE 27 – Deferred tax liability/assets (net):

Particulars	As at 31st March, 2015 Rupees	As at 31st March, 2014 Rupees
Tax effect of items constituting deferred tax liability		
On difference between book balance and tax balance of fixed assets.....	(541,494)	(392,240)
Deferred Tax Liability (net)	<u>(541,494)</u>	<u>(392,240)</u>

NOTE 28 - Share application money pending allotment

During the year, the company has received an amount of Rs. 550,000,000 as share application money towards equity shares of the Company. The share application money was received pursuant to an invitation to offer shares on rights basis to Mahindra & Mahindra Limited. The Company has sufficient authorised capital to cover the allotment of these shares. The Committee of the Board has allotted 55,00,000 equity shares of Rs. 10/- each at a premium of Rs. 90/- per share to Mahindra & Mahindra Limited, by passing circular resolution on 16th April, 2015.

NOTE 29

Pursuant to the enactment of the Companies Act 2013 (the 'Act'), the Company has, effective 1st April 2014, reviewed and revised the estimated useful life of its fixed assets, in accordance with the provisions of Schedule II to the Act. The carrying amount of the assets as on that date have been depreciated over the remaining useful life of the assets as per Schedule II of the Companies Act, 2013. Consequently, depreciation for the year is higher by Rs. 89,420/-

NOTE 30

During the year, the company has received an offer letter to subscribe 107 equity shares of Rs. 10/- each from Mahindra Retail Private Limited (MRPL) and renunciation letter from Retail Initiative Holdings Limited (RIHL) to renounce its right of 5,49,99,893 equity shares of Rs. 10/- each aggregating to Rs. 549,998,930 in favour of the Company on 25th March, 2015. Company accepted the offer of MRPL and accepted the renunciation letter of RIHL and paid Rs. 550,000,000 to MRPL. The Committee of the Board of MRPL has allotted 5,50,00,000 equity shares of Rs. 10/- each, aggregating Rs. 550,000,000 to the Company, by passing circular resolution on 28th April, 2015.

For and on behalf of the Board of Directors

Nozar Bharucha	Director
Noshir Dastur	Director
Mitesh Shah	Chief Executive Officer
Bhakti Khanna	Company Secretary
Rajvimal Agarwal	Chief Financial Officer

Date : 27th May, 2015

Place: Mumbai

Form AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures**Part "A": Subsidiaries**

(Information in respect of each subsidiary to be presented with amounts in Rs.)

Sl. No.	Particulars	Details		
1.	Name of the subsidiary	Retail Initiative Holdings Limited	Mahindra Retail Private Limited*	Mahindra Internet Commerce Private Limited*
2.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Not Applicable	Not Applicable	Not Applicable
3.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	Not Applicable	Not Applicable	Not Applicable
4.	Share capital	205,500,000	5,334,632,360	50,100,000
5.	Reserves & surplus	(14,436,919)	(5,822,021,169)	(32,137,358)
6.	Total assets	5,135,306,120	989,783,249	77,774,481
7.	Total Liabilities	5,135,306,120	989,783,249	77,774,481
8.	Investments	5,133,716,390	76,464,000	Nil
9.	Turnover	NIL	2,105,328,103	40,340,898
10.	Profit/(loss) before taxation	(4,587,098)	(1,188,897,114)	(33,406,712)
11.	Provision for taxation	Nil	Nil	Nil
12.	Profit/(loss) after taxation	(4,587,098)	(1,188,897,114)	(33,406,712)
13.	Proposed Dividend	Nil	Nil	Nil
14.	% of shareholding	100%	96.22%	96.22%

* Mahindra Internet Commerce Private Limited is a wholly owned subsidiary of Mahindra Retail Private Limited in which Retail Initiative Holdings Limited holds 96.22% stake and Retail Initiative Holdings Limited is a wholly owned subsidiary of the Company.

Notes:

- Names of subsidiaries which are yet to commence operations – Nil
- Names of subsidiaries which have been liquidated or sold during the year –

Pursuant to the execution of Share Purchase Agreement and Shareholders Agreements, Company's holding in Mahindra Tsubaki Conveyor Systems Private Limited (MTC SPL) (formerly known as Mahindra Conveyor Systems Private Limited) came down from 91.50 % to 49 % and MTC SPL ceased to be a subsidiary with effect from 31st July, 2014.

MTC SPL is however an associate of the Company under the provisions of Companies Act, 2013.

Part "B": Associates and Joint Ventures**Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures**

Name of Associate	Mahindra Tsubaki Conveyor Systems Private Limited
1. Latest audited Balance Sheet Date	31st March, 2015
2. Shares of Associate held by the company on the year end	
No.	15,376,025 shares
Amount of Investment in Associates	Rs. 183,140,553
Extend of Holding%	49.00%
3. Description of how there is significant influence	Since Company has 49% stake in associate as at 31st March, 2015
4. Reason why the associate is not consolidated	Share of profit in associate has been considered in consolidation according to 'Accounting Standard 23 - Accounting for Investments in Associates in Consolidated Financial Statements'
5. Net worth attributable to shareholding as per latest audited Balance Sheet	Rs. 284,846,663
6. Profit for the year	
i. Considered in Consolidation	Rs. 4,850,367
ii. Not Considered in Consolidation	Rs. 4,546,528

- Names of associates or joint ventures which are yet to commence operations – Nil
- Names of associates or joint ventures which have been liquidated or sold during the year – Nil

For and on behalf of the Board of Directors

Nozar Bharucha	Director
Noshir Dastur	Director
Mitesh Shah	Chief Executive Officer
Bhakti Khanna	Company Secretary
Rajvimal Agarwal	Chief Financial Officer

Date : 27th May, 2015

Place : Mumbai

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors present their Seventh Report along with the Audited Accounts of your Company for Financial Year ended 31st March, 2015.

Financial Highlights and State of Company's Affairs

	(Rs. in Lakhs)	
	For the year ended 31 st March, 2015	For the year ended 31 st March, 2014
Total Income	-	-
Loss before Interest, Depreciation and Taxation	45.87	0.51
Less: Interest	-	-
Loss before Taxation	45.87	0.51
Loss for the Year after Taxation	45.87	0.51
Balance of Loss brought forward from last year	98.50	97.99
Balance of Loss carried forward	144.37	98.50
Net Worth	1,910.63	(93.50)

No material changes and commitments have occurred between the closure of the financial year to which the financial statements relate and the date of this report which would affect the financial position of the Company.

Operations

During the year under review, your Company acquired 6,52,08,248 Equity Shares of Rs. 10 each of Mahindra Retail Private Limited (MRPL), a subsidiary of your Company, at par by way of Rights Issue of shares, for a consideration aggregating to Rs. 65.21 Crores.

Your Company also divested 1,000 Equity Shares of Rs. 10 each of MRPL to Mahindra Engineering & Chemical Products Limited, being a Holding Company of your Company, at par by way of sale of shares, for a consideration of Rs. 10,000.

Subsequent to this acquisition, your Company's holding in MRPL stands increased to Rs. 5,13,28,85,140 constituting 96.22% of its total paid up equity share capital.

During the year under review, Mahindra Internet Commerce Private Limited became the wholly owned subsidiary of MRPL (w.e.f. 17th December, 2014).

Dividend

Your Directors do not recommend any dividend in view of loss for the year under review.

Share Capital**Authorised Share Capital**

During the year under review, the Authorised Share Capital of your Company was increased from Rs. 2 crores to Rs. 21 crores.

Further Issue of Share Capital

Your Company, during the year, made an issue of 2,05,00,000

equity shares of Rs. 10 each on Rights basis and pursuant to the same the issued, subscribed and paid up share capital of your Company stood increased to Rs. 20.55 crores as on 31st March, 2015.

Board of Directors

Mr. Narayan Shankar (DIN: 00109111), Director, retires by rotation and, being eligible, offers himself for re-appointment at the forthcoming Annual General Meeting.

Mr. Noshir Dastur (DIN: 00493177) and Mr. Ajay Mehta (DIN: 07102804) were appointed as the Independent Directors for the period of 3 (Three) years with effect from 20th March, 2015. These Independent Directors shall hold office of directorship for a term of three years and shall not be liable to retire by rotation.

Mr. Amar Korde, Director (DIN: 01013355) was appointed as the Managing Director in accordance with provisions of section 196 of the Companies Act, 2013.

The Company has received declarations from Mr. Noshir Dastur and Mr. Ajay Mehta, the Independent Directors, to the effect that they meet the criteria of independence as provided in sub section 6 of section 149 of the Companies Act, 2013.

Number of Meetings

Your Board of Directors met Five times during the year under review i.e. on 25th April, 2014, 19th June, 2014, 12th August, 2014, 9th December, 2014 and 5th March, 2015.

Directors' Responsibility Statement

Pursuant to section 134(5) of the Companies Act, 2013, your Directors, based on the representation received, and after due enquiry, confirm that:

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed;
- (ii) they have, in the selection of the accounting policies, consulted the Statutory Auditors and these have been applied consistently and reasonable and prudent judgments and estimates have been made so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2015 and of the Loss of the Company for the year ended on that date;
- (iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) the annual accounts have been prepared on a going concern basis; and
- (v) proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Key Managerial Personnel

Mr. Amar Korde, Director, was appointed as the Managing Director of the Company with effect from 5th March, 2015 in accordance with the provisions of Section 203 of the Companies Act, 2013.

Further, during the year under review, Mr. Kapil Mittal was appointed as a Chief Financial Officer and Ms. Bhakti Khanna as a Company Secretary with effect from 5th March, 2015 in accordance with the provisions of Section 203 of the Companies Act, 2013.

Committees of the Board

Nomination and Remuneration Committee

The Nomination and Remuneration Committee was reconstituted by the Board by passing a circular resolution on 31st March, 2015 consequent to the appointment of Mr. Noshir Dastur and Mr. Ajay Mehta as the Independent Directors.

The Nomination and Remuneration Committee consists of following members:

Mr. Noshir Dastur, Chairman
Mr. Parag Shah
Mr. Ajay Mehta
Mr. Amar Korde.

The Committee met once during the year under review on 5th March, 2015. The Committee at its meeting held on 5th May, 2015, carried out evaluation of every director's performance.

Audit Committee

The Audit Committee was reconstituted on 31st March, 2015 consequent to the appointment of Mr. Noshir Dastur and Ajay Mehta as the Independent Directors on the Board of the Company.

The Committee consists of following members:

Mr. Noshir Dastur, Chairman
Mr. Parag Shah
Mr. Ajay Mehta

The Committee met twice during the year under review i.e. on 25th April, 2014 and 5th March, 2015 and complied with the terms of reference assigned to the Committee.

Policy for Remuneration of Directors, Key Managerial Personnel and other Employees and Criteria for Appointment/Removal of Directors and Senior Management Personnel

In line with the principles of transparency and consistency and upon recommendation of the Nomination and Remuneration Committee, your Board has approved –

- Policy on the appointment/removal of directors and senior management personnel, together with the criteria for determining qualifications, positive attributes and independence of directors.
- Policy on the remuneration of directors, key managerial personnel and other employees.

These policies are provided as Annexure I and form part of this Report.

Risk Management Policy

Your Company has formulated Risk Management Policy including therein the elements of risks which in the opinion of Board may threaten the existence of the Company.

Your Board is hopeful that the implementation of the policy will be helpful to the Company in avoiding the risks and enabling the Company to manage the same, if confronted with.

Policy on Prevention of Sexual Harassment

During the year under review, no complaints were received under the Sexual Harassment of Women at work place (Prevention, Prohibition and Redressal) Act, 2013.

Auditors

Messrs. B. K. Khare & Co., Chartered Accountants, (Firm registration Number 105102W) retire as the Auditors of your Company at the forthcoming Annual General Meeting and have given their written consent for appointment. The members are requested to appoint Auditors from the conclusion of forthcoming 7th Annual General Meeting until the conclusion of 12th Annual General Meeting and fix their remuneration.

There were no qualifications, reservations or adverse remarks made by the Auditors in their Report.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The particulars relating to the Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo, as required under section 134(3)(m) of the Companies Act, 2013 read with the Rule 8 (3) of the Companies (Accounts) Rules, 2014 are given as Annexure II to this Report.

Particulars of employees as required under rule 5(2) of the companies (appointment and Remuneration of Managerial personnel) Rules, 2014

Being unlisted company, provisions of Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable to your Company.

Corporate Social Responsibility (CSR)

Provisions relating to CSR enumerated under section 135 of the Companies Act, 2013 are not applicable to your Company and accordingly your Company does not have CSR Policy.

Particulars of public deposits, loans, guarantees or investments under Section 186 of the Companies Act, 2013.

Your Company has not accepted any deposits covered under Chapter V of the Companies Act, 2013, from the public, or its employees, during the year.

Particulars of loans given, investments made, and guarantees and securities provided pursuant to Section 186 of the Companies Act, 2013 are given in Note No. 6 to the notes to the financial statement and the same forms part of this Report.

Your Company has not made any loans/advances which are required to be disclosed in the annual accounts of the Company pursuant to Clause 32 of the Listing Agreement between the parent Company, Mahindra and Mahindra Limited and stock exchanges.

Particulars of Transactions with Related Parties

There are no material contracts or arrangements entered with related parties pursuant to section 188(1) of the Companies Act, 2013.

Extract of Annual Return

Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014 an extract of the Annual Return as on 31st March, 2015 in form MGT - 9 is attached herewith as Annexure III and forms part of this Report.

Internal Financial Controls

Pursuant to Rule 8 of the Companies (Accounts) Rules, 2014 based on the representation received and after due enquiry your Directors confirm that they have laid down internal financial controls with reference to the Financial Statements and these controls are adequate.

Core Investment Company (CIC)

Your Company falls under the category of Core Investment Company (CIC) as it holds majority of its assets as investments in group company/ies and does not engage in financing activity other than that of investments/guarantees/loans mainly relating to its group company/ies. It is a Non Banking Financial Company (NBFC) and does not engage in financing activity similar to other NBFCs.

For the Financial Year ended on 31st March, 2015, the Company has –

- Total Assets (i.e. assets appearing on the assets side of balance sheet) amounting to Rs. 513.53 crores.
- The Company's investments in Subsidiary Company stood at Rs. 513.53 crores.

In view of Guidelines of Reserve Bank of India (RBI) –

- The Company is a CIC;
- The Company's asset size is above Rs 100 crore (i.e. Rs. 513.53 crores);
- The Company holds not less than 90% of its Total Assets in the form of investment in equity shares, preference shares, debt or loans in group companies (i.e. Rs. 462.18 crores);
- The Company's investments in the equity shares (including instruments compulsorily convertible into equity shares within a period not exceeding 10 years from the date of issue) in Group Companies constitutes not less than 60% of its Total Assets (i.e. Rs. 308.12 crores);
- The Company does not trade in its investments in shares, debt or loans in Group Companies except through block sale for the purpose of dilution or disinvestment;
- The Company does not carry on any other financial activity referred to in Section 45 I (c) and 45 I (f) of the RBI Act, 1934 except investment in bank deposits, money market instruments, government securities, loans to and investments in debt issuances of Group Companies or guarantees issued on behalf of Group Companies;
- The Company does not accept public funds (i.e. funds raised either directly or indirectly through public deposits, commercial papers, debentures, ICDs and bank finance but excludes funds raised by issue of instruments compulsorily convertible into equity shares within a period not exceeding 10 year from the date of issue).

The Company is exempt from registration with RBI under section 45IA of the RBI Act, 1934 in terms of Notification No. DNBS.PD.221/CGM(US)2011 dated 5th January, 2011 (issued under section 45NC of the RBI Act).

General

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions/ events on these items during the year under review:

1. Issue of equity shares with differential rights as to dividend, voting or otherwise.
2. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and the Company's operations in future.
3. There were no Shares having voting rights not exercised directly by the employees and for the purchase of which or subscription to which loan was given by the Company.

Acknowledgements

Your Directors are pleased to take this opportunity to thank the bankers, customers, vendors, all the other stakeholders for their co-operation to the Company during the year under review.

For and on Behalf of the Board

(Amar Korde)
Managing Director
(DIN: 01013355)

(Parag Shah)
Director
(DIN: 00374944)

Mumbai, 5th May, 2015

ANNEXURE I TO THE DIRECTORS' REPORT

I. POLICY FOR REMUNERATION OF THE DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES

Purpose

This Policy sets out the approach to Compensation of Directors, Key Managerial Personnel and other employees in Retail Initiative Holdings Limited.

Policy Statement

We have a well-defined Compensation policy for Directors, Key Managerial Personnel and all employees, including the Chairman, Presidents and other Members of the Group Executive Board who are employees of the Company. The overall compensation philosophy which guides us is that in order to achieve global leadership and dominance in domestic markets, we need to attract and retain high performers by compensating them at levels that are broadly comparable with the median of the comparator basket while differentiating people on the basis of performance, potential and criticality for achieving competitive advantage in the business.

In order to effectively implement this, we have built our Compensation structure by a regular annual benchmarking over the years with relevant players across the industry we operate in.

NON-EXECUTIVE INCLUDING INDEPENDENT DIRECTORS:

The Nomination and Remuneration Committee (NRC) shall decide the basis for determining the compensation, both Fixed and variable, to the Non Executive Directors, including Independent Directors, whether as commission or otherwise. The NRC shall take into consideration various factors such as director's participation in Board and Committee meetings during the year, other responsibilities undertaken, such as membership or Chairmanship of committees, time spent in carrying out their duties, role and functions as envisaged in Schedule IV of the Companies Act 2013 and Clause 49 of the Listing Agreement with Stock Exchanges (where applicable) and such other factors as the NRC may consider deem fit for determining the compensation. The Board shall determine the compensation to Non-Executive Directors within the overall limits specified in the Shareholders resolution.

Executive Directors:

The remuneration to Chairman & Managing Director and Executive Director(s) shall be recommended by NRC to the Board. The remuneration consists of both fixed compensation and variable compensation and shall be paid as salary, commission, performance bonus, stock options (where applicable), perquisites and fringe benefits as approved by the Board and within the overall limits specified in the Shareholders resolution. While the fixed compensation is determined at the time of their appointment, the variable compensation will be determined annually by the NRC based on their performance.

Key Managerial Personnel (KMPs)

The terms of remuneration of Chief Financial Officer (CFO) shall be determined by the NRC from time to time. The terms of remuneration of the Company Secretary shall be finalised/revised either by any Director or such other person as may be authorised by the Board from time to time. The remuneration shall be consistent with the competitive position of the salary for similar positions in the industry and their Qualifications, Experience, Roles and Responsibilities. Pursuant to the provisions of section 203 of the Companies Act 2013 the Board shall approve the remuneration at the time of their appointment.

The remuneration to directors, KMPs and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

Employees

We follow a differential approach in choosing the comparator basket for benchmarking, depending upon the level in the organization:

- a. For all employees from Operational to Executive Band, we benchmark with a set of comparators from the same industry.
- b. For Strategic band and above, we have a position-based approach and the comparator basket includes benchmarks from across relevant industries.

We have a CTC (Cost to Company) concept which includes a fixed component (Guaranteed Pay) and a variable component (Performance pay). The percentage of the variable component increases with increasing hierarchy levels, as we believe employees at higher positions have a far greater impact and influence on the overall business result. The CTC is reviewed once every year and the compensation strategy for positioning of individuals takes into consideration the following elements:

- Performance
- Potential
- Criticality
- Longevity in grade

Remuneration for the new employees other than KMPs and Senior Management Personnel will be decided by the HR, in consultation with the concerned business unit head at the time of hiring, depending upon the relevant job experience, last compensation and the skill-set of the selected candidate.

The Company may also grant Stock Options to the Employees and Directors (other than Independent Directors and Promoter) in accordance with the ESOP Scheme of the Company and subject to the compliance of the applicable statutes and regulations.

II. POLICY ON APPOINTMENT OF DIRECTORS AND SENIOR MANAGEMENT AND SUCCESSION PLANNING FOR ORDERLY SUCCESSION TO THE BOARD AND THE SENIOR MANAGEMENT

DEFINITIONS

The definitions of some of the key terms used in this Policy are given below.

“**Board**” means Board of Directors of the Company.

“**Company**” means Retail Initiative Holdings Limited.

“**Committee(s)**” means Committees of the Board for the time being in force.

“**Employee**” means employee of the Company whether employed in India or outside India including employees in the Senior Management Team of the Company.

“**HR**” means the Human Resource department of the Company.

“**Key Managerial Personnel**” (KMP) refers to key managerial personnel as defined under the Companies Act, 2013 and includes:

- (i) Managing Director (MD), or Chief Executive Officer (CEO); or Manager; or Whole time Director (WTD)
- (ii) Chief Financial Officer (CFO); and
- (iii) Company Secretary (CS).

“**Nomination and Remuneration Committee**” (NRC) means Nomination and Remuneration Committee of Board of Directors of the Company for the time being in force.

“**Senior Management**” means personnel of the Company who are members of its Core Management Team excluding Board of Directors comprising of all members of management one level below the executive directors including the functional heads.

I. APPOINTMENT OF DIRECTORS

- The NRC reviews and assesses Board composition and recommends the appointment of new Directors. In evaluating the suitability of individual Board member, the NRC shall take into account the following criteria regarding qualifications, positive attributes and independence of director:
 1. All Board appointments will be based on merit, in the context of the skills, experience, independence and knowledge, for the Board as a whole to be effective.
 2. Ability of the candidates to devote sufficient time and attention to his professional obligations as Independent Director for informed and balanced decision making.
 3. Adherence to the Code of Conduct and highest level of Corporate Governance in letter and in spirit by the Independent Directors.
- Based on recommendation of the NRC, the Board will evaluate the candidate(s) and decide on the

selection of the appropriate member. The Board through the Chairman & Managing Director will interact with the new member to obtain his/her consent for joining the Board. Upon receipt of the consent, the new Director will be co-opted by the Board in accordance with the applicable provisions of the Companies Act 2013 and Rules made thereunder.

REMOVAL OF DIRECTORS

If a Director is attracted with any disqualification as mentioned in any of the applicable Act, rules and regulations thereunder or due to non-adherence to the applicable policies of the company, the NRC may recommend to the Board with reasons recorded in writing, removal of a Director subject to the compliance of the applicable statutory provisions.

SENIOR MANAGEMENT PERSONNEL

The NRC shall identify persons who are qualified to become directors and who may be appointed in senior management team in accordance with the criteria laid down above.

Senior Management personnel are appointed or promoted and removed/relieved with the authority of Chairman & Managing Director based on the business need and the suitability of the candidate. The details of the appointment made and the personnel removed one level below the Key Managerial Personnel during a quarter shall be presented to the Board.

II. SUCCESSION PLANNING:

Purpose

The Talent Management Policy sets out the approach to the development and management of talent in the Mahindra Group to ensure the implementation of the strategic business plans of the Group and the Group Aspiration of being among the Top 50 globally most-admired brands by 2021.

Board:

The successors for the Independent Directors shall be identified by the NRC at least one quarter before expiry of the scheduled term. In case of separation of Independent Directors due to resignation or otherwise, successor will be appointed at the earliest but not later than the immediate next Board meeting or three months from the date of such vacancy, whichever is later.

The successors for the Executive Director(s) shall be identified by the NRC from among the Senior Management or through external source as the Board may deem fit.

The NRC will accord due consideration for the expertise and other criteria required for the successor.

The Board may also decide not to fill the vacancy caused at its discretion.

Senior Management Personnel:

A good succession-planning program aims to identify high growth individuals, train them and feed the pipelines with new talent. It will ensure replacements for key job incumbents in KMPs and senior management positions in the organization.

Significantly, we have a process of identifying Hi-pots and critical positions. Successors are mapped for these positions at the following levels:

1. Emergency successor
2. Ready now
3. Ready in 1 to 2 years
4. Ready in 2 to 5 years
5. Ready in more than 5 years

in order to ensure talent readiness as per a laddered approach.

Policy Statement

The Talent Management framework of the Mahindra Group has been created to address three basic issues:

- 1) Given the strategic business plans, do we have the skills and competencies required to implement them? If not, how do we create them – by developing them internally or through lateral induction from outside?
- 2) For critical positions, what is the succession pipeline?
- 3) What are the individual development plans for individuals both in the succession pipeline as well as others?

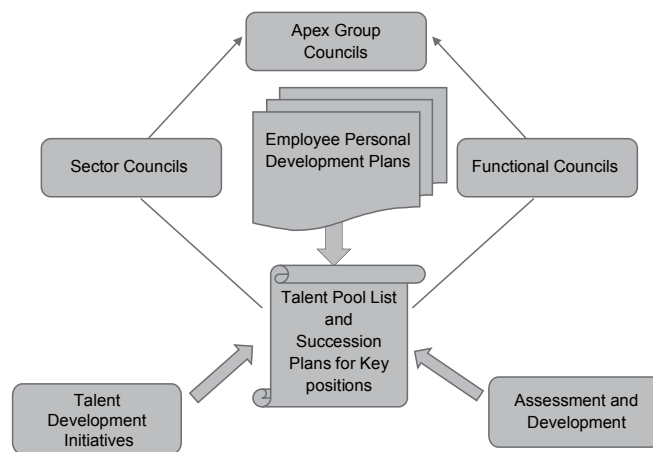
The framework lays down an architecture and processes to address these questions using the 3E approach:

- a) **Experience** i.e. both long and short-term assignments. This has 70% weightage
- b) **Exposure** i.e. coaching and mentoring – 20% weightage
- c) **Education** i.e. learning and development initiatives – 10% weightage

The Talent Management process is applicable to all employees. Over the years, the Talent Management framework has become a well-structured and process-oriented system which is driven by an interactive and collaborative network of Talent Councils at the Group and Sector Levels. These Talent Councils, which consist

mainly of Senior business leaders supported by HR, are a mix of Sector (Business) and Functional Councils coordinated by an Apex Talent Council, headed by the Group Chairman. The Apex Council reviews the work done by the Talent Councils and facilitates movement of talent across Sectors. The Sector/Functional Councils meet regularly throughout the year and the Apex Council interacts with each one of them separately once a year, and in addition conducts an integrated meeting where the Chairpersons of all the Councils are present.

The Talent Management process can be represented pictorially as under:



The talent pipeline is maintained and developed so as to ensure that there is a seamless flow of talent. An important part of this exercise is drawing up and implementing IDAPs (Individual Development Action Plans) for every Executive concerned using the 3E approach mentioned above.

For and on Behalf of the Board

(Amar Korde)
 Managing Director
 (DIN: 01013355)

(Parag Shah)
 Director
 (DIN: 00374944)

Mumbai, 5th May, 2015

ANNEXURE II TO THE DIRECTORS' REPORT

PARTICULARS AS PER THE COMPANIES (ACCOUNTS) RULES, 2014 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2015.

A. CONSERVATION OF ENERGY

(a) the steps taken or impact on conservation of energy:
Not Applicable in view of the nature of activities carried on by your Company.

(b) the steps taken by the company for utilizing alternate sources of energy:

Not Applicable

the capital investment on energy conservation equipments:

None

B. TECHNOLOGY ABSORPTION

i) the efforts made towards technology absorption :
None

ii) the benefits derived like product improvement, cost reduction, product development or import substitution: **Not Applicable**

iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year) –

(a) the details of technology imported: **None**

(b) the year of import: **None**

(c) whether the technology been fully absorbed:
None

(d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof: **None**

iv. the expenditure incurred on Research and Development : **None**

C. FOREIGN EXCHANGE EARNINGS AND OUTGO: (in terms of actual inflow and outflow)

Total Foreign Exchange Earned and Used:

(Rupees in Lakhs)

	For the Financial Year Ended 31 st March, 2015	For the Financial Year Ended 31 st March, 2014
Total Foreign Exchange Earned	NIL	NIL
Total Foreign Exchange Used	NIL	NIL

For and on Behalf of the Board

(Amar Korde) Managing Director (DIN: 01013355)	(Parag Shah) Director (DIN: 00374944)
---	--

Mumbai, 5th May, 2015

ANNEXURE III TO THE DIRECTORS' REPORT

Form No. MGT-9

Extract of Annual Return

as on the financial year ended on 31st March, 2015

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

1.	CIN	U67110MH2008PLC188837
2.	Registration Date	11 th December, 2008
3.	Name of the Company	RETAIL INITIATIVE HOLDINGS LIMITED
4.	Category/Sub-Category of the Company	Company Limited by Shares/ Indian Non-Government Company
5.	Address of Registered office and Contact details	Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai – 400018 Tel. No.: 022 - 24905828
6.	Whether listed Company (Yes/No)	No
7.	Name, Address and Contact details of Registrar and Transfer Agent, if any	None

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sr. No.	Name and Description of Main Product/Services	NIC Code of the Product	% to total turnover of the Company.
1.	Investment in Securities	6599	100

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

Sr. No.	Name and Address of the Company	CIN/GIN	Holding/Subsidiary of the Company	% of shares held	Applicable Section
1.	Mahindra Engineering and Chemical Products Limited Gateway Building, Apollo Bunder, Mumbai - 400001	U74999MH1954PLC019908	Holding Company	100	2(46)
2.	Mahindra and Mahindra Limited Gateway Building, Apollo Bunder, Mumbai -400001	L65990MH1945PLC004558	Holding Company	–	2(46)
3.	Mahindra Retail Private Limited Mahindra Towers, P.K. Kurne Chowk, Worli, Mumbai – 400018	U52190MH2007PTC173762	Subsidiary Company	96.22	2(87)
4.	Mahindra Internet Commerce Private Limited Mahindra Towers, P.K. Kurne Chowk, Worli, Mumbai – 400018	U52399MH2008PTC187927	Subsidiary Company	–	2(87)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i. Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1. Indian	–	–	–	–	–	–	–	–	–
a. Individual/HUF	–	–	–	–	–	–	–	–	–
b. Central Govt.	–	–	–	–	–	–	–	–	–
c. State Govt.	–	–	–	–	–	–	–	–	–
d. Bodies Corp.	–	50,000	50,000	100	–	2,05,50,000	2,05,50,000	100	–
e. Bank/FI	–	–	–	–	–	–	–	–	–

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
f. Any Other	-	-	-	-	-	-	-	-	-
Sub-Total- A-(1)	-	50,000	50,000	100	-	2,05,50,000	2,05,50,000	100	-
2. Foreign	-	-	-	-	-	-	-	-	-
a. NRI-Individuals	-	-	-	-	-	-	-	-	-
b. Other Individuals	-	-	-	-	-	-	-	-	-
c. Body Corporate	-	-	-	-	-	-	-	-	-
d. Bank/FI	-	-	-	-	-	-	-	-	-
e. Any Others	-	-	-	-	-	-	-	-	-
Sub Total- A (2)	-	-	-	-	-	-	-	-	-
Total Share Holder of Promoters (1+2)	-	50,000	50,000	100	-	2,05,50,000	2,05,50,000	100	-
B. Public Shareholding									
1. Institution	-	-	-	-	-	-	-	-	-
a. Mutual Funds	-	-	-	-	-	-	-	-	-
b. Bank/FI	-	-	-	-	-	-	-	-	-
c. Cent. Govt.	-	-	-	-	-	-	-	-	-
d. State Govt.	-	-	-	-	-	-	-	-	-
e. Venture Capital	-	-	-	-	-	-	-	-	-
f. Insurance Co.	-	-	-	-	-	-	-	-	-
g. FIs	-	-	-	-	-	-	-	-	-
h. Foreign Portfolio Corporate	-	-	-	-	-	-	-	-	-
i. Foreign Venture Capital Fund	-	-	-	-	-	-	-	-	-
j. Others	-	-	-	-	-	-	-	-	-
Sub-Total-B (1)	-	-	-	-	-	-	-	-	-
2. Non-Institution	-	-	-	-	-	-	-	-	-
a. Body Corp.	-	-	-	-	-	-	-	-	-
b. Individual	-	-	-	-	-	-	-	-	-
i. Individual shareholders holding nominal share capital upto Rs. 1 lakh	-	-	-	-	-	-	-	-	-
ii. Individual shareholders holding nominal share capital in excess of Rs. 1 Lakh	-	-	-	-	-	-	-	-	-
c. Others	-	-	-	-	-	-	-	-	-
(i) NRI (Rep)	-	-	-	-	-	-	-	-	-
(ii) NRI (Non-Rep)	-	-	-	-	-	-	-	-	-
(iii) Foreign National	-	-	-	-	-	-	-	-	-
(iv) OCB	-	-	-	-	-	-	-	-	-
(v) Trust	-	-	-	-	-	-	-	-	-
(vi) In Transit	-	-	-	-	-	-	-	-	-
Sub-Total-B (2)	-	-	-	-	-	-	-	-	-
Net Total (1+2)	-	-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs & ADRs									
Promoter and Promoter Group	-	-	-	-	-	-	-	-	-
Public	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	-	50,000	50,000	100	-	2,05,50,000	2,05,50,000	100	-

ii. Shareholding of Promoters:

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	
1	Mahindra Engineering and Chemical Products Limited	49,994	100	0	2,05,49,994	100	0	0
2	Mahindra Engineering and Chemical Products Limited jointly with Mr. Zoooben Bhiwandiwalla.*	1	0	0	1	0	0	0
3	Mahindra Engineering and Chemical Products Limited jointly with Mr. V. R. Krishnan*	1	0	0	1	0	0	0
4	Mahindra Engineering and Chemical Products Limited jointly with Mr. Narayan Shankar.*	1	0	0	1	0	0	0
5	Mahindra Engineering and Chemical Products Limited jointly with Mr. S. Venkatraman.*	1	0	0	1	0	0	0
6	Mahindra Engineering and Chemical Products Limited jointly with Mr. K. Chandrasekar.*	1	0	0	1	0	0	0
7	Mahindra Engineering and Chemical Products Limited jointly with Mr. V.S. Parthasarathy.*	1	0	0	1	0	0	0
	Total	50,000	100	0	2,05,50,000	100	0	0

* Jointly held with Mahindra Engineering and Chemical Products Limited for the purpose of compliance with Statutory provisions of Companies Act with regard to minimum number of members.

iii Change in Promoter's Shareholding (please specify, if there is no change)

Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
At the beginning of the Year (Mahindra Engineering and Chemical Products Limited)	50,000	100	50,000	100
Increase on 23rd January, 2015 - Allotment by the Company	2,05,00,000	–	2,05,50,000	–
At the end of the Year	–	–	2,05,50,000	100

iv. Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	Top Ten Shareholders	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	–	–	–	–	–
2.	–	–	–	–	–
3.	–	–	–	–	–

v. Shareholding of Directors and Key Managerial Personnel:

Sr. No.	For Each of the Directors and KMP Name of the Director/KMP	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Mahindra Engineering and Chemical Products Limited jointly with Mr. Narayan Shankar	1	0	1	0

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(Rs. in Crores)

PARTICULARS	SECURED LOANS EXCLUDING DEPOSITS	UNSECURED LOANS	DEPOSITS	TOTAL INDEBTEDNESS
Indebtedness at the beginning of the financial year 01.04.2014				
1) Principal Amount	494.41	–	–	494.41
2) Interest due but not paid				
3) Interest accrued but not due				
Total of (1+2+3)	494.41	–	–	494.41
Change in Indebtedness during the financial year				
+ Addition	–	–	–	–
– Reduction	–	–	–	–
Net change				
Indebtedness at the end of the financial year – 31.03.2015				
Principal Amount	494.41			494.41
Interest due but not paid	–	–	–	–
Interest accrued but not due	–	–	–	–
Total of (1+2+3)	494.41			494.41

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-Time Directors and/or Manager:

Sr. No.	Particulars of Remuneration	Name of MD/ WTD/Manager	Total Amount (Rs. in Lacs)
		Mr. Amar Korde	
1.	Gross Salary	–	–
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act	0.07	0.07
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	–	–
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	–	–
2.	Stock Option	–	–
3.	Sweat Equity	–	–
4.	Commission – As % of Profit – Others, specify	–	–
5.	Others, please specify Provident Fund & other Funds	–	–

Sr. No.	Particulars of Remuneration	Name of MD/ WTD/Manager	Total Amount (Rs. in Lacs)
		Mr. Amar Korde	
	Performance Bonus	–	
	Total (A)	0.07	0.07
	Ceiling as per the Act	As per Schedule V of the Act	

B. Remuneration of other directors:

I. Independent Directors:-

Particulars of Remuneration	Name of Directors		Total Amount (Rs. in Lacs)
	Mr. Noshir Dastur	Mr. Ajay Mehta	
Fee for attending board committee meetings	-	-	-
Commission	-	-	-
Others	-	-	-
Total (1)	-	-	-

II. Other Non-Executive Directors:-

Other Non-Executive Directors			Total Amount (Rs. in Lacs)
Fee for attending Board committee meetings	-	-	-
Commission	-	-	-
Others	-	-	-
Total (2)	-	-	-
Total B = (1+2)			-
Ceiling as per the Act			-

C. Remuneration to Key Managerial Personnel Other Than MD/Manager/WTD:

Sr. No.	Particulars of Remuneration	Name of the KMP		Total Amount (Rs. in Lacs)
		Mr. Kapil Mittal CFO	Ms. Bhakti Khanna CS	
1.	Gross Salary	-	-	-
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act	-	-	-
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission - As % of Profit - Others, specify	-	-	-
5.	- Professional fees	-	0.05	0.05
	- Others	0.03	-	0.03
	Performance Bonus	-	-	-
	Total (C)	0.03	0.05	0.08

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES: Nil

	Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/ NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY						
Penalty	–	–	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Punishment	–	–	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Compounding	–	–	Not Applicable	Not Applicable	Not Applicable	Not Applicable
B. DIRECTORS						
Penalty	–	–	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Punishment	–	–	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Compounding	–	–	Not Applicable	Not Applicable	Not Applicable	Not Applicable
C. OTHER OFFICERS IN DEFAULT						
Penalty	–	–	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Punishment	–	–	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Compounding	–	–	Not Applicable	Not Applicable	Not Applicable	Not Applicable

For and on Behalf of the Board

(Amar Korde) Managing Director (DIN: 01013355)	(Parag Shah) Director (DIN: 00374944)
---	--

Mumbai, 5th May, 2015

INDEPENDENT AUDITOR'S REPORT

To

The Members of

RETAIL INITIATIVE HOLDINGS LIMITED

Report on the Standalone Financial Statements

1. We have audited the accompanying standalone financial statements of **RETAIL INITIATIVE HOLDINGS LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2015, and the Statements of Profit and Loss and Cash Flow for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these standalone financial statements based on our audit.
4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend

on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2015, and its loss and cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

9. As required by the Companies (Auditor's Report) Order, 2015, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
10. As required by Section 143(3) of the Act, we report that:
 - a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c. the Balance Sheet, the Statement of Profit and Loss and Cash Flow dealt with by this Report are in agreement with the books of account;

- d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);
- e. On the basis of written representations received from the directors as on March 31, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015, from being appointed as a director in terms of Section 164(2) of the Act.
- f. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company does not have any pending litigation which would impact its financial position.
 - ii. The Company did not have any long term contract including derivate contract for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For B. K. Khare & Co.
Chartered Accountants
Firm Registration Number 105102W

Padmini Khare Kaicker
Partner
Membership Number 044784

Place: Mumbai
Date: 5th May 2015

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1 under "Report on other legal and regulatory requirements" of our report of even date on the financial statements for the year ended on March 31, 2015 of Retail Initiative Holdings Limited)

- i. Since the Company does not own any fixed assets, the provisions of Clause No 3(i) of the order do not apply to the company.
- ii. Since the Company is an investment company, it does not hold any physical inventory. Therefore, provisions of Clause No 3 (ii) do not apply.
- iii. According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms and other parties listed in the Register, maintained Under Section 189 of the Companies Act, 2013. Hence the provisions of clause (iii) (a) and (b) are not applicable to the company.
- iv. Since the company is an investment company, it does not deal in purchases and sale of any finished goods, stores, spares and raw materials. Also neither it owns any fixed assets at the beginning or at the end of the year nor has purchased or sold fixed assets during the year. Therefore, provision of clause 3(iv) of the order do not apply.
- v. The Company has not accepted any deposits from the public. Therefore, the provisions of clauses 3(v) of the order are not applicable to the Company.
- vi. The Central Government of India has not prescribed the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company.
- vii. (a) According to the records of the Company and information and explanations given to us, the Company is regular in depositing undisputed statutory dues including Provident fund, Employees' state insurance, Income tax, Sales tax, Service tax, duty of customs, value added tax, cess and other applicable statutory dues with the appropriate authorities.
(b) According to information and explanation given to us, no undisputed amounts payable in respect of Income tax, Sales tax, Service tax, Custom duty, Excise duty and cess were in arrears as on 31st March 2015 for a period more than six month, from the date they become payable.
- (c) According to information and explanation given to us, there is no amount to be transferred to investor education and protection fund in accordance with relevant provisions of the companies act.
- viii. The accumulated losses at the end of the current financial year are less than fifty per cent of its net worth and the Company has incurred cash losses in current financial year as well as in the immediately preceding financial year.
- ix. Based on our audit procedures and as per information and explanations given by the Management, we are of the opinion that Company has not defaulted in repayment of dues to a bank.
- x. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year. Accordingly, the provisions of clause 3(x) of the Order are not applicable to the Company.
- xi. According to the information and explanation given to us, term loans have been applied for the purpose for which the loans were obtained.
- xii. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.

For B. K. Khare & Co.
Chartered Accountants
Firm Registration Number 105102W

Padmini Khare Kaicker
Partner
Membership Number 044784

Place: Mumbai
Date: 5th May 2015

BALANCE SHEET AS AT 31ST MARCH, 2015

Particulars	Note No.	Amount in Rs.	
		Mar-15	Mar-14
I. EQUITY AND LIABILITIES			
(1) Shareholders' funds			
(a) Share Capital	2	205,500,000	500,000
(b) Reserves and Surplus	3	(14,436,919)	(9,849,821)
(2) Non-current liabilities			
(a) Long-Term Borrowings	4	4,944,053,000	4,494,053,000
(b) Long-Term provisions		-	-
(3) Current liabilities			
(a) Short term Borrowings		-	-
(b) Trade payables	5	190,039	157,909
(c) Other current liabilities.....		-	-
TOTAL		5,135,306,120	4,484,861,088
II. ASSETS			
(1) Non-current assets			
(a) Fixed Assets			
(i) Tangible assets		-	-
(ii) Intangible assets.....		-	-
(iii) Capital work in progress.....		-	-
(b) Non-current Investments	6	5,133,716,390	4,481,643,910
(2) Current assets			
(a) Inventories.....		-	-
(b) Trade Receivables.....		-	-
(c) Cash and cash equivalent.....	7	1,589,730	3,217,178
TOTAL		5,135,306,120	4,484,861,088
Significant Accounting Policies	1		

As per our report of even date attached

For and on behalf of the Board of Directors

For B. K. Khare & Co.
Chartered Accountants
Firm Registration No.105102W

Padmini Khare Kaicker
Partner
Membership No. 44784

Amar Korde
Managing Director

Narayan Shankar
Director

Kapil Mittal
Chief Financial Officer

Bhakti Khanna
Company Secretary
Membership No. 28370

Place: Mumbai

Date: 5th May, 2015

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2015

Particulars	Note No.	Amount in Rs.	
		Year Ended Mar-15	Year Ended Mar-14
I. Revenue from operations.....		-	-
II. Other Income.....		-	-
III. Total Revenue (I+II)		-	-
IV. EXPENSES			
Purchase of stock in trade.....		-	-
Changes in Inventories of finished goods/WIP/stock in trade		-	-
Employee benefits expense.....		-	-
Finance cost		-	-
Depreciation and amortisation expense.....		-	-
Other expenses	8	4,587,098	50,561
Total Expenses		4,587,098	50,561
V. Profit before exceptional and extraordinary items and tax (III-IV)		(4,587,098)	(50,561)
VI. Exceptional Items		-	-
VII. Profit before extraordinary items and tax (V-VI)		(4,587,098)	(50,561)
VIII. Extraordinary items		-	-
IX. Profit before tax (VII-VIII)		(4,587,098)	(50,561)
X. Tax expense			
(1) Current tax.....		-	-
(2) Deferred tax.....		-	-
XI. Profit (Loss) for the period (IX-X)		(4,587,098)	(50,561)
XII. Earnings per equity share:		Rs.	Rs.
(1) Basic		(0.75)	(1.01)
(2) Diluted		(0.75)	(1.01)
Nominal value per share.....		10	10

Significant Accounting Policies

1

As per our report of even date attached

For and on behalf of the Board of Directors

For B. K. Khare & Co.

Chartered Accountants

Firm Registration No.105102W

Padmini Khare Kaicker

Partner

Membership No. 44784

Amar Korde

Managing Director

Narayan Shankar

Director

Kapil Mittal

Chief Financial Officer

Bhakti KhannaCompany Secretary
Membership No. 28370

Place: Mumbai

Date: 5th May, 2015

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2015

	Year Ended Mar-15	Amount in Rs. Year Ended Mar-14
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Profit for the period before tax	(4,587,098)	(50,561)
Adjustments for:		
Depreciation	-	-
Interest and financial charges	-	-
Loss on fixed assets sold/scrapped	-	-
	-	-
Operating profit before working capital changes	(4,587,098)	(50,561)
Changes in:		
Sundry Debtors	-	-
Inventories	-	-
Loans and Advances	-	-
Trade and other payables	32,130	8,787
	32,130	8,787
Income Taxes paid	-	-
NET CASH FROM OPERATING ACTIVITIES	(4,554,968)	(41,774)
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of fixed assets	-	-
Proceeds from Sale of fixed assets	-	-
Purchase of Investments	(652,072,480)	(800,000,000)
NET CASH USED IN INVESTING ACTIVITIES	(652,072,480)	(800,000,000)
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Receipt of Share Capital	205,000,000	-
Receipt of Unsecured Loans	450,000,000	-
Receipt of Inter-corporate deposit	-	802,999,340
Interest and financial charges paid	-	-
NET CASH (USED IN)/FROM FINANCING ACTIVITIES	655,000,000	802,999,340
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(1,627,448)	2,957,566
CASH AND CASH EQUIVALENTS:		
Opening Balance	3,217,178	259,612
Closing Balance	1,589,730	3,217,178

As per our report of even date attached

For and on behalf of the Board of Directors

For B. K. Khare & Co.
Chartered Accountants
Firm Registration No.105102W

Padmini Khare Kaicker
Partner
Membership No. 44784

Amar Korde
Managing Director

Narayan Shankar
Director

Kapil Mittal
Chief Financial Officer

Bhakti Khanna
Company Secretary
Membership No. 28370

Place: Mumbai

Date: 5th May, 2015

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

1. Company Background

Retail Initiative Holdings Limited ('The Company') is the holding company of Mahindra Retail Private Limited. The Company is a Core Investment Company as defined in the Core Investment Companies (Reserve Bank) Directions, 2011 and is not required to obtain Certificate of Registration under Section 45 IA of the Reserve Bank India Act, 1934.

2. Significant Accounting Policies:

a. Accounting Convention:

The financial statements of the company have been prepared in accordance with the generally accepted accounting principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material respects with the accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014. The financial statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies adopted in the preparation of financial statements are consistent with those of previous year, except for the change in accounting policy explained below.

b. Use of estimates:

The preparation of financial statements in conformity with Generally Accepted Accounting Principles requires the management to make estimates and assumptions that affect the reported balances of assets and liabilities as of the date of financial statements and reported amounts of income and expenses during the period. Management believes that the estimates used in the preparation of financial statements are prudent and reasonable. Actual results could differ from those estimates.

c. Revenue recognition:

Dividends from investments are recognized in the Profit and Loss Account when the right to receive the payment is established.

Interest is recognized on time proportion basis.

d. Investments:

All long-term investments are valued at cost. Provision for diminution, if any in the value of each long term investments is made to recognize a decline, other than of a temporary nature.

Current investments are carried individually at lower of cost and fair value and the resultant decline, if any, is charged to revenue.

e. Income Taxes:

Income taxes are accounted for in accordance with Accounting Standard 22 (AS 22) on "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India. Tax expense comprises both current and deferred tax.

Current tax is measured at the amount expected to be paid to/recovered from the tax authorities using the applicable tax rates.

Deferred tax assets and liabilities are recognised for future tax consequences attributable to timing differences between taxable income and accounting income that are capable of reversing in one or more subsequent periods and are measured using the relevant enacted tax rates. At each Balance Sheet date, the Company reassesses unrecognised deferred tax assets to the extent they have become reasonably certain or virtually certain of realisation, as the case may be.

Deferred tax assets are not recognised to the extent that there is no virtual certainty or reasonable certainty, as the case may be, supported by convincing evidence that sufficient future tax income will be available against which such deferred tax assets can be realised.

Note 2

	Mar-15 Amount in Rs.	Mar-14 Amount in Rs.
Share Capital:		
a. Authorised:		
21,000,000 (Previous Year 2,000,000) equity shares of Rs.10 each	210,000,000	20,000,000
b. Issued, subscribed and fully paid up:		
20,550,000 (Previous Year 50,000) equity shares of Rs.10 each	205,500,000	500,000
Total	205,500,000	500,000

c. Reconciliation of share outstanding at the beginning & at the end of the Year

	Mar-15		Mar-14	
	No's	Amount in Rs.	No's	Amount in Rs.
Equity Shares:				
At the beginning of the period	50,000	500,000	50,000	500,000
Add: Issued during the year	20,500,000	205,000,000	-	-
Outstanding at the end of the period	20,550,000	205,500,000	50,000	500,000

d. Shares held by holding company

	Mar-15		Mar-14	
	No's	Amount in Rs.	No's	Amount in Rs.
Mahindra Engineering and Chemical Products Limited	20,550,000	205,500,000	50,000	500,000

e. Details shareholders holding more than 5% shares in the company

	Mar-15		Mar-14	
	No's	% Holdings	No's	% Holdings
Mahindra Engineering and Chemical Products Limited	20,550,000	100.00%	50,000	100.00%

f. Other Disclosure:

The Company has one class of Equity Shares having par value of Rs.10 each. Each Equity shareholder is eligible for one vote per share held and is entitled to dividend as and when the Company declares and pays dividend after obtaining shareholders' approval. Dividends are paid in Indian rupees.

g. Terms of any securities convertible into equity/preference shares issued along with the earliest date of conversion in descending order starting from the farthest such date.

For details of securities convertible into equity shares issued along with the earliest date of conversion in descending order starting from the farthest such date, please refer note no. 5.

Note 3

	Amount in Rs.	
	Mar-15	Mar-14
Reserves and Surplus:		
Surplus in statement of Profit & Loss Account		
1 Opening balance	-9,849,821	-9,799,260
Add: Profit/(Loss) for the Current Year	-4,587,098	-50,561
Closing Balance	-14,436,919	-9,849,821

Note 4

		Amount in Rs.	
Long term borrowings:		Mar-15	Mar-14
(A) Unsecured			
1	Debenture (Fully Compulsorily Convertible) 49,44,053 (Previous Year: 44,94,053) Zero Coupon Fully Compulsorily Convertible Debentures of Rs. 1,000 each	4,944,053,000	4,494,053,000
	Total	4,944,053,000	4,494,053,000
a	Zero Coupon Fully Compulsorily Convertible Debentures are convertible into equity shares of the company on or before 10 years from the date of allotment. The debenture holders have an option to seek conversion of debentures in full or part thereof into equity shares of the face value of Rs. 10 each issued at par any time after 5 years from the date of allotment. On exercising such option, the debenture holder will get 100 equity shares of Rs. 10 each issued at par for every one debenture held.		

Note 5

		Amount in Rs.	
Trade payables		Mar-15	Mar-14
	Micro & Small Enterprises	-	-
	Others	190,039	157,909
	Total	190,039	157,909

Note 6

		Amount in Rs.	
Non-current Investments		Mar-15	Mar-14
1	Trade Investments (valued at cost unless stated otherwise)		
	- Investment in equity instruments (Unquoted)		
	- Investment in subsidiary		
	51,33,71,639 (P.Y. 44,81,64,391) Equity Shares of Rs.10 each fully paid up in Mahindra Retail Private Limited	5,133,716,390	4,481,643,910
	Total	5,133,716,390	4,481,643,910

Note 7

		Amount in Rs.	
Cash & Cash equivalents		Mar-15	Mar-14
A	Bank balances		
	- On current account	1,589,730	3,217,178
B	Cash on hand	-	-
	Total	1,589,730	3,217,178

Note 8

		Amount in Rs.	
Other expenses		Mar-15	Mar-14
	Professional Fees	42,832	33,707
	Registration and Documentation Charges	4,514,800	-
	Auditors' Remuneration	16,854	16,854
	Bank Charges	112	-
	Deputation Charges	12,500	-
	Total	4,587,098	50,561

Other additional information by way of notes to statement of profit & loss

		Amount in Rs.	
1. Payment to auditors		Mar-15	Mar-14
a)	Auditor	16,854	16,854
	Total	16,854	16,854

Disclosures as required by the Accounting Standards

10. There is no provision for current tax in view of the losses in the current year.

Deferred Tax Asset has not been recognized in view of absence of virtual certainty that the asset will be reversed in near future.

11. Earnings per Share (EPS) is calculated as follows:

Sr. No	Particulars	2014-15	2013-14
1.	Profit/(Loss) attributable to equity shareholders	(4,587,098)	(50,561)
2.	Weighted Average No. of shares	6,156,986	50,000
3.	Nominal Value per share	10	10
4.	Earnings Per share:		
	- Basic	(0.75)	(1.01)
	- Diluted	(0.75)	(1.01)

12. Related Party Disclosures

i) Enterprises that directly or indirectly through one or more subsidiaries:-

- (a) *Control the Reporting Enterprise:-*
Mahindra & Mahindra Limited
- (b) *Holding company:-*
Mahindra Engineering & Chemical Products Ltd.
- (c) *Subsidiary Company:-*
Mahindra Retail Private Ltd.

The related party transactions are as under:

Nature of Transactions	Holding company (Mahindra Engineering & Chemical Products Ltd.)	Subsidiary (Mahindra Retail Private Limited)
Acceptance of Inter-corporate deposit	Nil (80,30,00,000)	
Repayment of Inter-corporate deposit	Nil (449,40,53,660)	
Issue of Debenture	45,00,00,000	
	(449,40,53,000)	
Debenture Payable	494,40,53,000	
	(444,40,53,000)	
Investment in Equity shares		65,20,72,480
		(80,00,00,000)

**STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956, RELATING TO
SUBSIDIARY COMPANY**

	Name of the Subsidiary Company
Particulars	Mahindra Retail Private Limited
	(Amount in Rs.)
The Financial Year of the Subsidiary Company ended on	31st March, 2015
Number of shares in the subsidiary company held by Retail Initiative Holdings Limited at the above date:	
Equity Shares (Nos.)	513,288,514
Extent of holding (%)	96.22%
The net aggregate of profits/(losses) of the Subsidiary Company for it's financial year so far as they concern the members of Retail Initiative Holdings Limited:	
(a) Dealt with in the accounts of Retail Initiative Holdings Limited for the year ended 31 st March, 2015	Nil
(b) Not dealt with in the accounts of Retail Initiative Holdings Limited for the year ended 31 st March, 2015	(1,143,934,936)
The net aggregate of profits/(losses) of the Subsidiary Company for it's previous year so far as they concern the members of Retail Initiative Holdings Limited:	
(a) Dealt with in the accounts of Retail Initiative Holdings Limited for the year ended 31 st March, 2015	Nil
(b) Not dealt with in the accounts of Retail Initiative Holdings Limited for the year ended 31 st March, 2015	(4,457,249,814)

Amar Korde
Managing Director

Narayan Shankar
Director

Kapil Mittal
Chief Financial Officer

Place: Mumbai
Date: 5th May, 2015

Bhakti Khanna
Company Secretary
Membership No. 28370

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors present their Eighth Report along with the Audited Accounts of your Company for Financial Year ended 31st March, 2015.

Financial Results and State of Company's Affairs

Particulars	(Rs. in Lakhs)	
	For the year ended 31 st March, 2015	For the year ended 31 st March, 2014
Total Income	21053	20600
Profit before Interest, Depreciation and Taxation	(9290)	(8465)
Less: Interest	775	1137
Depreciation	1828	1797
Net Loss	(11889)	(11399)
Balance of Profit brought forward from last year	(46324)	(34925)
Balance of Profit carried forward	(58213)	(46324)
Net Worth	626	501

No material changes and commitments have occurred after the closure of current financial year till the date of this report which would affect the financial position of the Company.

Operations

Your Company recorded revenues of Rs. 21,053 Lakhs as compared to Rs. 20,600 Lakhs in the previous year. Loss after tax for the year was Rs. 11,889 Lakhs as compared to Rs. 11,399 Lakhs in the previous year.

Dividend

Your Directors have not considered any dividend, for the year under review, due to losses incurred by the Company.

Share Capital:

During the year under review, the Authorised Share Capital of your Company was increased from Rs. 550 crores to Rs. 750 crores.

Necessary amendments to the Memorandum of Association and Articles of Association of the Company were carried out during the year with respect to the same.

Your Company made an issue of 6,52,08,248 equity shares of Rs. 10/- each on Rights basis and pursuant to the same the issued, subscribed and paid up capital of your company stood increased to Rs. 533,46,32,360 as at the last date of the year under review.

Credit Rating

Pursuant to the agreement with its bankers, your Company had appointed CRISIL as the credit rating agency to carry out the credit rating of the Company. CRISIL has renewed its Long-Term Rating of CRISIL BBB+ indicating Moderate degree of Safety and a Short-Term Rating of CRISIL A2 being a Strong degree of safety regarding timely payment of financial obligations.

Board of Directors

Mr. S.P. Shukla (DIN: 00007418) retires by rotation at the forthcoming Annual General Meeting and being eligible offers himself for reappointment.

Mr. Arvind Singhal (DIN: 00709084), Nominee director of the Company resigned with effect from 4th March, 2015.

Ms. Sheetal Mehta (DIN: 06495637) was appointed as an additional woman director on the Board of the Company at the Board meeting held on March 5, 2015. Ms. Mehta hold office up to the date of the forthcoming Annual General Meeting. The Company has received notice from a member, signifying its intention to propose Ms. Mehta as candidate for the office of Director at the forthcoming Annual General Meeting.

During the year under review, Mr. Rafik Abdul Malik Malik (DIN: 00521563) and Mr. Arvind Singhal (DIN: 00709084) were appointed as Independent Directors of the Company for a period of five years with effect from 30th March, 2015. These Independent Directors shall hold office of directorship for a term of five years and would not be liable to retire by rotation.

The Company has received declarations from Mr. Rafik Abdul Malik Malik and Mr. Arvind Singhal, Independent Directors, to the effect that they meet the criteria of independence as provided in sub section 6 of Section 149 of Companies Act, 2013.

Number of the Meetings of Board of Directors

Your Board of Directors met five times during the year under review on 25th April, 2014, 12th August, 2014, 8th December, 2014, 5th March, 2015, 25th March, 2015.

Directors' Responsibility Statement

Pursuant to section 134(5) of the Companies Act, 2013, your Directors, based on the representation received, and after due enquiry, confirm that:

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed;
- (ii) the directors had selected such accounting policies and applied consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2015 and of the Loss of the Company for the year ended on that date;

- (iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) the annual accounts have been prepared on a going concern basis.
- (v) Proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Evaluation of Performance:

Pursuant to the provisions of the Companies Act, 2013, the Board has carried out an annual evaluation of its own performance and that of its Committees as well as performance of the Directors individually. Feedback was sought by way of a structured questionnaire covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance and the evaluation was carried out based on responses received from the Directors.

Codes of Conduct

Your Company has, adopted Codes of Conduct for Corporate Governance ("the Codes") for its Directors and Senior Management Personnel and Employees. These Codes enunciate the underlying principles governing the conduct of your Company's business and seek to reiterate the fundamental precept that good governance must and would always be an integral part of your Company's ethos.

Your Company has for the year under review, received declarations from the Board Members affirming compliance with Code of Conduct for Directors and Senior Management Employees.

Key Managerial Personnel

During the year under review, Mr. K. Venkataraman, Chief Executive Officer of the Company resigned with effect from 12th August, 2014 and Mr. Prakash Wakankar was appointed in his place.

Mr. Amar Korde, Chief Financial Officer resigned with effect from 3rd March, 2015 and was re-appointed with effect from 5th May, 2015 and Ms. Rinkal Mehta was appointed as Company Secretary with effect from 8th December, 2014 in accordance with provisions of Section 203 of Companies Act, 2013.

Committees of the Board:

Audit Committee

The Audit Committee was reconstituted by the Board on 31st March, 2015 pursuant to the appointment of independent directors on the Board. The committee now consists of:

Mr. Rafik Abdul Malik Malik (Chairman)
Mr. Arvind Singhal
Mr. Zhooben Bhiwandiwala

The Committee met three times during the year under review on 25th April, 2014, 8th December, 2014 and 5th March, 2015.

Your Company has established vigil mechanism for directors and employees to report genuine concerns in accordance with section 177 of Companies Act, 2013. It provides for adequate safeguards against victimization of persons who use such mechanism and make provision for direct access to the Chairperson of the Audit Committee.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee was reconstituted by the Board on 31st March, 2015 pursuant to the appointment of independent directors on the Board. The committee now consists of:

Mr. Rajeev Dubey (Chairman)
Mr. Rafik Abdul Malik Malik
Mr. Arvind Singhal
Mr. Zhooben Bhiwandiwala

The Committee met once during the year under review on 5th March, 2015. The Committee at its meeting carried out evaluation of every directors' performance.

Auditors

Statutory Auditors

At the Seventh Annual General Meeting, M/s. B. K. Khare & Co., Chartered Accountants, (ICAI registration Number 105102W) were appointed as the statutory auditors of your Company to hold office from the conclusion of the seventh Annual General Meeting till the conclusion of eighth Annual General Meeting.

M/s. B. K. Khare & Co., Chartered Accountants have given a written consent to act as Statutory Auditor of your Company, if appointed, and have also confirmed that the said appointment would be in conformity with the provisions of Sections 139 and 141 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014.

The members are requested to appoint statutory auditors of the Company at the ensuing Annual General Meeting and fix their remuneration.

The Auditors' Report does not contain any qualification, reservation or adverse remark.

Secretarial Auditors

Your Company has appointed M/s. Mehta & Mehta, Company Secretaries as Secretarial Auditor of the Company in accordance with Section 204 of Companies Act, 2013.

In terms of provisions of sub section 1 of section 204 of Companies Act, 2013, the Company has annexed with this Board Report, a secretarial audit report given by the Secretarial Auditors, in prescribed form MR 3 at **Annexure I**.

In respect of the disclaimer made by M/s Mehta & Mehta, Secretarial Auditors for not providing document(s) or information pertaining to the registration of the Company as manufacturer of infant and women apparels, we wish to state that the company has declared itself as a manufacturer only for the purpose of labelling requirements.

Policy for Remuneration of Directors, Key Managerial Personnel and Other Employees and Criteria for Appointment/Removal of Directors and Senior Management Personnel

In line with the principles of transparency and consistency and upon recommendation of the Nomination and Remuneration Committee, your Board has approved:

- Policy on the appointment/removal of directors and senior management personnel, together with the criteria for determining qualifications, positive attributes and independence of directors
- Policy on the remuneration of directors, key managerial personnel and other employees

These policies are provided as **Annexure II** and form part of this report.

Risk Management Policy

Your Company has formulated Risk Management Policy including therein the elements of risk which in the opinion of Board may threaten the existence of the Company.

Your Board is hopeful that the implementation of the policy will be helpful to the Company in avoiding the risk and enabling the Company to manage the same, if confronted with.

Investment in Mahindra Internet Commerce Private Limited (formerly known as Mahindra United Football Club Private Limited)

During the year under review, your company acquired 10,000 Equity Shares of Mahindra Internet Commerce Private Limited (formerly known as Mahindra United Football Club Private Limited) from Mahindra Holdings Limited thereby making it a wholly owned subsidiary of your Company. Your Company further invested Rs. 5,00,00,000 (50,00,000 equity shares of Rs. 10 each) and Rs. 2,50,00,000 (25,00,000 equity shares of Rs. 10 each) on 6th February, 2015 and 22nd April, 2015 respectively.

Subsidiary

Mahindra Internet Commerce Private Limited

The year under review was the first year of full-fledged commercial operations for Mahindra Internet Commerce Private Limited (MICPL). MICPL recorded revenues of Rs. 403 Lakhs and loss after tax for the year was Rs. 334 Lakhs. MICPL has become subsidiary of the Company with effect from 17th December, 2014.

Consolidated Financial Statement

In accordance with Section 134(7) of the Companies Act, 2013 and Accounting Standard (AS) - 21, the audited consolidated financial statement of your Company form part of this Annual Report.

A Report on the performance and financial position of each of the subsidiaries included in the Consolidated Financial Statement is provided in Form AOC-1 at **Annexure III** and forms part of this Annual Report.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The particulars relating to the Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo, as required under section 134(3)(m) of the Companies Act, 2013 read with the Companies Rule 8(3) of The Companies (Accounts) Rules, 2014 are given as **Annexure IV** to this Report.

Disclosure of Particulars of Employees as required under Rule 5(2) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014

Being unlisted Company, provisions of Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable to your Company.

Particulars of loans, guarantees or investments under Section 186 of the Companies Act, 2013 and Deposit under Chapter V of the Companies Act, 2013

Your Company has not accepted deposits from the public or its employees during the year under review. There were no deposits which are not in compliance with the requirements of Chapter V of the Companies Act, 2013.

There were no loans granted, securities provided and investments made during the year under review pursuant to Section 186 of the Companies Act, 2013. The particulars of loans/advances and investment, required to be disclosed in the annual accounts of the Company pursuant to Clause 32 of the Listing Agreement between the Parent Company, Mahindra & Mahindra Limited and the Stock Exchanges, are given in **Annexure V** and the same forms part of this report.

Safety, Health and Environment Performance

Your Company is committed to protecting the health and safety of employees, customers and protecting the environment and public wherever they conduct business activities.

Your Company is committed to the belief that all occupational injuries and illnesses are preventable. Each employee has a personal and vital responsibility to contribute to safe work performance.

The objective is to continuously improve health, safety, and environmental performance, and in doing so, to be recognized as a leader in the retail industry. Your Company's approach to Safety, Health and Environment is with the same level of responsibility and is as methodical as they attend to issues concerning product quality, productivity and cost-efficiency.

Some of the other key initiatives are as follows:

- Provide healthy and safe workplaces with security and ergonomics that are built into the design of the workplace (offices & stores) with best operating practices incorporated to provide employees a safe environment free from any kind of discrimination including a stringent.
- All employees are subjected to pre-employment medical check-ups and are provided with health and hospitalization insurance cover for self, spouse and children.
- Conduct periodic programmes addressing healthy living; stress free living and work-life balance.

Sustainability Initiatives

Your Company is committed to embracing sustainability with the following five objectives followed up with policies and action plans to drive them:

- Reduction of power consumption: Tracking Power consumption by Units at the Corporate Office and across the stores by implementation of policies like mandatory submission of Power Bill with Units consumption.
- Implementation of Energy Management System in the store – devices or Peak/Non-Peak circuitry and timer for main sign age at the time of store design and construction and certification of the same mandatory at the time of handing over the property to operations for trading.
- Reduction of paper consumption: Control printing paper by controlling of issue of papers in quota, paper utilization report compulsory as part of store petty cash utilization, double sided printing and recycling of waste paper mandatory. Control Printed Communication by monitoring printer paper quantity and approval of quantities for Marketing and HR mass distribution, recycling by incorporation of system wherein all unwanted paper is dropped in Recycle Bins at Corporate Office and Stores and reused with small seal reading "recycled" on them.

- Reduction of travel: Tracking of Travel by incorporating a Travel requisition system to minimize travel, monthly travel report to all department heads, encourage use of Skype/ Video Conferencing.
- Reduction of transportation: Control of Material Transportation (in km) by tracking truck movement for stock movement and delivery, developing local/regional suppliers to reduce transportation cost for new store.
Encourage Car Pooling & use of mass transportation systems for employees coming to work and when on outstation duties.
- Reuse/Repurpose of materials: Identification of all Capex fit-out materials (Fixtures, Mannequins, lights, signage, hangers etc.) which are unused in all stores and consolidation and refurbishment of the same. Identification of scrap materials with vendors and development of fit-out materials from the same for new requirements for the same in the stores.

Particulars of Transactions with Related Parties

Particulars of contracts or arrangements with related parties are given in form AOC – 2 as **Annexure VI** and the same forms part of this Report.

Extract of Annual Return

Pursuant to Section 92(3) of the Companies Act, 2013 read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014 an extract of the Annual return as on 31st March, 2015 is attached herewith as **Annexure VII** and forms part of this report.

The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

During the year under review, no complaints were received under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, for prevention of sexual harassment.

Internal Financial Controls

Pursuant to Rule 8 of the Companies (Accounts) Rules, 2014, based on the representation received and after due enquiry your

directors confirm that they have laid down internal finance controls with reference to the Financial Statements and these controls are adequate.

General

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions/ events on these items during the year under review:

1. Issue of equity shares with differential rights as to dividend, voting or otherwise.
2. Neither the Managing Director nor the Whole Time Director of the Company received any remuneration or commission from any of its subsidiaries.
3. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and the Company's operations in future.
4. There were no Shares having voting rights not exercised directly by the employees and for the purchase of which or subscription to which loan was given by the Company.

Acknowledgements

Your Directors would like to express their grateful appreciation for assistance and co-operation received from Banks, Employees, Vendors, Suppliers and Members during the year under review.

For and on behalf of the Board

Zhooben Bhiwandiwala
Chairman
(DIN: 00110373)

Mumbai, 5th May, 2015

ANNEXURE I**Form No. MR-3****SECRETARIAL AUDIT REPORT****FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2015**

[Pursuant to section 204(1) of the Companies Act, 2013 and the rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
Mahindra Retail Private Limited
Mahindra Towers,
P.K. Kurne Chowk, Worli,
Mumbai - 400 018.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Mahindra Retail Private Limited (hereinafter called "the Company"). Secretarial audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minutes books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officer, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2015, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the company for the financial year ended on 31st March, 2015 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder (during the year under review not applicable to the Company);
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder (during the year under review not applicable to the Company, as the shares of the company are not in dematerialized form);
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign

Direct Investment, Overseas Direct Investment and External Commercial Borrowings (during the year under review not applicable to the Company as the Company does not have any foreign direct investment, overseas direct investment and external commercial borrowings);

- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (during the year under review not applicable to the Company as the Company is an unlisted company);
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 (during the year under review not applicable to the Company as the Company is an unlisted company);
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (during the year under review not applicable to the Company as the Company is an unlisted company and not proposing to get its securities listed);
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (during the year under review not applicable to the Company as the Company is an unlisted company);
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (during the year under review not applicable to the Company as the Company is an unlisted company and not proposing to get debt securities listed);
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client (during the year under review not applicable to the Company as the Company is not availing services of Registrars to an Issue and Share Transfer Agents);

- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (during the year under review not applicable to the Company as the Company has not done delisting of shares); and
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (during the year under review not applicable to the Company as the Company is an unlisted company);
- (vi) Legal Metrology Act, 2009;
- (vii) The Prevention of Food and Adulteration Act, 1954;
- (viii) The Infant Milk Substitutes, Feeding Bottles and Infant Foods (Regulation of Production, Supply and Distribution) Act, 1992 and Subsequent Amendment of 2003;
- (ix) Food Safety and Standard Act 2006;
- (x) The Bureau of Indian Standard Act, 1986;

We have not examined compliance with the applicable clauses of the following since it is not applicable to the Company during the period under review:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India;
- (ii) The Listing Agreements entered into by the Company with Stock Exchange(s);

During the period under review the Company has complied with the provisions of Act, Rules, Regulations, Guidelines etc. mentioned above subject to following observations: -

- a. *The Company is a manufacturer of Infant and women apperals. However, we have not been provided with any document(s) or information pertaining to the registration as manufacturer of infant and women apperals and compliances in the said regard.*

Hence, we cannot comment on the compliances of the respective law, rules and regulation for the same.

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of the Executive Directors, Non-Executive

Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, except the board meeting held on 1st April 2014, which was held with shorter notice with consent of the board and a system exists for seeking and obtaining further for meaningful participation at the meeting.

All decision of the Board is carried through unanimously. As per the records provided by the Company, none of the members of the Board dissented on any resolution passed at the meeting.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period there was no specific events / actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, etc.

**For Mehta & Mehta,
Company Secretaries
(ICSI Unique Code P1996MH007500)**

**Dipti Mehta
Partner**

Place: Mumbai
Date: 5th May, 2015

FCS No: 3667
CP No.: 3202

Note: This report is to be read with our letter of even date which is annexed as 'ANNEXURE A' and forms an integral part of this report.

ANNEXURE A

To,
The Members,
Mahindra Retail Private Limited
Mahindra Towers,
P.K. Kurne Chowk, Worli,
Mumbai - 400 018.

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Whereever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The secretarial audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **Mehta & Mehta,**
Company Secretaries
(ICSI Unique Code P1996MH007500)

Place: Mumbai
Date: 5th May, 2015

Dipti Mehta
Partner
FCS No: 3667
CP No.: 3202

ANNEXURE II TO THE DIRECTORS' REPORT

I. POLICY FOR REMUNERATION OF THE DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES

Purpose

This Policy sets out the approach to Compensation of Directors, Key Managerial Personnel and other employees in Mahindra Retail Private Limited.

Policy Statement

We have a well-defined Compensation policy which is in line with our parent company Mahindra & Mahindra Ltd. for Managing Director, Manager, Key Managerial Personnel and all employees, of the Company. The overall compensation philosophy which guides us is that in order to achieve global leadership and dominance in domestic markets, we need to attract and retain high performers by compensating them at levels that are broadly comparable with the median of the comparator basket while differentiating people on the basis of performance, potential and criticality for achieving competitive advantage in the business.

In order to effectively implement this, we have built our Compensation structure by a regular annual benchmarking over the years with relevant players across the industry we operate in.

NON-EXECUTIVE INCLUDING INDEPENDENT DIRECTORS:

The Nomination and Remuneration Committee (NRC) shall decide the basis for determining the compensation, both Fixed and variable, to the Non-Executive Directors, including Independent Directors, whether as commission or otherwise. The NRC shall take into consideration various factors such as director's participation in Board and Committee meetings during the year, other responsibilities undertaken, such as membership or Chairmanship of committees, time spent in carrying out their duties, role and functions as envisaged in Schedule IV of the Companies Act 2013 and such other factors as the NRC may consider deem fit for determining the compensation. The Board shall determine the compensation to Non-Executive Directors within the overall limits specified in the Shareholders resolution.

Executive Directors:

The remuneration to Chairman & Managing Director and Executive Director(s) shall be recommended by NRC to the Board. The remuneration consists of both fixed compensation and variable compensation and shall be paid as salary, commission, performance bonus, stock options (where applicable), perquisites and fringe benefits as approved by the Board and within the overall limits specified in the Shareholders resolution. While the fixed compensation is determined at the time of their appointment, the variable compensation will be determined annually by the NRC based on their performance.

Key Managerial Personnel (KMPs)

The terms of remuneration of Chief Financial Officer (CFO) and Company Secretary (CS) & other Key Management personnel, if any, shall be determined by the NRC from time to time. The remuneration shall be consistent with the competitive position of the salary for similar positions in the industry and their Qualifications, Experience, Roles and Responsibilities. Pursuant to the provisions of section 203 of the Companies Act 2013 the Board shall approve the remuneration at the time of their appointment.

The remuneration to directors, KMPs and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

Employees

We follow a differential approach in choosing the comparator basket for benchmarking, depending upon the level in the organization:

- a. For all employees from Operational to Executive Band, we benchmark with a set of comparators from the same industry.
- b. For Strategic band and above, we have a position-based approach and the comparator basket includes benchmarks from across relevant industries.

We have a CTC (Cost to Company) concept which includes a fixed component (Guaranteed Pay) and a variable component (Performance pay). The percentage of the variable component increases with increasing hierarchy levels, as we believe employees at higher positions have a far greater impact and influence on the overall business result. The CTC is reviewed once every year and the compensation strategy for positioning of individuals takes into consideration the following elements:

- Performance
- Potential
- Criticality
- Longevity in grade

Remuneration for the new employees other than KMPs and Senior Management Personnel will be decided by the HR, in consultation with the concerned business unit head at the time of hiring, depending upon the relevant job experience, last compensation and the skill-set of the selected candidate.

The Company may also grant Stock Options to the Employees and Directors (other than Independent Directors and Promoter) in accordance with the ESOP Scheme of the Company and subject to the compliance of the applicable statutes and regulations.

II. POLICY ON APPOINTMENT OF DIRECTORS AND SENIOR MANAGEMENT AND SUCCESSION PLANNING FOR ORDERLY SUCCESSION TO THE BOARD AND THE SENIOR MANAGEMENT

DEFINITIONS

The definitions of some of the key terms used in this Policy are given below.

“**Board**” means Board of Directors of the Company.

“**Company**” means Mahindra Retail Private Limited.

“**Committee(s)**” means Committees of the Board for the time being in force.

“**Employee**” means employee of the Company whether employed in India or outside India including employees in the Senior Management Team of the Company.

“**HR**” means the Human Resource department of the Company.

“**Key Managerial Personnel**” (KMP) refers to key managerial personnel as defined under the Companies Act, 2013 and includes:

- (i) Managing Director (MD), or Chief Executive Officer (CEO); or Manager; or Whole time Director (WTD)
- (ii) Chief Financial Officer (CFO); and
- (iii) Company Secretary (CS).

“**Nomination and Remuneration Committee**” (NRC) means Nomination and Remuneration Committee of Board of Directors of the Company for the time being in force.

“**Senior Management**” means personnel of the Company who are members of its Core Management Team excluding Board of Directors comprising of all members of management one level below the executive directors including the functional heads.

I. APPOINTMENT OF DIRECTORS

- The NRC reviews and assesses Board composition and recommends the appointment of new Directors. In evaluating the suitability of individual Board member, the NRC shall take into account the following criteria regarding qualifications, positive attributes and independence of director:
 1. All Board appointments will be based on merit, in the context of the skills, experience, independence and knowledge, for the Board as a whole to be effective.
 2. Ability of the candidates to devote sufficient time and attention to his professional obligations as Independent Director for informed and balanced decision making.
 3. Adherence to the Code of Conduct and highest level of Corporate Governance in letter and in spirit by the Independent Directors.

- Based on recommendation of the NRC, the Board will evaluate the candidate(s) and decide on the selection of the appropriate member. The Board through the Chairman & Managing Director will interact with the new member to obtain his/her consent for joining the Board. Upon receipt of the consent, the new Director will be co-opted by the Board in accordance with the applicable provisions of the Companies Act 2013 and Rules made thereunder.

REMOVAL OF DIRECTORS

If a Director is attracted with any disqualification as mentioned in any of the applicable Act, rules and regulations thereunder or due to non - adherence to the applicable policies of the company, the NRC may recommend to the Board with reasons recorded in writing, removal of a Director subject to the compliance of the applicable statutory provisions.

SENIOR MANAGEMENT PERSONNEL

The NRC shall identify persons who are qualified to become directors and who may be appointed in senior management team in accordance with the criteria laid down above.

Senior Management personnel are appointed or promoted and removed/relieved with the authority of Chairman & Managing Director based on the business need and the suitability of the candidate. The details of the appointment made and the personnel removed one level below the Key Managerial Personnel during a quarter shall be presented to the Board.

II. SUCCESSION PLANNING:

Purpose

The Talent Management Policy sets out the approach to the development and management of talent in the Mahindra Group to ensure the implementation of the strategic business plans of the Group and the Group Aspiration of being among the Top 50 globally most-admired brands by 2021.

Board:

The successors for the Independent Directors shall be identified by the NRC atleast one quarter before expiry of the scheduled term. In case of separation of Independent Directors due to resignation or otherwise, successor will be appointed at the earliest but not later than the immediate next Board meeting or three months from the date of such vacancy, whichever is later.

The successors for the Executive Director(s) shall be identified by the NRC from among the Senior Management or through external source as the Board may deem fit.

The NRC will accord due consideration for the expertise and other criteria required for the successor.

The Board may also decide not to fill the vacancy caused at its discretion.

Senior Management Personnel:

A good succession-planning program aims to identify high growth individuals, train them and feed the pipelines with new talent. It will ensure replacements for key job incumbents in KMPs and senior management positions in the organization.

Significantly, we have a process of identifying Hi-pots and critical positions. Successors are mapped for these positions at the following levels:

1. Emergency successor
2. Ready now
3. Ready in 1 to 2 years
4. Ready in 2 to 5 years
5. Ready in more than 5 years

in order to ensure talent readiness as per a laddered approach.

Policy Statement

The Talent Management framework of the Mahindra Group has been created to address three basic issues:

- 1) Given the strategic business plans, do we have the skills and competencies required to implement them? If not, how do we create them – by developing them internally or through lateral induction from outside?
- 2) For critical positions, what is the succession pipeline?
- 3) What are the individual development plans for individuals both in the succession pipeline as well as others?

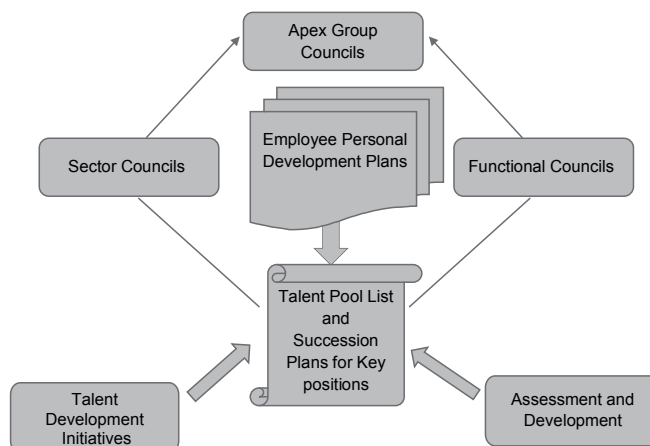
The framework lays down an architecture and processes to address these questions using the **3E** approach:

- a) **Experience** i.e. both long and short-term assignments. This has 70% weightage
- b) **Exposure** i.e. coaching and mentoring – 20% weightage
- c) **Education** i.e. learning and development initiatives – 10% weightage

The Talent Management process is applicable to all employees. Over the years, the Talent Management framework has become a well-structured and process-

oriented system which is driven by an interactive and collaborative network of Talent Councils at the Group and Sector Levels. These Talent Councils, which consist mainly of Senior business leaders supported by HR, are a mix of Sector (Business) and Functional Councils coordinated by an Apex Talent Council, headed by the Group Chairman. The Apex Council reviews the work done by the Talent Councils and facilitates movement of talent across Sectors. The Sector / Functional Councils meet regularly throughout the year and the Apex Council interacts with each one of them separately once a year, and in addition conducts an integrated meeting where the Chairpersons of all the Councils are present.

The Talent Management process can be represented pictorially as under:



The talent pipeline is maintained and developed so as to ensure that there is a seamless flow of talent. An important part of this exercise is drawing up and implementing IDAPs (Individual Development Action Plans) for every Executive concerned using the 3E approach mentioned above.

For and on behalf of the Board

Zhooben Bhiwandiwala
Chairman
(DIN: 00110373)

Mumbai, 5th May, 2015

ANNEXURE III TO THE DIRECTORS' REPORT**Form AOC-1**

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part "A": Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in Rs.)

Sr. No.	Particulars	Details
1.	Name of the subsidiary	Mahindra Internet Commerce Private Limited
2.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	N.A.
3.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	N.A.
4.	Share capital	5,01,00,000
5.	Reserves & surplus	(3,21,37,358)
6.	Total assets	7,77,74,481
7.	Total Liabilities	3,48,11,839
8.	Investments	NIL
9.	Turnover	3,97,57,785
10.	Profit before taxation	(3,34,06,712)
11.	Provision for taxation	NIL
12.	Profit after taxation	(3,34,06,712)
13.	Proposed Dividend	NIL
14.	% of shareholding	100%

Notes: The following information shall be furnished at the end of the statement:

- Names of subsidiaries which are yet to commence operations : N.A.
- Names of subsidiaries which have been liquidated or sold during the year : N.A.

Part "B": Associates and Joint Ventures

Statement pursuant to Section 129(3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures – Not Applicable

For and on behalf of the Board

Zhooben Bhiwandiwala
Chairman
(DIN: 00110373)

Mumbai, 5th May, 2015

ANNEXURE IV TO THE DIRECTORS' REPORT

PARTICULARS AS PER THE COMPANIES (ACCOUNTS) RULES, 2014 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2015.

A. CONSERVATION OF ENERGY

(a) the steps taken or impact on conservation of energy:

The operations of your Company are not energy intensive. Your Company has, however, taken adequate measures to reduce energy consumption.

(b) the steps taken by the company for utilizing alternate sources of energy: None

(c) the capital investment on energy conservation equipments: NIL

B. TECHNOLOGY ABSORPTION

i) the efforts made towards technology absorption: None

ii) the benefits derived like product improvement, cost reduction, product development or import substitution: Not applicable

iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year) – None

(a) the details of technology imported:

(b) the year of import:

(c) whether the technology been fully absorbed:

(d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof:

iv) the expenditure incurred on Research and Development: Nil

C. FOREIGN EXCHANGE EARNINGS AND OUTGO: *(in terms of actual inflow and outflow)*

Total Foreign Exchange Earned and Used:	(Rupees in Lakhs)	
	For the Financial Year ended 31 st March, 2015	For the Financial Year ended 31 st March, 2014
Total Foreign Exchange Earned	–	–
Total Foreign Exchange Used	1730.37	3203.86

For and on behalf of the Board

Zhooben Bhiwandiwala
Chairman
(DIN: 00110373)

Mumbai, 5th May, 2015

ANNEXURE V TO THE DIRECTORS' REPORT

2. Investment, in any

PARTICULARS OF LOANS / ADVANCES AND INVESTMENT WHICH ARE REQUIRED TO BE DISCLOSED IN THE ANNUAL ACCOUNTS OF THE COMPANY PURSUANT TO CLAUSE 32 OF THE LISTING AGREEMENT BETWEEN THE PARENT COMPANY, MAHINDRA & MAHINDRA LIMITED AND STOCK EXCHANGES.

1. Loans and advances in the nature of loans to subsidiaries and where there is no repayment schedule or repayment beyond seven years or no interest or interest below Section 186 of the Companies Act, 2013:

(Rs. in Lakhs)

Name of the Company	Balances as on 31 st March, 2015	Maximum outstanding during the year 31 st March, 2015
Mahindra Internet Commerce Private Limited	Rs. 7.65 Crores	Rs. 7.65 Crores

(Rs. in Lakhs)

Name of the Company	Balances as on 31 st March, 2015	Maximum outstanding during the year 31 st March, 2015
Nil	Nil	Nil

For and on behalf of the Board

Zhooben Bhiwandiwala
Chairman
(DIN: 00110373)

Mumbai, 5th May, 2015**ANNEXURE VI TO THE DIRECTORS' REPORT****PARTICULARS OF TRANSACTIONS WITH RELATED PARTIES FOR YEAR ENDED 31ST MARCH 2015****FORM NO. AOC-2**

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014.)

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transaction under third proviso thereto.

- Details of contracts or arrangements or transactions not at Arm's length basis. - NIL
- Details of material contracts or arrangements or transactions at Arm's length basis.

Sr. No.	Particulars	Details
a)	Name (s) of the related party & nature of relationship	Bristlecone India Ltd - Fellow Subsidiary
b)	Nature of contracts/arrangements/transaction	Professional Fees – IT services
c)	Duration of the contracts/arrangements/transaction	N.A.
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	Rs. 1,69,15,909.00/-
e)	Date of approval by the Board	N.A.
f)	Amount paid as advances, if any	Nil

Sr. No.	Particulars	Details
a)	Name (s) of the related party & nature of relationship	Mahindra & Mahindra Limited – Controlling Company
b)	Nature of contracts/arrangements/transaction	Expense Reimbursement – IT shared services -Secretarial Support Services
c)	Duration of the contracts/arrangements/transaction	N.A.

Sr. No.	Particulars	Details
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	IT Services: Rs. 94,48,425.00/- Secretarial Services: Rs. 176967/-
e)	Date of approval by the Board	N.A.
f)	Amount paid as advances, if any	Nil

Sr. No.	Particulars	Details
a)	Name (s) of the related party & nature of relationship	Mahindra Logistics Limited – Fellow Subsidiary
b)	Nature of contracts/arrangements/transaction	Logistics Expenses – Freight and Customs Clearing
c)	Duration of the contracts/arrangements/transaction	N.A.
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	Rs. 1,92,13,397.35/-
e)	Date of approval by the Board	N.A.
f)	Amount paid as advances, if any	Nil

Sr. No.	Particulars	Details
a)	Name (s) of the related party & nature of relationship	Mahindra Integrated Business Solutions Pvt Ltd – Fellow Subsidiary
b)	Nature of contracts/arrangements/transaction	Professional Fees – Salary Processing
c)	Duration of the contracts/arrangements/transaction	N.A.
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	Rs. 27,51,683.00/-
e)	Date of approval by the Board	N.A.
f)	Amount paid as advances, if any	Nil

Sr. No.	Particulars	Details
a)	Name (s) of the related party & nature of relationship	Mahindra Partners – Parent Company
b)	Nature of contracts/arrangements/transaction	Expense Reimbursements – Airfare and Guest House Charges
c)	Duration of the contracts/arrangements/transaction	N.A.
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	Rs. 1,48,612.00/-
e)	Date of approval by the Board	N.A.
f)	Amount paid as advances, if any	Nil

Sr. No.	Particulars	Details
a)	Name (s) of the related party & nature of relationship	Mahindra Internet Commerce Private Limited – Subsidiary Company
b)	Nature of contracts/arrangements/transaction	Purchase and Sale of Goods
c)	Duration of the contracts/arrangements/transaction	N.A.
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	Purchases: Rs. 81,41,681.89/- Sales: Rs. 20,66,859.17/-
e)	Date of approval by the Board	N.A.
f)	Amount paid as advances, if any	Nil

Sr. No.	Particulars	Details
a)	Name (s) of the related party & nature of relationship	Lords Freight India Private Limited – Fellow Subsidiary
b)	Nature of contracts/arrangements/transaction	Logistics Expenses – Freight and Customs Clearing
c)	Duration of the contracts/arrangements/transaction	N.A.
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	Rs. 55,17,507.00/-
e)	Date of approval by the Board	N.A.
f)	Amount paid as advances, if any	Nil

Sr. No.	Particulars	Details
a)	Name (s) of the related party & nature of relationship	Mahindra Holidays & Resorts India Limited
b)	Nature of contracts/arrangements/transaction	Travel Expenses
c)	Duration of the contracts/arrangements/transaction	N.A.
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	Rs. 99000/-
e)	Date of approval by the Board	N.A.
f)	Amount paid as advances, if any	Nil

For and on behalf of the Board

Zhooben Bhiwandiwala
Chairman
(DIN: 00110373)

Mumbai, 5th May, 2015

ANNEXURE VII TO THE DIRECTORS' REPORT

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31st March, 2015

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

1.	CIN	U52190MH2007PTC173762
2.	Registration Date	3 rd September, 2007
3.	Name of the Company	Mahindra Retail Private Limited
4.	Category/Sub-Category of the Company	Private Limited
5.	Address of Registered office and contact details	Mahindra Towers, P K Kurne Chowk, Worli, Mumbai - 400018. Tel: 022-24905828
6.	Whether listed Company (Yes/No)	No
7.	Name, Address and Contact details of Registrar and Transfer Agent, if any	None

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sr. No.	Name and Description of main Products/Services	NIC Code of the Product	% to total turnover of the Company
1.	Retail sale of Mother and Child care products	52190	96%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and Address of the Company	CIN/GIN	Holding/Subsidiary of the Company	% of shares held	Applicable Section
1.	Retail Initiative Holdings Limited Mahindra Towers, P K Kurne Chowk, Worli, Mumbai 400 018	U67110MH2008PLC188837	Holding Company	100%	2(46)
2.	Mahindra Engineering and Chemical Products Limited Gateway Building, Apollo Bunder, Mumbai – 400 001	U74999MH1954PLC019908	Holding Company	–	2(46)
3.	Mahindra & Mahindra Limited Gateway Building, Apollo Bunder, Mumbai – 400 001	L65990MH1945PLC004558	Holding Company	–	2(46)
4.	Mahindra Internet Commerce Private Limited Mahindra Towers, P K Kurne Chowk, Worli, Mumbai 400 018	U52399MH2008PTC187927	Subsidiary Company	100%	2(87)(ii)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i. Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1. Indian									
a. Individual/HUF									

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
b. Central Govt.									
c. State Govt.									
d. Bodies Corp.	–	45,52,54,988	45,52,54,988	97.22%	–	52,04,63,236	52,04,63,236	97.56%	0.34%
e. Bank/FI									
f. Any other									
Sub-Total (A)(1)									
2. Foreign									
a. NRI-Individuals	–	–	–	–	–	–	–	–	–
b. Other-Individuals	–	–	–	–	–	–	–	–	–
c. Body Corporate	–	–	–	–	–	–	–	–	–
d. Bank/FI	–	–	–	–	–	–	–	–	–
e. Any Others	–	1,30,00,000	1,30,00,000	2.78%	–	1,30,00,000	1,30,00,000	2.44%	(0.34%)
Sub-Total (A)(2)	–	–	–	–	–	–	–	–	–
Total Share Holding of Promoters (1+2)	–	46,82,54,988	46,82,54,988	100%	–	53,34,63,236	53,34,63,236	100%	–
B. Public Shareholding									
1. Institution	–	–	–	–	–	–	–	–	–
a. Mutual Funds	–	–	–	–	–	–	–	–	–
b. Bank/FI	–	–	–	–	–	–	–	–	–
c. Cent. Govt.	–	–	–	–	–	–	–	–	–
d. State Govt.	–	–	–	–	–	–	–	–	–
e. Venture Capital	–	–	–	–	–	–	–	–	–
f. Insurance Co.	–	–	–	–	–	–	–	–	–
g. FIs	–	–	–	–	–	–	–	–	–
h. Foreign Portfolio Corporate	–	–	–	–	–	–	–	–	–
i. Foreign Venture Capital Fund	–	–	–	–	–	–	–	–	–
j. Others	–	–	–	–	–	–	–	–	–
Sub-Total (B)(1)	–	–	–	–	–	–	–	–	–
2. Non-Institution	–	–	–	–	–	–	–	–	–
a. Body corp.	–	–	–	–	–	–	–	–	–
b. Individual	–	–	–	–	–	–	–	–	–
i. Individual shareholders holding nominal share capital upto ₹ 1 Lakh	–	–	–	–	–	–	–	–	–
ii. Individual shareholders holding nominal share capital in excess of ₹ 1 Lakh	–	–	–	–	–	–	–	–	–
c. Others	–	–	–	–	–	–	–	–	–
(i) NRI (Rep)	–	–	–	–	–	–	–	–	–
(ii) NRI (Non-Rep)	–	–	–	–	–	–	–	–	–
(iii) Foreign	–	–	–	–	–	–	–	–	–
(iv) OCB	–	–	–	–	–	–	–	–	–
(v) Trust	–	–	–	–	–	–	–	–	–
(vi) In Transit	–	–	–	–	–	–	–	–	–
Sub-Total (B)(2)	–	–	–	–	–	–	–	–	–

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
Net Total (1+2)	–	–	–	–	–	–	–	–	–
C. Shares held by Custodian for GDRs & ADRs									
Promoter and Promoter Group	–	–	–	–	–	–	–	–	–
Public	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	–	46,82,54,988	46,82,54,988	100%	–	53,34,63,236	53,34,63,236	100%	–

ii. Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of shares	% of total shares of the company	% of shares Pledged/encumbered to total shares	No. of shares	% of total shares of the company	% of shares Pledged/encumbered to total shares	
1.	Retail Initiative Holdings Limited	44,80,81,266	95.69	–	51,32,88,514	96.22%	–	0.53%
2.	Mahindra Engineering and Chemical Products Limited	–	–	–	1,000	0.00%	–	–
3.	Technopak Advisors Private Limited	71,73,722	1.53%	–	71,73,722	1.34%	–	(0.19%)
4.	IDBI Trusteeship Services Limited (India Advantage Fund - V)	1,30,00,000	2.78%	–	1,30,00,000	2.44%	–	(0.34%)
	Total	46,82,54,988	100%	–	53,34,63,236	100%	–	–

iii. Change in Promoters' Shareholding (please specify, if there is no change).

Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
Retail Initiative Holdings Limited				
At the beginning of the year	44,80,81,266	95.69%	–	–
Increase – On 7 th February, 2015 – allotment of shares by the Company	6,52,08,248	–	51,32,89,514	–
Decrease – On 25 th March, 2015 – transfer of shares to Mahindra Engineering and Chemical Products Limited	(1,000)	–	51,32,88,514	–
At the end of the year	–	–	51,32,88,514	96.22%
Mahindra Engineering and Chemical Products Limited				
At the beginning of the year	–	–	–	–
Increase – On 25 th March, 2015 – Transfer of shares by Retail Initiative Holdings Limited	1,000	0.00	1,000	–
At the end of the year	–	–	1,000	0.00

iv. Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	Top Ten Shareholders	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	–	–	–	–	–

v. Shareholding of Directors and Key Managerial Personnel:

Sr. No.	For Each of the Directors and KMP Name of the Director/KMP	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	–	–	–	–	–

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total indebtedness
Indebtedness at the beginning of the financial year 01.04.2014				
1) Principal Amount	17.46	25.00	–	42.46
2) Interest due but not paid	0	0	–	0
3) Interest accrued but not due	0	0	–	0
Total of (1+2+3)	17.46	25.00	–	42.46
Change in Indebtedness during the financial year				
+ Addition	33.39	0	–	33.39
– Reduction	17.46	25.00	–	42.46
Net Change	15.93	(25.00)	–	(9.07)
Indebtedness at the end of the financial year 31.03.2015				
1) Principal Amount	33.39	0	–	33.39
2) Interest due but not paid	0	0	–	0
3) Interest accrued but not due	0	0	–	0
Total of (1+2+3)	33.39	0	–	33.39

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-Time Directors and/or Manager:

Sr. No.	Particulars of Remuneration	Name of MD/WTD/Manager		Total Amount (₹ In Lacs)
1.	Gross Salary	–	–	–
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act	–	–	–
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	–	–	–
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	–	–	–

Sr. No.	Particulars of Remuneration	Name of MD/WTD/Manager		Total Amount (₹ In Lacs)
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission – As % of Profit	-	-	-
	– Others, specify			
5.	Others, please specify	-	-	-
	Total (A)	-	-	-
	Ceiling as per the Act	-		

B. Remuneration to other directors:

I. Independent Directors :-

Particulars of Remuneration	Name of Directors					Total Amount (₹ In Lacs)
Fee for attending board committee meetings	-	-	-	-	-	-
Commission	-	-	-	-	-	-
Others	-	-	-	-	-	-
Total (1)	-	-	-	-	-	-

II. Other Non-Executive Directors :-

Other Non-Executive Directors	Name of Directors					Total Amount (₹ In Lacs)
Fee for attending board committee meetings	-	-	-	-	-	-
Commission	-	-	-	-	-	-
Others	-	-	-	-	-	-
Total (2)						
Total B = (1+2)						
Ceiling as per the Act						

C. Remuneration to Key Managerial Personnel Other Than MD / Manager / WTD

Sr. No.	Particulars of Remuneration	Name of the KMP	Total Amount (₹ In Lacs)
		Prakash Wakankar - CEO	
1.	Gross Salary	83.15	83.15
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act	-	-
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	-	-
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	-	-
2.	Stock Option	-	-
3.	Sweat Equity	-	-
4.	Commission – As % of Profit	-	-
	– Others, specify	-	-
5.	Others, please specify provident fund & other funds	7.41	7.41
	Performance Bonus	30.19	30.19
	Total (c)	120.75	120.75

Sr. No.	Particulars of Remuneration	Name of the KMP	Total Amount (₹ In Lacs)
		Rinkal Mehta - CS	
1.	Gross Salary	0.94	0.94
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	-	-
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	-	-
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	-	-
2.	Stock Option	-	-
3.	Sweat Equity	-	-
4.	Commission – As % of Profit	-	-
	– Others, specify	-	-
5.	Others, please specify provident fund & other funds	-	-
	Total (c)	0.94	0.94

VII. PENALTIES/ PUNISHMENT/ COMPOUNDING OF OFFENCES (Under the Companies Act): Nil

	Type	Section of the Companies Act	Brief Description	Details of Penalty /Punishment/ Compounding fees imposed	Authority (RD/NCLT/court)	Appeal made, if any (give details)
A. COMPANY						
Penalty	-	-	-	-	-	-
Punishment	-	-	-	-	-	-
Compounding	-	-	-	-	-	-
B. DIRECTORS						
Penalty	-	-	-	-	-	-
Punishment	-	-	-	-	-	-
Compounding	-	-	-	-	-	-
C. OTHER OFFICERS IN DEFAULT						
Penalty	-	-	-	-	-	-
Punishment	-	-	-	-	-	-
Compounding	-	-	-	-	-	-

For and on behalf of the Board

Zhooben Bhiwandiwala
Chairman
(DIN: 00110373)

Mumbai, 5th May, 2015

INDEPENDENT AUDITOR'S REPORT

To the Members of **MAHINDRA RETAIL PRIVATE LIMITED**

Report on the Standalone Financial Statements

1. We have audited the accompanying standalone financial statements of **MAHINDRA RETAIL PRIVATE LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2015, and the Statements of Profit and Loss and Cash Flow for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these standalone financial statements based on our audit.
4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal

financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2015, and its loss and cash flows for the year ended on that date.

Emphasis of Matter

9. We draw attention to the Note no. 40 of the accompanying financial statements regarding the financial statements having been prepared on the assumption that the Company will continue as a going concern based on Management's turnaround strategy and continued financial support from the holding company.

Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

10. As required by the Companies (Auditor's Report) Order, 2015, issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
11. As required by Section 143(3) of the Act, we report that:
 - a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c. the Balance Sheet, the Statement of Profit and Loss and Cash Flow dealt with by this Report are in agreement with the books of account;
 - d. The going concern matter described in paragraph 9 under the Emphasis of Matter paragraph in our opinion, may impact the operations of the Company.

- e. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);
- f. On the basis of written representations received from the directors as on March 31, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015, from being appointed as a director in terms of Section 164(2) of the Act.
- g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014(as amended), in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note no.33 to the financial statements.
 - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any on long-term contracts.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For B. K. Khare & Co.
Chartered Accountants
Firm's Registration Number 105102W

Padmini Khare Kaicker
Partner
Membership Number: 044784

Mumbai, May 5, 2015

Annexure to the Independent Auditors' Report

(Referred to in paragraph 1 under "Report on other legal and regulatory requirements" of our report of even date on the financial statements for the year ended on March 31, 2015 of Mahindra Retail Private Limited)

- i. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) According to information and explanation given to us, the Company has formulated a regular programme of verification, by which all assets of the Company shall be verified over a period of three years, which in our opinion, is reasonable having regard to the size of the company and nature of its assets. Material discrepancy noticed during the physical verification is dealt in the books.
- ii. (a) Physical verification of inventory was conducted by the management at reasonable interval during the year.
- (b) In our opinion and according to the information and explanation given to us, the procedure of physical verification of stocks followed by the management is reasonable and adequate in relation to the size of the Company and nature of its business.
- (c) In our opinion and according to the information and explanation given to us, the Company is maintaining proper records of inventory and discrepancies noticed on physical verification by the Management have been properly adjusted in the books of accounts.
- iii. According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms and other parties listed in the Register, maintained Under Section 189 of the Companies Act, 2013. Therefore the provisions of clause (iii) (a) and (b) are not applicable to the company.
- iv. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the Company in respect of these areas.
- v. The Company has not accepted any deposits from the public. Therefore, the provisions clauses 3(v) of the order are not applicable to the Company.
- vi. The Central Government of India has not prescribed the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company.
- vii. (a) According to the records of the Company and information and explanations given to us, the

Company is regular in depositing undisputed statutory dues including Provident fund, Employees' state insurance, Income tax, Sales tax, Service tax, duty of customs, value added tax, cess and other applicable statutory dues with the appropriate authorities.

- (b) According to information and explanation given to us, no undisputed amounts payable in respect of Income tax, Sales tax, Service tax, Custom duty, Excise duty and cess were in arrears as on 31st March 2015 for a period more than six month from the date they become payable except as stated below:

Statute	Nature of dues	Forum where Dispute is pending	Period to which the amount relates	Amount involved (Rs. In Lacs)
Service tax	Service tax and interest thereon	Supreme Court	Sept 2009 to Sept 2011	252.52
Income tax	TDS	CIT(A)	FY 10-11	0.36

- (c) According to information and explanation given to us, there is no amount to be transferred to investor education and protection fund in accordance with relevant provisions of the companies act.
- viii. The accumulated losses at the end of the current financial year are more than fifty per cent of its net worth and the Company has incurred cash losses in current financial year as well as in the immediately preceding financial year.
- ix. Based on our audit procedures and as per information and explanations given by the Management, we are of the opinion that Company has not defaulted in repayment of dues to a bank.
- x. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year. Accordingly, the provisions of clause 3(x) of the Order are not applicable to the Company.
- xi. According to the information and explanation given to us, term loans have been applied for the purpose for which the loans were obtained.
- xii. To the best of our knowledge and according to the information and explanations given to us, the Management has during the year identified two instances of fraud on the Company involving Rs. 1 lac. Except that, we have neither come across any instance of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of any such instance by the Management.

For B. K. Khare & Co.
Chartered Accountants
Firm Registration Number 105102W

Padmini Khare Kaicker
Partner

Mumbai, May 5, 2015

Membership Number: 044784

BALANCE SHEET AS AT 31ST MARCH, 2015

Particulars	Note No.	Amount in Rs.	
		Mar-15	Mar-14
I. EQUITY AND LIABILITIES			
(1) Shareholders' funds			
(a) Share Capital	2	5,334,632,360	4,682,549,880
(b) Reserves and Surplus	3	(5,822,021,169)	(4,632,441,297)
(2) Share Application Money Pending Allotment		550,000,000	–
(3) Non-Current liabilities			
(a) Long term Borrowings	4	308,182,831	–
(b) Other long term liabilities	5	2,200,000	–
(c) Long term provisions	6	7,944,622	10,862,190
(4) Current liabilities			
(a) Short term Borrowings	7	–	588,054,007
(b) Trade payables	8	276,303,159	304,595,612
(c) Other current liabilities	9	328,759,109	358,747,058
(d) Short term provisions	10	3,782,337	5,061,346
TOTAL		989,783,249	1,317,428,796
II. ASSETS			
(1) Non-current assets			
(a) Fixed Assets	11		
(i) Tangible assets		168,339,560	394,994,440
(ii) Intangible assets		2,172,358	5,155,196
(iii) Capital work in progress		167,626	933,768
(b) Non Current Investments	12	76,464,000	–
(c) Long term loans and advances	13	169,991,596	191,379,407
(2) Current assets			
(a) Inventories	14	366,026,928	532,797,204
(b) Trade Receivables	15	39,923,403	63,172,515
(c) Cash and Bank Balances	16	105,106,215	30,616,885
(d) Short term loans and advances	17	61,591,563	98,379,380
TOTAL		989,783,249	1,317,428,796

Significant Accounting Policies

1

As per our report of even date attached

For and on behalf of the Board of Directors

For B.K. Khare & Co.Chartered Accountants
Firm Registration No.105102W**Padmini Khare Kaicker**Partner
Membership No. 44784

Place: Mumbai

Date: 05th May 2015**Zhooben Bhiwandiwala**

Chairman

Prakash Wakankar

Chief Executive Officer

Rinkal G. Mehta

Company Secretary

Membership No. 34075

Rajeev Dubey

Director

Amar Korde

Chief Financial Officer

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2015

Particulars	Note No.	Amount in Rs.	
		Year Ended Mar-15	Year Ended Mar-14
I. Revenue from operations.....	18	2,098,766,014	2,056,989,280
II. Other Income.....	19	6,562,089	3,019,884
III. Total Revenue (I + II)		<u>2,105,328,103</u>	<u>2,060,009,165</u>
IV. EXPENSES			
Purchase of stock in trade.....		1,092,898,251	1,041,686,506
Changes in Inventories of stock in trade.....	20	166,881,724	161,558,475
Employee benefits expense.....	21	441,425,883	402,363,591
Finance cost	22	109,062,280	139,958,557
Depreciation and amortisation expense.....		182,818,046	179,675,255
Other expenses	23	1,301,139,033	1,274,752,809
Total Expenses		<u>3,294,225,217</u>	<u>3,199,995,193</u>
V. Profit before exceptional and extraordinary items and tax (III-IV)		(1,188,897,114)	(1,139,986,028)
VI. Exceptional Items		—	—
VII. Profit before extraordinary items and tax (V - VI).....		(1,188,897,114)	(1,139,986,028)
VIII. Extraordinary items		—	—
IX. Profit before tax (VII - VIII).....		(1,188,897,114)	(1,139,986,028)
X. Tax expense			
(1) Current tax.....		—	—
(2) Deferred tax.....		—	—
XI. Profit (Loss) for the period (IX - X).....		(1,188,897,114)	(1,139,986,028)
XII. Earnings per equity share:		INR	INR
(1) Basic	30	(2.15)	(2.78)
(2) Diluted	30	(2.15)	(2.78)
Nominal value per share		10	10
Significant Accounting Policies	1		

As per our report of even date attached

For B.K. Khare & Co.
Chartered Accountants
Firm Registration No.105102W

Padmini Khare Kaicker
Partner
Membership No. 44784

Place: Mumbai
Date: 05th May 2015

For and on behalf of the Board of Directors

Zhooben Bhiwandiwala
Chairman

Rajeev Dubey
Director

Prakash Wakankar
Chief Executive Officer

Amar Korde
Chief Financial Officer

Rinkal G. Mehta
Company Secretary
Membership No. 34075

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2015

	Amount in Rs.	
	Year Ended Mar-15	Year Ended Mar-14
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Profit before tax	(1,188,897,114)	(1,139,986,028)
Adjustments for:		
Depreciation & Amortization	182,818,046	179,675,255
Impairment Provision.....	16,409,672	9,938,155
Finance Cost	109,062,280	139,958,557
Loss/(Profit) on fixed assets sold/scrapped.....	41,081,928	19,567,442
Interest Income.....	(770,245)	(382,672)
	<u>348,601,681</u>	<u>348,756,737</u>
Operating profit before working capital changes	(840,295,433)	(791,229,292)
Changes in:		
Trade Receivables	23,249,113	66,229,603
Inventories	166,770,276	159,929,220
Loans and Advances.....	58,175,628	123,121,978
Trade and other payables.....	85,608,720	(153,747,416)
	<u>333,803,736</u>	<u>195,533,385</u>
Cash generated from Operations	333,803,736	195,533,385
Income Taxes paid	-	-
NET CASH FROM OPERATING ACTIVITIES	(506,491,697)	(595,695,906)
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of fixed assets	(18,392,156)	(28,634,359)
Purchase of Shares	(76,464,000)	-
Proceeds from Sale of fixed assets	7,803,612	4,750,761
Decrease in Margin Money deposit.....	1,007,848	1,054,000
Interest Income	770,245	382,672
	<u>(85,274,451)</u>	<u>(22,446,926)</u>
NET CASH USED IN INVESTING ACTIVITIES	(85,274,451)	(22,446,926)
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Receipt of Share Capital	652,082,480	800,000,000
Receipt of share application money pending allotment.....	550,000,000	-
Proceeds from Long Term Borrowings.....	159,349,194	(174,558,344)
Proceeds from Short Term Borrowings	(588,054,007)	134,558,650
Finance Cost Paid	(106,114,342)	(140,308,078)
	<u>667,263,326</u>	<u>619,692,228</u>
NET CASH (USED IN)/FROM FINANCING ACTIVITIES	667,263,326	619,692,228
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	75,497,178	1,549,396
CASH AND CASH EQUIVALENTS:		
Opening Balance.....	<u>26,878,964</u>	<u>25,329,568</u>
Closing Balance	<u>102,376,142</u>	<u>26,878,964</u>

As per our report of even date attached

For B.K. Khare & Co.
Chartered Accountants
Firm Registration No.105102W

Padmini Khare Kaicker
Partner
Membership No. 44784

Place: Mumbai
Date: 05th May 2015

For and on behalf of the Board of Directors

Zhooben Bhiwandiwala
Chairman

Prakash Wakankar
Chief Executive Officer

Rinkal G. Mehta
Company Secretary
Membership No. 34075

Rajeev Dubey
Director

Amar Korde
Chief Financial Officer

NOTES TO ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2015

1. SIGNIFICANT ACCOUNTING POLICIES

a) Accounting Convention

The financial statements of the company have been prepared in accordance with the generally accepted accounting principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material respects with the accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014. The financial statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies adopted in the preparation of financial statements are consistent with those of previous year, except for the change in accounting policy explained below.

b) Use of estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles requires the management to make estimates and assumptions that affect the reported balances of assets and liabilities as of the date of financial statements and reported amounts of income and expenses during the period. Management believes that the estimates used in the preparation of financial statements are prudent and reasonable. Actual results could differ from those estimates. Difference between the actual results and estimates are recognized in the year in which the results are known/materialized.

c) Fixed Assets and Depreciation Tangible Assets

Fixed assets are stated at their original cost of acquisition less accumulated depreciation and impairment losses. Cost includes all incidental expenses related to acquisition and installation and other pre-operative expenses.

Depreciation is provided, pro rata for the period of use, by the straight line method (SLM), based on management's estimate of useful lives of the fixed assets at the following annual rates which are higher than the SLM rates prescribed in Schedule II to the Companies Act 2013.

	(%)
Furniture & Fixtures	20.00
Office Equipments	20.00
Computers & Peripherals	33.34
Motor Vehicles	25.00

Leasehold improvements are depreciated over the total period of the lease, (including the renewal periods), or 5 years, whichever is lower.

Intangible Assets

Intangible assets other than software are stated at their cost of acquisition, less accumulated amortisation and impairment losses thereon. An intangible asset is recognized, where it is probable that the future economic benefits attributable to the asset will flow to the enterprise and where its cost can be reliably measured.

The depreciable amount of intangible assets other than software is allocated over the best estimate of its useful life on a straight-line basis.

The company capitalizes software and related implementation costs where it is reasonably estimated that the software has an

enduring useful life. Software is depreciated over management estimate of its useful life of 3 years.

d) Impairment of assets

The carrying amount of cash generating units assets is reviewed at the balance sheet date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount is estimated as the net selling price or value in use, whichever is higher. Impairment loss, if any, is recognised whenever carrying amount exceeds the recoverable amount.

The Management of the Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the management estimates the recoverable amount of the asset. If such recoverable amount of the asset is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and recognised in the Statement of Profit and Loss. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

e) Inventories

Inventories are valued at the lower of cost and net realisable value. Cost of inventories comprises of all costs of purchase and other costs incurred in bringing the inventories to their present condition and location. Cost is determined by the weighted average cost method.

Packing Material and Consumables are valued at cost.

f) Revenue recognition

Sales

Sales and revenues are recognised on delivery of the merchandise to the customer, when significant risks and rewards have been transferred for consideration and it is not unreasonable to expect ultimate collection. Sales are stated net of Discounts. Sales Tax and Value Added Tax are reduced from Turnover.

Services

Revenues from services rendered are recognised as and when the services are rendered.

Interest

Interest income is accounted on an accrual basis taking into account the amount outstanding and the rate applicable except where there is uncertainty of ultimate collection.

g) Investment

All long-term investments are valued at cost. Provision for diminution, if any in the value of each long term investments is made to recognize a decline, other than of a temporary nature.

Current investments are carried individually at lower of cost and fair value and the resultant decline, if any, is charged to revenue.

h) Employee Retirement Benefits

(i) Defined contribution Plans

Company's contributions paid/payable during the year to Provident Fund, Superannuation Fund are recognised in the Profit and Loss Account.

(ii) Defined Benefit Plan

Company's liabilities towards gratuity and leave encashment are determined on actuarial basis using the projected unit credit method, which consider each period of service as giving rise to an additional unit of benefit and measure each unit separately to build up the final obligation. Past services are recognised on straight-line basis over the average period until the amended benefits become vested. Actuarial gain and losses are recognised immediately in the Statement of Profit and Loss Account as income or expense. Obligation is measured at the present value of estimated future cash flow using a discount rate that is determined by reference to market yields at the Balance Sheet date on government bonds where the currency and terms of the government bonds are consistent with the currency and estimated terms of the defined benefit obligation.

i) Foreign currency transactions

Foreign currency transactions are recorded at the exchange rates prevailing on the date of the transaction. Monetary foreign currency assets and liabilities are translated into Indian Rupees at the exchange rate prevailing at the balance sheet date. All exchange differences are dealt with in the profit and loss account.

Exchange differences on forward exchange contracts, entered into for hedging foreign exchange fluctuation risk in respect of an underlying asset/liability, are recognised in the Statement of Profit and Loss in the reporting period in which the exchange rate changes. Premium/Discount on forward exchange contracts are recognised as an expense/income over the life of the contract.

j) Income Tax

Tax expense comprises both current and deferred tax.

Current tax is measured at the amount expected to be paid to the tax authorities, using the applicable tax rates and tax laws.

Deferred tax assets and liabilities are recognised for future tax consequences attributable to the timing differences between taxable income and accounting income that are capable of reversal in one or more subsequent periods and are measured using tax rates enacted or substantively enacted as at the Balance Sheet date. Deferred Tax assets are not recognised unless, in the management judgment, there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. The carrying amount of deferred tax is reviewed at each balance sheet date.

k) Earnings per Share

The company reports basic and diluted Earnings Per Share (EPS) in accordance with Accounting Standard 20 on Earnings Per Share.

Basic EPS is computed by dividing net profit or loss for the year by the weighted average number of Equity shares outstanding during the year.

l) Borrowing costs

Borrowing costs, if any, directly attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of qualifying assets. Other borrowing costs are expensed as incurred.

m) Operating Lease

Operating Lease payments are recognized as an expense in the Profit & Loss Account on a straight-line basis, which is representative of the time pattern of the user's benefit.

n) Cash Flow statement

The Cash Flow Statement is prepared by the indirect method set out in Accounting Standard 3 on Cash Flow Statements and presents the cash flows by operating, investing and financing activities of the company.

o) Provisions and Contingent Liabilities

Provisions are recognized in the accounts in respect of present probable obligations, the amount of which can be reliably estimated.

Contingent liabilities are disclosed in respect of possible obligations that arise from past events but their existence is confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

Note 2

	Mar-15	Mar-14
	Amount in Rs.	Amount in Rs.
Share Capital:		
a. Authorised:		
75,00,00,000 (Previous Year 55,00,00,000) equity shares of Rs.10 each	7,500,000,000	5,500,000,000
b. Issued, subscribed and fully paid up:		
53,34,63,236 (Previous Year 46,82,54,988) equity shares of Rs. 10 each.....	5,334,632,360	4,682,549,880
Total.....	<u>5,334,632,360</u>	<u>4,682,549,880</u>

c. Reconciliation of share outstanding at the beginning & at the end of the Year

	Mar-15		Mar-14	
	Nos	Amount	Nos	Amount
Equity Shares:				
At the beginning of the period	468,254,988	4,682,549,880	388,254,988	3,882,549,880
Add: Issued during the year.....	65,208,248	652,082,480	80,000,000	800,000,000
Outstanding at the end of the period	533,463,236	5,334,632,360	468,254,988	4,682,549,880

During the year the company has issued 6,52,08,248, equity shares at face value of Rs. 10/- each at par to its holding company Retail Initiative Holdings Ltd.

d. Shares held by holding company

	Mar-15		Mar-14	
	Nos	Amount	Nos	Amount
Retail Initiative Holdings Limited	513,288,514	5,132,885,140	448,081,266	4,480,812,660
Mahindra Engineering & Chemical Products Ltd.	1,000	10,000	-	-

e. Details of shareholders holding more than 5% shares in the company

	Mar-15		Mar-14	
	Nos	% Holdings	Nos	% Holdings
Retail Initiative Holdings Limited (Holding Company)	513,288,514	96.22%	448,081,266	95.69%

f. Other Disclosure:

The Company has one class of Equity Shares having par value of Rs.10 each. Each Equity shareholder is eligible for one vote per share held and is entitled to dividend as and when the Company declares and pays dividend after obtaining shareholders' approval. Dividends are paid in Indian rupees.

Note 3

	Amount in Rs.	
	Mar-15	Mar-14
Reserves and Surplus:		
Deficit in statement of Profit & Loss Account		
1 Opening balance	(4,632,441,042)	(3,492,455,269)
Add: Profit/(Loss) for the Current Year	(1,188,897,114)	(1,139,986,028)
Less: Depreciation adjustment (Refer note 29)	(683,013)	-
Closing Balance	(5,822,021,169)	(4,632,441,297)

Note 4

	Amount in Rs.	
	Mar-15	Mar-14
Long-term borrowings:		
(A) Secured		
1 Term loans:		
- from banks	306,000,000	-
- from others	2,182,831	-
Total	308,182,831	-

a Term Loans from bank is secured by charge on entire fixed assets of the company created/proposed to be created out of the term loan availed. The term loan carries interest rate of Base rate + 2% per annum. Term from Others secured by vehicles purchased and carries interest rate of 12% per annum. The holding company (Retail Initiative Holding Ltd and Mahindra Engineering Chemical Products Limited) has provided the guarantee for the Term loan from Bank.

b Term Loan from Bank is repayable in 12 Quarterly Instalments starting from Sep, 2015 and Term Loan from Others is repayable in 48 Monthly Equated Instalments.

Note 5

	Amount in Rs.	
	Mar-15	Mar-14
Other Long term Liability		
1 Other Long term Liability		
- Deposit from Franchisee	2,200,000	-
Total	2,200,000	-

Note 6

	Amount in Rs.	
	Mar-15	Mar-14
Long term provisions:		
1 Long term provisions:		
- Provision for compensated absences (Refer note 26)	7,944,622	9,084,230
- Provision for gratuity (Refer note 26)	-	1,777,960
Total	7,944,622	10,862,190

Note 7

	Amount in Rs.	
	Mar-15	Mar-14
Short-term borrowings:		
(A) Secured		
1 Loans repayable on demand:		
- from banks (cash credit) [Refer note a below]	-	338,054,007
	-	338,054,007
(B) Unsecured		
1 Loans and advances/ICDs from related parties [Refer note b below] ..	-	250,000,000
	-	250,000,000
Total	-	588,054,007

a. Overdraft is from bank and is secured by hypothecation of the entire current asset of the company both present & future. The cash credit carries interest rate @ 12.15% per annum.

b. ICD from related parties are unsecured & it carries interest rate 12.00% per annum.

Note 8

	Amount in Rs.	
	Mar-15	Mar-14
Trade payables		
Micro & Small Enterprises (Refer Note No.41)	46,299,544	20,949,885
Others	230,003,615	283,645,727
Total	276,303,159	304,595,612

Note 9

	Amount in Rs.	
	Mar-15	Mar-14
Other current liabilities		
Current maturities of long-term debt [Refer note 4a]	25,724,705	174,558,342
Interest accrued but not due on borrowings	3,415,814	467,876
Creditors for capital asset	2,831,732	13,250,158
Liability for point award redemption ..	32,444,001	30,872,660
Gift Coupons Liability	15,601,101	13,063,734
Statutory dues payable	73,040,034	65,986,992
Expense Payable	170,946,592	56,745,672
Other payables	4,755,130	3,801,623
Total	328,759,109	358,747,058

Note 10

	Amount in Rs.	
	Mar-15	Mar-14
Short term provisions		
Provision for Employee Benefits [refer note 26]		
- Provision for compensated absences	3,782,337	5,061,346
Total	3,782,337	5,061,346

Note 11

FIXED ASSET SCHEDULE AS ON 31ST MARCH 2015

Amount in INR

Particulars	Gross Block (at cost)			Depreciation			Impairment Provision*			Net block				
	Cost as at 1-Apr-2014	Additions	Deletions/ Adjustments	Cost as at 31-Mar-2015	Up to 1-Apr-2014	For the year	Adjusted in Reserves	On deletions	Up to 31-Mar-2015	As at 1-Apr-2014	Charge for the Year	Reversal for the Year	As at 31-Mar-2015	As at 31-Mar-2014
(A) Tangible assets														
i. Computer & Peripherals	83,378,214	3,089,153	7,097,075	79,370,291	68,791,597	10,987,173	-	6,399,282	73,379,488	110,484	58,647	110,484	5,932,156	14,476,133
ii. Furnitures & Fixtures	363,195,947	1,186,232	53,854,445	310,527,734	207,736,642	64,636,641	-	34,497,606	237,875,677	3,582,186	3,303,165	3,582,186	69,348,892	151,877,118
iii. Motor Vehicles	17,235,805	7,807,079	7,840,486	17,202,398	8,006,446	4,104,806	-	5,284,933	6,826,319	-	-	-	10,376,079	9,229,359
iv. Office Equipments	155,858,954	1,215,335	26,685,695	130,388,594	66,688,807	45,756,547	683,013	14,257,165	98,871,202	1,417,036	3,003,295	1,417,036	28,514,097	87,753,111
v. Leasehold Improvements	318,604,229	5,112,332	58,830,925	264,885,637	178,332,443	53,974,509	-	31,633,961	200,672,736	8,613,067	10,044,565	8,613,067	54,168,336	131,658,719
Total (A)	938,273,149	18,410,131	154,308,626	802,374,654	529,555,935	179,459,676	683,013	92,072,948	617,625,422	13,722,774	16,409,672	13,722,774	166,339,560	394,994,440
(B) Intangible assets														
vi. Intangible Assets (Softwares)	46,446,138	375,274	-	46,821,412	41,290,685	3,358,369	-	-	44,649,055	257	-	257	2,172,358	5,155,196
Total (B)	46,446,138	375,274	-	46,821,412	41,290,685	3,358,369	-	-	44,649,055	257	-	257	2,172,358	5,155,196
Grand Total (A + B) ..	984,719,287	18,785,406	154,308,626	849,196,067	570,846,620	182,818,046	683,013	92,072,948	662,274,477	13,723,031	16,409,672	13,723,031	170,511,918	400,149,636
Previous Year	1,002,718,576	29,700,214	47,699,503	984,719,287	414,552,664	179,675,255	-	23,381,299	570,846,620	3,784,876	13,723,031	3,784,876	400,149,636	521,434,750
Capital work in progress														
Particulars	Gross Block (at cost)			Depreciation			Impairment Provision			Net block				
	Cost as at 1-Apr-14	Additions	Deletions/ Adjustments	Cost as at 31-Mar-15	Up to 1-Apr-15	For the year	Adjusted in Reserves	On deletions	Up to 31-Mar-15	As at 1-Apr-14	Charge for the Year	Reversal for the Year	As at 31-Mar-15	As at 1-Apr-14
Capital Work in Progress	12,252,027	14,520,674	24,331,767	2,440,934	-	-	-	-	11,318,259	11,318,259	-	9,044,951	167,626	933,768
Total	12,252,027	14,520,674	24,331,767	2,440,934	-	-	-	-	11,318,259	11,318,259	-	9,044,951	167,626	933,768

Note 12		Amount in Rs.		Note 16		Amount in Rs.	
		Mar-15	Mar-14	Cash & Bank Balances:		Mar-15	Mar-14
Non-current Investments				A Cash & Cash Equivalents:			
1 Trade Investments (valued at cost unless stated otherwise)				Balances with Banks			
– Investment in equity instruments (Unquoted).....				– On current account	92,812,130		12,471,156
– Investment in subsidiary.....	76,464,000		–	Cash on hand	9,564,011		14,407,808
75,10,000(P.Y: NIL) Equity Shares of Rs.10 each fully paid up in Mahindra Internet Commerce Pvt Ltd (Refer note-34).....				B Other Bank Balances			
				Margin money deposit	2,730,073		3,737,921
Total	76,464,000		–	Total	105,106,215		30,616,885
Note 13		Amount in Rs.		Note 17		Amount in Rs.	
		Mar-15	Mar-14			Mar-15	Mar-14
Long - Term Loans & Advances:				Short-term Loans & Advances:			
(Unsecured considered good unless otherwise stated)				(Unsecured considered good unless otherwise stated)			
1 Capital advances (net off provisions)	383,278		261,331	1 Loans and advances to related parties	4,815,017		214,619
2 Security deposits	167,415,483		190,641,456	2 Advance for goods & services.....	21,327,714		53,758,948
3 TDS Receivable	1,252,902		312,170	3 Prepaid Expenses.....	5,815,045		6,872,105
4 Gratuity Fund Balance (net off provisions-Refer note 26)	720,963		–	4 Security deposits	29,334,167		36,940,991
5 Other Deposits.....	218,970		164,450	5 Others.....	299,621		592,718
Total	169,991,596		191,379,407	Total	61,591,563		98,379,380
Note 14		Amount in Rs.		Note 18		Amount in Rs.	
		Mar-15	Mar-14			Mar-15	Mar-14
Inventories:				Revenue from Operations:			
1 Stock-in-trade.....	354,383,430		521,265,154	Sale of goods	2,072,274,916		2,025,593,384
(valued at lower of cost and net realisable value)				Rendering services	–		344,765
2 Packing Materials & Consumables at cost	11,643,499		11,532,051	Other operating revenues	26,491,099		31,051,132
Total	366,026,928		532,797,204	Total	2,098,766,014		2,056,989,280
Note 15		Amount in Rs.		Note 19		Amount in Rs.	
		Mar-15	Mar-14			Mar-15	Mar-14
Trade Receivable:				Other Income			
(Unsecured)				Interest Others	770,245		382,672
1 Trade Receivables outstanding for more than six months from the date they are due for payment				Other Non-Operating Income.....	5,791,844		2,637,213
a) Considered good.....	11,902,521		14,465,530	Total	6,562,089		3,019,884
b) Doubtful.....	12,249,377		1,814,787	Note 20		Amount in Rs.	
c) Less: Provision for doubtful trade receivables	12,249,377		1,814,787			Mar-15	Mar-14
	11,902,521		14,465,530	Changes in Inventories of stock in trade:			
2 Others				Opening Stock.....	521,265,154		682,823,629
a) Considered good.....	28,020,882		48,706,985	Less: Closing Stock.....	354,383,430		521,265,154
b) Doubtful.....	–		–	Decrease/(Increase) in Stock	166,881,724		161,558,475
c) Less: Provision for doubtful trade receivables	–		–	Note 21		Amount in Rs.	
	28,020,882		48,706,985			Mar-15	Mar-14
Total	39,923,403		63,172,515	Employee Benefit Expenses:			
				Salaries, wages and bonus.....	408,708,501		365,096,622
				Contribution to provident and other funds	18,041,481		20,078,396
				Staff welfare expenses.....	14,675,902		17,188,573
				Total	441,425,883		402,363,591

Note 22

Amount in Rs.

Finance Cost:	Amount in Rs.	
	Mar-15	Mar-14
Interest		
- loans for fixed period	29,664,820	37,276,680
- others	47,370,419	76,486,714
Bank charges.....	32,027,041	26,195,163
Total	109,062,280	139,958,557

Note 23

Other expenses	Amount in Rs.	
	Mar-15	Mar-14
Rent.....	504,201,215	549,011,512
Sales Promotion Expenses	169,398,131	156,701,036
Advertising Expense.....	19,284,778	11,664,995
Power and fuel.....	75,225,405	78,153,965
Commission on Sales/Contracts.....	37,433,265	76,561,562
Legal & Professional fees.....	56,871,533	44,876,616
Warehousing Charges.....	83,505,856	66,651,102
Travel & Conveyance.....	29,787,132	30,265,931
Security Expenses	33,983,455	29,455,086
Rates and taxes	25,321,077	20,257,397
House Keeping	23,871,721	21,526,737
Consumable.....	17,409,511	17,857,375
Software Expenses	6,944,007	1,414,616
Stock Damages write off.....	48,125,963	37,339,584
Provision for Inventory write off	20,933,355	11,026,307
Provision for Impairment.....	16,409,672	9,938,155
Exchange Loss	411,111	2,096,683
Loss on Sale of Fixed Assets.....	28,693,123	2,970,597
Loss on Write-off of Fixed Assets	12,388,805	16,596,845
Insurance	4,223,612	3,120,043
Repairs & Maintenance - Vehicles, Others.....	12,723,454	9,129,328
Repairs & Maintenance - Buildings ...	1,499,348	2,334,482
Auditors' Remuneration	1,003,020	872,195
Bad Debts written off.....	165,567	3,159
Provision for Doubtful Debts	10,434,589	1,426,447
Less: Provision for Doubtful Debts Written Back.....	-	-52,845
Miscellaneous expenses	60,890,329	73,553,899
Total	1,301,139,033	1,274,752,809

Other additional information by way of notes to statement of profit & loss

	Amount in Rs.	
	Mar-15	Mar-14
1. Payment to auditors		
a) Auditor	834,480	703,655
b) For taxation Matters.....	168,540	168,540
c) For company law matters	-	-
d) For management services.....	-	-
e) For other services.....	162,922	-
f) For reimbursement of expenses..	31,335	25,861
	Amount in Rs.	
	Mar-15	Mar-14
2. Provision & write off (Refer note 24)		
Closure of store		
Fixed assets	41,081,928	19,567,442
Stock	2,811,816	-
Impairment of Fixed assets	16,409,672	9,938,155

2. Provision & write off (Refer note 24)

	Mar-15	Mar-14
Inventory Damages/Shortages	45,314,147	37,339,584
Slow & non Moving Inventory	20,933,355	11,026,307
	126,550,918	77,871,488

Note 24

Provision and write off pursuant to review/assessment of Retail store operations and inventories (Refer additional information no 2 of Note 23 of the financial statements)

(a) Due to closure of 46 stores:

- Fixed assets: Pursuant to closure of these facilities certain assets with net WDV of Rs.410,81,928 (PY Rs.195,67,442) were found to be unusable and accordingly written off in the accounts.
- Inventory: During the year the company has made provision of Rs.28,11,816 (P Y Rs. Nil) towards inventory of closed stores.

(b) Impairment of fixed assets

- In terms of Accounting Standard 28 on Impairment of Assets issued by The Institute of Chartered Accountants of India, the Company has tested Cash Generating Unit i.e. stores for impairment in terms of adequacy of economic benefits over their useful life. On such testing for impairment, the Company has identified 9 Mom & Me stores and Office at JP Nagar as impaired. Consequently a provision for impairment of such stores amounting to Rs. 164,09,672 (P Y Rs. 99,38,155) has been made in Profit and Loss Account and resultantly fixed assets with original cost of Rs. 180,657,588 and WDV of Rs. 40,235,317 have been written down to Rs. 23,825,645.

(c) The company has made provision/written off in the Profit & Loss account for damaged goods and shortages of Rs. 453,14,147 (P Y Rs.373,39,584) during the year which has been charged to Profit and Loss account.
(d) The company has a policy for slow & non- moving goods and the extent of provisioning on such stock, on the basis of which the company has made a provision of Rs. 209,33,355 (P Y Rs.110,26,307) during the year which has been charged to Profit and Loss account. The total provision as on 31st March, 2015 carried in the books for slow & non-moving stock is Rs. 479,79,929.
Note 25

The Company is in litigation with certain parties before the Honourable High Courts of Mumbai and Kolkata in respect of the usage of its trade mark Mom & Me. The ultimate outcome of such litigation is not ascertainable at present but is not expected to have any significant impact on the operations of the Company.

Note 26
Employee Retirement Benefits:
A) Gratuity
1) Description of the Plan:

The Company has covered its gratuity liability by a Group Gratuity Policy named 'Employee Group Gratuity Assurance Scheme' issued by LIC of India. Under the plan, employee at retirement is eligible for benefit, which will be equal to 15 days salary for each completed year of service. Thus, it is a defined benefit plan and the aforesaid insurance policy is the plan asset.

i) Gratuity as per Actuarial valuation

	31.03.15 Gratuity (Funded) Amount Rs.	31.03.14 Gratuity (Funded) Amount Rs.

I Expense recognised in the Statement of Profit and Loss Account

	25,16,302	34,36,034
1. Current Service Cost	25,16,302	34,36,034
2. Interest	7,00,166	6,72,277
3. Expected Return on plan assets.....	-8,68,691	-6,42,913
4. Actuarial (Gain)/Loss	-15,45,276	-9,73,159
5. Total expense.....	8,02,502	24,92,239

	31.03.15 Gratuity (Funded) Amount Rs.	31.03.14 Gratuity (Funded) Amount Rs.	
II Net Asset/(Liability) recognised in the Balance Sheet			
1. Present Value of Defined Benefit Obligation as at 31 st March	103,16,138	97,22,874	
2. Fair Value of plan assets as at 31 st March	1,10,37,101	79,44,921	
3. Negative amount recognized under para 55.....	-7,20,963	17,77,953	
4. Present value of the available reductions in future contributions.....	-7,20,963	17,77,953	
5. Limit under para 59(b) of AS15R.....	0	0	
6. Net Asset/(Liability) as at 31 st March.....	7,20,963	-17,77,953	
III Change in the obligation during the year			
1. Present Value of Defined Benefit Obligation at the beginning of the year.....	97,22,874	76,41,469	
2. Current Service Cost	25,16,302	34,36,034	
3. Interest Cost.....	7,00,166	6,72,277	
4. Actuarial (Gain)/Loss	-12,69,601	-15,19,293	
5. Benefit payments	-13,53,603	-5,07,613	
6. Present Value of Defined Benefit Obligation at the end of the year.....	1,03,16,138	97,22,874	
IV Change in Fair Value of Assets during the year			
1. Fair Value of plan assets at the beginning of the year	79,44,921	82,21,617	
2. Expected return on plan assets.....	8,68,691	6,42,913	
3. Contributions by employer.....	33,01,418	1,34,138	
4. Actual benefits paid.....	-13,53,603	-5,07,613	
5. Actuarial Gain/(Loss) on Plan Assets	2,75,674	-5,46,134	
6. Fair Value of plan assets at the end of the year	1,10,37,101	79,44,921	
V The major categories of plan assets as a percentage of total plan			
Insurer Managed Funds *	100.00%	100.00%	
VI Actuarial assumptions			
1. Discount Rate	7.74%	9.10%	
2. Salary Escalation Rate.....	10.00%	10.00%	
3. Expected rate of return on plan assets	8.00%	8.00%	
4. Attrition Rate	20.00%	20.00%	
* In the absence of detailed information regarding plan assets which is funded with Insurance Companies, the composition of each major category of plan assets, the percentage or amount for each category to the fair value of plan assets has not been disclosed.			
VII Experience Adjustments			
	31.03.2015 Amount Rs.	31.03.2014 Amount Rs.	31.03.2013 Amount Rs.
Defined benefit obligations	103,16,138	97,22,874	76,41,469
Fair value of plan assets	110,37,101	79,44,921	82,21,617
Surplus/(Deficit)	7,20,963	-17,77,953	5,80,148
Experience adjustment on plan liabilities [(Gain)/Loss]	-12,69,601	-15,19,293	-294,824
Experience adjustment on plan assets [(Gain)/Loss]	-2,75,674	5,46,134	61,230

B) Leave Encashment

	31.03.15 Leave Encashment (Unfunded) Amount Rs.	31.03.14 Leave Encashment (Unfunded) Amount Rs.
I Expense recognised in the Statement of Profit and Loss Account		
1. Current Service Cost	27,55,705	47,03,154
2. Interest	8,04,139	9,47,232
3. Expected Return on plan assets.....	Nil	Nil
4. Actuarial (Gain)/Loss	15,33,919	74,284
5. Total expense	50,93,762	57,24,670
II Net Asset/(Liability) recognised in the Balance Sheet		
1. Present Value of Defined Benefit Obligation as at 31 st March.....	117,26,959	141,45,576
2. Fair Value of plan assets as at 31 st March	Nil	Nil
3. Net Asset/(Liability) as at 31 st March..	-117,26,959	-141,45,576
III Change in the obligation during the year		
1. Present Value of Defined Benefit Obligation at the beginning of the year	141,45,576	123,97,390
2. Current Service Cost	27,55,705	47,03,154
3. Interest Cost.....	8,04,139	9,47,232
4. Actuarial (Gain)/Loss	15,33,919	74,284
5. Benefit payments	75,12,379	39,76,484
6. Present Value of Defined Benefit Obligation at the end of the year.....	117,26,959	141,45,576
IV Actuarial assumptions		
1 Discount Rate	7.74%	9.10%
2 Salary Escalation Rate.....	10.00%	10.00%
3 Expected rate of return on plan assets	Nil	Nil
4 Attrition Rate	20.00%	20.00%
1) The leave encashment benefit scheme is a defined benefit plan and is wholly unfunded. Hence, there are no plan assets attributable to the obligation.		
2) Principal actuarial assumptions:		
	Current Year	Previous Year
Discount rate.....	7.74%	9.10%
3) The accumulated balance of Leave Encashment (Unfunded) provided in the books as at 31 st March 2015 is Rs.117,26,959 (Previous Year Rs.141,45,576) determined on actuarial basis using projected unit credit method.		

Note 27

Segment Reporting

The Company is primarily in the business of distribution of and retailing a variety of lifestyle and consumer products through its own branded stores, which in the context of Accounting Standard 17 on 'Segment Reporting' constitutes a single reporting segment.

Note 28

Leasing Transactions

a) Operating lease rental charged to revenue for lease agreements entered on or after 1 April 2007 are:

	2014-15 Amount Rs.	2013-14 Amount Rs.
Office premises and Stores.....	437,870,945	481,600,822

- b) The future minimum rental payments in respect of non-cancellable lease for premises are as follows:

	2014-15 Amount Rs.	2013-14 Amount Rs.
Not later than one year	22,700,894	135,045,810
Later than one year and not later than five years	522,206	12,869,755
Later than five years	Nil	Nil

The agreements are executed for the period of 12 to 108 months with a non-cancellable period from 1 to 36 months and having a renewal clause.

Note 29

Pursuant to the Companies Act, 2013 (the 'Act') becoming effective from 1st April, 2014 the Company has recomputed the depreciation based on the useful life of the assets as prescribed in Schedule II of the Act. Further, as per the transitional provision, carrying value of assets of Rs.6.83 lacs is adjusted in the opening balance of retained earnings in respect of assets where the remaining useful life is NIL at 1st April 2014.

Note 30

Earning Per Share (EPS) is Calculated as follows:

Sr. No.	Particulars	2014-15 Amount Rs.	2013-14 Amount Rs.
1	Profit/(Loss) attributable to equity shareholders	(1188,897,114)	(1139,986,028)
2	Weighted Average No. of shares	552,723,994	410,172,796
3	Nominal Value per share (Rs.)	10	10
4	Earning Per share (Rs.):		
	– Basic	(2.15)	(2.78)
	– Diluted	(2.15)	(2.78)

The related party transactions are as under:

Nature of Transactions	Controlling company (Mahindra & Mahindra Ltd.)	Holding company (Retail Initiative Holdings Ltd.)	Subsidiary company (Mahindra Internet Commerce Pvt Ltd)	Fellow Subsidiary	Amount Rs. Key Managerial Personnel
Subscription of Equity Shares Received:					
Retail Initiative Holdings Ltd.		65,20,82,480 (80,00,00,000)			
Investment in Equity Shares:					
Mahindra Internet Commerce Pvt Ltd			764,64,000 (Nil)		
Inter Corporate Deposit taken:					
Mahindra & Mahindra Limited	Nil (55,00,00,000)				
Mahindra Inter trade Limited				Nil (10,00,00,000)	
Mahindra EPC Services Private Ltd.				Nil (25,00,00,000)	
Mahindra Logistic Limited				15,00,00,000 (Nil)	
Inter Corporate Deposit repaid:					
Mahindra Logistic Limited				15,00,00,000 (15,00,00,000)	
Mahindra & Mahindra Limited	15,00,00,000 (40,00,00,000)				
Mahindra EPC Services Private Ltd.				10,00,00,000 (15,00,00,000)	
Mahindra Inter trade Limited				Nil (10,00,00,000)	
Inter Corporate Deposit Payable:					
Mahindra & Mahindra Limited	Nil (15,00,00,000)				
Mahindra EPC Services Private Ltd.				Nil (10,00,00,000)	

Note 31

Related Party Disclosures

- i) **Enterprises that directly or indirectly through one or more subsidiaries:**

(a) **Control the Reporting Enterprise:-**

Mahindra & Mahindra Limited

(b) **Holding company:**

Retail Initiative Holdings Limited

(c) **Subsidiary Company:**

Mahindra Internet Commerce Pvt Ltd

(d) **Companies which are under the Common Control (Fellow Subsidiaries)**

SN Name of the Company

- Mahindra Logistics Limited
- Bristlecone India Limited
- Mahindra EPC Services Private Limited
- Mahindra BPO Services Private Limited
- Mahindra Holidays & Resorts India Limited
- Mahindra First Choice Wheels Ltd
- Mahindra Intertrade Limited.
- Lords Freight Pvt Limited
- Mahindra Internet Commerce Pvt Limited

- ii) **ii) Key Management Personnel of the Reporting Enterprise:-**

Mr. K.Venkataraman – Chief Executive Officer (Till 11th Aug 2014)

Mr. Prakash Wakankar – Chief Executive Officer (From 12th Aug 2014)

MAHINDRA RETAIL PRIVATE LIMITED

Nature of Transactions	Controlling company (Mahindra & Mahindra Ltd.)	Holding company (Retail Initiative Holdings Ltd.)	Subsidiary company (Mahindra Internet Commerce Pvt Ltd)	Fellow Subsidiary	Amount Rs. Key Managerial Personnel
Purchase of Goods					
Mahindra Internet Commerce Pvt Ltd			81,41,682 (Nil)		
Sales of Goods					
Mahindra Internet Commerce Pvt Ltd			20,66,850 (Nil)		
Rendering of Services					
Mahindra Internet Commerce Pvt Ltd			1,81,726 (Nil)		
Interest Expenses:					
Mahindra Logistic Limited				45,36,986 (14,371,233)	
Mahindra & Mahindra Financial Services Ltd.				327,558 (Nil)	
Mahindra Inter trade Limited				45,36,986 (14,371,233)	
Mahindra EPC Services Private Ltd.				327,558 (Nil)	
Mahindra & Mahindra Limited	3,686,301 (34,18,493)				
Purchase of Asset:					
Mahindra First Choice Wheels Ltd				Nil (10,00,000)	
Payment of Consulting Charges:					
Bristlecone India Limited				16,915,909 (16,152,513)	
Mahindra BPO Services Private Limited				27,51,683 (2,722,874)	
Payment of Logistic Expenses:					
Mahindra Logistic Limited				5,09,55,939 (726,97,915)	
Lords Freight Pvt Limited				79,50,796 (Nil)	
Misc. Expenses:					
Mahindra Holidays & Resort India Limited				99,000 (Nil)	
Reimbursements of Expenses Paid:					
Mahindra & Mahindra Limited	11,176,599 (10,826,665)				
Mahindra Inter trade Limited				5,196 (12,000)	
Payable:					
Mahindra & Mahindra Limited	3,13,08,058 (2,18,39,912)				
Bristlecone India Limited				14,93,750 (14,58,510)	
Mahindra Logistic Limited				4,565,416 (61,14,684)	
Mahindra BPO Services Private Limited				3,03,916 (195,347)	
Mahindra Internet Commerce Pvt Ltd			1,32,051 (Nil)		
Receivable:					
Mahindra Inter trade Limited				209,943 (214,619)	
Mahindra Internet Commerce Pvt Ltd			20,67,379 (Nil)		
Lords Freight Pvt Limited				17,63,236 (Nil)	
Managerial Remuneration					
Mr. K Venkataraman					58,46,124 (136,53,365)
Mr. Prakash Wakankar					81,82,002 (Nil)

**Note 32
Deferred Tax Assets/Liabilities**

The major components of deferred tax assets and liabilities, for the year ended 31 March 2015 arising on account of timing differences are as below:

Particulars	As at 31.03.2015 Amount Rs.	As at 31.03.2014 Amount Rs.
Deferred Tax Assets on account of:		
Unabsorbed depreciation.....	16,82,14,235	135,990,270
Unabsorbed business losses.....	1,535,502,525	122,14,68,770
Depreciation.....	173,706,296	96,339,767
Deferred Tax Assets	1,877,423,056	1,453,798,806

Since there is no virtual reasonable certainty of taxable income in future against which deferred tax assets can be realised, the Company has not recognized deferred tax assets (net) during the current year.

**Note 33
Contingent Liabilities:**

	31.03.2015 Amount Rs.	31.03.2014 Amount Rs.
Income Tax demand on account of TDS.....	36,000	36,000

Note 34.

During the year the Company has made an investment of Rs. 7.64 cr being the payment towards shares 75,10,000 (75,00,000 shares @ face value Rs. 10 each and 10000 shares @ book value Rs. 146.4 per share)Which now become wholly owned subsidiary of the company.

**Note 35.
Commitment (Net of Advances):**

	31.03.2015 Amount Rs.	31.03.2014 Amount Rs.
Capital Commitments.....	Nil	8,63,000

The information in respect of commitment has been given only in respect of capital commitments in order to avoid providing excessive details that may not assist users of financial statements.

**Note 36
Value of Imports on CIF Basis:**

	31.03.2015 Amount Rs.	31.03.2014 Amount Rs.
Purchase of Merchandise	22,15,19,580	27,79,12,460

**Note 37
Expenditure in Foreign Currency:**

	31.03.2015 Amount Rs.	31.03.2014 Amount Rs.
Travelling expenses	20,46,823	18,29,353
Commission on Sales	4,15,722	3,52,30,528
Royalty	54,93,044	54,14,134

**Note 38
Purchases of goods traded under broad head:**

	31.03.2015 Amount Rs.	31.03.2014 Amount Rs.
Apparel.....	70,91,46,295	2,33,27,473
Non Apparel.....	39,53,95,455	7,48,359,033

**Note 39
Consumption of imported and indigenous goods:**

	31.03.2015 Amount Rs.	31.03.2014 Amount Rs.
Indigenous goods.....	11,50,679,204	864,523,982
Imported goods	109,100,771	338,455,198

Note 40

The Management, based on their strategic future business plans for turnaround of operations and continued support from the Holding Company/group, assess that the Company will be able to continue its operations in the normal course. During the year, as the net worth is completely eroded, the Holding Company has contributed Rs. 65,21,00,000 towards equity capital and Rs. 55,00,00,000 share application pending allotment which could support the operations of the Company. Accordingly, these financial statements have been prepared by the Management on going concern basis.

Note 41

Disclosures relating to amounts payable as at the yearend together with interest paid payable to Micro, Small and Medium Enterprises have been made in the accounts, as required under the Micro, Small and Medium Enterprises Development Act, 2006 to the extent of information available with the Company determined on the basis of intimation received from suppliers.

Particulars	31.03.2015 Amount Rs.	31.03.2014 Amount Rs.
(i) Principal amount remaining unpaid as on 31st March.....	-	-
(ii) Interest due thereon remaining unpaid as on 31st March.....	-	-
(iii) Interest paid by the Corporation in terms of section 16 of the Micro, Small and Medium enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during the year	-	-
(iv) Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006	260,152	599,157
(v) Interest accrued and remaining unpaid as at 31st March.....	260,152	599,157
(vi) Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise	23,63,854	2103,702

Note 42

Previous year's figures have been regrouped/reclassified whenever necessary to correspond with the current year's classification/disclosure.

As per our report of even date attached For and on behalf of the Board of Directors

For B.K. Khare & Co. Chartered Accountants Firm Registration No.105102W	Zhooben Bhiwandiwala Chairman	Rajeev Dubey Director
	Prakash Wakankar Chief Executive Officer	Amar Korde Chief Financial Officer

Padmini Khare Kaicker
Partner
Membership No. 44784

Rinkal G Mehta
Company Secretary
Membership No.34075

Place: Mumbai
Date: 05th May 2015

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors present their Seventh Annual Report together with the Audited Accounts of your Company for Financial Year ended 31st March, 2015.

Financial Highlights and State of Company's Affairs

Particulars	<i>(Rs. in Lakhs)</i>	
	For the year ended 31st March, 2015	For the year ended 31 st March, 2014
Total Income	403.41	1.23
Profit/(Loss) before Depreciation and Taxation	(330.27)	0.97
Less: Depreciation	3.80	-
Profit/(Loss) before Taxation	(334.07)	0.97
Current Tax	-	0.38
Profit/(Loss) after Taxation	(334.07)	0.59
Balance brought forward	12.69	12.10
Balance carried to Balance Sheet	(321.37)	12.69
Net Worth	429.63	13.69

No Material changes and commitments have occurred after the closure of current financial year till the date of this report which would affect the financial position the Company.

Operations

The year under review was the first year of full-fledged commercial operations for your Company. Your Company recorded revenues of Rs. 403 Lakh and loss after tax for the year was Rs. 334 Lakh.

Dividend

No Dividend was declared for the current financial year due to loss incurred by the Company.

Share Capital:

During the year under review, the authorised share capital of your Company was increased from Rs. 1,00,000 to Rs. 15,00,00,000.

Necessary amendments to the Memorandum of Association and Articles of Association of the Company were carried out during the year with respect to the same.

During the year under review, your Company issued 50,00,000 equity shares and 25,00,000 equity shares of Rs. 10 each on Rights basis at its Board Meetings held on 17th December, 2014 and 5th March, 2015 respectively. 50,00,000 equity shares were allotted on 6th February, 2015 and 25,00,000 equity shares were allotted on 22nd April, 2015.

Change of Name

During the year under review, the name of your company has been changed from Mahindra United Football Club Private Limited to Mahindra Internet Commerce Private Limited with effect from 17th December, 2014.

Directors

Mr. Prakash Wakankar (DIN: 00020462) and Mr. Amar Korde (DIN: 01013355) were appointed as additional directors of the Company at the Board meeting held on 21st November, 2014 and Mr. Srinath

Ramamurthy (DIN: 07063293) was appointed as additional directors of the Company at the Board meeting held on 5th March, 2015. Mr. Wakankar, Mr. Korde and Mr. Ramamurthy holds office up to the date of the forthcoming Annual General Meeting. The Company has received notices from a member, signifying its intention to propose Mr. Wakankar, Mr. Korde and Mr. Ramamurthy as candidates for the offices of Directors at the forthcoming Annual General Meeting.

During the year under review, Mr. Ruzbeh Irani and Mr. Rajeev Dubey resigned from the Board with effect from 17th December, 2014 and Mr. Parag Shah resigned from the Board with effect from 5th March, 2015.

Number of the Meetings of Board of Directors

Your Board of Directors met six times during the year under review on 23rd May, 2014, 25th August, 2014, 21st November, 2014, 1st December, 2014, 17th December, 2014 and 5th March, 2015.

Directors' Responsibility Statement

Pursuant to section 134(5) of the Companies Act, 2013, your Directors, based on the representation received, and after due enquiry, confirm that:

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed;
- (ii) the directors had selected such accounting policies and applied consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2015 and of the loss of the Company for the year ended on that date;
- (iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions

of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

- (iv) the annual accounts have been prepared on a going concern basis.
- (v) proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Key Managerial Personnel

Ms. Rinkal Mehta was appointed as Company Secretary of your Company at its Board Meeting held on 5th March, 2015, in accordance with provisions of Section 203 of Companies Act, 2013.

Statutory Auditors

Messrs. B. K. Khare & Co Chartered Accountants, (ICAI registration Number 105102W) were appointed, as Auditors of your Company, at its sixth Annual General meeting held on 25th August, 2014 from its conclusion until the conclusion of the fifth consecutive Annual General Meeting of the Company. In terms of Section 139 (1) of Companies Act, 2013, such appointment is required to be ratified by members at every annual general meeting.

M/s. B. K. Khare & Co., Chartered Accountants have given a written consent to act as Statutory Auditor of your Company, if appointed, and have also confirmed that the said appointment would be in conformity with the provisions of Sections 139 and 141 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014.

The members are requested to ratify the appointment of statutory auditors of the Company at the ensuing Annual General Meeting and fix their remuneration.

The Auditors' Report does not contain any qualification, reservation or adverse remark.

Risk Management Policy

Your Company has formulated Risk Management Policy including therein the elements of risk which in the opinion of Board may threaten the existence of the Company.

Your Board is hopeful that the implementation of the policy will be helpful to the Company in avoiding the risk and enabling the Company to manage the same, if confronted with.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The particulars relating to the Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo, as required under section 134(3)(m) of the Companies Act, 2013 read with the Companies Rule 8 (3) of The Companies (Accounts) Rules, 2014 are given as **Annexure I** to this Report.

Disclosure of Particulars of Employees as required under Rule 5 (2) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Being unlisted company, provisions of Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable to your Company.

Particulars of loans, guarantees or investments under Section 186 of the Companies Act, 2013 and Deposit under Chapter V of the Companies Act, 2013.

Your Company has not accepted any deposits from the public or its employees during the year under review. There were no deposits

which are not in compliance with the requirements of chapter V of the Companies Act, 2013.

Your Company has not made any loans, guarantees or investments during the year under review which are required to be disclosed in the annual accounts of the Company pursuant to Section 186 of the Companies Act, 2013 and Clause 32 of the Listing Agreement between the Parent Company, Mahindra & Mahindra Limited and the Stock Exchanges.

Particulars of Transactions with Related Parties

Particulars of contracts or arrangements with related parties are given in the form AOC – 2 as **Annexure II** and the same forms part of this Report.

Extract of Annual Return

Pursuant to Section 92(3) of the Companies Act, 2013 read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014 an extract of the Annual return as on 31st March, 2015 is attached herewith as **Annexure III** and forms part of this report.

The Sexual Harassment of Women at Workplace (Prevention, Prohibition And Redressal) Act, 2013

During the year under review no complaints were received under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, for prevention of sexual harassment.

Internal Financial Controls

Pursuant to Rule 8 of the Companies (Accounts) Rules, 2014, based on the representation received and after due enquiry your directors confirm that they have laid down internal financial controls with reference to the Financial Statements and these controls are adequate.

General

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions/events on these items during the year under review:

1. Issue of equity shares with differential rights as to dividend, voting or otherwise.
2. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and the Company's operations in future.

There were no Shares having voting rights not exercised directly by the employees and for the purchase of which or subscription to which loan was given by the Company.

Acknowledgements

Your Directors would like to express their grateful appreciation for assistance and co-operation received from Banks, Employees, Vendors, Suppliers and Members during the year under review.

For and on behalf of the Board

Amar Korde
Director
(DIN: 01013355)

Prakash Wakankar
Director
(DIN: 00020462)

Mumbai, May 5, 2015

ANNEXURE I TO THE DIRECTORS' REPORT

PARTICULARS AS PER THE COMPANIES (ACCOUNTS) RULES, 2014 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2015.

A. CONSERVATION OF ENERGY

- (a) the steps taken or impact on conservation of energy: None
- (b) the steps taken by the company for utilizing alternate sources of energy: None
- (c) the capital investment on energy conservation equipments: Nil

B. TECHNOLOGY ABSORPTION

- i) the efforts made towards technology absorption: None
- ii) the benefits derived like product improvement, cost reduction, product development or import substitution: None
- iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year) – Nil
 - (a) the details of technology imported: Not applicable
 - (b) the year of import: Not applicable
 - (c) whether the technology been fully absorbed: Not applicable
 - (d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof: Not applicable
- iv) the expenditure incurred on Research and Development: Nil

C. FOREIGN EXCHANGE EARNINGS AND OUTGO: *(in terms of actual inflow and outflow)*

Total Foreign Exchange Earned and Used:

	(Rupees in Lakhs)	
	For the Financial Year Ended 31 st March, 2015	For the Financial Year Ended 31 st March, 2014
Total Foreign Exchange Earned	–	–
Total Foreign Exchange Used	–	–

For and on behalf of the Board

Amar Korde
Director
(DIN: 01013355)

Prakash Wakankar
Director
(DIN: 00020462)

Mumbai, May 5, 2015

ANNEXURE II TO THE DIRECTORS' REPORT

Particulars of Transactions with Related Parties for year ended 31st March, 2015

FORM NO. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014.)

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arms length transaction under third proviso thereto.

1. Details of contracts or arrangements or transactions not at Arm's length basis - NIL
2. Details of material contracts or arrangements or transactions at Arm's length basis: #

Sr. No.	Particulars	Details
a)	Name(s) of the related party & nature of relationship	Mahindra Retail Private Limited - Holding Company
b)	Nature of contracts/arrangements/transaction	Purchase and Sale of Goods
c)	Duration of the contracts/arrangements/transaction	Not Applicable
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	Sales: Rs. 81,41,681.89/- Purchases: Rs. 20,66,859.17/- Delivery and photoshoot charges: 181,726.00/-
e)	Date of approval by the Board	Not Applicable
f)	Amount paid as advances, if any	Nil

Sr. No.	Particulars	Details
a)	Name(s) of the related party & nature of relationship	Lords Freight India Private Limited – Fellow Subsidiary
b)	Nature of contracts/arrangements/transaction	Logistics Expenses – Freight and Customs Clearing
c)	Duration of the contracts/arrangements/transaction	Not Applicable
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	Rs. 5,75,000.00/-
e)	Date of approval by the Board	Not Applicable
f)	Amount paid as advances, if any	Rs. 5,75,000.00/-

Pursuant to notification dated 14th August, 2014 issued by the Ministry of Corporate Affairs, New Delhi (G.S.R. 590(E)).

For and on behalf of the Board

Amar Korde
Director
(DIN: 01013355)

Prakash Wakankar
Director
(DIN: 00020462)

Mumbai, May 5, 2015

ANNEXURE III TO THE DIRECTORS' REPORT

Form No. MGT-9

Extract of Annual Return

as on the financial year ended on 31st March, 2015

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

1.	CIN	U52399MH2008PTC187927
2.	Registration Date	3 rd November, 2008
3.	Name of the Company of the Company	Mahindra Internet Commerce Private Limited
4.	Category/Sub-Category	Private Company
5.	Address of Registered office and contact details	Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai 400018. Tel : 022-24905828
6.	Whether listed Company (Yes/No)	No
7.	Name, Address and Contact details of Registrar and Transfer Agent, if any	None

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sr. No.	Name and Description of Main Product/Services	NIC Code of the Product	% to total turnover of the Company.
1	Retail sale via E commerce	52512	99%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and Address of the Company	CIN/GIN	Holding/ Subsidiary of the Company	% of shares held	Applicable Section
1.	Mahindra Retail Private Limited Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai – 400018	U52190MH2007PTC173762	Holding Company	100%	2(46)
2.	Retail Initiative Holdings Limited Mahindra Towers, P.K. Kurne Chowk, Worli, Mumbai – 400 018	U67110MH2008PLC188837	Holding Company	–	2(46)
3.	Mahindra Engineering and Chemical Products Limited Gateway Building, Apollo Bunder, Mumbai – 400 001	U74999MH1954PLC019908	Holding Company	–	2(46)
4.	Mahindra & Mahindra Limited Gateway Building, Apollo Bunder, Mumbai – 400 001	L65990MH1945PLC004558	Holding Company	–	2(46)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

1. Category-wise Share Holding.

Category of Shareholders	No. of shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1. Indian									
a. Individual/HUF	–	–	–	–	–	–	–	–	–
b. Central Govt.	–	–	–	–	–	–	–	–	–
c. State Govt.	–	–	–	–	–	–	–	–	–
d. Bodies Corp.	–	10,000	10,000	100%	–	50,10,000	50,10,000	100%	–
e. Bank/FI	–	–	–	–	–	–	–	–	–
f. Any Other	–	–	–	–	–	–	–	–	–
Sub-Total- A-(1)	–	10,000	10,000	100%	–	50,10,000	50,10,000	100%	–
2. Foreign									
a. NRI-Individuals	–	–	–	–	–	–	–	–	–
b. Other Individuals	–	–	–	–	–	–	–	–	–
c. Body Corporate	–	–	–	–	–	–	–	–	–
d. Bank/FI	–	–	–	–	–	–	–	–	–
e. Any Others	–	–	–	–	–	–	–	–	–
Sub Total-A (2)	–	–	–	–	–	–	–	–	–
Total Share holding of Promoters (1+2)		10,000	10,000	100%	–	50,10,000	50,10,000	100%	–
B. Public Shareholding									
1. Institution									
a. Mutual Funds	–	–	–	–	–	–	–	–	–
b. Bank/FI	–	–	–	–	–	–	–	–	–
c. Cent. Govt.	–	–	–	–	–	–	–	–	–
d. State Govt.	–	–	–	–	–	–	–	–	–
e. Venture Capital	–	–	–	–	–	–	–	–	–
f. Insurance Co.	–	–	–	–	–	–	–	–	–
g. FIs	–	–	–	–	–	–	–	–	–
h. Foreign Portfolio Corporate	–	–	–	–	–	–	–	–	–
i. Foreign Venture Capital Fund	–	–	–	–	–	–	–	–	–
j. Others	–	–	–	–	–	–	–	–	–
Sub-Total-B (1)	–	–	–	–	–	–	–	–	–
2. Non-Institution									
a. Body Corp.	–	–	–	–	–	–	–	–	–
b. Individual	–	–	–	–	–	–	–	–	–
i. Individual shareholders holding nominal share capital upto ₹ 1 lakh	–	–	–	–	–	–	–	–	–
ii. Individual shareholders holding nominal share capital in excess of ₹ 1 Lakh	–	–	–	–	–	–	–	–	–

MAHINDRA INTERNET COMMERCE PRIVATE LIMITED
(FORMERLY KNOWN AS MAHINDRA UNITED FOOTBALL CLUB PRIVATE LIMITED)

Category of Shareholders	No. of shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
c. Others	-	-	-	-	-	-	-	-	-
(i) NRI (Rep)	-	-	-	-	-	-	-	-	-
(ii) NRI (Non-Rep)	-	-	-	-	-	-	-	-	-
(iii) Foreign National	-	-	-	-	-	-	-	-	-
(iv) OCB	-	-	-	-	-	-	-	-	-
(v) Trust	-	-	-	-	-	-	-	-	-
(vi) In Transit	-	-	-	-	-	-	-	-	-
Sub-Total-B (2)	-	-	-	-	-	-	-	-	-
Net Total (1+2)	-	-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs & ADRs									
Promoter and Promoter Group	-	-	-	-	-	-	-	-	-
Public	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	-	10,000	10,000	100%	-	50,10,000	50,10,000	100%	-

ii. Shareholding of Promoters:

Sr. No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% Change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	No. of shares	% of total shares of the company	% of Shares Pledged/encumbered to total shares	
1	Mahindra Holdings Limited	9,999	100%	-	0	0	-	(100%)
2	Mahindra Holdings Limited Jointly with Mr. A. K. Nanda*	1	-	-	0	0	-	-
3	Mahindra Retail Private Limited	0	0	-	50,09,999	100%	-	100%
4	Mahindra Retail Private Limited Jointly with Mr. Narayan Shankar*	-	-	-	1	-	-	-
	Total	10,000	100%	-	50,10,000	100%	-	100%

* Jointly held with Mahindra Holdings Limited/Mahindra Retail Private Limited for the purpose of compliance with the statutory provisions of Companies Act with regard to minimum number of members.

iii. Change in Promoters' Shareholding:

Sr. No	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1	Mahindra Holdings Limited				
	At the beginning of the year	10,000	100%	-	-
	Decrease – On 17 th December, 2014 – transfer of shares to Mahindra Retail Private Limited	(10,000)	(100%)	0	-
	At the end of the year	-	-	0	-
2	Mahindra Retail Private Limited				
	At the beginning of the year	0	-	0	-
	Increase – On 17 th December, 2014 – transfer of shares by Mahindra Holdings Limited	0	-	10,000	-
	Increase – On 6 th February, 2015 – allotment of shares	50,00,000	-	50,10,000	-
	At the end of the year	-	-	50,10,000	100%

iv. Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No	Top Ten Shareholders	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
1.	–	–	–	–	–

v. Shareholding of Directors and Key Managerial Personnel:

Sr. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Shareholding at the end of the year	
	Name of the Director/KMP	No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
1.	–	–	–	–	–

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(₹ in Crores)

PARTICULARS	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total indebtedness
Indebtedness at the beginning of the financial year 01.04.2014	–	–	–	–
1) Principal Amount	–	–	–	–
2) Interest due but not paid	–	–	–	–
3) Interest accrued but not due	–	–	–	–
Total of (1+2+3)	–	–	–	–
Change in Indebtedness during the financial year	–	–	–	–
+ Addition	–	–	–	–
– Reduction	–	–	–	–
Net Change	–	–	–	–
Indebtedness at the end of the financial year-31.03.2015	–	–	–	–
1) Principal Amount	–	–	–	–
2) Interest due but not paid	–	–	–	–
3) Interest accrued but not due	–	–	–	–
Total of (1+2+3)	–	–	–	–

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-Time Directors and/or Manager:

Sr. No	Particulars of Remuneration	Name of MD/WTD/Manager		Total Amount (₹ In Lacs)
1.	Gross Salary	–	–	–
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	–	–	–
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	–	–	–
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	–	–	–
2.	Stock option	–	–	–
3.	Sweat Equity	–	–	–

MAHINDRA INTERNET COMMERCE PRIVATE LIMITED
(FORMERLY KNOWN AS MAHINDRA UNITED FOOTBALL CLUB PRIVATE LIMITED)

Sr. No	Particulars of Remuneration	Name of MD/WTD/Manager		Total Amount (₹ In Lacs)
4.	Commission			
	– As % of Profit	–	–	–
	– Others, specify	–	–	–
5.	Others, please specify	–	–	–
	Total (A)	–	–	–
	Ceiling as per the Act	–		

B. Remuneration to other directors:

I. Independent Directors:-

Particulars of Remuneration	Name of Directors						Total Amount (₹ In Lacs)
Fee for attending board/committee meetings	–	–	–	–	–	–	–
Commission	–	–	–	–	–	–	–
Others	–	–	–	–	–	–	–
Total (1)	–	–	–	–	–	–	–

II. Other Non-Executive Directors:-

Other Non-Executive Directors							Total Amount (₹ In Lacs)
Fee for attending board/committee meetings	–	–	–	–	–	–	–
Commission	–	–	–	–	–	–	–
Others	–	–	–	–	–	–	–
Total (2)	–	–	–	–	–	–	–
Total B = (1+2)	–	–	–	–	–	–	–
Ceiling as per the Act	–						

C. Remuneration to Key Managerial Personnel Other than MD/Manager/WTD

Sr. No	Particulars of Remuneration	Name of the KMP	Total Amount (₹ In Lacs)
		Rinkal Mehta (Company Secretary)	
1.	Gross Salary	0.60	0.60
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	–	–
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	–	–
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	–	–
2.	Stock option	–	–
3.	Sweat Equity	–	–
4.	Commission		
	– As % of profit	–	–
	– others, specify...	–	–
5.	Others, please specify	–	–
	Total	0.60	0.60

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES – Nil

	Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority (RD/ NCLT/court)	Appeal made, if any (give details)
A. COMPANY						
Penalty	-	-	-	-	-	-
Punishment	-	-	-	-	-	-
Compounding	-	-	-	-	-	-
B. DIRECTORS						
Penalty	-	-	-	-	-	-
Punishment	-	-	-	-	-	-
Compounding	-	-	-	-	-	-
C. OTHER OFFICERS IN DEFAULT						
Penalty	-	-	-	-	-	-
Punishment	-	-	-	-	-	-
Compounding	-	-	-	-	-	-

For and on behalf of the Board

Amar Korde
Director
(DIN: 01013355)

Prakash Wakankar
Director
(DIN: 00020462)

Mumbai, May 5, 2015

INDEPENDENT AUDITORS' REPORT

To
**The Members of
Mahindra Internet Commerce Private Limited**

Report on the Financial Statements

1. We have audited the accompanying financial statements of **MAHINDRA INTERNET COMMERCE PRIVATE LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2015, and the Statements of Profit and Loss and Cash Flow for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit.
4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial

statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2015, and its profit/loss and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

9. As required by the Companies (Auditor's Report) Order, 2015, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
10. As required by Section 143(3) of the Act, we report that:
 - a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c. the Balance Sheet, the Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);
 - e. On the basis of written representations received from the directors as on March 31, 2015 taken on record

- by the Board of Directors, none of the directors is disqualified as on March 31, 2015, from being appointed as a director in terms of Section 164(2) of the Act.
- f. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
- i. In our opinion and based on the information and explanations given to us, there are no pending litigations against the company.
- ii. The Company did not have any long-term contracts including derivate contracts for which there were any material foreseeable losses.
- iii. There are no amounts that are required to be transferred, to the Investor Education and Protection Fund by the Company.

For B. K. Khare & Co.
Chartered Accountants
Firm's Registration Number 105102W

Padmini Khare Kaicker
Partner
Membership Number 044784

Place: Mumbai
Dated: 5th May, 2015

ANNEXURE TO THE AUDITOR'S REPORT REFERRED TO IN OUR REPORT OF EVEN DATE:

- 1 (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
(b) The fixed assets of the Company have been physically verified by the Management during the year. The discrepancies noticed on such verification were not material and have been properly dealt with in the books of account. In our opinion, the frequency of verification is reasonable.
- 2 (a) The physical verification of inventory is conducted at reasonable intervals by the management.
(b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
(c) The company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- 3 The Company has not granted any loans, secured or unsecured, to Companies, firms or other parties covered in the Register maintained under section 189 of the Act. Therefore, the provisions of clause (iii), (iii)(a), and (iii) (b) of the said Order are not applicable to the Company.
- 4 In our opinion and according to the information and explanations given to us, the Company is having an adequate internal control system commensurate with the size and the nature of its business, for the purchase of fixed assets and inventory and sale of goods and services. On the basis of our examination of the books and records of the Company and according to the information and explanations given to us, we have neither come across, nor have we been informed of, any continuing failure to correct any major weaknesses in the aforesaid internal control system.
- 5 In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and rules framed there under to the extent notified. Consequently, no order has been passed by the Company Law Board or National Company Law Commission or Reserve Bank of India or any court or any other tribunal on the Company.
- 6 The Central Government of India has not prescribed the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company.
- 7 (a) According to the records of the Company and information and explanations given to us, the Company is generally regular in depositing undisputed statutory dues including Provident fund, Employees' state insurance, Income tax, Sales tax, Wealth tax and service tax, duty of customs, duty of excise, value added tax, cess and other applicable statutory dues with the appropriate authorities.
(b) According to the information and explanations given to us and records of the Company examined by us, there are no dues of income tax, sales tax, wealth tax, service –tax, duty of excise, duty of customs, value added tax, and cess which have not been deposited on account of any dispute.
(c) There were no amounts required to be transferred by the Company to the Investor Education and Protection Fund in accordance with the provisions of the Companies Act, 1956 and the rules made thereunder.
- 8 The Company's accumulated losses as at the end of the financial year are less than fifty percent of its net worth. It has incurred cash losses in the financial year ended on that date and in the immediately preceding financial year.
- 9 Based on the records examined by us and according to the information and explanations given to us, the Company has not taken any loan from any financial institution or bank or debenture holders as at the Balance Sheet date.
- 10 According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year. Accordingly, the provisions of clause 3(x) of the Order are not applicable to the Company.
- 11 In our opinion, and according to the information and explanations given to us, during the year, the company has not obtained any term loan.
- 12 During the course of our examination of the books and records of the Company, carried out in accordance with generally accepted accounting practices and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of any such instance by the Management.

For B. K. Khare & Co.
Chartered Accountants
Firm's Registration Number 105102W

Padmini Khare Kaicker
Partner

Place: Mumbai
Dated: 5th May, 2015

Membership Number 044784

BALANCE SHEET AS AT 31ST MARCH, 2015

(Currency: Indian Rupees)

Particulars	Note No.	As at March 31, 2015	As at March 31, 2014
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share capital	3	50,100,000	100,000
(b) Reserves and surplus	4	(32,137,358)	1,269,354
(2) Share Application money pending allotment	5	25,000,000	-
(3) Current liabilities			
(a) Trade payables	6	33,838,926	104,543
(b) Other current liabilities	7	972,913	-
TOTAL		77,774,481	1,473,897
II. ASSETS			
(1) Non-current assets			
(a) Fixed Assets			
(i) Tangible assets	8	2,459,901	-
(ii) Intangible assets	9	2,628,882	-
(iii) Capital work in progress		-	-
(b) Long term loans and advances	10	3,150,000	-
(2) Current assets			
(a) Inventories	11	37,165,482	-
(b) Trade Receivables	12	6,273,989	-
(c) Cash and Bank Balances	13	17,282,715	1,099,878
(d) Short term loans and advances	14	8,813,512	374,019
TOTAL		77,774,481	1,473,897
Summary of significant accounting policies	2.1		
Explanatory Notes	2.2		
(Form Integral Part of these Financial Statements)			

As per our report of even date attached

For B. K. Khare & Co.
Chartered Accountants
Firm Registration No. 105102W

Padmini Khare Kaicker
Partner
Membership No. 044784

Place: Mumbai
Date: 05th May 2015

For and on behalf of the Board of Directors of

MAHINDRA UNITED FOOTBALL CLUB PRIVATE LIMITED

Prakash Wakankar
Chairman

Amar Korde
Director

Srinath R
Director

Sanjay Nadkarni
Chief Executive Officer

Rinkal G Mehta
Company Secretary
Membership No. 34075

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2015

(Currency: Indian Rupees)

Particulars	Note No.	Year ended March 31, 2015	Year ended March 31, 2014
I. Revenue from operations.....	15	40,159,970	–
II. Other income.....	16	180,928	123,213
III. Total Revenue (I + II).....		40,340,898	123,213
IV. Expenses:			
Purchase of stock in trade.....		57,104,403	–
Changes in inventories of stock in trade	17	(36,318,474)	–
Employee benefits expense.....	18	15,382,990	–
Finance cost	19	70,073	–
Depreciation and amortisation expense.....	8 & 9	379,956	–
Other expenses	20	37,128,661	26,134
Total Expenses.....		73,747,609	26,134
V. Profit before exceptional and extraordinary items and tax (III-IV) ..		(33,406,712)	97,079
VI. Exceptional Items		–	–
VII. Profit before extraordinary items and tax (V - VI).....		(33,406,712)	97,079
VIII. Extraordinary items		–	–
IX. Profit before tax (VII - VIII)		(33,406,712)	97,079
X. Tax expense			
(1) Current tax.....		–	38,073
(2) Deferred tax.....		–	–
XI. Profit (Loss) for the period (IX - X).....		(33,406,712)	59,006
XII. Earnings per equity share:			
(1) Basic.....		(25.21)	5.90
(2) Diluted		(25.21)	5.90
Nominal value per share.....		10	10

Summary of significant accounting policies

2.1

Explanatory Notes

2.2

(Form Integral Part of these Financial Statements)

As per our report of even date attached

For B. K. Khare & Co.

Chartered Accountants

Firm Registration No. 105102W

Padmini Khare Kaicker

Partner

Membership No. 044784

Place: Mumbai

Date: 05th May 2015

For and on behalf of the Board of Directors of

MAHINDRA UNITED FOOTBALL CLUB PRIVATE LIMITED

Prakash Wakankar

Chairman

Amar Korde

Director

Srinath R

Director

Sanjay Nadkarni

Chief Executive Officer

Rinkal G Mehta

Company Secretary

Membership No. 34075

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2015

(Currency: Indian Rupees)

Particulars	Year ended March 31, 2015	Year ended March 31, 2014
A . CASH FLOW FROM OPERATING ACTIVITIES:		
Profit before tax	(33,406,712)	97,079
Adjustments for:		
Depreciation & Amortization	379,956	-
Finance Cost	70,073	-
Interest Income.....	(85,110)	-
Operating profit before working capital changes	(33,041,792)	97,079
Changes in:		
Trade Receivables	(6,273,989)	-
Inventories	(37,165,482)	-
Loans and Advances.....	(11,589,493)	2,370
Trade and other payables.....	34,707,296	-9,600
Cash generated from Operations	(20,321,668)	-7,230
Income Taxes paid	-	-38,073
NET CASH FROM OPERATING ACTIVITIES	(53,363,460)	51,776
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of fixed assets	(5,468,739)	-
Decrease in Margin Money deposit.....	-	-
Interest Income	85,110	-
NET CASH USED IN INVESTING ACTIVITIES.....	(5,383,630)	-
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Issue of Share Capital	75,000,000	-
Finance Cost Paid	(70,073)	-
NET CASH (USED IN)/FROM FINANCING ACTIVITIES	74,929,927	-
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS.....	16,182,837	51,776
CASH AND CASH EQUIVALENTS:		
Opening Balance.....	1,099,878	1,048,102
Closing Balance	17,282,715	1,099,878

As per our report of even date attached

For B. K. Khare & Co.
Chartered Accountants
Firm Registration No. 105102W

Padmini Khare Kaicker
Partner
Membership No. 044784

Place: Mumbai
Date: 05th May 2015

For and on behalf of the Board of Directors of

MAHINDRA UNITED FOOTBALL CLUB PRIVATE LIMITED

Prakash Wakankar
Chairman

Amar Korde
Director

Srinath R
Director

Sanjay Nadkarni
Chief Executive Officer

Rinkal G Mehta
Company Secretary
Membership No. 34075

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015

1. CORPORATE INFORMATION

Mahindra Internet Commerce Private Limited (the company) is a private limited company domiciled in India and was incorporated on 3rd November 2008 as Mahindra United Football Club Private Limited (MUFC). On 17th December, 2014, MUFC had discontinued its earlier business of operating professional football club in June 2010. The Company has changed its name and Object clause and started business operations in the area trading on E-Commerce platform from 20th December 2014. Pursuant to issue of shares to Mahindra Retail during the year, the Company has become subsidiary of Mahindra Retail Private Limited and is engaged in business of retailing baby and mother care product on E-Commerce platform (www.babyoye.com).

The company had acquired the assets of Moms Supplies Private Limited and Nest Childcare Private Limited on 20th December 2014 vide Asset Transfer Agreements of even date.

2. BASIS OF PREPARATION

The financial statements of the company have been prepared in accordance with the generally accepted accounting principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material respects with the accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014. The financial statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies adopted in the preparation of financial statements are consistent with those of previous year, except for the change in accounting policy explained below.

2.1 SIGNIFICANT ACCOUNTING POLICIES

a) Use of estimates

The preparation of financial statements in conformity with Generally Indian Accepted Accounting Principles requires the management to make estimates and assumptions that affect the reported balances of assets and liabilities as of the date of financial statements and reported amounts of income and expenses during the period. Management believes that the estimates used in the preparation of financial statements are prudent and reasonable. Actual results could differ from those estimates. Difference between the actual results and estimates are recognized in the year in which the results are known/materialized.

b) Fixed Assets and Depreciation

(i) Tangible Assets.

Fixed assets are stated at their original cost of acquisition less accumulated depreciation and impairment losses. Cost includes all incidental expenses related to acquisition and installation and other pre-operative expenses.

Depreciation is provided, pro rata for the period of use, by the straight line method (SLM), based on management's estimate of useful lives of the fixed assets at the following annual rates which are higher than the SLM rates prescribed in Schedule II to the Companies Act 2013.

Assets	(%)	Useful lives (years)
Furniture & Fixtures	09.50	10 Years
Office equipment's	19.00	5 Years
Computers & Peripherals	31.67	3 Years

(ii) Intangible Assets

Intangible assets are stated at their cost of acquisition, less accumulated amortisation and impairment losses thereon. An intangible asset is recognized, where it is probable that the future economic benefits attributable to the asset will flow to the enterprise and where its cost can be reliably measured.

The depreciable amount of intangible assets other than software is allocated over the best estimate of its useful life on a straight-line basis.

The company capitalizes software and related implementation costs where it is reasonably estimated that the software has an enduring useful life. Software is depreciated over management estimate of its useful life of 3 years.

d) Impairment of assets

The carrying amount of cash generating units/assets is reviewed at the balance sheet date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount is estimated as the net selling price or value in use, whichever is higher. Impairment loss, if any, is recognised whenever carrying amount exceeds the recoverable amount.

e) Inventories

Inventories are valued at the lower of cost and net realisable value. Cost of inventories comprises of all costs of purchase and other costs incurred in bringing the inventories to their present condition and location. Packing Material and Consumables are valued at cost. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

f) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

Sales of goods

Revenue from sale of goods is recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually when invoice is generated in the system. The company collects sales taxes and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the company. Hence, they are excluded from revenue.

Income from Services

Revenues from services rendered are recognised as and when the services are rendered.

Interest

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "other income" in the statement of profit and loss.

g) Foreign currency transactions

Foreign currency transactions are recorded at the exchange rates prevailing on the date of the transaction. Monetary foreign currency assets and liabilities are translated into Indian Rupees at the exchange rate prevailing at the balance sheet date. All exchange differences are dealt with in the profit and loss account.

(h) Retirement and other employee benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. The company has no obligation, other than the contribution payable to the provident fund. The company recognizes contribution payable to the provident fund scheme as an expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre payment will lead to, for example, a reduction in future payment or a cash refund.

MAHINDRA INTERNET COMMERCE PRIVATE LIMITED
(FORMERLY KNOWN AS MAHINDRA UNITED FOOTBALL CLUB PRIVATE LIMITED)

i) Income Tax

Tax expense comprises both current and deferred tax.

Current tax is measured at the amount expected to be paid to the tax authorities, using the applicable tax rates and tax laws.

Deferred tax assets and liabilities are recognised for future tax consequences attributable to the timing differences between taxable income and accounting income that are capable of reversal in one or more subsequent periods and are measured using tax rates enacted or substantively enacted as at the Balance Sheet date. Deferred Tax assets in respect of accumulated losses/unabsorbed depreciation are not recognised unless, in the management judgment, there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. The carrying amount of deferred tax is reviewed at each balance sheet date.

j) Earnings per Share

The company reports basic and diluted Earnings Per Share (EPS) in accordance with Accounting Standard 20 on Earnings Per Share.

Basic EPS is computed by dividing net profit or loss for the year by the weighted average number of Equity shares outstanding during the year.

h) Borrowing costs

Borrowing costs, if any, directly attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of qualifying assets. Other borrowing costs are expensed as incurred.

i) Operating Lease

Operating Lease payments are recognized as an expense in the Profit & Loss Account on a straight-line basis, which is representative of the time pattern of the user's benefit.

j) Cash Flow statement

The Cash Flow Statement is prepared by the indirect method set out in Accounting Standard 3 on Cash Flow Statements and presents the cash flows by operating, investing and financing activities of the company.

k) Provisions and Contingent Liabilities

Provisions are recognized in the accounts in respect of present probable obligations, the amount of which can be reliably estimated.

Contingent liabilities are disclosed in respect of possible obligations that arise from past events but their existence is confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

2.2 EXPLANATORY NOTES

(I) SEGMENT REPORTING

The Company is primarily in the business of retailing of baby and mothercare products through its own website, which in the context of Accounting Standard 17 on 'Segment Reporting' constitutes a single reporting segment.

(II) LEASING TRANSACTIONS

Operating lease rental charged to revenue for lease agreements entered on or after 1 April 2007 are:

Particulars	2014-15 Rs.	2013-14 Rs.
Office premises	36,15,993	NIL

(III) EARNING PER SHARE (EPS) IS CALCULATED AS FOLLOWS:

Sr. No.	Particulars	2014-15 Rs.	2013-14 Rs.
1	Profit/(Loss) attributable to equity shareholders	(3,34,06,711)	59,006
2	Weighted Average No. of shares	13,25,068	10,000
3	Nominal Value per share (Rs.)	10	10
4	Earning Per share (Rs.):		
	– Basic	(25.21)	5.90
	– Diluted	(25.21)	5.90

(IV) RELATED PARTY DISCLOSURES

i) Enterprises that directly or indirectly through one or more subsidiaries:

(a) Holding company:-
Mahindra Retail Private Limited

The related party transactions are as under:

Particulars	Year Ended	Sale of goods	Sale of services	Purchase of traded goods	Amount Rs.	
					Amount owed by related parties	Amount owed to related parties
	31st March, 2015	81,41,682	1,81,726	20,66,850	-	19,35,328
Mahindra retail private limited (Holding Company)	(31st March, 2014)	(NIL)	(NIL)	(NIL)	-	(NIL)

Other Transactions:

During the Year ended 31st March 2015, the Company issued 50,00,000 shares of Rs. 10 each Fully paid up at par to Mahindra Retail Private Limited. Share Application money pending allotment represents application received from Holding Company- Mahindra Retail Private Limited which comprises of 25,00,000 Equity shares of face value of 10 each fully paid up proposed to be issued at par. The Company has sufficient authorised capital to cover the share capital amount on allotment of above share

(V) CONTINGENT LIABILITIES:

There are no contingent liabilities as on 31st March, 2015.

(VI) COMMITMENT (NET OF ADVANCES):

Particulars	As at 31.03.2015 Rs.	As at 31.03.2014 Rs.
Capital Commitments	NIL	NIL

The information in respect of commitment has been given only in respect of capital commitments in order to avoid providing excessive details that may not assist users of financial statements.

(VII) EXPENDITURE IN FOREIGN CURRENCY

Particulars	As at 31.03.2015 Rs.	As at 31.03.2014 Rs.
Travelling expenses	22,219	NIL
Web Services	3,68,657	NIL
Advance made for purchase of Merchandise	23,19,108	NIL

MAHINDRA INTERNET COMMERCE PRIVATE LIMITED
(FORMERLY KNOWN AS MAHINDRA UNITED FOOTBALL CLUB PRIVATE LIMITED)

(VIII) INCOME IN FOREIGN CURRENCY

Particulars	As at	As at
	31.03.2015	31.03.2014
	Rs.	Rs.
Advertisement	50,521	NIL
(IX) The Management, based on their strategic future business plans for turnaround of operations and continued support from the Holding Company, assess that the Company will be able to continue its operations in the normal course. During the year, the Holding Company has contributed Rs.5,00,00,000 towards equity capital to support the operations of the Company. Accordingly, these financial statements have been prepared by the Management on going concern basis.		
(X) The company had acquired the assets of Moms Supplies Private Limited and Nest Childcare Private Limited for Rs.2,50,00,000 and Rs.5,00,000 respectively as per agreement dated 20th December, 2014. By virtue of acquisition of assets, the company entered into business of online sale of baby and mother care products. The consideration for the identified assets of the business represents the fair market value of the assets of the business.		
(XI) Disclosures relating to amounts payable as at the yearend together with interest paid/payable to Micro, Small and Medium Enterprises have been made in the accounts, as required under the Micro, Small and Medium Enterprises Development Act, 2006 to the extent of information available with the Company determined on the basis of intimation received from suppliers.		

Particulars	31.03.2015	31.03.2014
	Rs.	Rs.
(i) Principal amount remaining unpaid as on 31st March	18,41,724	NIL
(ii) Interest due thereon remaining unpaid as on 31st March	NIL	NIL
(iii) Interest paid by the Corporation in terms of section 16 of the Micro, Small and Medium enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during the year.	NIL	NIL
(iv) Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006	NIL	NIL
(v) Interest accrued and remaining unpaid as at 31st March	NIL	NIL
(vi) Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise.	NIL	NIL
(XII) Legal & Professional fees includes Share issue expenses amounting to Rs.16,01,000 and stamp duty on asset transfer agreement amounting to Rs. 13,13,700.		
(XIII) Previous year's figures have been regrouped/reclassified whenever necessary to correspond with the current year's classification/ disclosure. Previous numbers are not comparable as during the year company has acquired and started new business activity viz. online trading of baby and mother care products.		

Note 3 - Share capital

Particulars	Mar-15	Mar-14
	Amount in Rs.	Amount in Rs.
a. Authorised :		
1,50,00,000 (Previous Year 10,000) equity shares of Rs.10 each	150,000,000	100,000
b. Issued, subscribed and fully paid up:		
50,10,000 (Previous Year 10,000) equity shares of Rs.10 each	50,100,000	100,000
Total issued, subscribed and fully paid up	50,100,000	100,000

c. Reconciliation of share outstanding at the beginning & at the end of the Year

Particulars	Mar-15		Mar-14	
	Nos	Amount	Nos	Amount
Equity Shares:				
At the beginning of the period	10,000	100,000	10,000	100,000
Add: Issued during the year	5,000,000	50,000,000	-	-
Outstanding at the end of the period	5,010,000	50,100,000	10,000	100,000

During the year the company has issued 50,00,000 equity shares at face value of Rs. 10/- each at par to its holding company Mahindra Retail Private Limited.

d. Shares held by holding company

Particulars	Mar-15		Mar-14	
	Nos	Amount	Nos	Amount
Mahindra Holdings Limited	-	-	10,000	100,000
Mahindra Retail Private Limited	5,010,000	50,100,000	-	-

e. Details shareholders holding more than 5% shares in the company

Particulars	Mar-15		Mar-14	
	Nos	% Holdings	Nos	% Holdings
Mahindra Holdings Limited	-	-	10,000	100.00%
Mahindra Retail Private Limited	5,010,000	100.00%	-	-

Note 4 - Reserves and Surplus

Particulars	Rs.	Rs.
	Mar-15	Mar-14
Deficit in statement of Profit & Loss Account		
1 Opening balance	1,269,354	1,210,348
Add: Profit/(Loss) for the Current Year	(33,406,712)	59,006
Closing Balance	(32,137,358)	1,269,354

Note 5 - Share Application Money Pending Allotment

Particulars	Rs.	Rs.
	Mar-15	Mar-14
Share Application money pending allotment (Note a)	25,000,000	-
Total	25,000,000	-

(Note a) Share Application money pending allotment represents application money received from Holding Company - Mahindra Retail Private Limited which comprises of 25,00,000 Equity shares of face value of 10 each fully paid up proposed to be issued at par. The Company has sufficient authorised capital to cover the share capital amount on allotment of above share.

Note 6 - Trade payables

Particulars	Rs.	Rs.
	Mar-15	Mar-14
Micro, Small & Medium Enterprises (Refer Note 2.2 XII)	1,841,724	
Others	31,997,202	104,543
Total	33,838,926	104,543

Note 7 - Other current liabilities

Particulars	Rs.	Rs.
	Mar-15	Mar-14
Statutory dues payable	972,913	-
Other payables	-	-
Total	972,913	-

Note 8 - * Tangible Assets

Particulars	Gross Block (at cost)			Depreciation		Impairment Provision			Net block				
	Cost as at 1-Apr-2014	Additions **	Deletions/ Adjustments	Cost as at 31-Mar-2015	Up to 1-Apr-2014	For the year	On deletions	Up to 31-Mar-2015	As at 1-Apr-2014	Charge for the Year	Reversal for the Year	As at 31-Mar-2015	As at 31-Mar-2014
(A) Tangible assets													
i. Computer & Pheripherals	-	712,250	-	712,250	-	59,100	-	59,100	-	-	-	653,151	-
ii. Furnitures & Fixtures	-	1,150,250	-	1,150,250	-	30,237	-	30,237	-	-	-	1,120,013	-
iii. Motor Vehicles	-	-	-	-	-	-	-	-	-	-	-	-	-
iv. Office Equipments	-	724,847	-	724,847	-	38,109	-	38,109	-	-	-	686,738	-
Total	-	2,587,348	-	2,587,348	-	127,446	-	127,446	-	-	-	2,459,901	-
PREVIOUS YEAR	-	-	-	-	-	-	-	-	-	-	-	-	-

Note 9 - * Intangible Assets

Particulars	Gross Block (at cost)			Depreciation		Impairment Provision			Net block				
	Cost as at 1-Apr-2014	Additions	Deletions/ Adjustments	Cost as at 31-Mar-2015	Up to 1-Apr-2014	For the year	On deletions	Up to 31-Mar-2015	As at 1-Apr-2014	Charge for the Year	Reversal for the Year	As at 31-Mar-2015	As at 31-Mar-2014
i. Intangible Assets (Softwares)		2,881,392	-	2,881,392	-	252,510	0	252,510	-	-	-	2,628,882	-
Total	-	2,881,392	-	2,881,392	-	252,510	0	252,510	-	-	-	2,628,882	-
PREVIOUS YEAR	-	-	-	-	-	-	-	-	-	-	-	-	-

Capital work in progress

Particulars	Gross Block (at cost)			Depreciation		Impairment Provision			Net block				
	Cost as at 1-Apr-2014	Additions	Deletions/ Adjustments	Cost as at 31-Mar-2015	Up to 1-Apr-2014	For the year	On deletions	Up to 31-Mar-2015	As at 1-Apr-2014	Charge for the Year	Reversal for the Year	As at 31-Mar-2015	As at 31-Mar-2014
Capital Work in Progress													
TOTAL	-	-	-	-	-	-	-	-	-	-	-	-	-

* Refer Note No i & ii
** Refer Note No 2.2 (XI)

MAHINDRA INTERNET COMMERCE PRIVATE LIMITED
(FORMERLY KNOWN AS MAHINDRA UNITED FOOTBALL CLUB PRIVATE LIMITED)

Note 10 - Long - Term Loans & Advances

Particulars	Rs. Mar-15	Rs. Mar-14
(Unsecured considered good unless otherwise stated)		
Capital advances	–	–
Security deposits	3,150,000	–
Total	3,150,000	–

Note 11 - Inventories

Particulars	Rs. Mar-15	Rs. Mar-14
Stock-in-trade	36,318,474	–
(valued at lower of cost and net realisable value)		
Packing Materials & Consumables at cost	847,008	–
Total	37,165,482	–

Note 12 - Trade Receivables

Particulars	Rs. Mar-15	Rs. Mar-14
(Unsecured)		
Trade Receivables outstanding for more than six months from the date they are due for payment		
a) Considered good	–	–
b) Doubtful	–	–
c) Less: Provision for doubtful trade receivables	–	–
Others		
a) Considered good	6,273,989	–
b) Doubtful	–	–
c) Less: Provision for doubtful trade receivables	–	–
	6,273,989	–
Total	6,273,989	–

Note 13 - Cash & Bank Balances

Particulars	Rs. Mar-15	Rs. Mar-14
A. Cash & Cash Equivalents:		
Balances with Banks		
– On current account	16,502,493	49,878
Cash on hand	30,222	–
B. Other Bank Balances		
FD with bank	750,000	1,050,000
Total	17,282,715	1,099,878

Note 14 - Short-term Loans & Advances:

Particulars	Rs. Mar-15	Rs. Mar-14
(Unsecured considered good unless otherwise stated)		
Loans and advances to related parties	–	–
Advance for goods & services	6,385,556	–
Prepaid Expenses	846,607	–
Gratuity Fund	–	–
Security deposits	948,000	–
Others	633,349	374,019
Total	8,813,512	374,019

Note 15 - Revenue from Operations

Particulars	Rs. Mar-15	Rs. Mar-14
Sale of goods (Trading)	39,757,785	–
Other operating revenues	402,185	–
Total	40,159,970	–

Note 16 - Other Income

Particulars	Rs. Mar-15	Rs. Mar-14
Interest Others	85,110	91,103
Credit Balances Written back	95,818	–
Other Non-Operating Income	–	32,110
Total	180,928	123,213

Note 17 - Changes in Inventories of stock in trade

Particulars	Rs. Mar-15	Rs. Mar-14
Opening Stock	–	–
Less: Closing Stock	36,318,474	–
Decrease/(Increase) in Stock	36,318,474	–

Note 18 - Employee Benefit Expenses

Particulars	Rs. Mar-15	Rs. Mar-14
Salaries, wages and bonus	14,316,906	–
Contribution to provident and other funds	421,026	–
Staff welfare expenses	645,058	–
Total	15,382,990	–

Note 19 - Finance Cost

Particulars	Rs. Mar-15	Rs. Mar-14
Interest		
– loans for fixed period	–	–
– others	–	–
Bank charges	70,073	–
Total	70,073	–

MAHINDRA INTERNET COMMERCE PRIVATE LIMITED
(FORMERLY KNOWN AS MAHINDRA UNITED FOOTBALL CLUB PRIVATE LIMITED)

Note 20 - Other expenses

	Rs.	Rs.		Rs.	Rs.
Particulars	Mar-15	Mar-14	Particulars	Mar-15	Mar-14
Rent	3,615,993	-	Rates and taxes	42,398	1,620
Marketing & Advertising expenses	11,307,781	-	House Keeping	51,407	-
Power and fuel	484,480	-	Consumables	221,397	-
Commission on Sales/Contracts	1,069,978	-	Auditors' Remuneration	125,000	5,618
Legal & Professional fees	7,265,213	-	Miscellaneous expenses	279,432	17,354
Warehousing Charges	7,069,296	-	Total	37,128,661	24,592
Freight Inward	576,617	-			
Freight Outward	2,323,489	-		Rs.	Rs.
General and Administrative Expenses	1,693,058	-	Particulars	Mar-15	Mar-14
Internet and Broadband Expenses	262,880	-	a) Audit Fees	100,000	5,618
Travel & Conveyance	332,687	-	b) Tax Audit Fees	25,000	-
Security Expenses	407,557	-	c) For reimbursement of expenses	-	-
			Total	125,000	5,618

As per our report of even date attached

For B. K. Khare & Co.
Chartered Accountants
Firm Registration No. 105102W

Padmini Khare Kaicker
Partner
Membership No. 044784

Place: Mumbai
Date: 05th May 2015

For and on behalf of the Board of Directors of

MAHINDRA UNITED FOOTBALL CLUB PRIVATE LIMITED

Prakash Wakankar
Chairman

Amar Korde
Director

Srinath R
Director

Sanjay Nadkarni
Chief Executive Officer

Rinkal G Mehta
Company Secretary
Membership No. 34075

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors present their Twenty First Report together with the audited accounts of your Company for the year ended 31st March, 2015.

FINANCIAL HIGHLIGHTS AND STATE OF COMPANY'S AFFAIRS

Particulars	(Rs. in lakhs)	
	For the year ended 31 st March, 2015	For the year ended 31 st March, 2014
Revenue	4,402.66	5,567.19
(Loss)/Profit before Interest, Depreciation and Tax	172.22	(4.37)
Less : Depreciation	150.99	115.83
(Loss)/Profit before Interest and Tax	21.23	(120.20)
Add : Interest Income (Net)	171.08	162.87
(Loss) /Profit before Tax	192.31	42.66
Provision for Tax	-	-
(Loss)/Profit for the year	192.31	42.66
(Loss) brought forward from earlier years	(10,628.80)	(10,671.47)
Less: Deprecation on transition to Schedule II of the Companies Act, 2013 on Fixed Assets with Nil remaining useful life	(29.61)	-
(Loss) carried to Balance Sheet	(10,466.10)	(10,628.80)
Net Worth	8,310.62	1,556.07

No material changes and commitments have occurred after the closure of the year under review till the date of this report which would affect the financial position of the Company.

OPERATIONS

The Company's profit has grown significantly from Rs. 0.42 crore last year to Rs. 1.92 crore during the financial year under review.

The franchise channel grew by over 40% during the year with increasing penetration in smaller cities and towns. The channel continues to exhibit a healthy growth in revenues through its offerings like warranty, road side assistance, vehicle procurement assistance services etc.

The Company's online business has witnessed strong growth during the financial year. The used vehicle valuation services have been well received by the market. The online price guide too has gained significant acceptance from leading market players. New technology driven product launches during the year have added momentum to revenue growth.

The Company continues to focus on driving synergies between its online and physical businesses for long term sustainable growth through a hybrid business model.

During the year under review, the Company has received capital infusion to fund its short to medium term growth plans.

DIVIDEND

In view of the accumulated losses and need to conserve resources, your Directors do not recommend dividend for the year under review.

OUTLOOK FOR THE CURRENT YEAR

In the current year, the company plans to continue expanding its franchise network while strengthening its service offerings. The online business is projected for continued growth fuelled by technology driven products.

SHARE CAPITAL

During the year under review, the Authorised Share Capital of your Company was increased from Rs. 70 crore to Rs. 90 crore. Further your Company has issued and allotted 68,45,631 Equity Shares having Face Value of Rs. 10/- each at a premium of Rs. 81.08/- to Valiant Mauritius Partners FDI Limited and 33,34,633 Equity shares of Rs. 10/- each to Phi Advisors Private Limited consequent to conversion of 3,66,122 Secured Debentures at a price of Rs. 91.08/- each issued to Phi Advisors Private Limited during the year under review. Accordingly, the paid-up share capital of the Company has increased to Rs. 76,87,29,200 comprising of 7,68,72,920 Equity Shares of Rs. 10 each.

BOARD OF DIRECTORS

Composition:

Sr. No.	Name of Director & DIN	Designation	Executive/ Non Executive	Independent/ Non Independent
1.	Anand Gopal Mahindra (DIN: 00004695)	Chairman	Non Executive	Non Independent
2.	Sanjay Mohan Labroo (DIN: 00009629)	Director	Non Executive	Non Independent

Sr. No.	Name of Director & DIN	Designation	Executive/ Non Executive	Independent/ Non Independent
3.	Rajeev Bidyanand Dubey (DIN: 00104817)	Director	Non Executive	Non Independent
4.	Sangeeta Talwar (DIN: 00062478)	Director	Non Executive	Independent
5.	Ramesh Ganesh Iyer (DIN: 00220759)	Director	Non Executive	Non Independent
6.	Anupam Thareja (DIN: 01091533)	Director	Non Executive	Non Independent
7.	Padmanabhan Sivaram (DIN: 00066864)	Director	Non Executive	Non Independent
8.	Pawan Kumar Goenka (DIN: 00254502)	Director	Non Executive	Non Independent
9.	Diwakar Gupta (DIN: 01274552)	Director	Non Executive	Independent
10.	Nagendra Palle (DIN: 06964686)	Managing Director	Executive	Non Independent

The Board of Directors had on the recommendation of the Nomination & Remuneration Committee appointed Dr. Nagendra Palle as the Managing Director of the Company designated as MD & CEO for a period of three years with effect from 24th October, 2014. The Members of the Company had at the Extra-ordinary General Meeting held on 1st December, 2014 approved the said appointment and terms of remuneration of Dr. Palle.

Mr. Diwakar Gupta and Ms. Sangeeta Talwar who, in the opinion of the Board, are persons with integrity and possess relevant expertise and experience, and who have given declarations to the effect that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013, were appointed as Independent Directors with effect from 31st March, 2015 at the Extra-ordinary General Meeting of the Company held on 16th March, 2015 for a period of five consecutive years and they shall not be liable to retire by rotation.

Mr. P. Sivaram, Dr. Pawan Goenka and Mr. Anupam Thareja would retire by rotation at the forthcoming Annual General Meeting of the Company and being eligible, offer themselves for re-appointment at the forthcoming Annual General Meeting. Mr. Diwakar Gupta and Ms. Sangeeta Talwar, Independent Directors of your Company have furnished declarations that they meet the criteria of independence as provided under Section 149 of the Companies Act, 2013.

MEETINGS

The Board of Directors met seven times during the year under review viz., on 15th May, 2014, 13th August, 2014, 24th October, 2014, 29th January, 2015, 16th February, 2015, 16th March, 2015 and 28th March, 2015.

DIRECTOR'S RESPONSIBILITY STATEMENT

Pursuant to section 134 (3) (c) of the Companies Act, 2013, your Directors based on the representation received from the Operating Management and after due enquiry, confirm that:

- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed;

- (b) that such accounting policies have been selected and applied consistently and judgments and estimates made are reasonable and prudent, so as to give a true and fair view of the state of affairs of the company at 31st March, 2015 and of the profit of the Company for the financial year ended on that date;
- (c) that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) that the annual accounts have been prepared on a going concern basis; and
- (e) that proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

EVALUATION OF PERFORMANCE

Pursuant to the provisions of the Companies Act, 2013, the Board has carried out an annual evaluation of its own performance and that of its Committees as well as performance of the Directors individually. Feedback was sought by way of a structured questionnaire covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance and the evaluation was carried out based on responses received from the Directors.

CODES OF CONDUCT

Your Company has in place Codes of Conduct for Corporate Governance ("the Codes") for its Directors and Senior Management Personnel and Employees. These Codes enunciate the underlying principles governing the conduct of your Company's business and seek to reiterate the fundamental precept that good governance must and would always be an integral part of Company's ethos.

Your Company has for the year under review, received declarations under the Codes from the Directors, Senior Management Personnel and Employees affirming compliance with the respective Codes.

AUDIT COMMITTEE

The Audit Committee comprises of Mr. Diwakar Gupta (Chairman), Ms. Sangeeta Talwar & Mr. Ramesh Iyer as its Members. Pursuant to Section 177 of Companies Act, 2013, read with Companies (Meetings of Board and its Powers) Rules, 2014, the Audit Committee was re-constituted with the induction of Mr. Diwakar Gupta & Ms. Sangeeta Talwar and withdrawal of nomination of Mr. Rajeev Dubey, Mr. Sanjay Labroo and Mr. P. Sivaram as Members of the Committee with effect from 31st March, 2015.

The Audit Committee met three times during the year under review viz; on 15th May, 2014, 13th August, 2014 and 24th October, 2014.

NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee comprises of Mr. Rajeev Dubey (Chairman), Mr. Diwakar Gupta and Ms. Sangeeta Talwar as its Members. Pursuant to Section 178 of

Companies Act, 2013, read with Companies (Meetings of Board and its Powers) Rules, 2014, the Nomination and Remuneration Committee of your Company was re-constituted with the induction of Mr. Diwakar Gupta & Ms. Sangeeta Talwar and withdrawal of nomination of Mr. Ramesh Iyer and Mr. P. Sivaram as Members of the Committee with effect from 31st March, 2015. The Nomination and Remuneration Committee carried out an evaluation of the performance of individual directors through a structured questionnaire process covering various aspects such as skills, performance, attendance, knowledge etc.

The Nomination and Remuneration Committee met thrice viz; on 13th August, 2014, 24th October, 2014 and 16th February, 2015 during the year under review.

RISK MANAGEMENT POLICY

Your Company has formulated a Risk Management Policy including identification therein of the elements of risk which in the opinion of Board may threaten the existence of the Company. Your Company's risk management policy sets out the objectives and elements of risk management within the organisation and helps to promote risk awareness amongst employees and to integrate risk management within the corporate culture.

Implementation of the Risk Management Policy is expected to be helpful in managing the risks associated with the business of the Company.

POLICY FOR REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES AND CRITERIA FOR APPOINTMENT/REMOVAL OF DIRECTORS AND SENIOR MANAGEMENT PERSONNEL

In line with the principles of transparency and consistency and upon recommendation of the Nomination and Remuneration Committee, your Board has approved:

- Policy on the appointment/removal of directors and senior management personnel, together with the criteria for determining qualifications, positive attributes and independence of directors.
- Policy on the remuneration of directors, key managerial personnel and other employees.

These policies are provided as Annexure I and forms part of this report.

KEY MANAGERIAL PERSONNEL

During the year under review, Dr. Nagendra Palle ceased to be Manager of your Company and was subsequently appointed as Managing Director of the Company with effect from 24th October, 2014.

Your Company has appointed Mr. Percy Mahernosh as Chief Financial Officer and Mr. Deeraj Nair as the Company Secretary of the Company with effect from 1st April, 2014, pursuant to provisions of Section 2(51) and Section 203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

STATUTORY AUDITORS

M/s. Deloitte Haskins & Sells LLP, Chartered Accountants, Mumbai (ICAI Registration Number: 117366W/W-100018) retire as Auditors of the Company at the conclusion of the forthcoming Annual General Meeting (AGM).

As required by the provisions of Section 139 read with Section 141 of the Companies Act, 2013, your Company has received a written consent and certificate from M/s. Deloitte Haskins & Sells LLP, Chartered Accountants, to the effect that their reappointment, if made, would be in conformity with the conditions and criteria specified in the said sections.

The members are requested to appoint Auditors to hold office from the conclusion of forthcoming AGM till the conclusion of next AGM and fix their remuneration.

The Auditors' Report does not contain any qualification, reservation or adverse remark.

SECRETARIAL AUDITORS

Your Company had appointed Makarand M. Joshi & Co., a firm of practising Company Secretaries as Secretarial Auditor of the Company in accordance with Section 204 of Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

In terms of provisions of sub section 1 of Section 204 of Companies Act, 2013, the Company has annexed with this Report as Annexure II, a Secretarial Audit Report in prescribed Form MR 3 given by the Secretarial Auditor.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars relating to the energy conservation, technology absorption and foreign exchange earnings and outgo, as required under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Account) Rules, 2014 is furnished in Annexure III to this Report.

PARTICULARS OF PUBLIC DEPOSITS, LOANS, GUARANTEES OR INVESTMENTS

Your Company has not accepted any deposits from the public, or its employees, within the meaning of Section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014 during the year under review.

The Company has not made any loans and advances of the nature which are required to be disclosed in the annual accounts of the Company pursuant to Clause 32 of the Listing Agreement of the ultimate parent company, Mahindra and Mahindra Limited with the Stock Exchanges.

The details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in Annexure IV which forms part of this Report.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES

All the contracts/ arrangements / transactions entered, during the year under review, with related parties referred to in sub section 1 of Section 188 of Companies Act, 2013, and Rules made thereunder, were carried out in ordinary course of business and at arm's length.

Particulars of material contracts or arrangements or transactions with related parties, required to be furnished in terms of Section 134 of Companies Act, 2013 are furnished in Form AOC – 2 as Annexure V which forms part of this Report.

EXTRACT OF ANNUAL RETURN

Pursuant to Section 92(3) of the Companies Act, 2013 read with Rule 12(1) of the Companies (Management and

Administration) Rules, 2014, an extract of the Annual Return in Form MGT 9 is provided as Annexure VI which forms part of this Report.

EMPLOYEES STOCK OPTION SCHEME (“ESOS”)

Your Company has formulated two Employees Stock Option Scheme viz; Employees Stock Option Scheme 2010 and Employees Stock Option Scheme 2015 for the benefit of employees of the company. During the year under review, the Company has not granted any Stock Options to the employees under the aforesaid Schemes.

Details of the shares vested, exercised and issued under the aforesaid Scheme, as also disclosures in compliance with Rule 12 (9) of the Companies (Share Capital and Debentures) Rules, 2014 are set out in the Annexure VII which forms part of this Report.

INTERNAL CONTROLS

Your Company has an adequate system of internal controls and monitoring procedures as well as internal financial controls on financial statements commensurate with the size and the nature of its business. The internal control system is supplemented by documented policies, guidelines and procedures. Besides the Company regularly conducts reviews to assess the adequacy of financial and operating controls for various businesses of the Company. Significant issues, if any, are brought to the attention of the Audit Committee. The Internal Audit function submits detailed reports periodically to the management and the Audit Committee. The Audit Committee reviews these reports with the operating management with a view to provide oversight of the internal control systems.

SAFETY, HEALTH AND ENVIRONMENTAL PERFORMANCE

Your Company's commitment towards safety, health and environment is being continuously enhanced and persons working at all locations are given adequate training on safety and health. The requirements relating to various environmental legislations and environment protection have been duly complied with by your Company.

SUSTAINABILITY

Your Company continues with its journey on sustainable development with conscious efforts to minimize the environmental impact caused by its operations and simultaneously taking responsibility to enable communities to Rise without losing focus on economic performance.

THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

During the year under review no complaints were received under The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and rules framed thereunder.

GENERAL DISCLOSURES

Your Directors state that no disclosure or reporting is required in respect of the following items as they were not applicable to your Company during the year under review:

1. Issue of equity shares with differential rights as to dividend, voting or otherwise.
2. Details relating to deposits covered under Chapter V of the Companies Act, 2013.
3. Issue of Shares (Including Sweat Equity Shares) to employees of the Company under any Scheme save and except ESOS referred to in this Report.
4. There were no Shares having voting rights not exercised directly by the employees and for the purchase of which or subscription to which loan was given by the Company.
5. Disclosure of remuneration of employees under Section 197(12) of the Companies Act, 2013 read with Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, since your Company is an unlisted Company.

No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and the Company's operations in future.

ACKNOWLEDGEMENTS

Your Directors are pleased to take this opportunity to thank the bankers, customers, vendors, all the other stakeholders for their co-operation to the Company during the year under review.

For and on behalf of the Board

Dr. Nagendra Palle
Managing Director

Rajeev Dubey
Director

Mumbai, 28th April, 2015

ANNEXURE I TO THE DIRECTORS' REPORT

POLICY ON APPOINTMENT OF DIRECTORS AND SENIOR MANAGEMENT AND SUCCESSION PLANNING FOR ORDERLY SUCCESSION TO THE BOARD AND THE SENIOR MANAGEMENT

DEFINITIONS

The definitions of some of the key terms used in this Policy are given below.

“**Board**” means Board of Directors of the Company.

“**Company**” means Mahindra First Choice Wheels Ltd.

“**Committee(s)**” means Committees of the Board for the time being in force.

“**Employee**” means employee of the Company whether employed in India or outside India including employees in the Senior Management Team of the Company.

“**HR**” means the Human Resource department of the Company.

“**Key Managerial Personnel**” (KMP) refers to key managerial personnel as defined under the Companies Act, 2013 and includes:

(i) Managing Director (MD), or Chief Executive Officer (CEO); or Manager; or Whole time Director (WTD)

(ii) Chief Financial Officer (CFO); and

(iii) Company Secretary (CS).

“**Nomination and Remuneration Committee**” (NRC) means Nomination and Remuneration Committee of Board of Directors of the Company for the time being in force.

“**Senior Management**” means personnel of the Company who are members of its Core Management Team excluding Board of Directors comprising of all members of management one level below the executive directors including the functional heads.

I. APPOINTMENT OF DIRECTORS

- The NRC reviews and assesses Board composition and recommends the appointment of new Directors. In evaluating the suitability of individual Board member, the NRC shall take into account the following criteria regarding qualifications, positive attributes and independence of director:
 1. All Board appointments will be based on merit, in the context of the skills, experience, independence and knowledge, for the Board as a whole to be effective.
 2. Ability of the candidates to devote sufficient time and attention to his professional obligations as Independent Director for informed and balanced decision making.

3. Adherence to the Code of Conduct and highest level of Corporate Governance in letter and in spirit by the Independent Directors.

- Based on recommendation of the NRC, the Board will evaluate the candidate(s) and decide on the selection of the appropriate member. The Board through the Chairman or the Managing Director or any other Director will interact with the new member to obtain his/her consent for joining the Board. Upon receipt of the consent, the new Director will be co-opted by the Board in accordance with the applicable provisions of the Companies Act, 2013 and Rules made thereunder.

REMOVAL OF DIRECTORS

If a Director is attracted with any disqualification as mentioned in any of the applicable Act, rules and regulations thereunder or due to non - adherence to the applicable policies of the company, the NRC may recommend to the Board with reasons recorded in writing, removal of a Director subject to the compliance of the applicable statutory provisions.

SENIOR MANAGEMENT PERSONNEL

The NRC shall identify persons who are qualified to become directors and who may be appointed in senior management team in accordance with the criteria as enumerated above.

Senior Management personnel are appointed or promoted and removed/relieved with the authority of Chairman or Managing Director based on the business need and the suitability of the candidate. The details of the appointment made and the personnel removed one level below the Key Managerial Personnel during a quarter shall be presented to the Board.

II. SUCCESSION PLANNING

Purpose

The Talent Management Policy sets out the approach to the development and management of talent in the Mahindra Group to ensure the implementation of the strategic business plans of the Group and the Group Aspiration of being among the Top 50 globally most-admired brands by 2021.

Board:

The successors for the Independent Directors shall be identified by the NRC at least one quarter before expiry of the scheduled term. In case of separation of Independent Directors due to resignation or otherwise, successor will be appointed at the earliest but not later

than the immediate next Board meeting or three months from the date of such vacancy, whichever is later.

The successors for the Executive Director(s) shall be identified by the NRC from among the Senior Management or through external source as the Board may deem fit.

The NRC will accord due consideration for the expertise and other criteria required for the successor.

The Board may also decide not to fill the vacancy caused at its discretion.

Senior Management Personnel:

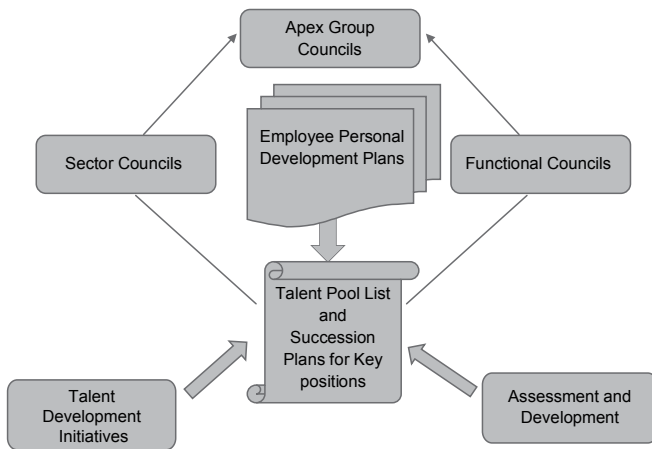
A good succession-planning program aims to identify high growth individuals, train them and feed the pipelines with new talent. It will ensure replacements for key job incumbents in KMPs and senior management positions in the organization.

Significantly, we have a process of identifying Hi-pots and critical positions. Successors are mapped for these positions at the following levels:

1. Emergency successor
2. Ready now
3. Ready in 1 to 2 years
4. Ready in 2 to 5 years
5. Ready in more than 5 years

in order to ensure talent readiness as per a laddered approach.

The Talent Management process can be represented pictorially as under:



The talent pipeline is maintained and developed so as to ensure that there is a seamless flow of talent. An important part of this exercise is drawing up and implementing IDAPs (Individual Development Action Plans) for every Executive concerned using the 3E approach mentioned above.

POLICY FOR REMUNERATION OF THE DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES

Purpose

This Policy sets out the approach to Compensation of Directors, Key Managerial Personnel and other employees in Mahindra First Choice Wheels Ltd.

Policy Statement

We have a well-defined Compensation policy which is in line with our parent company Mahindra & Mahindra Ltd. for Managing Director, Manager, Key Managerial Personnel and all employees, of the Company. The overall compensation philosophy which guides us is that in order to achieve global leadership and dominance in domestic markets, we need to attract and retain high performers by compensating them at levels that are broadly comparable with the median of the comparator basket while differentiating people on the basis of performance, potential and criticality for achieving competitive advantage in the business.

In order to effectively implement this, we have built our Compensation structure by a regular annual benchmarking over the years with relevant players across the industry we operate in.

NON-EXECUTIVE INCLUDING INDEPENDENT DIRECTORS

The Nomination and Remuneration Committee (NRC) shall decide the basis for determining the compensation, both Fixed and variable, to the Non-Executive Directors, including Independent Directors, whether as commission or otherwise. The NRC shall take into consideration various factors such as director’s participation in Board and Committee meetings during the year, other responsibilities undertaken, such as membership or Chairmanship of committees, time spent in carrying out their duties, role and functions as envisaged in Schedule IV of the Companies Act, 2013 and such other factors as the NRC may consider deem fit for determining the compensation. The Board shall determine the compensation to Non-Executive Directors within the overall limits specified in the Shareholders resolution.

Executive Directors

The remuneration to Managing Director and Executive Director(s) shall be recommended by NRC to the Board. The remuneration consists of both fixed compensation and variable compensation and shall be paid as salary, commission, performance bonus, stock options (where applicable), perquisites and fringe benefits as approved by the Board and within the overall limits specified in the Shareholders resolution. While the fixed compensation is determined at the time of their appointment, the variable compensation will be determined annually by the NRC based on their performance.

Key Managerial Personnel (KMPs)

The terms of remuneration of Chief Executive Officer (CEO), Chief Financial Officer (CFO) , Company Secretary (CS) & other Key Management personnel, if any, shall be determined by the Board and shall be revised either by any Director or such other person as may be authorized by the Board from time to time. The remuneration shall be consistent with the competitive position of the salary for similar positions in the industry and their Qualifications, Experience, Roles and Responsibilities. Pursuant to the provisions of section 203 of the Companies Act, 2013 the Board shall approve the remuneration at the time of their appointment.

The remuneration to directors, KMPs and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

Employees

We follow a differential approach in choosing the comparator basket for benchmarking, depending upon the level in the organization:

- a. For all employees from Operational to Executive Band, we benchmark with a set of comparators from the same industry.
- b. For Strategic band and above, we have a position-based approach and the comparator basket includes benchmarks from across relevant industries.

We have a CTC (Cost to Company) concept which includes a fixed component (Guaranteed Pay) and a variable component

(Performance pay). The percentage of the variable component increases with increasing hierarchy levels, as we believe employees at higher positions have a far greater impact and influence on the overall business result. The CTC is reviewed once every year and the compensation strategy for positioning of individuals takes into consideration the following elements:

- Performance
- Potential
- Criticality
- Longevity in grade

Remuneration for the new employees other than KMPs and Senior Management Personnel will be decided by the HR, in consultation with the concerned business unit head at the time of hiring, depending upon the relevant job experience, last compensation and the skill-set of the selected candidate.

The Company may also grant Stock Options to the Employees and Directors (other than Independent Directors and Promoter) in accordance with the ESOP Scheme of the Company and subject to the compliance of the applicable statutes and regulations.

For and on behalf of the Board

Dr. Nagendra Palle
Managing Director

Rajeev Dubey
Director

Mumbai, 28th April, 2015

ANNEXURE II TO THE DIRECTORS' REPORT**FORM NO. MR. 3****SECRETARIAL AUDIT REPORT**For the Financial Year Ended 31st March, 2015

[Pursuant to section 204(1) of the Companies Act, 2013 and rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
MAHINDRA FIRST CHOICE WHEELS LIMITED
Gateway Bldg Apollo Bunder,
Mumbai -400001

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **MAHINDRA FIRST CHOICE WHEELS LIMITED** (hereinafter called the "**Company**"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2015 ('**Audit Period**') complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2015 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under (**Not Applicable to the Company**)
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment (Overseas Direct Investment and External Commercial Borrowings are not applicable during the audit period)
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('**SEBI Act**'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (**Not Applicable to the Company**)

- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 (**Not Applicable to the Company**)
- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (**Not Applicable to the Company**)
- (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 notified on 28th October 2014 (**Not Applicable to the Company**)
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (**Not Applicable to the Company**)
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client (**Not Applicable to the Company**)
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (**Not Applicable to the Company**) and
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (**Not Applicable to the Company**);

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India (**Not notified during the audit period and hence not applicable to the Company**);
- (ii) The Listing Agreements entered into by the Company with stock exchanges. (**Not Applicable to the Company**).

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, etc.

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors

and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period:

- The Company has issued and allotted 68,45,631 Equity Shares having Face Value of Rs. 10/- each at

a premium of Rs. 81.08/- and 33,34,633 Equity shares of Rs. 10/- each pursuant to conversion of Secured debentures of the Company on Private Placement Basis.

- The Company has altered the provisions of the Memorandum with respect to share capital of the Company during the audit period.

For Makarand M. Joshi & Co

Makarand Joshi
Partner
FCS No. 5533
CP No. 3662

Place: Mumbai
Date: 28/04/2015

ANNEXURE III TO THE DIRECTORS' REPORT**PARTICULARS AS PER RULE 8(3) OF THE COMPANIES (ACCOUNTS) RULES, 2014****CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE OUTGO****(A) Conservation of energy:**

- (i) the steps taken or impact on conservation of energy:

Though the activities of the Company are not power intensive, various measures are taken to contain and bring about saving in power consumption through improved operational methods, better house-keeping and awareness programs.

- (ii) the steps taken by the company for utilizing alternate sources of energy: Not Applicable
 (iii) the capital investment on energy conservation equipment: Nil

(B) Technology absorption:

- (i) the efforts made towards technology absorption: None
 (ii) the benefits derived like product improvement, cost reduction, product development or import substitution: Not Applicable
 (iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year): Not Applicable
 (iv) the expenditure incurred on Research and Development. Nil

(C) Foreign exchange earnings and Outgo

Foreign exchange earnings and outgo during the year under review are as follows:

	For the year ended 31st March, 2015	<i>(Rupees in lakhs)</i> For the year ended 31 st March, 2014
Foreign Exchange earned	18.32	–
Foreign Exchange Outgo	4.54	0.29

For and on behalf of the Board

Dr. Nagendra Pale
Managing Director

Rajeev Dubey
Director

Mumbai, 28th April, 2015

ANNEXURE IV TO THE DIRECTORS' REPORT**LOANS, GUARANTEES OR INVESTMENTS**

The particulars of loans, guarantees or investment under Section 186 of the Companies Act, 2013 is as under:

Details of Loans:

Sr. No.	Date of making loan	Details of Borrower	Amount	Purpose for which the loan is to be utilized by the recipient	Time period for which it is given	Rate of Interest
Loans given						
1	09-04-2014	HDFC Ltd.	2,50,00,000	Working Capital	365 days	9.90%
2	12-08-2014	HDFC Ltd.	1,00,00,000	Working Capital	365 days	9.45%
3	24-12-2014	HDFC Ltd.	1,50,00,000	Working Capital	365 days	8.90%
4	12-01-2015	HDFC Ltd.	1,50,00,000	Working Capital	365 days	8.90%
5	25-03-2015	HDFC Ltd.	1,00,00,000	Working Capital	35 days	7.50%
6	31-03-2015	HDFC Ltd.	20,00,00,000	Working Capital	365 days	8.65%

For and on behalf of the Board

Dr. Nagendra Palle
Managing Director

Rajeev Dubey
Director

Mumbai, 28th April, 2015

ANNEXURE V TO THE DIRECTORS' REPORT**FORM NO. AOC. 2**

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

1. Details of contracts or arrangements or transactions not at arm's length basis: NIL
2. Details of material contracts or arrangement or transactions at arm's length basis:

Sr. No.	Nature of contracts/ transactions	Name of the related party	Nature of relationship	Duration of contracts	Salient terms of contracts/ transactions	Amount
1.	Commission for facilitating sale of used car on e-platform and fees for used vehicle valuation services	Mahindra & Mahindra Financial Services Limited	Fellow Subsidiary	Continuing	Facilitating sale of used cars on e-platform and providing used vehicle valuation service/At prevailing Market rates	3,71,30,006/-

Note: for the purpose of materiality, the following criteria have been considered.

- 10% of turnover of the Company or Rs. one hundred crore, whichever is lower is considered as material for the purpose of disclosure in respect of Contracts/transactions/arrangements for sale, purchase, or supply of any goods or materials.
- 10% of net worth of the Company or Rs. one hundred crore, whichever is lower is considered as material for the purpose of disclosure in respect of Contracts/transactions/arrangements for selling or otherwise disposing of or buying property of any kind.
- 10% of the net worth of the Company or 10 % of turnover of the Company or Rs. one hundred crore, whichever is lower is considered as material for the purpose of disclosure in respect of Contracts/transactions/arrangements for leasing of property of any kind.
- 10% of turnover of the Company or Rs. fifty crores, whichever is lower is considered as material for the purpose of disclosure in respect of Contracts/transactions/arrangements for rendering of services.

For and on behalf of the Board

Dr. Nagendra Palle
Managing Director

Rajeev Dubey
Director

Mumbai, 28th April, 2015

ANNEXURE VI TO THE DIRECTORS' REPORT

Form No. MGT-9

EXTRACT OF ANNUAL RETURNas on the financial year ended on 31st March, 2015

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS

i)	CIN:-	U64200MH1994PLC083996
ii)	Registration Date	22/12/1994
iii)	Name of the Company	MAHINDRA FIRST CHOICE WHEELS LIMITED
iv)	Category/Sub-Category of the Company	Company Limited by Shares (Indian Non-Government Company)
v)	Address of the Registered office and contact details	Gateway Building, Apollo Bunder, Mumbai, Maharashtra. Tel: +9122 24905633 Fax: +9122 24900833
vi)	Whether listed Company (Yes/No)	No
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	Not Applicable

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sr. No.	Name and Description of main product/services	NIC Code of the Product/service	% to total turnover of the company
1	Franchise business	77400	49.23 %
2	Facilitating Sale of used vehicles on commission basis	45102	16.86 %
3	Vehicle Valuation Services	71200	15.44 %

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/SUBSIDIARY/ ASSOCIATE	% of shares held	Applicable Section
1.	Mahindra and Mahindra Ltd. Gateway Building, Apollo Bunder, Mumbai 400 001 Tel: +91 22 24901441 Fax: +91 22 24900833	L65990MH1945PLC004558	Holding	43.70%	2(46)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**(i) Category-wise Share Holding**

Category of Shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
(a) Individual/HUF									
(b) Central Govt.									
(c) State Govt.									
(d) Bodies Corp.	–	3,47,77,255*	3,47,77,255*	52.15%	–	3,35,96,424**	3,35,96,424**	43.70%	8.45%
(e) Banks/Fl									

Category of Shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(f) Any other...									
Sub-Total (A)(1):-	–	3,47,77,255*	3,47,77,255*	52.15%	–	3,35,96,424**	3,35,96,424**	43.70%	8.45%
(2) Foreign									
(a) NRIs-Individuals									
(b) Other-Individuals									
(c) Bodies Corp.									
(d) Banks/Fl									
(e) Any other...									
Sub-Total (A)(2):-									
Total shareholding of Promoter (A)=(A)(1)+ (A)(2)	–	3,47,77,255*	3,47,77,255*	52.15%	–	3,35,96,424**	3,35,96,424**	43.70%	8.45%
B. Public Shareholding									
1. Institutions									
(a) Mutual Funds									
(b) Banks/Fl									
(c) Central Govt									
(d) State Govt(s)									
(e) Venture Capital Funds									
(f) Insurance Companies									
(g) FIs									
(h) Foreign Venture Capital Funds									
(i) Others (Trust)	–	32,61,937	32,61,937	4.89%	–	30,28,067	30,28,067	3.94%	0.95%
Sub-total (B)(1):-	–	32,61,937	32,61,937	4.89%	–	30,28,067	30,28,067	3.94%	0.95%
2. Non-Institutions									
(a) Bodies corp.									
(i) Indian	–	2,42,34,461	2,42,34,461	36.33%	–	2,61,12,151	2,61,12,151	33.97%	2.36%
(ii) Overseas	–	–	–	–	–	1,02,68,329	1,02,68,329	13.36%	13.36%
(b) Individuals									
(i) Individual shareholders holding nominal share capital upto Rs. 1 Lakh									
(ii) Individual shareholders holding nominal share capital in excess of Rs. 1 Lakh	–	44,19,003	44,19,003	6.63%	–	38,67,949	38,67,949	5.03%	1.6%
(c) Others (specify)									
Sub-total (B)(2):-	–	2,86,53,464	2,86,53,464	42.96%	–	4,02,48,429	4,02,48,429	52.36%	9.4%
Total Public Shareholding (B)=(B)(1)+ (B)(2)	–	3,19,15,401	3,19,15,401	47.85%	–	4,32,76,496	4,32,76,496	56.30%	8.45%
C. Shares held by Custodian for GDRs & ADRs									
Grand Total (A+B+C)	–	6,66,92,656	6,66,92,656	100%	–	7,68,72,920	7,68,72,920	100%	–

(ii) Shareholding of Promoters:

Sr. No.	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of shares	% of total shares of the company	% of shares pledged/encumbered to total shares	No. of shares	% of total shares of the company	% of shares pledged/encumbered to total shares	
1	Mahindra & Mahindra Ltd.	3,47,77,248	52.15%	–	3,35,96,418	43.70%	–	8.45%
2	Mahindra & Mahindra Limited jointly with M.A. Nazareth***	1	0.00%	–	1	0.00%		0.00%
3	Mahindra & Mahindra Limited jointly with Ulhas N. Yargop***	1	0.00%	–	1	0.00%		0.00%
4	Mahindra & Mahindra Limited jointly with Bharat N. Doshi***	1	0.00%	–	1	0.00%		0.00%
5	Mahindra & Mahindra Limited jointly with U.Y. Phadke***	1	0.00%	–	0	0.00%		0.00%
6	Mahindra & Mahindra Limited jointly with Bakul P. Sheth***	1	0.00%	–	1	0.00%		0.00%
7	Mahindra & Mahindra Limited jointly with Angarika Baviskar***	1	0.00%	–	1	0.00%		0.00%
8	Mahindra & Mahindra Limited jointly with C. Krishnadas***	1	0.00%	–	1	0.00%		0.00%
	Total	3,47,77,255	52.15%	–	3,35,96,424	43.70%	–	8.45%

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sr. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
	Mahindra & Mahindra Ltd.	3,47,77,255	52.15%	3,47,77,255	52.15%
	Sale of shares to Valiant Mauritius Partners FDI Limited	11,80,831	1.77%	3,35,96,424	43.70%
	At the end of the year	3,35,96,424	43.70%	3,35,96,424	43.70%

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	Top 10 Shareholders	Shareholding at the beginning of the year		Change in Shareholding		Shareholding at the end of the year	
		No. of Shares	% of total Shares of the company	Increase	Decrease	No. of Shares	% of total Shares of the company
1	PHI Management Solutions Private Limited	2,06,04,395	30.89%	0	14,56,943	1,91,47,452	24.91%
2	Valiant Mauritius Partners FDI Limited	0	0	1,02,68,329	0	1,02,68,329	13.36%
3	Phi Capital Services LLP	0	0	33,34,633	0	33,34,633	4.34%
4	Housing Development Finance Corporation Limited	31,82,000	4.77%	0	0	31,82,000	4.14%
5	Mr. Rajeev Dubey, Mr. Ramesh Iyer & Mr. Percy Mahernosh (Trustees-Mahindra First Choice Wheels Limited Employees Stock Option Trust.)	32,61,937	4.89%		2,33,870	30,28,067	3.94%
6	Arun Sanghi jtly. with Arti Sanghi	7,72,817	1.16%	0	0	7,72,817	1.01%
7	Ranjan Sanghi jtly. with Jayshree Sanghi	4,46,474	0.67%	0	0	4,46,474	0.58%
8	Project Automobiles (Bombay) Private Limited	3,98,733	0.60%	0	0	3,98,733	0.52%
9	Bina Sanghi jtly. with Vinay Sanghi	3,34,445	0.50%	0	0	3,34,445	0.44%
10	Jayashree Sanghi jtly with Ranjan Sanghi	3,33,096	0.49%	0	0	3,33,096	0.43%

(v) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
	At the beginning of the year				
	Directors				
1	Anand G. Mahindra	1,27,265#	0.19%	1,27,265#	0.16%
2	Sanjay Labroo jtly with Leena Labroo	11,53,141	1.72%	11,53,141	1.50%
	Sale of shares to Valiant Mauritius Partners FDI Limited	5,51,054	–	6,02,087	0.78
	At the end of the year	6,02,087	0.78	6,02,087	0.78

* Includes 7 shares held by nominees of Mahindra & Mahindra Limited jointly with Mahindra & Mahindra Limited

** Includes 6 shares held by nominees of Mahindra & Mahindra Limited jointly with Mahindra & Mahindra Limited

Includes 22,343 Shares held by Anand Mahindra jointly with Anuradha Mahindra

*** Jointly held with Mahindra & Mahindra Limited to comply with the statutory provisions of Companies Act, 2013 with regard to minimum number of members.

V. INDEBTEDNESS
Indebtedness of the Company including interest outstanding/accrued but not due for payment:

PARTICULARS	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	Nil	Nil	Nil	Nil
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	Nil	Nil	Nil	Nil
Total (i + ii + iii)	Nil	Nil	Nil	Nil
Change in Indebtedness during the financial year				
• Addition	Nil	Nil	Nil	Nil
• Reduction	Nil	Nil	Nil	Nil
Net Change	Nil	Nil	Nil	Nil
Indebtedness at the end of the financial year				
i) Principal Amount	Nil	Nil	Nil	Nil
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	Nil	Nil	Nil	Nil
Total (i + ii + iii)	Nil	Nil	Nil	Nil

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL
A. Remuneration to Managing Director, Whole-Time Directors and/or Manager:

Sr. No.	Particulars of Remuneration	Name of Manager (till 24.10. 2015)	Name of Managing Director (w.e.f 24.10.2015)	Total Amount
		Dr. Nagendra Pale		
1.	Gross Salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	84,00,000		84,00,000
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-		-
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	-		-
2.	Stock Option	-		-
3.	Sweat Equity	-		-
4.	Commission	-		-
	- As % of Profit	-		-
	- Others, specify...			
5.	Others			
	Total (A)	84,00,000		84,00,000
	Ceiling as per the Act	In accordance with Schedule V of Companies Act, 2013		

B. Remuneration of other directors:

Particulars of Remuneration	Name of Directors										Total Amount
	Mr. Anand Mahindra	Mr. Sanjay Labroo	Ms. Sangeeta Talwar \$	Mr. P. Sivaram	Mr. Rajeev Dubey	Mr. Ramesh Iyer	Dr. Pawan Goenka	Mr. Anupam Thareja	Mr. Diwakar Gupta \$		
3. Independent Directors											
• Fee for attending board/ committee meetings	-	-	-	-	-	-	-	-	-	-	-
• Commission	-	-	-	-	-	-	-	-	-	-	-
• Others, please specify	-	-	-	-	-	-	-	-	-	-	-
Total (1)	-	-	-	-	-	-	-	-	-	-	-
4. Other Non-Executive Directors											
• Fee for attending board/ committee meetings	-	-	-	-	-	-	-	-	-	-	-

Particulars of Remuneration	Name of Directors									Total Amount
	Mr. Anand Mahindra	Mr. Sanjay Labroo	Ms. Sangeeta Talwar	Mr. P. Sivaram	Mr. Rajeev Dubey	Mr. Ramesh Iyer	Dr. Pawan Goenka	Mr. Anupam Thareja	Mr. Diwakar Gupta	
• Commission	–	–	–	–	–	–	–	–	–	–
• Others, please specify	–	–	–	–	–	–	–	–	–	–
Total (2)	–	–	–	–	–	–	–	–	–	–
Total B = (1+2)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	
Total Managerial Remuneration	–	–	–	–	–	–	–	–	–	84,00,000
Overall Ceiling as per the Act	In accordance with Schedule V of Companies Act, 2013									

\$ appointed with effect from March 31, 2015

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		Total
		Deeraj Nair- Company Secretary	Percy Mahernosh- Chief Financial Officer	
1.	Gross Salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	–	47,51,862	47,51,862
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	–	7,42,929	7,42,929
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	–	–	
2.	Stock option	–	11,24,480	11,24,480
3.	Sweat Equity	–	–	–
4.	Commission	–	–	–
	– As % of profit			
	– Others, specify...			
5.	Others, please specify	1,67,918	–	167,918
	Total	1,67,918	66,19,271	67,87,189

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

Type	Section of the Companies Act	Brief Description	Details of Penalty/Punishment/Compounding fees imposed	Authority (RD/NCLT/court)	Appeal made, if any (give details)
A. COMPANY					
Penalty	–	Not applicable	Not applicable	Not applicable	Not applicable
Punishment	–	Not applicable	Not applicable	Not applicable	Not applicable
Compounding	–	Not applicable	Not applicable	Not applicable	Not applicable
B. DIRECTORS					
Penalty	–	Not applicable	Not applicable	Not applicable	Not applicable
Punishment	–	Not applicable	Not applicable	Not applicable	Not applicable
Compounding	–	Not applicable	Not applicable	Not applicable	Not applicable
C. OTHER OFFICERS IN DEFAULT					
Penalty	–	Not applicable	Not applicable	Not applicable	Not applicable
Punishment	–	Not applicable	Not applicable	Not applicable	Not applicable
Compounding	–	Not applicable	Not applicable	Not applicable	Not applicable

For and on behalf of the Board

Dr. Nagendra Pale
Managing Director

Rajeev Dubey
Director

Mumbai, 28th April, 2015

ANNEXURE VII TO THE DIRECTORS' REPORT

Details of the Employees Stock Option Scheme:

Sr. No.	Particulars	ESOS 2010	ESOS 2015
(a)	options granted	–	–
(b)	options vested	5,82,015	–
(c)	options exercised	2,33,870	–
(d)	the total number of shares arising as a result of exercise of option	2,33,870	–
(e)	options lapsed	6,83,916	–
(f)	the exercise price	Rs.10/-	–
(g)	variation of terms of options	–	–
(h)	money realized by exercise of options	Rs. 23,38,700/-	–
(i)	total number of options in force as at 31 st March 2015	22,49,611	–
(j)	employee wise details of options granted to		
	(i) key managerial personnel		
	(ii) any other employee who receives a grant of options in any one year of option amounting to five percent or more of options granted during that year		
	(iii) identified employees who were granted option, during any one year, equal to or exceeding one percent of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant	–	–

For and on behalf of the Board

Dr. Nagendra Palle
Managing Director

Rajeev Dubey
Director

Mumbai, 28th April, 2015

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF
MAHINDRA FIRST CHOICE WHEELS LIMITED**

Report on the Financial Statements

We have audited the accompanying financial statements of **MAHINDRA FIRST CHOICE WHEELS LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2015, and its profits and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of the written representations received from the directors as on 31st March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164(2) of the Act.
 - (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 25 to the financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Rajesh K. Hiranandani
Partner
(Membership No. 36920)

Mumbai, 28th April, 2015

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) Having regard to the nature of the Company's business/ activities/results during the year, clauses (ii), (v), (vi), (ix), and (xi) of paragraph 3 of the Order are not applicable to the Company.
- (ii) In respect of its fixed assets:
- (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
- (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the Register maintained under section 189 of Companies Act, 2013.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchases of fixed assets and for the sale of services. During the course of our audit, we have not observed any major weakness in such internal control system.
- (v) According to the information and explanations given to us in respect of statutory dues:
- a. The Company has been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Wealth Tax, Sales Tax, Vat, Custom Duty, Service Tax, Cess and other material statutory dues applicable to it with the appropriate authorities.

There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Wealth Tax, Sales Tax, Vat, Custom Duty, Service Tax, Cess and other material statutory dues applicable to the Company, in arrears as at 31st March, 2015, for a period of more than six months from the date they became payable.

As informed to us the nature of business activities of the Company is such that it does not involve any manufacturing activities and hence Excise Duty is not applicable for the year.

- b. There are no dues of Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax and Cess which have not been deposited as on March 31, 2015 on account of disputes except the following

Sr. No.	Name of the statute	Period	Amount	Forum where dispute is pending
1	Value Added Tax, 2005-06 and (Hyderabad)	2006-07	755,879	Sales Tax Appellate Tribunal, A.P., Hyderabad
2	Value Added Tax, 2008-09 (Kerala)		147,432	Commercial Tax Officer, Kerala
3	Value Added Tax, 2006-07, (Maharashtra) 2008-09 and 2009-10		19,397,390	Joint Commissioner (Appeals)
4	Income Tax Act, 1961	2006-07	4,806,751	Commissioner of Income Tax (Appeals)
5	Income Tax Act, 1961	2008-09	1,906,549	Commissioner of Income Tax (Appeals)

- c. There are no amounts that are due to be transferred to the Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and Rules made thereunder.
- (vi) The accumulated losses of the Company at the end of the financial year are more than fifty percent of its net worth, and the Company has not incurred cash losses during the current financial year covered by our audit and in the immediately preceding financial year.
- (vii) According to the information and explanations given to us, the Company has not given guarantees for loans taken by others from banks and financial institutions.
- (viii) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Rajesh K. Hiranandani
Partner
(Membership No. 36920)

Mumbai, 28th April, 2015

BALANCE SHEET AS AT 31ST MARCH, 2015

(In Rupees)

	Note No.	As at 31 st March, 2015	As at 31 st March, 2014
I EQUITY AND LIABILITIES			
1 Shareholders' Funds			
(a) Share capital	3	738,448,530	634,307,190
(b) Reserves and surplus	4	92,613,766	(478,700,070)
		831,062,296	155,607,120
2 Non-Current Liabilities			
(a) Other long-term liabilities	5	152,247,576	126,464,803
(b) Long-term provisions	6	29,003,207	18,907,106
		181,250,783	145,371,909
3 Current Liabilities			
(a) Trade payables	7	57,007,894	56,365,615
(b) Other current liabilities	8	26,718,086	35,156,154
(c) Short-term provisions	9	6,709,953	3,678,681
		90,435,933	95,200,450
TOTAL		1,102,749,012	396,179,479
II ASSETS			
1 Non-Current assets			
(a) Fixed assets	10		
(i) Tangible assets		35,267,405	41,205,616
(ii) Intangible assets		8,588,771	7,735,209
		43,856,176	48,940,825
(b) Non-current investments	11	100,000	100,000
(c) Long-term loans and advances	12	81,177,388	69,354,802
(d) Other non-current assets	13	92,029	85,102
		125,225,593	118,480,729
2 Current assets			
(a) Current investments	11	31,733,496	13,835,988
(b) Inventories	14	-	-
(c) Trade receivables	15	85,566,646	52,798,312
(d) Cash and cash equivalents	16	572,893,972	34,978,333
(e) Short-term loans and advances	17	283,486,742	172,041,170
(f) Other current assets	18	3,842,563	4,044,947
		977,523,419	277,698,750
TOTAL		1,102,749,012	396,179,479
Significant accounting policies	2		
See accompanying notes 25 to 39 forming part of the financial statements			

In terms of our report attached
For **Deloitte Haskins & Sells LLP**
Chartered Accountants

Rajesh K. Hiranandani
Partner

Place : Mumbai
Date : 28th April, 2015

For and on behalf of the Board

Ramesh Iyer
DIN - 00220759

Rajeev Dubey
DIN - 00104817

P. Sivaram
DIN - 00066864

Dr. Nagendra Palle
DIN - 06964686

Percy Mahernosh
Deeraj Nair

Directors

CEO &
Managing Director

CFO

Secretary

Place : Mumbai
Date : 28th April, 2015

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2015

(In Rupees)

	Note No.	For the year ended 31 st March, 2015	For the year ended 31 st March, 2014
I Revenue from operations.....	19	412,518,878	531,164,307
II Other income.....	20	27,747,304	25,554,231
III Total Revenue (I + II)		440,266,182	556,718,538
IV Expenses:			
Purchase of stock-in-trade (traded goods)		-	207,885,438
Changes in inventories of stock-in-trade.....	21	-	16,487,977
Employee benefits expense.....	22	192,978,411	148,041,909
Finance costs	23	94	8,756
Depreciation and amortization expense.....	10	15,099,401	11,583,305
Other expenses	24	212,957,550	168,444,843
Total Expenses		421,035,456	552,452,228
V Profit before tax (III - IV)		19,230,726	4,266,310
VI Tax expense		-	-
VII Profit after tax for the year (V - VI)		19,230,726	4,266,310
VIII Earnings per equity share: (Face value Rs. 10 each)			
Basic (In Rs.)	37	0.30	0.07
Diluted (In Rs.).....	37	0.29	0.06
Significant accounting policies	2		
See accompanying notes 25 to 39 forming part of the financial statements			

In terms of our report attached
For **Deloitte Haskins & Sells LLP**
Chartered Accountants

Rajesh K. Hiranandani
Partner

Place : Mumbai
Date : 28th April, 2015

For and on behalf of the Board

Ramesh Iyer
DIN - 00220759

Rajeev Dubey
DIN - 00104817

P. Sivaram
DIN - 00066864

Dr. Nagendra Palle
DIN - 06964686

Percy Mahernosh
Deeraj Nair

Directors

CEO &
Managing Director

CFO
Secretary

Place : Mumbai
Date : 28th April, 2015

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2015

Particulars	(In Rupees)	
	For the year ended 31 st March, 2015	For the year ended 31 st March, 2014
A Cash Flow From Operating Activities:		
Profit/(Loss) before tax	19,230,726	4,266,311
Adjustments for:		
Depreciation and amortization expense	15,099,401	11,583,305
Loss on fixed assets sold/scrapped/written off (net)	(38,076)	78,628
Dividend income	(899,524)	(296,654)
Finance costs	94	8,756
Provision for doubtful debts	1,954,511	2,571,899
Gain on sale of current investments	(3,512,982)	(2,359,804)
Interest income	(17,107,882)	(16,295,644)
	<u>(4,504,458)</u>	<u>(4,709,514)</u>
Operating loss before working capital changes	14,726,268	(443,204)
Changes in working capital:		
Trade receivables	(34,722,845)	(27,279,855)
Long-term loans and advances	(708,482)	(647,214)
Short-term loans and advances	1,054,428	(2,432,756)
Inventories	-	16,487,977
Trade payables	642,279	(3,594,168)
Other long term liabilities	25,782,403	25,534,396
Other non current assets	(6,927)	81,176
Other current liabilities	(12,215,231)	5,560,065
Other current assets	2,795,800	2,204,200
Long-term provisions	10,096,101	1,826,635
Short-term provisions	3,031,272	1,594,323
Cash generated/(used in) from Operations	(4,251,202)	19,334,779
Direct taxes	(11,114,104)	(10,160,960)
Net Cash used in Operating Activities	(639,038)	8,730,615
B Cash Flow From Investing Activities:		
Purchase of fixed assets (including Capital Work in Progress)	(13,012,959)	(4,505,963)
Bank balances not considered as Cash and cash equivalents (net)	(412,204,544)	-
Sale of fixed assets	75,939	149,433
Purchase of investments	(2,580,941,837)	(802,105,632)
Sale of investments	2,566,557,312	815,459,525
Intercorporate deposits (net)	(112,500,000)	(27,500,000)
Interest received	14,514,466	16,761,530
Dividends received	899,524	296,654
Net Cash from Investing Activities	(536,612,099)	(1,444,453)
C Cash Flow From Financing Activities:		
Proceeds from the issue of share capital	659,185,163	-
Finance costs	(94)	(8756)
Net Cash used in Financing Activities	659,185,069	(8,756)
Net increase/(decrease) in Cash and Cash Equivalents	121,933,932	7,277,406
Cash and cash equivalents at the beginning of the year	31,343,852	24,066,446
Cash and cash equivalents at the end of the year	153,277,784	31,343,852
Note 1:		
Cash and cash equivalents include:		
Cash and cash equivalents *(Refer note 16)	160,689,428	34,978,333
Overdrawn bank balance in current accounts as per books (Refer note 8)	(7,411,644)	(3,634,481)
	<u>153,277,784</u>	<u>31,343,852</u>

Note 2: The above Cash Flow Statement has been prepared under the "Indirect Method" set out in Accounting Standard (AS-3) "Cash Flow Statement".

Note 3: The previous years figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosure.

In terms of our report attached
For **Deloitte Haskins & Sells LLP**
Chartered Accountants

Rajesh K. Hiranandani
Partner

Place : Mumbai
Date : 28th April, 2015

For and on behalf of the Board

Ramesh Iyer
DIN - 00220759

Rajeev Dubey
DIN - 00104817

P. Sivaram
DIN - 00066864

Dr. Nagendra Palle
DIN - 06964686

Percy Mahernosh
Deeraj Nair

Place : Mumbai
Date : 28th April, 2015

Directors

CEO &
Managing Director

CFO

Secretary

Notes forming part of the financial statements

1. Background of the company:

The Company, Mahindra First Choice Wheels Limited, incorporated in 1994, is a subsidiary of Mahindra & Mahindra Limited. It is currently engaged in the business of facilitating trading in used vehicles through its franchise network and electronic platform and providing allied products and services, including online pricing guidance and used vehicle inspection and valuation services.

2. Significant Accounting Policies:

a. Basis of accounting and preparation of financial statements:

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the 2013 Act. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of financial statements are consistent with those followed in the previous year.

b. Use of estimates:

The preparation of the financial statements, in conformity with the generally accepted accounting principles, requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Differences between actual results and estimates are recognised in the period in which the results are known/materialised.

c. Revenue Recognition:

Revenue from sales is recognised, net of returns, when the significant risks and rewards of ownership of goods are transferred to the customers. Revenue from services is recognised as per contractual agreement.

d. Other Income:

Interest income is accounted on accrual basis. Dividend income is accounted for when the right to receive it is established.

e. Fixed Assets:

(i) Tangible Assets:

Tangible Assets are stated at cost less accumulated depreciation and impairment, if any. Costs comprise of purchase price and any directly attributable costs incurred for making the asset ready for its intended use.

(ii) Intangible Assets:

Intangible Assets are recognized as per criteria specified in Accounting Standard 26 – Intangible Assets.

(iii) Capital work-in-progress:

Capital work-in-progress, including projects under commissioning, are carried at cost comprising direct cost, related incidental expenses and attributable interest.

f. Operating Lease:

Assets taken on lease under which, all the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Lease rentals under operating leases are recognised in the Statement of Profit and Loss on a straight-line basis.

g. Impairment of Assets:

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. Impairment loss is provided to the extent the carrying amount of assets exceeds their recoverable amount. Recoverable amount is the higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Net selling price is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the cost of disposal. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, except in case of revalued assets.

h. Depreciation/Amortisation:

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value.

Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets, in whose case the life of the assets has been assessed as under based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes etc.

- (a) Vehicles which are depreciated over a period of three years.
- (b) Telephone and mobile instruments are depreciated over a period of two years based on the estimated useful life.
- (c) Depreciation on leasehold improvements made in respect of premises taken on lease is provided over the period of the lease.
- (d) Cost of Website is amortised over a period of 3 - 5 years.
- (e) Cost of Software is amortised over a period of 5 years from the year of implementation.

i. Investments:

Current investments are carried individually at lower of cost and fair value. Long Term investments (excluding investment property) are carried individually at cost less provision to recognise a decline, other than temporary, in the carrying amount of Long Term investments. Cost of investments includes acquisition charges such as brokerage, fees and duties.

j. Inventories:

Trading goods are valued at lower of cost and net realisable value. The cost is determined on a specific identification basis and includes purchase price and incidental expenses i.e. commission/brokerage, refurbishment cost etc.

k. Foreign Currency Transactions:

Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of transaction. Monetary items are translated at the year-end rates. The exchange difference between the rate prevailing on the date of transaction and on the date of settlement as also on translation of Monetary items at the end of the year, is recognised as income or expense, as the case may be.

l. Employee Benefits:

A) Short term employee benefits are recognised as an expense at the undiscounted amount in the Statement of profit and loss of the year in which the related service is rendered.

B) Post employment benefits:

- i) Defined Contribution Plan: Provident and Family Pension Fund

The eligible employees of the Company are entitled to receive post employment benefits in respect of provident and family pension fund, in which both employees and the Company make monthly contributions at a specified percentage of the employees' eligible salary (currently 12% of employees' eligible salary). The contributions are made to Regional Provident Fund Commissioner. Provident Fund and Family Pension Fund are classified as Defined Contribution Plans as the Company has no further obligations beyond making the contribution. The Company's contributions to Defined Contribution Plan are charged to the statement of profit and loss as incurred.

- ii) Defined Benefit Plan: Gratuity (unfunded)

The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service or part thereof in excess of six months. Vesting occurs upon completion of five years of service. The Company accounts the gratuity benefits payable in future based on an independent external actuarial valuation carried out at the end of the year which is determined using the Projected Unit Credit method. Actuarial gains

and losses are recognised in the statement of profit and loss. Past service cost is recognised immediately to the extent that the benefits are already vested.

C) Other long-term employment benefits – Compensated Absences

The Company provides for encashment of leave or leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits for future encashment/availment. The Company makes provision for compensated absences based on an independent external actuarial valuation carried out at the end of the year. Actuarial gains and losses are recognised in the statement of profit and loss.

m. Employee share based payments:

The Company has constituted an Employee Stock Option Plan. Employee Stock Options granted on or after 1 April, 2005 are accounted under the 'Intrinsic Value Method' stated in the Guidance Note on Employee Share Based Payments issued by the Institute of Chartered Accountants of India.

n. Earnings per share:

Basic earnings per share is computed by dividing the profit/(loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit/(loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date.

o. Income taxes:

Tax expense comprises of current tax and deferred tax. Current tax is measured at the amount expected to be paid to/recovered from the tax authorities, using the applicable tax rates, the provisions of income tax Act, 1961 and other applicable tax laws. Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward of losses and items relating to capital losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that there will be sufficient future taxable income available to realise the assets. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each balance sheet date for their realisability.

Current and deferred tax relating to items directly recognised in reserves are recognised in reserves and not in the Statement of Profit and Loss.

p. Provisions and contingencies:

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes. Contingent assets are not recognised in the financial statements.

3. Share capital

Authorised:

90,000,000 (Previous year: 70,000,000) Equity shares of Face value of Rs. 10/- each

(In Rupees)
As at
31st March,
2015

As at
31st March,
2014

Issued, subscribed and fully paid up:
76,872,920 (Previous year: 66,692,656) Equity shares of Face value of Rs. 10/- each

Less :

3,028,067 (Previous year: 3,261,937) equity shares of Face value of Rs. 10/- each fully paid-up issued to Trust constituted under the Employees' Stock Option Scheme but not allotted to employees

Adjusted : Issued, subscribed and paid up share capital

(a) Rights, preferences and restrictions attached to equity shares

The Ordinary (Equity) shares of the Company rank pari-passu in all respects including voting rights and entitlement to dividend.

Out of above 33,34,633 Equity Shares issued for consideration other than cash, by conversion of convertible debentures into equity shares.

(b) Equity shares held by Holding Company

33,596,424 (Previous year: 34,777,255) equity shares are held by Mahindra and Mahindra Limited

(c) Reconciliation of the number of shares outstanding at the beginning and at the end of the year.

	As at 31 st March, 2015		As at 31 st March, 2014	
	No. of Shares	Amount	No. of Shares	Amount
At the beginning of the year	63,430,719	634,307,190	63,430,719	634,307,190
Add: Issued during the year	10,414,134	104,141,340	-	-
Outstanding at the end of the year	73,844,853	738,448,530	63,430,719	634,307,190

(d) Equity shares held by each shareholder holding more than five percent equity shares in the Company are as follows:

Name of the Shareholder	As at 31 st March, 2015		As at 31 st March, 2014	
	No. of Shares held	% holding	No. of Shares held	% holding
Mahindra and Mahindra Limited, the Holding Company	33,596,424	43.70	34,777,255	52.15
PHI Management Solutions Private Limited	19,147,452	24.91	20,604,395	30.89
Valiant Mauritius Partners FDI Limited	10,268,329	13.36	-	-

(e) Shares reserved for issue under Stock options:

For details of the shares reserved for issue under the employee stock option scheme of the company, refer note 26.

4. Reserves and surplus

(a) Securities Premium Account:

On Equity shares issued in earlier years.

Add: Received on issue of equity shares

Add: Received on issue of equity shares against convertible Debentures

Less : Received on issue in earlier years of 317,423 Equity shares issued to Trust constituted under the Employees Stock Option Scheme but not allotted to employees

(b) Deficit in the statement of profit and loss:

Balance as per last balance sheet

Add: Profit for the year

Less: Depreciation on transition to Schedule II of the Companies Act, 2013 on tangible fixed assets with nil remaining useful life

TOTAL

(In Rupees)
As at
31st March,
2015

As at
31st March,
2014

11. Investments

(In Rupees)

Current year number	Current year face value per unit (Rupees)	Previous year number	Previous year face value per unit (Rupees)	Particulars	As at 31 st March, 2015		As at 31 st March, 2014	
					Non-current	Current	Non-current	Current
				Unquoted:				
				Investments in equity instruments				
4,000	25	4,000	25	The Zoroastrian Co-operative Bank Ltd.	100,000	-	100,000	-
				TOTAL	100,000	-	100,000	-
				Unquoted :				
				Investments in Mutual Funds				
-	-	445	1000	Axis Liquid Fund - Daily Dividend Reinvestment	-	-	-	444,680
-	-	24,348	100	ICICI Prudential Liquid - Regular Plan - Daily Dividend	-	-	-	2,436,032
-	-	4,850	1,000	IDFC Cash Fund - Daily Dividend (Regular Plan)	-	-	-	1,003,999
-	-	2,106	1,000	Principal Cash Management Fund- Regular Plan Dividend Option Daily - Reinvestment	-	-	-	1,339,948
-	-	2,798	1,000	UTI Money Market Fund - Institutional Plan - Daily Dividend - Reinvestment	-	-	-	974,341
-	-	1,420	1,000	Investments in TATA Liquid Fund Plan A - Daily Dividend	-	-	-	677,832
-	-	15,215	100	Birla Sun Life Cash-Plus - Daily Dividend - Regular Plan - Reinvestment	-	-	-	1,978,195
974	1,000	-	-	Investments in Kotak Liquid Scheme Plan A Growth	-	2,760,680	-	-
2,707	1,000	-	-	Investments in UTI Money Market Fund-Growth	-	4,232,468	-	-
13,376	100	5,276	100	Investments in ICICI Prudential Liquid Fund- IP - Growth	-	2,765,546	-	1,000,000
22,453	100	-	-	Investments in Birla Sun Life Cash-Plus IP-Growth	-	5,032,611	-	-
5,123	1,000	-	-	Investments in Principal Cash Management Fund-Growth	-	6,954,596	-	-
589	1,000	-	-	Investments in IDFC Liquid Fund - (Growth)	-	1,000,146	-	-
2,969	1,000	1,762	1,000	Investments in Axis Liquid Fund IP Growth	-	4,595,363	-	2,500,000
93	1,000	-	-	Investments in TATA Liquid Fund Plan A Growth	-	238,650	-	-
-	-	5,069	1,000	Kotak Liquid Scheme Plan A - Daily Dividend	-	-	-	1,480,962
38,696	10	-	-	Investments in HDFC Liquid Fund - Growth	-	3,522,575	-	-
453	1,000	-	-	Investment in HSBC Cash Fund - Growth	-	630,861	-	-
				Total	-	31,733,496	-	13,835,989
				Grand Total	-	31,833,496	-	13,935,989

	(In Rupees)			(In Rupees)	
	As at 31 st March, 2015	As at 31 st March, 2014		As at 31 st March, 2015	As at 31 st March, 2014
12. Long-term loans and advances			15. Trade receivables		
(a) Security deposits			(a) Trade receivables outstanding for a period exceeding six months from the date they are due for payment		
- Unsecured, considered good	16,486,397	13,439,215	- Unsecured, considered good	14,064,553	1,660,844
- Doubtful	3,041,361	3,041,361	- Doubtful	20,096,371	18,141,860
Less: Provision for doubtful security deposits	3,041,361	3,041,361	Less: Provision	20,096,371	18,141,860
	16,486,397	13,439,215		14,064,553	1,660,844
(b) Other Loans & Advances			(b) Other trade receivables		
Unsecured considered good			- Unsecured, considered good	71,502,093	51,137,469
- Loan given to ESOS Trust	31,867,785	34,206,485	TOTAL	85,566,646	52,798,312
- Advance Tax (Tax deducted at source)	32,823,206	21,709,102			
TOTAL	81,177,388	69,354,802			
13. Other non current assets			16. Cash and cash equivalents		
Fixed Deposits under lien with VAT Authorities	92,029	85,102	(a) Cash and cash equivalents (as per AS-3 Cash Flow Statements)		
TOTAL	92,029	85,102	- Cash on hand	1,172,266	58,633
			- Cheques on hand	-	-
			- Balances with banks		
			- in Current Account	4,854,543	3,520,601
			- In Cash Credit Account	4,662,619	1,399,099
			- In other deposit accounts (Original maturity of 3 months or less)	150,000,000	30,000,000
				160,689,428	34,978,333
			(b) Other bank Balances		
			- In other deposit accounts (Original maturity of more than 3 months)	409,400,000	-
14. Inventories (valued at lower of cost and net realizable value)			(c) In earmarked accounts		
Stock - in - trade	-	-	- Deposits held under lien	2,804,544	-
TOTAL	-	-	TOTAL	572,893,972	34,978,333

	(In Rupees)		(In Rupees)	
	As at 31 st March, 2015	As at 31 st March, 2014	Year ended 31 st March, 2015	Year ended 31 st March, 2014
17. Short-term loans and advances				
(a) Inter Corporate Deposit - Unsecured, considered good				
– with Related parties	–	87,500,000	9,839,292	11,303,866
– with Others	275,000,000	75,000,000	6,080,241	4,970,730
	<u>275,000,000</u>	<u>162,500,000</u>	<u>1,188,349</u>	<u>21,048</u>
(b) Other loans and advances (Unsecured, considered good unless otherwise stated)				
– Prepaid expenses	4,556,921	4,448,419	884,524	281,654
– Loans and advances to employees	1,571,158	981,013	15,000	15,000
– Security deposits				
Considered good	–	632,689		
Doubtful	438,499	438,499		
	<u>438,499</u>	<u>1,071,188</u>		
Less: Provision	438,499	438,499		
	–	632,689		
– Advances to Vendors				
Considered good	180,282	2,346,134		
Doubtful	7,344,367	7,344,367		
	<u>7,524,649</u>	<u>9,690,501</u>		
Less: Provision	7,344,367	7,344,367		
	180,282	2,346,134		
– Warranty claims receivable	–	78,747		
– Input credit available	1,421,981	1,054,168		
– Due from Govt. Authorities (Refund of Stamp Duty)	756,400	–		
TOTAL	<u><u>283,486,742</u></u>	<u><u>172,041,170</u></u>		
		(In Rupees)		
	As at 31 st March, 2015	As at 31 st March, 2014		
18. Other current assets				
– Interest accrued on inter corporate and bank deposits	3,842,563	1,249,147		
– Fixed Deposits under lien	–	2,795,800		
TOTAL	<u><u>3,842,563</u></u>	<u><u>4,044,947</u></u>		
		(In Rupees)		
	Year ended 31 st March, 2015	Year ended 31 st March, 2014		
19. Revenue from operations				
(a) Sale of Goods i.e. Vehicles (including accessories)	–	249,097,002		
(b) Income from services				
– Franchisee Fee	203,085,483	159,865,156		
– Commission income	69,559,055	50,478,084		
– Vehicle Valuation	63,691,094	12,885,423		
– Other Services	11,526,720	10,922,241		
	<u>347,862,352</u>	<u>234,150,904</u>		
(c) Other Operating Income				
– Warranty Income	54,759,662	45,059,069		
– Franchise security deposit forfeited	557,152	1,833,646		
– Token money forfeited	–	359,473		
– Rental income from operating leases (Refer note 36)	9,339,712	664,213		
	<u>64,656,526</u>	<u>47,916,401</u>		
TOTAL	<u><u>412,518,878</u></u>	<u><u>531,164,307</u></u>		
		(In Rupees)		
	Year ended 31 st March, 2015	Year ended 31 st March, 2014		
20. Other income				
(a) Interest				
– on Inter Corporate Deposits			9,839,292	11,303,866
– on Bank Deposits			6,080,241	4,970,730
– on Others			1,188,349	21,048
(b) Dividend income				
– on Current investments			884,524	281,654
– on Long term investments			15,000	15,000
(c) Others				
– Sundry credit balances written back			6,174,470	2,019,855
– Gain on sale of current investments			3,512,982	2,359,804
– Gain on sale of Fixed Assets			38,076	–
– Miscellaneous income			14,370	4,582,274
TOTAL			<u><u>27,747,304</u></u>	<u><u>25,554,231</u></u>
				(In Rupees)
			Year ended 31 st March, 2015	Year ended 31 st March, 2014
21. Changes in inventories of stock-in-trade				
(a) Inventories at the end of the year			–	–
(b) Inventories at the beginning of the year			–	16,487,977
NET DECREASE			<u><u>–</u></u>	<u><u>16,487,977</u></u>
				(In Rupees)
			Year ended 31 st March, 2015	Year ended 31 st March, 2014
22. Employee benefits expense				
(a) Salaries, Wages, Bonus etc.			168,517,794	133,161,548
(b) Contribution to provident fund and other funds			9,950,795	7,850,321
(c) Gratuity (Refer note 27)			4,326,423	1,279,272
(d) Staff welfare and training			10,183,399	5,750,768
TOTAL			<u><u>192,978,411</u></u>	<u><u>148,041,909</u></u>
				(In Rupees)
			Year ended 31 st March, 2015	Year ended 31 st March, 2014
23. Finance costs				
Interest Expense				
– On cash credit accounts etc.			90	8,756
– On others			4	–
TOTAL			<u><u>94</u></u>	<u><u>8,756</u></u>
				(In Rupees)
			Year ended 31 st March, 2015	Year ended 31 st March, 2014
24. Other expenses				
Rent			23,454,372	20,925,522
Rates and taxes			2,693,483	1,408,390
Repairs and maintenance - others			1,228,713	1,151,994
Insurance			267,571	450,778
Electricity charges			1,767,439	1,920,808
Advertising and sales promotion expenses			52,826,055	44,199,744
Refurbishment expenses			–	4,542,568
Warranty expenses			17,848,901	17,592,953
Certification expenses			4,908,286	3,666,356
Registration expenses			–	1,271,441

	(In Rupees)	
	Year ended 31 st March, 2015	Year ended 31 st March, 2014
Travelling and conveyance	42,176,180	30,230,484
Printing and stationary	916,866	1,078,409
Professional fees	15,415,958	8,795,526
Deputation Charges	8,400,000	2,669,989
Payment to auditors (Refer note below)	927,635	854,223
Commission and brokerage	120,500	1,135,730
Office expenses	2,543,811	5,118,993
Communication charges	4,360,310	3,264,365
Sundry balances written off	8,153,376	2,249,994
Provision for doubtful debts	1,954,511	2,571,899
Software charges	8,724,667	4,818,449
Internet Charges	2,400,499	1,566,397
Bank charges	772,230	585,663
Loss on fixed assets sold/scrapped/ written off (net)	-	78,628
Miscellaneous expenses	11,096,187	6,295,540
TOTAL	212,957,550	168,444,843

	Year ended 31 st March, 2015	Year ended 31 st March, 2014
Payment to auditors		
(a) As auditors		
- Statutory audit fees (Net of service tax)	900,000	800,000
- Reimbursement of Expenses	27,635	14,223
(b) In other capacity		
- Certification fees (Net of service tax)	-	40,000
	927,635	854,223

	(In Rupees)	
	As at 31 st March, 2015	As at 31 st March, 2014
25. Contingent Liabilities not provided for:		
Demands raised by Income tax department where the Company is in appeal.	6,713,300	6,713,300
Demand raised by Maharashtra VAT Department where the Company is in appeal	15,787,432	6,013,156
TOTAL	22,500,732	12,726,456

Note: In respect of above items, till the matters are finally decided, the financial effect cannot be ascertained.

26. The Company has framed an Equity settled "Employee Stock Option Scheme" (ESOS) for its employees and directors. It has a trust viz. Mahindra First Choice Wheels Limited Employees' Stock Option Trust" (ESOS trust), which would hold the shares for the benefit of the eligible employees, including directors of the Company and its subsidiaries.

The Company had issued and allotted 3,261,937 Equity Shares of Rs. 10/- each to the ESOS trust in earlier years.

In terms of the said Plan, the Trust had granted options to the employees, which vest in three equal installments - i.e. one third each at the expiry of 36 months, 48 months and 60 months respectively from the date of the grant. The options can be exercised over a period of 5 years from the date of vesting. The exercise price for all options granted is Rs. 10/- per option. As at 31st March 2014, the total number of options subsisting (net of lapsed and cancelled options) was 31,67,397. During the year ended 31st March 2015, 683,916 options have lapsed/been surrendered or cancelled and 233,870 options have been exercised.

The details of the options are as under:

	(In Rupees)	
	Year Ended March 31, 2015	Year Ended March 31, 2014
Options outstanding at the beginning of the year	3,167,397	2,219,815
Options granted during the year	-	10,19,689
Options lapsed during the year	203,649	72,107
Options surrendered and cancelled during the year	480,267	-
Options exercised during the year	233,870	-
Options vested but not exercised at the end of the year	685,430	4,97,374

The Company follows the intrinsic value method for computing the compensation cost of stock options granted to employees. The intrinsic value being lower than the exercise price at the time of grants, the employee compensation cost of the options granted in previous years is NIL. No stock options were granted during the year ended 31st March 2015.

The Guidance Note on Accounting for Employee Share based Payments issued by the Institute of Chartered Accountants of India requires that shares allotted to a Trust for the purpose of subsequent transfer to the employees, as per the terms of the scheme, be disclosed as a reduction from Share Capital and Reserves. Accordingly the Company has disclosed the reduction from Share Capital by Rs. 30,280,670/- (30,28,067 Equity shares of Rs. 10/- each), (Previous Year - Rs. 32,619,370/- (32,61,937 Equity shares of Rs. 10/- each)) and reduced from Securities Premium by Rs. 15,87,115/- (Previous Year - Rs. 15,87,115/-) in respect of 317,423 Equity Shares having face value of Rs. 10 each issued at a premium in earlier years, held by ESOS Trust as per ESOS.

27. Employee Benefits:

Contribution to Defined contribution plans, recognized in the statement of profit and loss for the year, under employee benefit expense in note 22 are as under:

	(In Rupees)	
	Year Ended March 31, 2015	Year Ended March 31, 2014
Employer's Contribution to Provident Fund	5,885,928	5,397,870
Employer's Contribution to Family Pension Fund	2,751,484	1,417,756
Employer's Contribution to Other Funds	1,313,383	1,034,695
TOTAL	9,950,795	7,850,321

Defined benefit plans - as per Actuarial Valuation on 31st March, 2015 (based on Projected Unit Credit Method).

(Gratuity Unfunded)

I. Expense recognised in the Statement of Profit and Loss account for the year ended 31st March

	2015	2014
1 Current Service cost	1,738,401	1,766,499
2 Interest	798,333	689,184
3 Actuarial (Gain)/Loss	1,789,689	(1,176,411)
4 Total expense	4,326,423	1,279,272

II. Changes in obligation during the year ended 31st March

	2015	2014
1 Present Value of Defined Benefit Obligation at the beginning of the year	6,917,021	6,904,763
2 Current Service Cost	1,738,401	1,766,499
3 Interest Cost	798,333	689,184
4 Actuarial (Gain)/Loss	1,789,689	(1,176,411)
5 Liability in respect of employees transferred from Holding Company	602,557	-
6 Benefit Payments	(923,861)	(1,267,014)
7 Present Value of Defined Benefit Obligation at the end of the year recognized in the Balance sheet as at 31 st March	10,922,140	6,917,021

III. Actuarial assumptions	2015	2014
1 Discount Rate	7.90%	9.30%
2 Salary Escalation Rate	7.00%	7.00%
3 In-service Mortality	Indian Assured Lives Mortality (2006-2008) Ult table	
4 Turnover Rate	2%	Age 21-44
	1%	Age 45-59

The estimate of future salary increase, considered in actuarial valuation, takes account of inflation, promotion and other relevant factors, such as supply and demand in the employment market.

IV. Experience Adjustments	2015	2014	2013	2012	2011
Defined Benefit Obligation	10,922,140	6,917,021	6,904,763	6,465,043	4,693,486
Plan Assets	-	-	-	-	-
Surplus/(Deficit) Exp. Adj. on Plan	(10,922,140)	(6,917,021)	(6,904,763)	(6,465,043)	(4,693,486)
Liabilities Exp. Adj. on Plan	(97,225)	148,323	(694,390)	329,751	965,962
Assets	-	-	-	-	-

28. In view of history of losses and in the absence of virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which deferred tax asset on unabsorbed depreciation and carry forward of losses can be realized, the deferred tax asset (net) has not been recognized in the accounts.

29. Based on responses received by the Company from its vendors, the amount of principal outstanding in respect of Micro and Small Enterprises as at Balance sheet date covered under the Micro, Small and Medium Enterprises Development Act, 2006 is Rs. Nil. There were no delays in the payment of dues to Micro and Small Enterprises.

30. **Related Party Disclosures:**

As per accounting standard AS18 "Related Party Disclosures", the Company has identified the related parties with whom the company has transactions during the year and previous year.

i) **List of Related Parties and Relationships:**

Mahindra & Mahindra Limited	Holding Company
Mahindra & Mahindra Financial Services Limited	Fellow Subsidiary Company
Mahindra Gears and Transmissions Private Limited**(till 10 th December, 2014)	Fellow Subsidiary Company
Mahindra Integrated Business Solutions Private Limited (Formerly known as Mahindra BPO Services Private Limited)	Fellow Subsidiary Company
Mahindra First Choice Services Limited	Fellow Subsidiary Company
Mahindra Holidays and Resorts India Limited	Fellow Subsidiary Company
NBS International Limited	Fellow Subsidiary Company
Mahindra Engineering Services Limited	Fellow Subsidiary Company
Mahindra Two Wheelers Limited	Fellow Subsidiary Company
Mahindra Aerospace Private Limited	Fellow Subsidiary Company
Mahindra Retail Private Limited	Fellow Subsidiary Company
Mahindra Composite Limited (till 4 th October, 2013)	Associate of Parent Company
Dr. Nagendra Palle (CEO) (Appointed w.e.f. 18 th March 2013)	Key Management personnel

ii) **Related Party Transactions:**

A) **with holding/fellow subsidiaries:**

Particulars	Holding Company	Fellow Subsidiaries
a) Trade Payables		
Balance as on 01/04/2014	7,302,858	350,534
Balance as on 31/03/2015	5,373,331	41,135
b) Security Deposit Received		
Balance as on 01/04/2014	-	6,239,740
Balance as on 31/03/2015	-	6,239,740
c) Trade Receivables		
Balance as on 01/04/2014	874,803	6,203,510
Balance as on 31/03/2015	2,570,837	12,553,184
d) Purchases		
Purchase of Fixed Assets	-	-
	(-)	(-)
Purchase of Trading Goods (Vehicles)	-	-
	(2,136,361)	(95,238)

Particulars	Holding Company	Fellow Subsidiaries
e) Expenditure		
Rent	2,105,352	-
	(1,905,624)	(-)
Reimbursement of Cost*	11,599,625	141,860
	(10,987,404)	(720,000)
Refurbishment Expenses	-	2,501
	(-)	(354,150)
Travelling Expenses	530,750	1,048,192
	(-)	(471,532)
Payroll Processing Fees	-	353,000
	(-)	(287,800)
Professional Fees	1,228,071	-
	(140,000)	(-)
f) Other Income		
Interest Received on ICD**	-	1,349,633
	(-)	(7,655,244)
Income from Services	1,674,392	37,754,006
	(2,278,755)	(15,305,515)
E-Platform Development Fees	180,000	-
	(-)	(4,100,000)
g) Recovery of Cost	4,537,493	9,611,688
	(1,111,551)	(6,872,875)
h) Sale of Fixed Assets	(23,156)	(-)
i) Sale of Vehicles	-	-
	(-)	(1,440,110)
j) Inter Corporate Deposits (ICD)		
Balance as on 01/04/2014	-	87,500,000
	(-)	(30,000,000)
Add : ICD Placed	-	-
	(-)	(312,500,000)
Less : ICD Matured	-	87,500,000
	(-)	(255,000,000)
Balance as on 31/03/2015	-	-
	(-)	(87,500,000)
B) with Associate of Parent Company:		
a) Inter Corporate Deposits (ICD)***		
Balance as on 01/04/2014	-	-
	(50,000,000)	-
Add : ICD Placed	-	-
	(50,000,000)	-
Less : ICD Matured	-	-
	(100,000,000)	-
Balance as on 31/03/2015	-	-
	(25,000,000)	-
b) Other Income		
Interest Received on ICD	-	-
	(1,064,657)	-

Note: Previous year figures are given in brackets.

* Includes payment of Rs. 8,400,000/- (Previous Year Rs. 2,669,989) to Mahindra and Mahindra Limited as deputation charges for key management personnel. (Appointed w.e.f 18th March, 2013).

** Fellow subsidiary (Mahindra Gears and Transmissions Private Limited) ceased to be a subsidiary from 10th December, 2014 and only transactions till the date of cessation are considered for the disclosures.

*** The Associate has been disposed as on 4th October, 2013 and hence only previous year's figures have been given for comparative purpose.

Out of the above items, transactions of Fellow Subsidiaries in excess of 10% of the total related party transactions are as under :

Transactions	2014-15	2013-14
Security Deposit Received		
Mahindra First Choice Services Limited	6,239,740	6,239,740
Reimbursement of Cost		
Mahindra First Choice Services Ltd.	141,860	720,000
Refurbishment Expenses		
Mahindra First Choice Services Limited	2,501	354,150
Professional Fees- Payroll Processing		
Mahindra Integrated Business Solutions Pvt Ltd (Formerly known as Mahindra BPO Services Private Limited)	353,000	287,800
Interest Received on ICD		
Mahindra Two Wheelers Limited	1,240,798	4,178,037
Mahindra Aerospace Private Limited	-	2,581,645
Mahindra Gears and Transmissions Private Limited	-	895,562
Income from Services		
Mahindra & Mahindra Financial Services Limited	37,130,006	14,060,000

Transactions	2014-15	(In Rupees) 2013-14
E-platform development Fees		
Mahindra First Choice Services Limited	-	4,100,000
Recovery of Cost		
Mahindra First Choice Services Limited	9,611,688	6,872,875
Inter Corporate Deposits (ICD) Placed		
Mahindra Aerospace Private Limited	-	120,000,000
Mahindra Gears and Transmissions Private Limited	-	35,000,000
Mahindra Two Wheelers Limited	-	157,500,000
Inter Corporate Deposits (ICD) matured		
Mahindra Aerospace Private Limited	-	120,000,000
Mahindra Gears and Transmissions Private Limited	35,000,000	-
Mahindra Two Wheelers Limited	52,500,000	135,000,000

Transactions	2014-15	(In Rupees) 2013-14
Sale of Vehicles		
Mahindra Engineering Services Limited	-	458,515
Mahindra Retail Private Limited	-	981,595
Mahindra Holidays and Resorts India Limited	-	471,532

Note:
No amounts pertaining to related parties have been provided for as doubtful debts, except that provision of Rs.143,327 had been made in earlier years in respect of amount receivable from a fellow subsidiary, namely, Mahindra & Mahindra Financial Services Limited. Further, no amounts pertaining to related parties have been written off or written back during the year.

31. The Principal business of the Company is trading in used cars. All other activities of the Company revolve around/are connected with its main business. Considering this, the Company has only one reportable segment.

32. Quantitative details in respect of Goods Traded:

Class of Goods	OPENING STOCK		PURCHASES		SALES		CLOSING STOCK	
	Qty.	Value	Qty.	Value	Qty.	Value	Qty.	Value
	Nos.	Rupees	Nos.	Rupees	Nos.	Rupees	Nos.	Rupees
Vehicles	-	-	-	-	-	-	-	-
	(59)	(16,487,977)	(730)	(207,851,195)	(789)	(252,232,778)	(-)	(-)
Accessories	-	-	-	-	-	-	-	-
	-	(-)	-	(45,438)	-	(22,929)	-	(-)
TOTAL								
		(16,487,977)		(207,896,633)		(252,255,707)		(-)

Note: Previous year figures are given in brackets.

33. Expenditure in Foreign Currency:

(on accrual basis)

Particulars	For the year ended 31 st March, 2015 (Rupees)	For the year ended 31 st March, 2014 (Rupees)
Travelling	300,351	19,143
Others	153,409	9,669
Total	453,760	28,812

34. Earning in foreign currency

(on accrual basis)

Particulars	For the year ended 31 st March, 2015 (Rupees)	For the year ended 31 st March, 2014 (Rupees)
Professional and consultation fees	1,832,025	-

35. During the year, pursuant to the notification of Schedule II to the Companies Act, 2013 with effect from April 1, 2014, the Company revised the estimated useful life of some of its assets to align the useful life with those specified in Schedule II. Further, assets individually costing Rs. 5,000/- or less that were depreciated fully in the year of purchase are now depreciated based on the useful life considered by the Company for the respective category of assets. Pursuant to the transition provisions prescribed in Schedule II to the Companies Act, 2013, the Company has fully depreciated the carrying value of assets, net of residual value, where the remaining useful life of the asset was determined to be nil as on April 1, 2014, and has adjusted an amount of Rs. 2,960,714/- against the opening Surplus balance in the Statement of Profit and Loss under Reserves and Surplus.

The depreciation expense in the Statement of Profit and Loss for the year is higher by Rs.2,892,311/- consequent to the change in the useful life of the assets.

36. Lease Income

The company has entered into various cancellable operating lease agreements as a lessor for various assets having lease period ranging from 12 months to 30 months. The lease rentals recognized as income amounting to Rs. 3,601,191/- (Previous year Rs. 371,955/-) in the statement of profit and loss during the year are included in Note 19 under the head 'Rental income from operating leases'. The details of assets leased out are as below:

Particulars	For the year ended 31 st March, 2015 (Rupees)	For the year ended 31 st March, 2014 (Rupees)
Fixed Assets		
Gross Carrying amount of Leased assets	34,026,621	25,004,024
Accumulated Depreciation	21,923,562	8,338,567
Depreciation recognized	4,368,436	3,997,223

37. Earnings per share is calculated as follows:

Sr. No.	Particulars	For the year ended 31 st March, 2015	For the year ended 31 st March, 2014
1	Basic EPS:		
(i)	Net Profit after Tax for the year (Rs.)	19,230,726	4,266,310
(ii)	Weighted Average number of Equity Shares	63,736,549	63,430,719
	Basic EPS (i)/(ii)	0.30	0.07
2	Diluted EPS:		
(i)	Net Profit after Tax for the year (Rs.)	19,230,726	4,266,310
	Adjustment for income) expenses on account of potential equity conversion	-	-
	Net Profit after Tax for the year for Diluted EPS (Rs.)	19,230,726	4,266,310
(ii)	Weighted Average number of Equity Shares	63,736,549	63,430,719
	Add: Potential Equity Shares on exercise of options	2,249,611	3,167,397
	Total	65,986,160	66,598,116
	Diluted EPS {2(i)/2(ii)}	0.29	0.06
3	Face Value of Shares (Rs.)	10	10

Note: The Equity Shares lying with the ESOS Trust are not considered for the calculation of Basic Earnings per Share.

38. The Company has tied up with a third party service provider for covering the risk of warranty under a warranty scheme.
39. Previous year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosure.

Place : Mumbai
Date : 28th April, 2015

Signature to notes

Ramesh Iyer DIN - 00220759	}	Directors
Rajeev Dubey DIN - 00104817		
P. Sivaram DIN - 00066864		
Dr. Nagendra Palle DIN - 06964686		
Percy Mahernosh		CEO & Managing Director
Deeraj Nair		CFO Secretary

DIRECTORS' REPORT

Your Directors present their Eighth Report together with the audited financial statements of your Company for the year ended 31st March, 2015.

FINANCIAL HIGHLIGHTS AND STATE OF COMPANY'S AFFAIRS:

	(Rs. in Crores)	
	For the year ended 31st March, 2015	For the year ended 31 st March, 2014
Operating Income	1,916.54	1,750.34
Other Income	7.64	6.27
Total Income.....	1,924.18	1,756.61
Less Expenses :		
Purchase of Stock in Trade.....	34.76	2.70
Change in Inventories of Stock in Trade	(1.25)	(1.51)
Operating, Administrative & Other Expenses.....	1,704.48	1,607.92
Personnel	118.17	89.94
Finance Costs	0.02	0.05
Depreciation and Amortization.....	5.90	3.16
Total Expenses.....	1,862.08	1,702.26
Profit/(Loss) Before Tax	62.10	54.35
Less:		
Provision for Taxation		
– Current Tax.....	22.37	19.59
– Deferred Tax Income	(1.36)	(1.88)
Profit/(Loss) After Tax	41.09	36.64
Balance of Profit from earlier years	64.89	28.25
Transitional depreciation charge on re-computation of depreciation as per Companies Act, 2013.	(0.19)	–
Balance Carried Forward	105.79	64.89
Any amount carry forward to reserve	–	–
Networth	266.45	124.39

No material changes and commitments have occurred after the closure of the year under review till the date of this report which would affect the financial position of the Company.

OPERATIONS:

Your company recorded gross income of Rs. 1,924.18 crores for the year under review as against gross income of Rs. 1,756.61 crores in the previous year registering a growth of 9.5%. The net profit after tax (after accounting of deferred tax income of Rs. 1.36 crores) is Rs. 41.09 crores as compared to Rs. 36.64 crores (after accounting of deferred tax income of Rs. 1.88 crores) registering a growth of 12%.

The Non- Mahindra Group Supply Chain Business grew by 80% over last year, in line with stated strategy and objectives of your company. The supply chain business has been positively impacted by winning large customer accounts in

both automotive logistics as well as e-commerce logistics. Further, brisk account penetration in major supply chain management customers has improved significantly, as efforts centered on operating excellence and better responsiveness pay dividends.

During the year under review, your company acquired a majority stake in a freight forwarding company viz. Lords Freight (India) Private Limited engaged primarily in international freight forwarding business. Your company has also made further investment in its existing subsidiary viz. 2X2 Logistics Private Limited primarily with an aim to run transportation business through an assetised mode as against current business model of the company running asset light model.

The consolidated gross income of the year is at Rs. 1,964.41 crores with a net profit of Rs. 39.96 crores.

DIVIDEND:

Your Directors have not recommended dividend with a view to conserve resources for the future growth of your Company.

in automotive logistics services. 2X2 has recorded gross income of Rs. 145.81 Lacs and Net Profit after Tax of Rs. 9.31 Lacs for the year under review.

SUBSIDIARIES:**1) Lords Freight (India) Private Limited (Lords)**

Lords has recorded gross income of Rs. 68.97 crores for the year under review as against gross income of Rs. 60.29 crores in the previous year registering a growth of 14.4%. The net loss after tax (after accounting of deferred tax expenses of Rs. 17.74 Lakhs) is Rs. 2.71 crores as compared to Rs. 1.51 crores (after accounting of deferred tax income of Rs. 18.50 Lakhs) registering an increase in loss by 79.5% over previous year.

The Air Export business grew significantly by 72% over last year due to focus on this product leading to many major customer wins and corresponding business. The Ocean Export business was another major contributor to growth, growing 43% over previous year. Further, brisk account penetration in across all the major products has improved significantly, as efforts centered on a focused marketing strategy. This involved targeting customers for specific trade lanes, sales channels and geographies which lead to increase in both the Mahindra and Non-Mahindra business segments, and also nomination business from Global Network Partners. The Air Import business however, declined by 13% and the Ocean Import business grew by only 1%. These two product lines will be developed for the year F16 to ensure growth and profitability through a strategy focused on specific industry verticals, trade-lanes and sales channels. Lords has become subsidiary of the Company with effect from 7th August, 2014.

2) 2X2 Logistics Private Limited (2X2)

During the year 2x2 has purchased two car carriers and also engaged market vehicles to increase the business

CONSOLIDATED FINANCIAL STATEMENT:

In accordance with Section 134(7) of the Companies Act, 2013 and Accounting Standard (AS) - 21, the audited consolidated financial statement of your Company form part of this Annual Report.

A Report on the performance and financial position of each of the subsidiaries included in the Consolidated Financial Statement is provided in Form AOC-1 and forms part of this Annual Report.

SHARE CAPITAL:

The authorized share capital of your Company is Rupees One hundred and five crores.

During the year under review, your Company has allotted

- 78,43,036 0.001% Non-Cumulative Compulsorily Convertible Preference Shares of face value of Rs. 50/- each to Normandy Holdings Limited at a premium of Rs. 72.29/- per share on preferential allotment basis.
- 3,34,148 -0.001% Non-Cumulative Compulsorily Convertible Preference Shares of face value of Rs.50/- each to Kedaara Capital Alternative Investment Fund - Kedaara Capital AIF-1 at a premium of Rs. 72.29/- per share on preferential allotment basis.
- 4,35,477 Equity Shares of face value Rs. 10/- each to the employees of the Company in accordance with MLL Key Executives Stock Option Scheme, 2012.

Your Company has made first and final Call of Rs. 11.90/- per equity share on 4,07,743 equity shares to Mahindra Partners Employee Options Trust.

The paid-up share capital of your Company as on 31st March, 2015 stood at Rs. 100,70,80,151/-

BOARD OF DIRECTORS**Composition:**

Sr. No.	Name of the Director	DIN	Executive/ Non-Executive	Independent/ Non-Independent
1	Mr. Anjani Kumar Choudhari	00234208	Non-Executive	Non-Independent
2	Mr. Zhooben Bhiwandiwalla	00110373	Non-Executive	Non-Independent
3	Mr. K Chandrasekar	01084215	Non-Executive	Non-Independent
4	Mr. Parag Shah	00374944	Non-Executive	Non-Independent
5	Mr. Ruzbeh Irani	01831944	Non-Executive	Non-Independent
6	Mr. Sanjeev Aga	00022065	Non-Executive	Non-Independent
7	Mr. Sunish Sharma	00274432	Non-Executive	Non-Independent
8	Ms. Neelam Deo	02817083	Non-Executive	Independent
9	Mr. Ajay Mehta	07102804	Non-Executive	Independent

Mr. Ajay Mehta and Ms. Neelam Deo who in the opinion of the Board, are persons with integrity and possess relevant expertise and experience, and who have given declarations to the effect that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013, have been appointed as Independent Directors in accordance with the recommendations of the Nomination and Remuneration Committee, with effect from 27th March, 2015, pursuant to Section 149 of the Companies Act, 2013, for a period of 3 consecutive years and they would not be liable to retire by rotation. The Company has received notice from a member, signifying its intention to propose Mr. Ajay Mehta and Ms. Neelam Deo as candidate for the office of Independent Directors at the forthcoming Annual General Meeting.

Mr. Parag Shah and Mr. Zhooben Bhiwandiwala retire by rotation at the forthcoming Annual General Meeting, and being eligible, have offered themselves for re-appointment.

NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS:

The Board met Nine times during the year under review, i.e. on 1st April, 2014, 5th May, 2014, 19th June, 2014, 25th July, 2014, 27th October, 2014, 28th January, 2015, 17th February, 2015, 16th March, 2015 and 27th March, 2015.

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to section 134(5) of the Companies Act, 2013, your directors, based on representation from the operating management and after due enquiry, confirm that:

- (a) in the preparation of the annual financial statements for the year ended 31st March, 2015 the applicable accounting standards have been followed;
- (b) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year on 31st March, 2015 and of the profit of the Company for the financial year ended on that date;
- (c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) they have prepared the annual accounts on a going concern basis; and
- (e) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

EVALUATION OF PERFORMANCE:

The Board of Directors has adopted a process for annual evaluation of its own performance and that of its committees and individual directors. Questionnaires/Feedback templates for annual evaluation, based on the criteria approved by the Board, were circulated to each Board member and responses were submitted to the Chairman of the Board for facilitating the formal annual evaluation.

CODES OF CONDUCT:

Your Company has in place Codes of Conduct for Corporate Governance (“the Codes”) for its Directors and Senior Management Personnel and Employees. These Codes enunciate the underlying principles governing the conduct of your Company’s business and seek to reiterate the fundamental precept that good governance must and would always be an integral part of your Company’s ethos.

Your Company has for the year under review, received declarations under the Codes from the Board of Directors and the Senior Management Personnel and Employees affirming compliance with the respective Codes.

KEY MANAGERIAL PERSONNEL:

Pursuant to provisions of Section 2(51) and Section 203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, Key Managerial Personnel of your Company are as below:

- Mr. Pirojshaw Sarkari appointed as Chief Executive Officer of the Company w.e.f. 25th July, 2014
- Mr. Nikhil Nayak appointed as Chief Financial Officer of the Company w.e.f. 1st April, 2014
- Mr. Vilas Chaubal appointed as Company Secretary of the Company w.e.f. 25th July, 2014

Mr. Pirojshaw Sarkari resigned as Manager of your Company with effect from 25th July, 2014.

COMMITTEES OF THE BOARD:

Audit Committee

The Composition of Audit Committee is follows: -

Director	Designation
Mr. Ajay Mehta	Member
Ms. Neelam Deo	Member
Mr. K Chandrasekar	Member
Mr. Sanjeev Aga	Permanent Invitee

Pursuant to Section 177 of the Companies Act, 2013 read with Companies (Meetings of Board and its Powers) Rules, 2014, the Audit Committee was re-constituted for induction of Mr. Ajay Mehta and Ms. Neelam Deo as its members with effect from 27th March, 2015.

The Audit Committee met four times during year under review, i.e. on 5th May, 2014, 25th July, 2014, 27th October, 2014 and 27th March, 2015.

Nomination and Remuneration Committee

The composition of Nomination and Remuneration Committee is follows: -

Director	Designation
Mr. Ajay Mehta	Member
Ms. Neelam Deo	Member
Mr. Sanjeev Aga	Member
Mr. Anjani Kumar Choudhari	Member

Pursuant to Section 178 of the Companies Act, 2013 read with Companies (Meetings of Board and its Powers) Rules, 2014, the Nomination and Remuneration Committee was re-constituted for induction of Mr. Ajay Mehta and Ms. Neelam Deo as its members with effect from 27th March, 2015.

The Nomination and Remuneration Committee met twice during year under review, i.e. on 25th July, 2014 and 27th March, 2015.

Corporate Social Responsibility Committee

The Composition of Corporate Social Responsibility Committee is follows: -

Director	Designation
Mr. Ajay Mehta	Member
Mr. Ruzbeh Irani	Member
Mr. Sanjeev Aga	Member

Pursuant to Section 135 of the Companies Act, 2013 read with Companies (Meetings of Board and its Powers) Rules, 2014, the Corporate Social Responsibility Committee was re-constituted for induction of Mr. Ajay Mehta as its member with effect from 27th March, 2015.

The Corporate Social Responsibility Committee met thrice during year under review, i.e. on 9th April, 2014, 5th May, 2014 and 27th October, 2014.

MLL Key Executives Stock Option Scheme Committee

The Composition of MLL Key Executives Stock Option Scheme Committee is follows: -

Director	Designation
Mr. Zhooben Bhiwandiwalla	Member
Mr. Parag Shah	Member
Mr. Ruzbeh Irani	Member
Mr. Sunish Sharma	Member

The MLL Key Executives Stock Option Scheme Committee met twice during year under review, i.e. on 25th July, 2014 and 5th March, 2015.

POLICY FOR REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES AND CRITERIA FOR APPOINTMENT/REMOVAL OF DIRECTORS AND SENIOR MANAGEMENT PERSONNEL:

In line with the principles of transparency and consistency and upon recommendation of the Nomination and Remuneration Committee, your Board has approved

- Policy on the appointment/removal of directors and senior management personnel, together with the criteria for determining qualifications, positive attributes and independence of directors

- Policy on the remuneration of directors, key managerial personnel and other employees

These policies are provided as Annexure I and form part of this report.

RISK MANAGEMENT POLICY:

The Board has formulated a Risk Management Policy for the Company which identifies elements of risk if any which may threaten the existence of the Company. Implementation of the Risk Management Policy is expected to be helpful in managing the risks associated with the business of the Company.

STATUTORY AUDITORS:

At the Seventh Annual General Meeting, M/s. B. K. Khare & Co., Chartered Accountants, (ICAI registration number 105102W) were appointed as the statutory auditors of your Company to hold office from the conclusion of the seventh Annual General Meeting till the conclusion of eighth Annual General Meeting.

M/s. B. K. Khare & Co., Chartered Accountants have given a written consent to act as Statutory Auditor of your Company, if appointed, and have also confirmed that the said appointment would be in conformity with the provisions of Sections 139 and 141 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014.

The members are requested to appoint statutory auditors of the Company at the ensuing Annual General Meeting and fix their remuneration.

The Auditors' Report does not contain any qualification, reservation or adverse remark.

SECRETARIAL AUDITORS:

Your Company has appointed M/s. Mehta and Mehta as Secretarial Auditor of the Company in accordance with Section 204 of Companies Act, 2013 for the financial year 2014-15.

In terms of provisions of sub section 1 of Section 204 of Companies Act, 2013, the Company has annexed with this Board Report, a secretarial audit report given by the Secretarial Auditors, and the said secretarial report, in prescribed form MR 3 at Annexure II, forms part of this report.

The Secretarial Auditor has pointed out observation as following: *The Company is common carrier in terms of section 2(a) of the CRA, accordingly, as per Section 4 of the CRA, the Company is required to obtained certificate of registration with the registering authority. As per information and explanation provided to us, the Company has not obtained any registration under the CRA and accordingly, has violated the provisions of the CRA and no other compliances were taken care of by the Company as per the CRA.*

The Company is seeking clarifications from the registration authorities on the contradictions between the Act and the requirements of the registration authorities with respect to vehicle ownership as a pre-condition for registration. Accordingly, on receiving clarity, the Company will seek registration under the Act.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

The particulars relating to the energy conservation, technology absorption and foreign exchange earnings and outgo, as required under Section 134(3)(m) of the Companies Act, 2013 read with the Companies Rule 8(3) of The Companies (Accounts) Rules, 2014 are provided in Annexure III and form part of this report.

PARTICULARS OF EMPLOYEES AS REQUIRED UNDER RULE 5(2) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014:

Being unlisted company, provisions of Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable to your Company.

CORPORATE SOCIAL RESPONSIBILITY:

Your Board has approved a Corporate Social Responsibility policy in accordance with the relevant provisions of Companies Act, 2013. Report on Corporate Social Responsibility containing particulars specified in Annexure to the Companies (Corporate Social Responsibility Policy) Rules, 2014 is given in Annexure IV and forms part of this report.

PARTICULARS OF PUBLIC DEPOSITS, LOANS, GUARANTEES OR INVESTMENTS:

Your Company has not accepted any deposits from the public, or its employees, during the year. There were no other deposits falling under Rule 2(1)(c) of the Companies (Acceptance of Deposits) Rules, 2014 at the beginning of the year, during the year and at the end of the year. There are no deposits which are not in compliance with the requirement of Chapter V of the Companies Act, 2013

Particulars of loans given, investments made and guarantees and securities provided pursuant to Section 186 of the Companies Act, 2013 are given under Note No 9 of the standalone financial statement and the same form part of this Report.

Your Company has not made any loans/advances which are required to be disclosed in the annual accounts of the Company pursuant to Clause 32 of the Listing Agreement between the parent Company, Mahindra and Mahindra Limited and stock exchanges.

PARTICULARS OF TRANSACTIONS WITH RELATED PARTIES:

Particulars of contracts or arrangements with related parties of the Company referred to under Section 188(1) of the Companies Act, 2013 are given in Form AOC-2 as Annexure V and the same forms part of this report.

EXTRACT OF ANNUAL RETURN:

Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return as on 31st March,

2015 in form MGT-9 is annexed as Annexure VI and forms part of this report.

MLL KEY EXECUTIVES STOCK OPTION SCHEME:

During the year under review, the Company has not granted any Stock Options to the employees under the MLL Key Executive Stock Option Scheme. Details of the shares vested, exercised and issued under the aforesaid Scheme, as also the disclosures in compliance with Rule 12(9) of the Companies (Share Capital and Debentures) Rules 2014 are set out in Annexure VII to this Report

THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013:

During the year under review, no complaints were received under the Sexual Harassment of Women at work place (Prevention, Prohibition and Redressal) Act, 2013, for prevention of sexual harassment.

INTERNAL FINANCIAL CONTROLS:

Pursuant to Rule 8 of the Companies (Accounts) Rules, 2014, based on the representation received and after due enquiry, your directors confirm that they have laid down internal financial controls with reference to the Financial Statements and these controls are adequate.

GENERAL:

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions/events on these items during the year under review:

- Issue of equity shares with differential rights as to dividend, voting or otherwise.
- No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and the Company's operations in future.
- There were no Shares having voting rights not exercised directly by the employees and for the purchase of which or subscription to which loan was given by the Company.

ACKNOWLEDGEMENT:

Your Directors would like to place on record their sincere thanks for the cooperation and support received from your Company's bankers, stakeholders, business associates and various agencies of the Central and State Governments.

For and on behalf of the Board

Parag Shah
Director

Zhooben Bhiwandiwalla
Director

Mumbai, 30th April, 2015

ANNEXURE I TO THE DIRECTORS' REPORT

A. POLICY ON APPOINTMENT OF DIRECTORS AND SENIOR MANAGEMENT

DEFINITIONS

The definitions of some of the key terms used in this Policy are given below.

“Board” means Board of Directors of the Company.

“Company” means Mahindra Logistics Limited.

“Employee” means employee of the Company including employees in the Senior Management Team of the Company.

“Key Managerial Personnel” (KMP) refers to key managerial personnel as defined under the Companies Act, 2013 and includes:

- (i) Chief Executive Officer (CEO);
- (ii) Chief Financial Officer (CFO); and
- (iii) Company Secretary (CS).

“Nomination and Remuneration Committee” (NRC) means Nomination and Remuneration Committee of Board of Directors of the Company for the time being in force.

“Senior Management” means personnel of the Company who are members of its Core Management Team excluding Board of Directors comprising of all members of management including the functional heads.

I. APPOINTMENT OF DIRECTORS

- The NRC reviews and assesses Board composition and recommends the appointment of new Directors. In evaluating the suitability of individual Board member, the NRC shall take into account the following criteria regarding qualifications, positive attributes and independence of director:
 1. All Board appointments will be based on merit, in the context of the skills, experience, independence and knowledge, for the Board as a whole to be effective.
 2. Ability of the candidates to devote sufficient time and attention to his professional obligations as Independent Director for informed and balanced decision making.
 3. Adherence to the Code of Conduct and highest level of Corporate Governance in letter and in spirit by the Independent Directors.
- Based on recommendation of the NRC, the Board will evaluate the candidate(s) and decide on the selection of the appropriate member. The Board through the Chairman will interact with the new member to obtain his/her consent for joining the Board. Upon receipt of the consent,

the new Director will be co-opted by the Board in accordance with the applicable provisions of the Companies Act 2013 and Rules made thereunder.

REMOVAL OF DIRECTORS

If a Director is attracted with any disqualification as mentioned in any of the applicable Act, rules and regulations thereunder or due to non - adherence to the applicable policies of the company, the NRC may recommend to the Board with reasons recorded in writing, removal of a Director subject to the compliance of the applicable statutory provisions.

SENIOR MANAGEMENT PERSONNEL

Senior Management Personnel are appointed or promoted and removed/relieved with the authority of CEO based on the business need and the suitability of the candidate. The details of the appointment made and the personnel removed one level below the Key Managerial Personnel during a quarter shall be presented to the Board.

II. SUCCESSION PLANNING:

Board:

The successors for the Independent Directors shall be identified by the NRC at least one quarter before expiry of the scheduled term. In case of separation of Independent Directors due to resignation or otherwise, successor will be appointed at the earliest but not later than the immediate next Board meeting or three months from the date of such vacancy, whichever is later.

The NRC will accord due consideration for the expertise and other criteria required for the successor.

The Board may also decide not to fill the vacancy caused at its discretion.

Senior Management Personnel:

A good succession-planning program aims to identify high growth individuals, train them and feed the pipelines with new talent. It will ensure replacements for key job incumbents in KMPs and senior management positions in the organization.

We have a process of identifying Hi-pots and critical positions. Successors are mapped for these positions at the following levels:

1. Ready now
2. Ready in 1 to 2 years

3. Ready in 2 to 5 years
4. Ready in more than 5 years

in order to ensure talent readiness as per a ladder approach.

B. Remuneration Policy for Directors, Key Managerial Personnel and Employees.

Overall Intent of Compensation Policy

At Mahindra Logistics Ltd. (MLL) we want our employees to understand and appreciate their role in providing value to the business. On its part, the organization recognizes that its success depends upon the skills, competencies and performance of its employees. We also believe that the way in which we compensate, reward and recognize as well as promote our employees is a crucial factor in achieving our business and financial objectives. Towards achievement of these objectives, we promote an entrepreneurial, team-based performance and result oriented culture.

Objectives of the Compensation Policy-

- To attract, motivate and retain employees by compensating them competitively, based on periodic comparison with other companies in relevant industries.
- To provide an overall package of remuneration and benefits which addresses the normal requirements of employees and their families.
- To align levels of compensation with the expected output of employees in terms of role responsibility, skills and experience.
- To link elements of compensation with performance of each individual as well as the business.

Compensation Strategy

- We will regularly track market trends in terms of compensation levels and practices in relevant industries through participation in structured surveys and informal consultation with a select group of comparable organizations. This information will be used to internally review our compensation policies and levels.

A. Total Cost to Company

The first category consists of elements of compensation that are applicable to every individual and are calculated on a 'Total Cost to Company' basis.

A.1 Fixed Pay

This consists of basic salary, allowances and retiral benefits

Table A

Grade	01	02	03	04	05	06	07	08/MT	09	10/GT
Basic Salary (% of CTC)	30%	30%	30%	30%	30%	30%	30%	25%	25%	25%
HRA (% of Basic)	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%
Conveyance Allow. Per month	800	800	800	800	800	800	800	800	800	800
Education Allow. Per month	200	200	200	200	200	200	200	200	200	200

- Our package of remuneration and benefits will be designed to provide a degree of flexibility to individual officers to structure key benefits in a way that best suits individual personal and family requirements.
- Recognizing the need for long-term security, the compensation will include all statutory and other retirement benefits.
- Broad bands of compensation levels will be equitably defined for each grade to reflect levels of responsibility and provide a template when recruiting new employees.
- A pre-determined portion of remuneration will be linked directly to the annual performance of each individual and the business. This proportion will vary for each grade in keeping with the levels of responsibility.

Compensation Structure

The compensation structure consists of two categories of elements, summarized below. The details of each are given in subsequent parts.

- A. Total Cost to Company
- B. Reimbursements & Benefits

Current Levels & Designations

Level	Title
01	CEO
02	Senior Vice President
03	Vice President
04	Senior General Manager/General Manager
05	Deputy General Manager
06	Senior Manager
07	Manager
08	Deputy Manager
09	Senior Executive
10	Executive
MT	Management Trainee
GT	Graduate Trainee
FTC	Fixed Term Contract

Grade	01	02	03	04	05	06	07	08/MT	09	10/GT
Bonus (% of Basic)	NA	NA	NA	NA	NA	NA	NA	8.33%	8.33%	8.33%
PF (% of Basic)	12%	12%	12%	12%	12%	12%	12%	12%	12%	12%
Gratuity (% of Basic)	5.56%	5.56%	5.56%	5.56%	5.56%	5.56%	5.56%	5.56%	5.56%	5.56%
Superannuation (% of Basic)	15%	15%	15%	15%	15%	15%	15%	NA	NA	NA

Employees can also opt for contribution to superannuation fund, in that case Superannuation allowance will not be a component of monthly salary.

From Flexible benefit allowance an amount as per grade can be declared for availing LTA amount as per limits mentioned in below.

Table B:

Grade	Leave Travel Allowance
01 to 03	2,00,000
04 to 07	1,00,000
08	30,000
09	20,000
10	10,000

A.2 Variable Pay

This consists of an annual performance incentive. The amount paid is based on the individual's annual performance as well as the performance of the business vertical and company. Each employee is informed of individual entitlement in the appointment or compensation letter.

Performance pay is applicable for Grade 07 and above as per below

Table C:

Grade	Performance Pay (% of CTC)
01	20%
02	20%
03	20%
04	20%
05	18%
06	15%
07	10%

Appraisal year is April to March. Employees joined till 31st December will be eligible for Performance pay provided the employee is on rolls as on 30th June on the day of disbursement through salary. New joiners effective 1st January will be eligible for performance pay prorated in next appraisal cycle.

Employees in Sales/Business Development Department, who are in Grade 07 and above are eligible for Sales Incentive Plan (SIP), which is paid on the basis of achievement of sales targets on quarterly basis.

B. Reimbursements & Benefits

In addition to the above, the company provides certain other reimbursements and benefits. These are applicable

to all or certain grades based on business requirements and articulated in the HR policy manual. These are, therefore, kept outside the calculation of Cost to Company. These consist of the following:

1. Medical Reimbursements
2. Group Medclaim (Hospitalization) insurance policy
3. Group Personal Accident insurance policy
4. Group Term Life policy
5. Workmen Compensation policy
6. Mobile Reimbursement policy
7. Cellular phone handset policy
8. Laptops and data card policy
9. Transfer Relocation allowance policy

Hiring Process:

For hiring talent from the market, MLL has an Employee Requisition process which has the Job description, candidate profile, grade and the Budgeted CTC. The candidate is given an offer as per the Table A with a maximum increase of 20% on present CTC of the candidate. Any increase proposed above 20% of CTC approval is taken from CEO.

Payment of Salary:

Salaries are credited to (company nominated) employee's salary bank account. A salary slip detailing the total of pay and the various deductions made is also provided. Salary gets credited to the bank on or before 7th day of the subsequent month.

Annual Increments/Promotions

Based on annual performance appraisals, competency evaluation and Bell curve guidelines, the permanent employees are given ratings on a 5 point scale and applicable increment percentage on CTC is applicable to derive the revised compensation. Promotion criteria is based movement to a higher responsibility and consistently rated Expectations Surpassed/Superior. For promotions an additional increment is also added.

Appraisal year is April to March. Employees joined till 1st February are eligible for Annual increments effective 1st August and new joiners from 2nd February will be eligible for increments prorated in the next appraisal cycle.

Fixed Term Contract (FTC) Employees

Based on Customer requirement, Fixed Term Contract (FTC) employees are recruited mainly for Operations. The

Employment Term of these employees is for one year and it is renewed based on the Customer Agreement for further period. In case of closure of the Customer Agreement, we try to accommodate these employees in other projects based on the requirement else their services are terminated as per the clause mentioned in their appointment letter.

Compensation structure and components of compensation for FTC employees depends on the Location and Customer requirement.

Basic Salary, Provident Fund and Bonus are the mandatory components of the compensation structure, whereas House Rent Allowance, Conveyance Allowance, Child Education Allowance, Supplementary Allowance, Canteen Allowance, Skill Allowance, Attendance Bonus, Production Incentive are paid on the basis of available budgets for the respective customer.

FTC employees are covered under:

1. Employee State Insurance (ESI) or Workmen Compensation (WC) based on the location.
2. Group Mediclaim (Hospitalization) insurance policy.
3. Group Personal Accident insurance policy.
4. Group Term Life policy.

For annual increments for FTC's we have 2 cycles of annual increment – 1st October and 1st April depending on the customer agreement contracts.

Policy for Non-Executive Directors including Independent Directors:

The Nomination and Remuneration Committee shall decide the basis for determining the compensation, both fixed and variable, to the Non-Executive Directors including Independent Directors whether as commission or otherwise. The Committee shall take into consideration various factors such as director's participation in Board and Committee meetings during the year, other responsibilities undertaken, such as membership or chairmanship of committees, time spent in carrying out their duties, role and functions as envisaged in Companies Act, 2013 and such other factors as the committee may consider deem fit for determining the compensation. The Board shall determine the compensation to Non-Executive Directors within the overall limits specified in the shareholders resolution.

For and on behalf of the Board

Parag Shah	Zhooben Bhiwandiwala
Director	Director

Mumbai, 30th April, 2015

ANNEXURE II TO THE DIRECTORS' REPORT**Form No. MR-3****SECRETARIAL AUDIT REPORT**FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2015

[Pursuant to section 204(1) of the Companies Act, 2013 and the Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
Mahindra Logistics Limited
Mahindra Towers,
P.K. Kurne Chowk, Worli,
Mumbai - 400 018.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Mahindra Logistics Limited (hereinafter called "the Company"). Secretarial audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the company's books, papers, minutes books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officer, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2015 complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the company for the financial year ended on 31st March, 2015 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder (during the year under review not applicable to the Company);
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment (FDI);
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (during the year under review not applicable to the Company);
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 (during the year under review not applicable to the Company);
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (during the year under review not applicable to the Company);
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (during the year under review not applicable to the Company);
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (during the year under review not applicable to the Company);
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client (during the year under review not applicable to the Company);
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (during the year under review not applicable to the Company); and
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (during the year under review not applicable to the Company);
- (vi) The Carriage by Road Act, 2007 ("the CRA");

During the period under review the Company has complied with the provisions of Act, Rules, Regulations, Guidelines etc. mentioned above subject to following observations: -

1. *The Company is common carrier in terms of section 2(a) of the CRA, accordingly, as per section 4 of the CRA, the Company is required to obtain certificate of registration with the registering authority. As per information and explanation provided to us, the Company has not obtained any registration under the CRA.*
2. *Since the Company has not obtained the registration under the CRA, hence no other compliances were taken care of by the Company as per the CRA.*

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of the Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance except the board meeting held on 1st April, 2014, which was held with shorter notice with consent of the Board and a system exists for seeking and obtaining further for meaningful participation at the meeting.

All decision of the Board is carried through unanimously. As per the records provided by the Company, none of the member of the Board dissented on any resolution passed at the meeting.

We further report that subject to above mentioned observation with regard to CRA, there are systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period the company has: -

1. The Company has entered into an investment agreement dated 5th February, 2014 which was amended vide Amendment dated 5th March, 2015 with Mahindra & Mahindra Limited, Normandy Holdings Limited and Kedaara Capital Alternative Investment Fund – Kedaara Capital AIF.
2. The Company has issued 81,77,184 fully paid Non-cumulative Compulsorily Convertible Preference Shares of Rs. 50 each at a premium of Rs. 72.29 per share aggregating Rs. 99,99,87,831.36 on private placement basis based on the investment agreement referred in (1) above.
3. The Company has issued 3,48,415 equity shares of Rs. 10 each at a premium of Rs. 3.90 per shares and

87,062 equity shares of Rs. 10 each at a premium of Rs. 13.38 per shares on 5th March, 2015 and for which the Company has granted loan to its employees except director and key managerial personnel. Such loan was provided vide authority given vide resolution dated 17th February, 2015.

4. The Company has invested Rs. 7.99 Crores in the equity shares of Lords Freight (India) Private Limited as a result Lords Freight (India) Private Limited has become subsidiary of the Company.
5. The Company has invested Rs. 2.20 Crores in the equity shares of 2x2 Logistics Private Limited.

For **Mehta & Mehta,**
Company Secretaries
(ICSI Unique Code P1996MH007500)

Dipti Mehta
Partner
FCS No : 3667
CP No. :3202

Place: Mumbai

Date: 30th April, 2015

Note: This report is to be read with our letter of even date which is annexed as 'ANNEXURE A' and forms an integral part of this report.

Annexure A

To,
The Members,
Mahindra Logistics Limited
Mahindra Towers,
P.K. Kurne Chowk, Worli,
Mumbai - 400 018.

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The secretarial audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **Mehta & Mehta,**
 Company Secretaries
 (ICSI Unique Code P1996MH007500)

Dipti Mehta
Partner
FCS No : 3667
CP No. :3202

Place: Mumbai
 Date: 30th April, 2015

ANNEXURE III TO THE DIRECTORS' REPORT

**PARTICULARS AS PER THE COMPANIES (ACCOUNTS)
 RULES, 2014
 AND FORMING PART OF THE DIRECTORS' REPORT FOR
 THE YEAR ENDED 31ST MARCH, 2015.**

A. CONSERVATION OF ENERGY

- (a) the steps taken or impact on conservation of energy:
 The operations of your Company are not energy – intensive. However adequate measures have been initiated to reduce energy consumption.
- (b) the steps taken by the Company for utilizing alternate sources of energy: Not applicable
- (c) the capital investment on energy conservation equipment's: Nil

B. TECHNOLOGY ABSORPTION

- (a) the efforts made towards technology absorption – Nil
- (b) the benefits derived like product improvement, cost reduction, product development or import substitution: Not applicable
- (c) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year) – Not applicable
 - (i) the details of technology imported:

- (ii) the year of import:
- (iii) whether the technology been fully absorbed:
- (iv) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof:

- (d) The expenditure incurred on Research and Development: Nil

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO:
 (in terms of actual inflow and outflow)**

(Rupees in Lakhs)

Total Foreign Exchange earnings and outgo:	For the Financial Year Ended 31st March, 2015	For the Financial Year ended 31 st March, 2014
Total Foreign Exchange Earned	21.00	35.98
Consideration for Share Capital Received	9,591.25	0.12
Total Foreign Exchange Outgo	81.69	52.55

For and on behalf of the Board

Parag Shah
 Director

Zhooben Bhiwandiwalla
 Director

Mumbai, 30th April, 2015

ANNEXURE IV TO THE DIRECTORS' REPORT
FORMAT FOR THE ANNUAL REPORT ON CSR ACTIVITIES
TO BE INCLUDED IN THE BOARD'S REPORT

(1) Mahindra Logistics Limited (MLL) is a subsidiary of Mahindra & Mahindra Limited. The CSR vision of MLL is to serve and give back to the communities within which it works. From April 2014, in line with Companies Act, 2013, MLL pledges 2% of average net profits made during the three immediately preceding financial years specifically towards CSR initiatives. The commitment to CSR will be manifested by investing resources in the following areas:

- Community Welfare Program – Under privileged Children Scholarships, Rest Room Facilities, Medical Insurance for the underprivileged.
- Village Adoption – Infrastructure, Education and Health.
- MLL employees have been encouraged to volunteer for various CSR projects in the areas of education, health and environment through Employees Social Options program (ESOPS). Some of the projects to which employees have extended their volunteering efforts are skill development of youth, HIV/AIDS awareness, health camps, donations to orphanages and homes for the senior citizens etc.

Web-link to the CSR policy -<http://www.mahindralogistics.com/csr.html>

- (2) The Composition of the CSR Committee.
- The CSR Committee of the Board comprises of the following Board members:
- Mr. Ajay Mehta (Independent Director)
- Mr. Ruzbeh Irani
- Mr. Sanjeev Aga
- (3) Average net profit of the company for last three financial years. Rs. 3,560.51 Lacs
- (4) Prescribed CSR Expenditure (two per cent. of the amount as in item 3 above) Rs 71.21 lacs
- (5) Details of CSR spent during the financial year.
- (a) Total amount to be spent for the financial year; Rs. 71.21 lacs
- (b) Amount unspent, if any; Nil
- (c) Manner in which the amount spent during the financial year is detailed below

S. No	CSR project or activity identified	Sector in which the project is covered	Projects or programme (1) Local area or other (2) Specify the state and district where projects or programs was undertaken	Amount outlay (budget project or programme wise)	Amount spent on the project or programme Sub Heads;	Cumulative expenditure up to the reporting period	Amount Spent direct or through implementing agency
					(1) Direct expenditure on projects or programmes (2) Overheads		
					Rs. in lacs	Rs. in lacs	
1	Nanhi Kali	Education & special education, Employment enhancing vocational skills & livelihood enhancement projects	Lonawala, Maharashtra.		36.00	36.00	Through implementing agency *
2	Gram Vikas	Rural Development	Thane, Maharashtra.		15.21	15.21	Direct
3	Samantar	Health, Safe drinking water, Eradicating hunger & poverty & contribution to Swacch Bharat Kosh, Education & special education, Employment enhancing vocational skills & livelihood enhancement projects, Promoting Gender Equality, Homes/ hostels/day care for women, orphans, senior citizens	Chandigarh-Haryana and Punjab, Hyderabad-AP, Jaipur-Rajasthan, Indore- MP, Mumbai-Maharashtra, Igatpuri-Maharashtra, Lonawala-Maharashtra, Pune-Maharashtra, Zaheerabad-Telangana, Delhi, Haridwar-Uttaranchal, Kolkata, West Bengal.		10.76	10.76	Direct
4	Gyandeeep	Education & special education, Employment enhancing vocational skills & livelihood enhancement projects	PAN India.		10.01	10.01	Direct

S. No	CSR project or activity identified	Sector in which the project is covered	Projects or programme (1) Local area or other (2) Specify the state and district where projects or programs was undertaken	Amount outlay (budget project or programme wise	Amount spent on the project or programme Sub Heads; (1) Direct expenditure on projects or programmes (2) Overheads	Cumulative expenditure up to the reporting period	Amount Spent direct or through implementing agency
5	Arogyam	Health, Safe drinking water, Eradicating hunger & poverty & contribution to Swacch Bharat Kosh, Ensuring Environmental Sustainability	Haridwar-Uttaranchal, Hyderabad-AP, Mumbai-Maharashtra, Thane-Maharashtra.		0.59	0.59	Direct
6	Swachh Bharat	Ensuring Environmental Sustainability	Chennai- Tamil Nadu, Delhi		0.08	0.08	Direct
7	Green Guardians	Ensuring Environmental Sustainability	Mumbai-Maharashtra, Thane-Maharashtra.		0.07	0.07	Direct
8	Prayas	Health, Safe drinking water, Eradicating hunger & poverty & contribution to Swacch Bharat Kosh	Haridwar-Uttaranchal.		0.06	0.06	Direct
	Total				72.78	72.78	-

* Project Nanhi Kali, is implemented and executed through K. C. Mahindra Education Trust.

Address:

3rd Floor, Cecil Court, Mahakavi Bhushan Marg,
Mumbai – 400 001.

- (6) In case the company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report. N.A.
- (7) A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the company.

The implementation and monitoring of CSR Policy is in compliance with CSR objectives and Policy of the Company.

Pirojshaw Sarkari
Chief Executive Officer

Sanjeev Aga
Member CSR Committee

Mumbai, 30th April, 2015

ANNEXURE V TO THE DIRECTORS' REPORT
FORM NO. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014.)

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arms length transaction under third proviso thereto.

1. **Details of contracts or arrangements or transactions not at arm's length basis- Nil**
2. **Details of material contracts or arrangements or transactions at arm's length basis.**

1	Particulars	Details
a)	Name (s) of the related party & nature of relationship	Mahindra & Mahindra Limited-Holding Company
b)	Nature of Contracts/arrangements/transaction	Transportation Services, Stores & Line Feed and Warehousing Services
c)	Duration of the contracts/arrangements/transaction	Ongoing contract
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	Freight, manpower & other charges with management fees Rs. 1,20,855.72 lacs
e)	Date of approval by the Board	30/04/2015
f)	Amount Paid as Advances, if any	Nil

Note:

Contracts/transactions for rendering of services for an amount exceeding 10% of turnover of the Company or Rs. fifty crore, whichever is lower is considered as material for the purpose of this disclosure.

For and on behalf of the Board

Parag Shah
Director

Zhooben Bhiwandiwala
Director

Mumbai, 30th April, 2015

ANNEXURE VI TO THE DIRECTORS' REPORT

Form No. MGT-9

Extract of Annual Return

As on the financial year ended on 31st March, 2015

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

1.	CIN	U63000MH2007PLC173466
2.	Registration Date	24 th August, 2007
3.	Name of the Company	Mahindra Logistics Limited
4.	Category/Sub-Category of the Company	Public Limited Company
5.	Address of Registered office and contact details	Mahindra Towers, P K Kurne Chowk, Worli, Mumbai 400018. Tel : 022-24905828
6.	Whether listed Company (Yes/No)	No
7.	Name, Address and Contact details of Registrar and Transfer Agent, if any	Sharepro Services India Private Limited 13 AB Samitha Warehousing Complex, 2 nd Floor, Saki Naka Telephone Exchange Lane, Sakinaka, Andheri East Mumbai – 400072 Tel : 022-67720400/300 Email:sharepro@shareproservices.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

All the business activities contributing 10 % or more of the total turnover of the company:-

Sr. No	Name and Description of Main Product/Services	NIC Code of the Product	% to total turnover of the Company
1	Supply Chain Management	4912, 4923, 5120, 5210	85.00%
2	People Logistics	4922	13.15%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Sr. No	Name and Address of the Company	CIN	Holding/ Subsidiary of the Company	% of shares held	Applicable Section
1.	Mahindra & Mahindra Limited	L65990MH1945PLC004558	Holding Company	84.01%	2(87)(ii)
2.	2x2 Logistics Private limited	U63000MH2012PTC237062	Subsidiary Company	55.00%	2(87)(ii)
3.	LORDS Freight (India) Private limited	U63030MH2011PTC216628	Subsidiary Company	60.00%	2(87)(ii)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i. Category-wise Share Holding:

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1. Indian									
a. Individual/HUF	–	–	–	–	–	–	–	–	–
b. Central Govt.	–	–	–	–	–	–	–	–	–
c. State Govt.	–	–	–	–	–	–	–	–	–
d. Bodies Corp.	5,39,06,217	6	5,39,06,223	88.60%	5,14,78,424	6	5,14,78,430	84.01%	-4.59%

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
e. Bank/Fl	-	-	-	-	-	-	-	-	-
f. Any Other	20,29,790	-	20,29,790	3.34%	16,22,047	-	16,22,047	2.65%	-0.69%
Sub-Total- A-(1)	5,59,36,007	6	5,59,36,013	91.94%	5,31,00,471	6	5,31,00,477	86.66%	-5.28%
2. Foreign	-	-	-	-	-	-	-	-	-
a. NRI-Individuals	-	-	-	-	-	-	-	-	-
b. Other Individuals	-	-	-	-	-	-	-	-	-
c. Body Corporate	-	-	-	-	-	-	-	-	-
d. Bank/Fl	-	-	-	-	-	-	-	-	-
e. Any Others	-	-	-	-	-	-	-	-	-
Sub Total- A (2)	-	-	-	-	-	-	-	-	-
Total Share Holding of Promoters (1+2)	5,59,36,007	6	5,59,36,013	91.94%	5,31,00,471	6	5,31,00,477	86.66%	-5.28%
B. Public Shareholding									
1. Institution	-	-	-	-	-	-	-	-	-
a. Mutual Funds	-	-	-	-	-	-	-	-	-
b. Bank/Fl	-	-	-	-	-	-	-	-	-
c. Cent. Govt.	-	-	-	-	-	-	-	-	-
d. State Govt.	-	-	-	-	-	-	-	-	-
e. Venture Capital	-	-	-	-	-	-	-	-	-
f. Insurance Co.	-	-	-	-	-	-	-	-	-
g. FIs	-	-	-	-	-	-	-	-	-
h. Foreign Portfolio Corporate	-	-	-	-	-	-	-	-	-
i. Foreign Venture Capital Fund	-	-	-	-	-	-	-	-	-
j. Others	-	-	-	-	-	-	-	-	-
Sub-Total-B(1)	-	-	-	-	-	-	-	-	-
2. Non-Institution	-	-	-	-	-	-	-	-	-
a. Body Corp.	2,00,491	-	2,00,491	0.33%	3,34,156	-	3,34,156	0.55%	0.22%
b. Individual	-	-	-	-	-	-	-	-	-
i. Individual shareholders holding nominal share capital upto ₹ 1 lakh	-	-	-	-	-	-	-	-	-
ii. Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	-	-	-	-	-	-	-	-	-
c. Others	-	-	-	-	-	-	-	-	-
i. NRI (Rep)	-	-	-	-	-	-	-	-	-
ii. NRI (Non-Rep)	-	-	-	-	-	-	-	-	-
iii. Foreign National	47,05,879	-	47,05,879	7.73%	78,43,227	-	78,43,227	12.80%	5.06%
iv. OCB	-	-	-	-	-	-	-	-	-
v. Trust	-	-	-	-	-	-	-	-	-
vi. In Transit	-	-	-	-	-	-	-	-	-
Sub-Total-B (2)	49,06,370	-	49,06,370	8.06%	81,77,383	-	81,77,383	13.34%	5.28%
Net Total (1+2)	49,06,370	-	49,06,370	8.06%	81,77,383	-	81,77,383	13.34%	5.28%

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
C. Shares held by Custodian for GDRs & ADRs									
Promoter and Promoter Group	-	-	-	-	-	-	-	-	-
Public	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	6,08,42,377	6	6,08,42,383	100%	6,12,77,854	6	6,12,77,860	100%	-

ii. Shareholding of Promoters:

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	
1	Mahindra & Mahindra Limited	5,39,06,117	88.60%	-	5,14,78,324	84.01%	-	-4.59%
2	Mahindra Engineering & Chemical Products Limited	100	0.00%	-	100	0.00%	-	-
3	Mahindra Partners Employee Options Trust	20,29,790	3.34%	-	16,22,047	2.65%	-	-0.69%
4	Mahindra & Mahindra Limited jointly with Mr. Zoooben Bhiwandiwala *	1	-	-	1	-	-	-
5	Mahindra & Mahindra Limited jointly with Mr. K .Chandrasekar *	1	-	-	1	-	-	-
6	Mahindra & Mahindra Limited jointly with Mr. Parag Shah *	1	-	-	1	-	-	-
7	Mahindra & Mahindra Limited jointly with Mr. Ruzbeh Irani *	1	-	-	1	-	-	-
8	Mahindra & Mahindra Limited jointly with Mr. Narayan Shankar *	1	-	-	1	-	-	-
9	Mahindra & Mahindra Limited jointly with Mr. S. V. Rao *	1	-	-	1	-	-	-

* The joint shareholders with Mahindra and Mahindra Limited are employees of Mahindra and Mahindra Limited and their name has been added for complying with the statutory provisions.

iii. Change in Promoters' Shareholding

Particulars Promoter – 1 Mahindra & Mahindra Limited	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
At the beginning of the year	5,39,06,117	88.60%	5,39,06,117	88.60%
Decrease – Sale of Shares on 16 th March 2015	24,27,793	-	5,14,78,324	-
At the end of the year			5,14,78,324	84.01%

Particulars Promoter – 2 Mahindra Partners Employee Option Trust	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
At the beginning of the year	20,29,790	3.34%	20,29,790	3.34%
Decrease – Sale of Shares on 16 th March 2015	4,07,743	-	16,22,047	-
At the end of the year			16,22,047	2.65%

iv. Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	Top Ten Shareholders	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Normandy Holdings Limited	47,05,879	7.73%	78,43,227	12.80%
2.	Kedaara Capital Alternative Investment Fund - Kedaara Capital AIF 1	200,491	0.33%	334,156	0.55%

v. Shareholding of Directors and Key Managerial Personnel:

Sr. No.	For Each of the Directors and KMP Name of the Director/KMP	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	–	–	–	–	–
2.	–	–	–	–	–
3.	–	–	–	–	–

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(₹ In Crores)

PARTICULARS	SECURED LOANS EXCLUDING DEPOSITS	UNSECURED LOANS	DEPOSITS	TOTAL INDEBTEDNESS
Indebtedness at the beginning of the financial year 01.04.2014				
1) Principal Amount	–	–	–	–
2) Interest due but not paid	–	–	–	–
3) Interest accrued but not due	–	–	–	–
Total of (1+2+3)	–	–	–	–
Change in Indebtedness during the financial year	–	–	–	–
+ Addition	–	–	–	–
– Reduction	–	–	–	–
Net change	–	–	–	–
Indebtedness at the end of the financial year- 31.03.2015	–	–	–	–
1) Principal Amount	–	–	–	–
2) Interest due but not paid	–	–	–	–
3) Interest accrued but not due	–	–	–	–
Total of (1+2+3)	–	–	–	–

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**A. Remuneration to Managing Director, Whole-Time Directors and/or Manager:**

Sr. No	Particulars of Remuneration	Name of MD/WTD/Manager		Total Amount (₹ In Lacs)
		Pirojshaw Sarkari- Manager		
1.	Gross Salary	–	–	–
	a) Salary as per provisions contained in section 17(1) of the Income Tax Act	25.50	–	25.50
	b) Value of perquisites u/s. 17(2) Income Tax Act, 1961	4.22	–	4.22
	c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	–	–	–
2.	Stock Option	–	–	–
3.	Sweat Equity	–	–	–
4.	Commission			
	– As % of Profit	–	–	–
	– Others, specify	–	–	–
5.	Others, please specify Provident Fund & other Funds	1.35	–	1.35
6.	Performance Bonus	19.24	–	19.24
	Total (A)	50.31	–	50.31
	Ceiling as per the Act	5% of the net profits of the Company		

B. Remuneration of other directors:**I. Independent Directors :-**

Particulars of Remuneration	Name of Directors		Total Amount (₹ In Lacs)
	Ajay Mehta	Neelam Deo	
Fee for attending board committee meetings	0.20	0.20	0.40
Commission	–	–	–
Others	–	–	–
Total (1)	0.20	0.20	0.40

II. Other Non-Executive Directors:

Other Non-Executive Directors								Total Amount (₹ In Lacs)
Fee for attending board committee meetings	–	–	–	–	–	–	–	–
Commission	–	–	–	–	–	–	–	–
Others	–	–	–	–	–	–	–	–
Total (2)								
Total B = (1+2)								
Ceiling as per the Act	1% of the Net profits of the Company							

C. Remuneration to Key Managerial Personnel Other than MD/Manager/WTD:

Sr. No	Particulars of Remuneration	Name of the KMP		Total Amount (₹ In Lacs)
		Pirojshaw Sarkari-CEO	Nikhil S Nayak-CFO	
1.	Gross Salary	-	-	-
	a) Salary as per provisions contained in section 17(1) of the Income Tax Act	59.38	44.89	104.27
	b) Value of perquisites u/s 17(2) Income Tax Act, 1961	0.26	-	0.26
	c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	-	-	-
2.	Stock Option	12.43	6.16	18.59
3.	Sweat Equity	-	-	-
4.	Commission			
	- As % of Profit	-	-	-
	- Others, specify	-	-	-
5.	Others, please specify Contribution to Provident Fund	3.09	2.15	5.24
6.	Performance Bonus	1.04	9.24	10.28
	Total (C)	76.20	62.44	138.64

VII. PENALTIES/ PUNISHMENT/ COMPOUNDING OF OFFENCES (Under the Companies Act):

	Type	Section of the Companies Act	Brief Description	Details of Penalty/Punishment/ Compounding fees imposed	Authority (RD/ NCLT/court)	Appeal made, if any (give details)
--	------	------------------------------	-------------------	---	----------------------------	------------------------------------

A. COMPANY

Penalty	-	-	-	-	-	-
Punishment	-	-	-	-	-	-
Compounding	-	-	-	-	-	-

B. DIRECTORS

Penalty	-	-	-	-	-	-
Punishment	-	-	-	-	-	-
Compounding	-	-	-	-	-	-

C. OTHER OFFICERS IN DEFAULT

Penalty	-	-	-	-	-	-
Punishment	-	-	-	-	-	-
Compounding	-	-	-	-	-	-

For and on behalf of the Board

Parag Shah
Director

Zhooben Bhiwandiwala
Director

Mumbai, 30th April, 2015

ANNEXURE VII TO THE DIRECTORS' REPORT**Disclosure pursuant to Employee Stock Option and Employee Stock Purchase Schemes**

The Board of Directors, shall, inter alia, disclose in the Directors' Report for the year, the following details of the Employees Stock Option Scheme:

- (a) Options granted; Nil during the current year.
- (b) Options vested; 4,42,459 Shares
- (c) Options exercised; 4,35,477 shares
- (d) The total number of shares arising as a result of exercise of option; 4,35,477 shares
- (e) Options lapsed; Nil
- (f) The exercise price; Rs. 13.90 (3,48,415 shares)/23.38(87,062 shares)
- (g) Variation of terms of options; Nil
- (h) Money realized by exercise of options; Rs. 68,78,478/-
- (i) Total number of options in force; 15,37,181 shares
- (j) Employee wise details of options granted to;- No grant during the current year
 - i) Key Managerial Personnel; Nil
 - (ii) any other employee who receives a grant of options in any one year of option amounting to five percent or more of options granted during that year; Nil
 - (iii) identified employees who were granted option, during any one year, equal to or exceeding one percent of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant; Nil

For and on behalf of the Board

Parag Shah
Director

Zhooben Bhiwandiwalla
Director

Mumbai, 30th April, 2015

INDEPENDENT AUDITOR'S REPORT

To the Members of **MAHINDRA LOGISTICS LIMITED**

Report on the Financial Statements

1. We have audited the accompanying standalone financial statements of **MAHINDRA LOGISTICS LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2015, and the Statements of Profit and Loss and Cash Flow for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these standalone financial statements based on our audit.
4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2015, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

9. As required by the Companies (Auditor's Report) Order, 2015, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
10. As required by Section 143(3) of the Act, we report that:
 - a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c. the Balance Sheet, the Statement of Profit and Loss and Cash Flow dealt with by this Report are in agreement with the books of account;
 - d. In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);
 - e. On the basis of written representations received from the directors as on March 31, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015, from being appointed as a director in terms of Section 164(2) of the Act.
 - f. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company does not have any pending litigations which would impact its financial position.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For B. K. Khare & Co.
Chartered Accountants
Firm's Registration Number 105102W

H. P. Mahajani

Partner

Place : Mumbai
Date : April 30, 2015

Membership No. 30168

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in para 9 in our report of even date)

- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
- (b) The fixed assets of the Company have been physically verified by the Management during the year. The discrepancies noticed, if any on such verification were not material and have been properly dealt with in the books of account. In our opinion, the frequency of verification is reasonable.
- ii. (a) The management has conducted physical verification of inventory at reasonable intervals. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management were found reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
- iii. There are no companies, firms or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii) of the said order are not applicable to the Company.
- iv. In our opinion and according to the information and explanations given to us, the Company is having an adequate internal control system commensurate with the size and the nature of its business, for the purchase of fixed assets and sale of services. The activities of the Company do not involve purchase of inventory and sale of goods. On the basis of our examination of the books and records of the Company and according to the information and explanations given to us, we have neither come across, nor have we been informed of, any continuing failure to correct any major weaknesses in the aforesaid internal control system.
- v. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and rules framed there under to the extent notified. Consequently, no order has been passed by the Company Law Board or National Company Law Commission or Reserve Bank of India or any court or any other tribunal on the Company.
- vi. The Central Government of India has not prescribed the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company.
- vii. (a) According to the records of the Company and information and explanations given to us, the Company is generally regular in depositing undisputed statutory dues including Provident fund, Employees' state insurance, Income tax, Sales tax, Service tax, duty of customs, Value added tax, cess and other applicable statutory dues with the appropriate authorities.
- (b) According to the information and explanations given to us and records of the Company examined by us, there are no dues of income tax, sales tax, wealth tax, service-tax, duty of excise, duty of customs, value added tax, and cess which have not been deposited on account of any dispute except for the following:

Name of the Statute	Nature of the Dues	Amounts (Rs. in Lakhs)	Financial year to which amount relates	Forum where Pending
The Income Tax Act, 1961	Income Tax	77.77	2008-09	CIT(A)
The Income Tax Act, 1961	Income Tax	59.51	2009-10	CIT(A)
The Income Tax Act, 1961	Income Tax	47.60	2010-11	CIT(A)
The Income Tax Act, 1961	Income Tax	1124.01	2011-12	DCIT
Service Tax Laws	Service Tax	35.10	2001-02	High Court
Service Tax Laws	Service Tax	18.94	2002-03	High Court
Service Tax Laws	Service Tax	11.38	2004-05	CESTAT
Service Tax Laws	Service Tax	24.54	2005-06	CESTAT
Service Tax Laws	Service Tax	38.91	2006-07	CESTAT
Service Tax Laws	Service Tax	74.38	2008-09	Commissioner
Service Tax Laws	Service Tax	145.82	2009-10	Commissioner

- (c) There are no amounts required to be transferred by the Company to the Investor Education and Protection Fund in accordance with the provisions of the Companies Act, 1956 and the rules made thereunder.

- viii. The Company neither has accumulated losses as at the end of the current financial year nor has it incurred cash losses, in the current financial year and in the immediately preceding financial year.

- ix. Based on the records examined by us and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the Balance Sheet date.
- x. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year. Accordingly, the provisions of clause 3(x) of the Order are not applicable to the Company.
- xi. In our opinion, and according to the information and explanations given to us, during the year, the term loans have been applied for the purposes for which they were obtained.
- xii. During the course of our examination of the books and records of the Company, carried out in accordance with generally accepted accounting practices and according to the information and explanations given to us, we have neither come across any instance of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of any such instance by the Management.

For **B. K. Khare & Co.**
Chartered Accountants
Firm's Registration Number 105102W

H. P. Mahajani
Partner
Membership No. 30168

Place : Mumbai
Date : April 30, 2015

BALANCE SHEET AS AT 31ST MARCH, 2015

	Note No.	As at 31 st March'15 (Rs. in Lakhs)	As at 31 st March'14 (Rs. in Lakhs)
I EQUITY AND LIABILITIES:			
(1) Shareholder's Fund			
(a) Share Capital	I	10,070.80	5,906.04
(b) Reserves and Surplus	II	16,574.42	6,532.54
(2) Non-Current Liabilities			
(a) Other Long Term Liabilities	III	212.03	203.43
(b) Long Term Provisions	IV	875.55	615.31
(3) Current Liabilities			
(a) Trade Payables	V	21,297.29	18,903.53
(b) Other Current Liabilities	VI	1,379.58	1,199.35
(c) Short Term Provisions	VII	6,148.94	3,869.17
Total		56,558.61	37,229.37
II ASSETS:			
(1) Non-Current Assets			
(a) Fixed Assets	VIII		
(i) Tangible Assets		1,967.07	1,439.66
(ii) Intangible Assets		57.61	128.02
(iii) Capital Work-in-Progress		1.78	17.74
(b) Non Current Investments	IX	1,021.90	2.16
(c) Deferred Tax Assets (Net)		670.38	524.34
(d) Long Term Loans and Advances	X	719.98	968.17
(2) Current Assets			
(a) Current Investments	XI	11,012.54	0.19
(b) Inventories	XII	276.37	151.12
(c) Trade Receivables	XIII	18,825.10	15,304.39
(d) Cash and Cash Equivalents	XIV	9,744.68	8,710.70
(e) Short Term Loans and Advances	XV	11,534.54	9,692.88
(f) Other Current Assets	XVI	726.66	290.00
Total		56,558.61	37,229.37
Summary of Significant accounting policies & Notes to Financial Statement	A & B		

"As per our Report of Even Date"

For **B. K. Khare & Co.**
Chartered Accountants
FRN: 105102W

H. P. Mahajani
Partner
M.No. 030168

For and on behalf of Board of Directors

Mahindra Logistics Limited

Anjanikumar Choudhari
Chairman

Parag Shah
Director

Nikhil Nayak
Chief Financial Officer

Vilas Vasant Chaubal
Company Secretary

Place : Mumbai
Date : 30th April, 2015

Place : Mumbai
Date : 30th April, 2015

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2015

	Note No.	2015 (Rs. in Lakhs)	2014 (Rs. in Lakhs)
I Revenue from Operation	XVII	1,91,653.55	1,75,033.67
II Other Income	XVIII	764.90	627.42
III Total Revenue (I+II)		1,92,418.45	1,75,661.09
IV Expenses:			
Purchase of Stock in Trade		3,476.42	270.48
Change in Inventories of Stock in Trade	XIX	(125.25)	(151.12)
Operating, Administrative & Other Expenses	XX	1,70,448.22	1,60,791.57
Employee Benefit Expenses	XXI	11,816.87	8,994.00
Finance Cost	XXII	2.25	5.48
Depreciation and Amortization	XXIII	589.62	316.39
Total Expenses		1,86,208.13	1,70,226.80
V Profit Before Tax (III-IV)		6,210.32	5,434.29
VI Tax Expenses			
(i) Current Tax (Including earlier years excess provision written back of Rs. 21.60 lacs)		2,237.13	1,958.40
(ii) Deferred Tax		(135.73)	(188.49)
VII Profit/(Loss) After Tax (V-VI)		4,108.92	3,664.38
VIII Earning Per Equity Share:			
(i) Basic (Rs.)		6.95	6.33
(ii) Diluted (Rs.)		6.68	5.86

Summary of Significant accounting policies & Notes to Financial Statement

A & B

"As per our Report of Even Date"

For **B. K. Khare & Co.**
Chartered Accountants
FRN: 105102W

H. P. Mahajani
Partner
M.No. 030168

For and on behalf of Board of Directors

Mahindra Logistics Limited

Anjanikumar Choudhari
Chairman

Parag Shah
Director

Nikhil Nayak
Chief Financial Officer

Vilas Vasant Chaubal
Company Secretary

Place : Mumbai
Date : 30th April, 2015

Place : Mumbai
Date : 30th April, 2015

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2015

	Rs.	Current Year Rs.	Rs.	(Rs. in Lakhs) Previous Year Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit/(Loss) before tax		6,210.32		5,434.29
ADJUSTMENTS FOR:				
Depreciation	486.01		151.06	
Amortisation	103.61		165.33	
Provision for Doubtful Debts/Advances	(68.27)		162.97	
Loss on sale of Fixed Assets/disposal (Net)	29.42		16.00	
Finance Charges	2.25		5.48	
Dividend Income	(48.49)		(0.15)	
Interest Income	(674.67)		(599.64)	
Profit on Sale of Mutual Fund	(0.25)		-	
		(170.39)		(98.95)
Operating Profit/(Loss) before working capital changes		6,039.93		5,335.34
ADJUSTMENTS FOR WORKING CAPITAL CHANGES:				
(Increase)/Decrease in Trade and Other Receivables	(4,267.22)		(2,729.41)	
(Increase)/Decrease in Inventories	(125.25)		(151.12)	
Increase/(Decrease) in Trade Payables and Other Liabilities	2,971.33		3,513.80	
		(1,421.14)		633.27
Cash flow used in operations		4,618.79		5,968.62
Less: Taxes paid and refund (Income Tax)		(1,423.31)		(1,107.75)
Net cash flow from/(used in) operating activities		3,195.48		4,860.87
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets (including Capital WIP and Capital Advances)		(988.83)		(1,021.28)
Sale of Fixed Assets		21.07		27.63
Investment in Equity/Government Securities/Mutual Fund		(12,032.08)		-
Dividend Income		48.49		0.15
Interest Income		674.67		599.64
Profit on Sale of Mutual Fund		0.25		-
Net cash used in investing activities		(12,276.43)		(393.87)
C. CASH FLOW FROM FINANCING ACTIVITIES				
Issue of Share Capital		4,164.76		136.03
Share Premium		5,952.43		43.50
Interest Paid		(2.25)		(5.48)
Net cash from financing activities		10,114.94		174.05
Net increase/(decrease) in cash and cash equivalents (A+B+C)		1,033.98		4,641.05
Cash and cash equivalents – Opening balance		8,710.70		4,069.65
Cash and cash equivalents – Closing balance		9,744.68		8,710.70
Net increase/(decrease) as disclosed above		1,033.98		4,641.05
Components of cash and cash equivalents				
Cash/Cheques on hand		66.40		141.31
With Banks – on Current Account/Fixed Deposit/Balance in Cash Credit Accounts		9,678.28		8,569.39
		9,744.68		8,710.70

Notes:

- The above Cash Flow Statement has been prepared under the Indirect Method set out in Accounting Standard 3.
- Figures in bracket indicates cash outgo.

Accounting Policies and notes forming part of the accounts are given in Notes

“As per our Report of Even Date”

For **B. K. Khare & Co.**
Chartered Accountants
FRN: 105102W

H. P. Mahajani
Partner
M.No. 030168

Place : Mumbai
Date : 30th April, 2015

For and on behalf of Board of Directors

Mahindra Logistics Limited

Anjanikumar Choudhari
Chairman

Nikhil Nayak
Chief Financial Officer

Place : Mumbai
Date : 30th April, 2015

Parag Shah
Director

Vilas Vasant Chaubal
Company Secretary

NOTES

Note: I

Share Capital :

A) Details of Authorised, Issued, Subscribed and Paid up Shares

Particulars	As on March'15		As on March'14	
	Nos.	Rs. in Lakhs	Nos.	Rs. in Lakhs
Authorised:				
Equity Share of Rs. 10 each	6,40,00,000	6,400.00	6,40,00,000	6,400.00
0.001% Non Cumulative fully paid Compulsorily Convertible Preference Shares of Rs. 50 each	82,00,000	4,100.00	82,00,000	4,100.00
Total.....	-	10,500.00	-	10,500.00
Issued:				
Equity Share of Rs. 10 each fully paid	6,12,77,860	6,127.79	6,08,42,383	6,084.24
0.001% Non Cumulative fully paid Compulsorily Convertible Preference Shares of Rs. 50 each	81,77,184	4,088.59	-	-
Subscribed and Fully Paid up:				
Equity Share of Rs. 10 each fully paid	5,96,55,813	5,965.58	5,88,12,593	5,881.26
0.001% Non Cumulative fully paid Compulsorily Convertible Preference Shares of Rs. 50 each	81,77,184	4,088.59	-	-
Subscribed but Not Fully Paid up:				
Equity Share of Rs. 10 each (Rs. 2 paid up)	40,774	0.82	4,48,517	8.97
Equity Share of Rs. 10 each (Re 1 paid up)	15,81,273	15.81	15,81,273	15.81
Total.....	-	10,070.80	6,08,42,383	5,906.04

B) Reconciliation of shares outstanding at the beginning and at the end of the reporting period

(i) Equity Shares

Particulars	As on March'15		As on March'14	
	Nos.	Rs. in Lakhs	Nos.	Rs. in Lakhs
Issued, Subscribed and Paid up				
Balance as at the beginning of the year	6,08,42,383	5,906.04	5,77,00,000	5,770.00
Add:- Issued during the year	4,35,477	76.17	31,42,383	136.04
Balance as at the end of the year	6,12,77,860	5,982.21	6,08,42,383	5,906.04

(ii) 0.001% Non Cumulative fully paid Compulsorily Convertible Preference Shares of Rs. 50 each

Particulars	As on March'15		As on March'14	
	Nos.	Rs. in Lakhs	Nos.	Rs. in Lakhs
Issued, Subscribed and Paid up				
Balance as at the beginning of the year	-	-	-	-
Add:- Issued during the year	81,77,184	4,088.59	-	-
Balance as at the end of the year	81,77,184	4,088.59	-	-

C) Shares held by Holding Company/Fellow Subsidiaries

Particulars	Shares held by	Numbers as at	
		March'15	March'14
Mahindra & Mahindra Limited	Holding Company	5,14,78,330	5,39,06,123
Mahindra Engineering & Chemical Products Limited	Fellow Subsidiary Company	100	100

D) Shareholders holding more than 5% of Share Capital

(i) Equity Shares

Particulars	As on March'15		As on March'14	
	No of Shares Held	% of Holding	No of Shares Held	% of Holding
Mahindra & Mahindra Limited	5,14,78,330	84.01%	5,39,06,123	88.60%
Normandy Holdings Limited	78,43,227	12.80%	47,05,879	7.73%

(ii) 0.001% Non Cumulative fully paid Compulsorily Convertible Preference Shares of Rs. 50 each

Particulars	As on March'15		As on March'14	
	No of Shares Held	% of Holding	No of Shares Held	% of Holding
Normandy Holdings Limited	78,43,036	95.91%	-	-

E) Shares reserved for issue under Stock Options (For details of shares issued under Key Executive Stock Option Scheme 2012, Refer Note B (12)).

F) Terms / rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs.10/- per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the board of directors and approved by the shareholders in the annual general meeting is paid in Indian rupees. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

G) Terms / rights attached to 0.001% Non Cumulative fully paid Compulsorily Convertible Preference Shares ("CCPS")

- Each CCPS is issued at subscription price of Rs. 122.29 having a par value of Rs. 50 each.
- Each CCPS shall convert into one equity share of Rs. 10/- each subject to the terms provided under the agreement with the holder of CCPS.
- CCPS shall be convertible into equity share (a) at any time at the option of the holders, or (b) at the option of the Company on and after completion of 5 (five) years from the date of investment by holder of CCPS i.e. 19th March, 2014.
- Each CCPS shall be entitled to a preferred dividend of 0.001% (zero point zero zero one percent) per annum, in priority to the holders of the equity shares. In any given financial year the Company may not declare any dividend or other distribution to its holders of equity shares unless it has first declared the preferential dividend of such financial year to the holders of the CCPS. If the Company declares any dividend or other distribution to its holders of equity shares, in cash or otherwise, each holder of the CCPS shall have right, in priority to the holders of the equity shares, to receive the aggregate amount of dividend or other distribution which such holder of CCPS would have received if, on the record date for each distribution made during the financial year during which the dividend or other distribution is made (including the record date for the dividend or distribution at stake), it were the holder of the maximum number of equity shares representing deemed shareholding into which its CCPS can be converted on the record date for such distribution.

	2015 (Rs. in Lakhs)	2014 (Rs. in Lakhs)
Note: II		
Reserves and Surplus:		
(a) Securities Premium		
Opening Balance	43.50	-
Add: Additions during the year	5,952.43	43.50
Total.....	5,995.93	43.50
(b) Surplus in Profit & Loss Statement		
Opening Balance	6,489.04	2,824.67
Less:- Transitional depreciation charge (net of deferred tax) on recomputation of depreciation based on the useful life of the assets as prescribed in Schedule II (section 123) of the Companies Act, 2013 in respect of carrying amount of assets where remaining useful life of an asset is nil	(19.47)	-
Add:- Profit for the Current Year	4,108.92	3,664.38
Total.....	10,578.49	6,489.04
Grand Total (A+B).....	16,574.42	6,532.54
	2015 (Rs. in Lakhs)	2014 (Rs. in Lakhs)

	2015 (Rs. in Lakhs)	2014 (Rs. in Lakhs)
Note: III		
Other Long Term Liabilities:		
Deposit Received from Customers / Vendors	212.03	203.43
Total.....	212.03	203.43

	2015 (Rs. in Lakhs)	2014 (Rs. in Lakhs)
Note: IV		
Long Term Provisions:		
Provision for Employee Benefits	875.55	615.31
Total.....	875.55	615.31

Note: VIII
Fixed Assets :

(Rs. in Lakhs)

Description of Assets	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 31 st March, 2014	Additions during the year	Deductions and adjustments during the year	As at 31 st March, 2015	As at 31 st March, 2014	For the Year	Adjustments/ Deductions*	As at 31 st March, 2015	Net Balance as at 31 st March, 2015	Net Balance as at 31 st March, 2014
(A) Tangible Assets										
Land	-	-	-	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-	-	-	-
Plant and Machinery	1,351.15	903.92	66.33	2,188.74	256.66	400.70	24.81	632.55	1,556.19	1,094.49
Furniture and Fittings	332.45	173.45	23.07	482.83	77.20	49.26	4.44	122.02	360.81	255.25
Vehicles, Cycles, etc.	229.19	16.32	63.05	182.46	139.27	36.05	42.93	132.39	50.07	89.92
TOTAL (A)	1,912.79	1,093.69	152.45	2,854.03	473.13	486.01	72.18	886.96	1,967.07	1,439.66
Previous Year	1,215.63	795.86	98.70	1,912.79	377.17	151.06	55.10	473.13	1,439.66	838.46
(B) Intangible Assets										
Goodwill	114.78	-	-	114.78	114.78	-	-	114.78	-	-
Computer Software	1,034.65	33.20	-	1,067.85	906.63	103.61	-	1,010.24	57.61	128.02
Congeries of Rights	912.00	-	-	912.00	912.00	-	-	912.00	-	-
TOTAL (B)	2,061.43	33.20	-	2,094.63	1,933.41	103.61	-	2,037.02	57.61	128.02
Previous Year	1,941.81	119.62	-	2,061.43	1,768.08	165.33	-	1,933.41	128.02	173.73
TOTAL (A+B)	3,974.22	1,126.89	152.45	4,948.66	2,406.54	589.62	72.18	2,923.98	2,024.68	1,567.68
Previous Year	3,157.44	915.48	98.70	3,974.22	2,145.25	316.39	55.10	2,406.54	1,567.68	1,012.19
Capital Work in Progress (C)	17.75	1.78	17.75	1.78	-	-	-	-	1.78	17.75
Previous Year	36.61	17.75	36.61	17.75	-	-	-	-	17.75	36.61
TOTAL (A+B+C)	3,991.97	1,128.68	170.20	4,950.45	2,406.54	589.62	72.18	2,923.98	2,026.47	1,585.43
Previous Year	3,194.05	933.22	135.31	3,991.97	2,145.25	316.39	55.10	2,406.54	1,585.43	1,048.80

* Includes:-Transitional depreciation charge amounting to Rs. 29.78 lacs on recomputation of depreciation based on the useful life of the assets as prescribed in Schedule II (section 123) of the Companies Act, 2013 in respect of carrying amount of assets where remaining useful life of an asset is nil, the same has been transferred to retained earnings amounting to Rs. 19.47 lacs (net of deferred tax).

	2015 (Rs. in Lakhs)	2014 (Rs. in Lakhs)
Note: IX		
Non-Current Investment:		
(a) Investment in Equity Shares		
(i) Trade Investment in Subsidiaries		
2x2 Logistics Private Limited (2205500 Equity Shares @ Rs.10 each fully paid up)	220.55	1.00
LORDS Freight India Private limited (14,17,509 Equity Shares @ Rs.10 each fully paid up)	799.99	-
(ii) Non Trade Investment		
The Zoroastrian Co-Operative Bank Limited (4000 Equity Shares @ Rs. 25 each fully paid up)	1.00	1.00
(b) Investment in Government Securities (lien to Sales Tax)		
National Saving Certificates	0.36	0.16
Total.....	<u>1,021.90</u>	<u>2.16</u>

	2015 (Rs. in Lakhs)	2014 (Rs. in Lakhs)
Note: X		
Long Term Loans and Advances:		
Unsecured, Considered Good		
(a) Capital Advance	2.58	124.67
(b) Security Deposit	677.96	794.94
(c) Prepaid Expenses	39.44	48.56
Considered Doubtful	-	-
	<u>719.98</u>	<u>968.17</u>
Less:- Provision for Doubtful Advance	-	-
Total.....	<u>719.98</u>	<u>968.17</u>

	2015 (Rs. in Lakhs)	2014 (Rs. in Lakhs)
Note: XI		
Current Investments:		
Investment in Government Securities (lien to Sales Tax)	0.17	0.19
National Saving Certificates		
Unquoted Investment		
Investment in Mutual Fund	11,012.37	
Less : Adjustment of cost as lower than fair value	-	-
	<u>11,012.37</u>	<u>-</u>
Total.....	<u>11,012.54</u>	<u>0.19</u>

	2015 (Rs. in Lakhs)	2014 (Rs. in Lakhs)
Other Disclosures		
Aggregate amount of unquoted investments (Gross)	11,012.37	-
Market Value of unquoted investments	11,032.38	-

	2015 (Rs. in Lakhs)	2014 (Rs. in Lakhs)
Note: XII		
Inventories:		
Stock in Trade	276.37	151.12
(At lower of Cost or Net Realisable Value)		
Total.....	<u>276.37</u>	<u>151.12</u>

	2015 (Rs. in Lakhs)	2014 (Rs. in Lakhs)
Note: XIII		
Trade Receivables:		
Outstanding for more than six months from the date they are due for payment		
Unsecured, Considered Good	367.05	618.84
Considered Doubtful	376.07	483.58
	<u>743.12</u>	<u>1,102.42</u>
Less : Provision for Doubtful Debts	376.07	483.58
	<u>367.05</u>	<u>618.84</u>
Outstanding for less than six months from the date they are due for payment		
Unsecured, Considered Good	18,458.05	14,685.55
Total.....	<u>18,825.10</u>	<u>15,304.39</u>

	2015 (Rs. in Lakhs)	2014 (Rs. in Lakhs)
Note: XIV		
Cash and Cash Equivalents:		
(a) Cash on Hand	6.66	-
(b) Cheques, Drafts on Hand	59.74	141.31
(c) Balance With Banks		
(i) With Current Accounts	11.89	20.01
(ii) Fixed Deposit Account	7,954.98	5,600.00
(iii) Balances in Cash Credit Accounts	1,710.74	2,949.23
(iv) Fixed Deposit (lien to Sales Tax)	0.67	0.15
Total.....	<u>9,744.68</u>	<u>8,710.70</u>

	2015 (Rs. in Lakhs)	2014 (Rs. in Lakhs)
Note: XV		
Short Term Loans and Advances:		
Unsecured, Considered Good		
(a) Security Deposit	710.09	560.81
(b) Loans and Advances to Related party		
(i) Inter Corporate Deposit	1,000.00	200.00
(ii) Others	51.83	51.83
(c) Other Loans & Advances		
(i) Loans and Advances to Employees	82.33	61.88
(ii) Advance Income Tax/ TDS Receivable	6,841.29	5,417.98
(iii) Service Tax/Vat Recoverable (Net)	234.44	235.50
(iv) Advances to Vendors	2,453.42	2,962.66
(v) Prepaid Expenses	151.79	162.10
(vi) Gratuity Fund (Net of Liability)	-	39.22
(vii) Others	9.35	0.90
Considered Doubtful		
(a) Security Deposit	-	-
(b) Other Loans and Advances	324.34	285.09
	<u>11,858.88</u>	<u>9,977.97</u>
Less:- Provision for Doubtful Advance	324.34	285.09
Total.....	<u>11,534.54</u>	<u>9,692.88</u>

	2015 (Rs. in Lakhs)	2014 (Rs. in Lakhs)
Note: XVI		
Other Current Assets:		
(a) Land held for sale (Refer Notes B (2))	190.90	190.90
(b) Accrued Interest	21.36	29.59
(c) Claim Receivable	514.40	69.51
Total.....	<u>726.66</u>	<u>290.00</u>

	2015 (Rs. in Lakhs)	2014 (Rs. in Lakhs)
Note: XVII		
Revenue from:		
Sale of Goods:	3,562.25	127.88
Sale of Services:		
(a) Supply Chain Logistics	1,62,896.59	1,49,413.09
(b) People Logistics	25,194.71	25,492.70
Total.....	<u>1,91,653.55</u>	<u>1,75,033.67</u>

	2015 (Rs. in Lakhs)	2014 (Rs. in Lakhs)
Note: XVIII		
Other Income:		
Interest Income	674.67	599.64
Dividend Income	48.49	0.15
Miscellaneous Income	41.74	27.63
Total.....	<u>764.90</u>	<u>627.42</u>

	2015 (Rs. in Lakhs)	2014 (Rs. in Lakhs)
Note: XIX		
Change in Inventories of Stock in Trade:		
Stock in Trade at the end of the year	276.37	151.12
Stock in Trade at the beginning of the year	151.12	-
(Increase)/Decrease of the Traded Products.....	<u>(125.25)</u>	<u>(151.12)</u>

	2015 (Rs. in Lakhs)	2014 (Rs. in Lakhs)
Note: XX		
Operating, Administrative & Other Expenses:		
Freight & Other Related Expenses	1,54,627.61	1,48,417.16
Labour & Other Related Expenses	7,751.58	5,922.71
Direct Expenses - Traded Products	142.82	5.82
Power & Fuel	211.32	186.84
Rent including lease rentals	2,889.57	2,282.06
Rates and Taxes	20.26	28.61
Insurance	22.22	30.68

	2015 (Rs. in Lakhs)	2014 (Rs. in Lakhs)
Note: XXI		
Repairs & Maintenance:		
Buildings	38.13	29.56
Machinery	121.41	102.16
Others	168.74	125.61
Legal & Professional Fees	729.93	516.35
Travelling Expenses	535.96	457.27
Provision for Doubtful Debts/Advances	403.63	
Add:- Bad Debts/Advances written off during the year	385.32	
Less:- Provision for Doubtful Debts/Advances no longer required	471.90	317.05
Audit Fee	12.72	12.97
Loss on Sale of Fixed Assets (Net)	29.42	16.00
Miscellaneous Expenses	2,829.48	2,315.46
Total.....	<u>1,70,448.22</u>	<u>1,60,791.57</u>

	2015 (Rs. in Lakhs)	2014 (Rs. in Lakhs)
Note: XXII		
Employee Benefit Expenses:		
Salaries, Wages, Bonus, etc.	10,072.95	7,859.41
Contribution to Provident and other funds	591.39	430.73
Gratuity (Refer Note No B (8))	122.41	64.91
Staff Welfare	1,030.12	638.97
Total.....	<u>11,816.87</u>	<u>8,994.02</u>

	2015 (Rs. in Lakhs)	2014 (Rs. in Lakhs)
Note: XXIII		
Finance Cost:		
Interest Expenses	2.25	5.48
Other Borrowing Cost	-	-
Total.....	<u>2.25</u>	<u>5.48</u>

	2015 (Rs. in Lakhs)	2014 (Rs. in Lakhs)
Note: XXIII		
Depreciation and Amortization:		
Depreciation	486.01	151.06
Amortisation of Intangible assets	103.61	165.33
Total.....	<u>589.62</u>	<u>316.39</u>

Note A & B – Summary of Significant accounting policies and Notes to Financial Statements for the year ended 31st March, 2015.

Note A – Summary of Significant Accounting Policies

Corporate Information:

Mahindra Logistics Limited is a public limited company incorporated on 24th August, 2007 under the Companies Act, 1956. The Company's main activities are transportation, 3PL services such as warehousing, cargo logistics, supply chain solution, people logistics and trading of goods.

1. Basis for Preparation of Financial Statements:

The financial statements have been prepared in accordance with the Generally Accepted Accounting Principles in India (IGAAP) under the historical cost convention as a going concern and on accrual basis and in accordance with the provisions of the Companies Act, 2013 (the Act) and the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended).

Assets and Liabilities are classified as Current or Non Current as per the provisions of Schedule III to the Companies Act, 2013 and Company's Normal Operating Cycle. Based on the nature of business, the Company has ascertained its operating cycle as 12 months for the classification of assets and liabilities.

The financial statements are presented in Indian Rupees denominated in Lakhs.

2. Use of Estimates:

The preparation of financial statements requires the management to make estimates and assumptions considered in the reported amount of assets and liabilities (Including Contingent Liabilities) as on the date of financial statements and the reported income and expenses during the reporting period. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Any revision to accounting estimates is recognized prospectively in current and future periods.

3. Fixed Assets:

- i. All Fixed Assets are carried at their cost of acquisition less accumulated depreciation and impairment losses, if any. Cost of acquisition is inclusive of purchase price, levies and any directly attributable cost of bringing the assets to its working condition for the intended use.
- ii. When an asset is scrapped or otherwise disposed off, cost and related depreciation are removed from books of accounts and resultant profit/loss, if any, is reflected in the Statement of Profit and Loss.
- iii. Intangible assets are stated at cost less accumulated amortization and impairment loss, if any.

4. Depreciation:

Depreciation on tangible asset is charged by the Straight Line Method (SLM) in accordance with the useful lives specified in Part – C of Schedule II of the Companies Act, 2013 on a pro-rata basis except in the case of:

- i. Certain items of Plant & Machinery individually costing more than Rs. 5,000 – over their useful lives ranging from 5 years to 10 years as determined by the Company and also based on the contractual arrangements wherever applicable.

5. Intangible Assets:

All Intangible Assets are initially measured at cost/fair value and amortised so as to reflect the pattern in which the asset's economic benefits are consumed.

i. Software Expenditure:

The expenditure incurred is amortised over three financial years equally commencing from the year in which the expenditure is incurred.

ii. Congeries of Rights:

The expenditure incurred is amortised over the estimated period of benefit, not exceeding four financial years equally commencing from the year in which the expenditure is incurred.

iii. Goodwill:

The expenditure incurred is amortised over the estimated period of benefit, not exceeding four financial years equally commencing from the year in which, the expenditure is incurred.

6. Inventories:

Inventories are valued at the lower of cost and net realisable value. Cost of inventories comprises of all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined by the First in First Out (F.I.F.O) method.

7. Revenue Recognition:

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Incomes from logistics services rendered are recognised on the completion of the services as per the terms of contract.

Sale of products are recognised when the products are despatched which coincides with the transfer of risk and rewards to the buyer of products. Sales are exclusive of sales tax & sales returns.

Interest income is accounted on accrual basis at the contracted rate. Dividend income is recognised when right to receive is established.

8. Investments:

All long-term investments are valued at cost. However provision for diminution in value is made to recognise a decline other than temporary in the value of investments. Current investments are valued at the lower of cost and fair value, determined by category of investment.

9. Foreign exchange transactions and translations:

i. Initial recognition:

Transactions in foreign currencies are recognised at the exchange rate between the reporting currency and the foreign currency prevailing on the transaction dates.

ii. Conversion:

- a. Foreign currency monetary assets and liabilities at the year-end are translated at the year-end exchange rates and the resultant exchange differences are recognised in the Statement of Profit and Loss.
- b. Non-monetary items, if any are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

iii. Exchange differences:

The Company accounts for exchange differences arising on translation/settlement of foreign currency monetary items as below:

- a. Realized gains and losses on settlement of foreign currency transactions are recognised in the Statement of Profit and Loss.
- b. Foreign currency monetary assets and liabilities at the year-end are translated at the year-end exchange rates and the resultant exchange differences are recognised in the Statement of Profit and Loss.

10. Employee Benefits:

i. Defined Contribution Plan:

Company's contributions paid/payable during the year to the Superannuation Fund, ESIC, Provident Fund and Labour Welfare Fund are recognised in the Statement of Profit and Loss.

ii. Defined Benefits:

Company's liability towards gratuity and long term compensated absences are determined by independent actuaries, using the projected unit credit method. Past services are recognised on a straight line basis over the average period until the benefits become vested. Actuarial gains and losses are recognised immediately in the Statement of Profit and Loss as income or expense. Obligation is measured at the present value of estimated future cash flows using a discounted rate that is determined by reference to the market yields at the Balance Sheet date on Government Bonds where the currency and terms of the Government Bonds are consistent with the currency and estimated terms of the defined benefit obligation.

11. Borrowing Cost:

Borrowing Cost that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use or sale. All other borrowing costs are charged to revenue in the year of incurrence.

12. Segment Reporting:

Accounting policies adopted for segment reporting are in line with the accounting policies of the Company. Revenue and expenses have been identified to segments on the basis of their relationship to the operating activities of the segment. Revenues and expenses, which relate to the enterprise as a whole and are not allocable to segments on a reasonable basis, have been included under "Unallocated Corporate Expenses".

13. Operating Leases:

The Company's significant operating leasing arrangements are in respect of office premises, warehouse, warehouse equipments and IT related equipments. Lease rentals are recognised as per the terms of lease.

14. Earnings Per Share:

Basic and diluted earnings per share is computed by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of Equity Shares outstanding during the year.

15. Income Tax:

Income taxes are accounted for in accordance with the Accounting Standard 22 on "Accounting for Taxes on Income". Taxes comprises of Current tax and Deferred tax.

Current tax is determined as the amount of tax payable in respect of taxable income for the year using the applicable tax rates and tax laws.

Deferred tax assets and liabilities are recognized for future tax consequences attributable to the timing differences between taxable income and accounting income that are capable of reversal in one or more subsequent periods and are measured using the tax rates enacted or substantively enacted as at the Balance Sheet date. Deferred tax assets are not recognised unless in the management judgment, there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized except in case of deferred tax assets arising from brought forward tax losses wherein deferred tax asset is only recognized when there is virtual certainty. Deferred tax assets are reviewed for the appropriateness of their respective carrying values at each balance sheet date.

16. Impairment of Assets:

The Management of the Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the management estimates the recoverable amount of the asset. If such recoverable amount of the asset is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and recognised in the Statement of Profit and Loss. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

17. Provisions, Contingent Liabilities and Contingent Assets:

Provisions are recognised when there is a present obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

Contingent assets are neither recognised nor disclosed in the financial statements.

18. Employee Stock Options:

The Company follows Intrinsic Value Method of accounting for accruing compensation cost arising from issue of Employee Stock Options. Compensation cost is amortised over the vesting period of the option on a straight line basis.

Note B – Notes to the Financial Statements:

1. Loans:

Credit facilities from Banks are secured by a *pari-passu* charge on the Company's entire present and future book debts, outstanding monies, receivables, claims and bills in terms of the Letter of hypothecation executed by the Company.

Cash Credit facilities are repayable on demand and carry interest based on applicable rate plus agreed spreads and/or negotiated rates. The rates of interest during the year ranged between 10% to 12.25%.

2. Tangible Assets:

During the financial year 2011-2012 cost of land situated at Sembiya Manali Village, Ponneri taluka, Tiruvallore District, amounting to Rs.189.42 Lakhs including related development costs of the land amounting to Rs.1.48 Lakhs was transferred to Current Assets as it is held for sale.

3. Trade Receivables outstanding at the year end include:

- a. Rs. 4099.89 Lakhs (2014: Rs. 4180.81 Lakhs) from Mahindra & Mahindra Limited, the Holding Company.
- b. Rs. 1637.44 Lakhs (2014: Rs. 973.23 Lakhs) from Fellow Subsidiaries.

4. Based on the information available with the Company, no trade payables have been registered as 'supplier' within the meaning of 'Micro Small & Medium Enterprises Development Act, 2006' as on 31st March, 2015.

5. Trade Receivables, Loans and Advances and Trade Payables are subject to confirmation and reconciliations. Provision is however made for doubtful debt based on decided policy.

6. Company Social Responsibility:

During the year, the Company has incurred an aggregate expenditure of Rs. 72.78 lacs equivalent to 2% of average net profits of three immediately preceding financial years on various Corporate Social Responsibility (CSR) activities as per the requirements of section 135 of the Companies Act, 2013. The said aggregate expenditure represents contributions / donations made to trusts which are engaged in activities prescribed under the said section read with Schedule VII to the Act and certain CSR activities undertaken by the Company as per the requirements of the Act.

7. Audit fees includes:

	(Rs. in Lakhs)	
Particulars	*2015	*2014
Statutory Audit Fees	8.99	8.54
Tax Audit Fees	1.54	1.52
Fees for Other services	2.01	2.75
Out of Pocket expenses	0.18	0.16
Total	12.72	12.97

* Including Service Tax

8. Employee Defined Benefits:-

Defined benefit plans – as per Actuarial valuation on 31st March, 2015.

	(Rs. in Lakhs)	
Particulars	2015	2014
I. Expense recognised in the Statement of Profit and Loss for the year ended 31st March, 2015.		
1. Current Service Cost	113.03	107.69
2. Interest	30.81	22.92
3. Expected Return on Plan Assets	(34.46)	(31.39)
4. Actuarial (Gain)/Loss	13.86	(35.81)
5. Total Expense	123.24	63.41
II. Net Asset/(Liability) recognised in the Balance Sheet as at 31st March, 2015.		
1. Present value of Defined Benefit Obligation as at 31 st March	(481.26)	(330.96)
2. Fair value of plan assets as at 31 st March	417.25	370.18
3. Funded status [Surplus/(Deficit)] (2-1)	(64.01)	39.22
4. Net Asset/(Liability) as at 31 st March	(64.01)	39.22

Particulars	(Rs. in Lakhs)	
	2015	2014
III. Change in the obligation during the year ended 31st March, 2015.		
1. Present value of Defined Benefit Obligation at the beginning of the year	330.96	277.87
2. Current Service Cost	113.03	107.69
3. Interest Cost	30.81	22.92
4. Actuarial (Gain)/Loss	23.39	(42.27)
5. Benefits Paid	(16.93)	(35.25)
6. Present Value of Defined Benefit Obligation at the end of the year	481.26	330.96
IV. Change in Fair Value of Assets during the year ended 31st March, 2015.		
1. Fair Value of Plan assets at the beginning of the year	370.18	380.50
2. Expected return on plan asset	34.46	31.39
3. Contributions by employer	20.01	-
4. Actual benefits paid	(16.93)	(35.25)
5. Actual return on plan assets	9.53	(6.46)
6. Fair value of Plan assets at the end of the year	417.25	370.18
V. The major categories of plan assets as a percentage of total plan		
Funded with Life Insurance Corporation of India	100%	100%
VI. Expected Contribution in next 12 months	125	20
VII. Actuarial assumptions		
1. Discount Rate	8.03%	9.31%
2. Expected rate of return on plan assets	8.03%	9.31%
3. In service Mortality	IALM (2006-08) Ultimate	IALM (2006-08) Ultimate
4. Turnover Rate	2% depending on Age	2% depending on Age
5. Salary escalation	8%	8%

9. As per the Accounting Standard 17, "Segment Reporting" the Company has disclosed Segment Reporting as follows:

Particulars	(Rs. in Lakhs)			
	Supply Chain Management	People Logistics	Trading Activity	Total
Income from Operations	1,62,896.59 (1,49,413.09)	25,194.71 (25,492.70)	3,562.25 (127.88)	1,91,653.55 (1,75,033.67)
Direct Expenses of Operations	1,51,606.82 (1,40,000.10)	22,913.07 (23,081.32)	3,494.00 (125.18)	1,78,013.89 (1,63,206.60)
Segment Result	11,289.77 (9,412.99)	2,281.64 (2,411.38)	68.25 (2.70)	13,639.66 (11,827.07)
Unallocated Corporate Expenses (net of other income)				7,429.34 (6,392.78)
Operating Profit/(Loss)				6,210.32 (5,434.29)
Provision for taxation –				
Current Tax				2,237.13 (1,958.40)
Deferred Tax Expense/Income				(135.73) (188.49)
Profit after tax				4,108.92 (3,664.38)

Particulars	(Rs. in Lakhs)			
	Supply Chain Management	People Logistics	Trading Activity	Total
Other Information				
Segment Assets	22,411.43 (17,329.89)	8,519.09 (8,947.09)	276.37 (151.12)	31,206.89 (26,428.10)
Unallocable Corporate Assets				25,387.84 (10,807.83)
Total Assets				56,594.73 (37,235.93)
Segment Liabilities	19,371.49 (15,764.56)	2,210.75 (4,094.12)	36.13 (6.56)	21,618.37 (19,865.24)
Unallocable Corporate Liabilities				8,331.15 (4,932.12)
Total Liabilities				29,949.52 (24,797.36)

10. Related Party disclosure as per Accounting Standard 18

(a) List of Related parties:

A Holding Company	Mahindra & Mahindra Limited
B Subsidiary Company	2x2 Logistics Private Limited
	LORDS Freight (India) Private Limited (w.e.f. 7 th Aug, 2014)
C Fellow Subsidiaries	Mahindra Gujarat Tractors Limited
	Mahindra Holidays & Resorts India Limited
	Defence Land Systems India Private Limited (Formerly Mahindra Defence Land Systems Private Limited)
	Mahindra Gears and Transmissions Private Limited (upto 1 st Oct, 2014)
	Mahindra Ugine Steel Company Limited (upto 1 st Oct, 2014)
	Mahindra Intertrade Limited
	Mahindra Steel Service Centre Limited
	Mahindra Consulting Engineers Limited
	Mahindra Heavy Engines Private Limited (Formerly Mahindra Navistar Engines Private Limited)
	Mahindra Retail Private Limited
	Mahindra Vehicle Manufacturers Limited (Formerly Mahindra Automotive Limited)
	Mahindra Trucks & Buses Limited (Formerly Mahindra Navistar Automotives Limited)
	Mahindra & Mahindra Financial Services Limited
	Mahindra Univeg Private Limited (w.e.f. 9 th July, 2014)
	Mahindra Integrated Township Limited
	Mahindra Engineering & Chemical Products Limited
	Mahindra Two Wheelers Limited
	EPC Industrie Limited
	Mahindra Conveyor Systems Private Limited (upto 31 st July, 2014)
	Mahindra First Choice Services Limited
	Mahindra Integrated Business Solutions Private Limited (Formerly Mahindra BPO Services Private Limited)
	Mahindra Defence Naval Systems Private Limited
	Mahindra EPC Services Private Limited
	Mahindra Reva Electric Vehicles Private Limited
	Mahindra Sanyo Special Steel Private Limited (Formerly Navyug Special Steel Private Limited)
	Mahindra Insurance Brokers Limited
	Mahindra Sona Limited
	Mahindra Shubhlabh Services Limited
	Mahindra Defence System Limited
D Key Management Personnel	Pirojshaw Sarkari (C.E.O)

(b) The related party transactions are as under:

(Rs. in Lakhs)					
Sr. No.	Nature of Transactions	Holding Company	Subsidiary Company	Fellow Subsidiary	Key Management Personnel
1.	Finance:				
	Issue of ESOP Share during the year.	-	-	-	6.74 (11.95)
	Inter Corporate Deposits Given	-	8.00	2,500.00	-
	Inter Corporate Deposits Refunded back	-	8.00	1,700.00	-
	Interest Income on Inter-corporate deposit given	-	(-)	(1,500.00)	(-)
		-	0.20	54.21	-
		(-)	(-)	(167.86)	(-)
2.	Investment:				
	Investment in Equity Shares	-	-	-	-
		(-)	(-)	(-)	(-)
3.	Purchases:				
	Tangible Assets/ Intangible Assets Services	0.07 (16.69)	- (-)	- (-)	- (-)
		133.04 (149.75)	132.61 (-)	68.76 (35.09)	- (-)
4.	Sales:				
	Tangible Assets	-	-	-	-
		(-)	(-)	(-)	(-)
	Services	1,21,298.25 (1,24,524.18)	10.75 (0.42)	9,576.33 (11,161.80)	- (-)
5.	Other Transactions:				
	Reimbursements made to Parties	309.69 (268.15)	- (-)	- (1.17)	- (-)
6.	Outstanding:				
	Payable	182.46 (189.31)	53.61 (-)	37.13 (7.82)	- (-)
	Receivable	4,151.72 (4,232.64)	82.08 (0.18)	1,637.44 (973.23)	- (-)
	Inter Corporate Deposits	-	-	1,000.00	-
		(-)	(-)	(200.00)	(-)
7.	Managerial Remuneration: (refer note 1 below)	-	-	-	126.51 (124.59)
		(-)	(-)	(-)	(-)
Notes:					
1.	Does not include the charge for gratuity and provision for leave encashable on separation as separate actuarial valuation figures are not available.				
2.	Previous year's figures are given in brackets.				

11. During the year, the Company has made following investments:-

- Rs. 799.99 Lacs in LORDS Freight (India) Private Limited, being the payment towards 14,17,509 equity shares of face value of Rs. 10 each @ Rs. 56.44 per Equity share (including premium of Rs. 46.44 per Equity share), which now has become a subsidiary of the Company.
- Rs. 220.00 lacs being the additional investment by subscription to 22,00,000 equity shares of face value of Rs.10/- each issued on a rights basis at par for cash in 2 X 2 Logistics Private Limited, a subsidiary of the Company.

12. The Company has introduced a MLL - Key Executives Stock Option Scheme, 2012 ("Plan") as approved at its Board Meeting held on 27th April, 2012 and subsequently amended on 5th February, 2014. The plan provides that eligible employees and the Mahindra Partners Employees Options Trust (the Trust) as defined in the Plan are granted options to acquire equity shares of the Company that vests in a graded manner. The vested options can be exercised within a specified period from the date on which the shares of the Company get listed on a recognized stock exchange or on happening of an event as specified in the Plan. Under the plan, 51,02,791 Options were granted at an exercise price of Rs. 13.90 per option and 4,30,952 Options were granted at an exercise price of Rs. 23.88 per option to eligible employees during the previous years. No further options were granted during the current year.

Since the exercise price is equal to fair value of shares based on valuation by an independent valuer as on the date of the grant, no compensation costs is recorded in the books of account.

Information in Respect of Option Outstanding:

Particulars	Tranche I
No. of Options outstanding as on 1 st April, 2014	21,21,788
No. of Options granted during the year	-
No. of Options forfeited during the year	1,42,148
No. of Options exercised during the year	4,35,477
No. of Options outstanding as on 31 st March, 2015	15,44,163

(a) Fair value of options

The fair value of options used to compute proforma net profit and earnings per share have been estimated on the date of grant using the black-scholes model. The key assumptions used in black-scholes model for calculating fair value as on the date of grant are:

Grants covered under Scheme 2012:

Variables	25-Jun-12	02-Nov-12	14-Oct-13
1) Risk free interest rate	8.12%	7.95 – 7.96%	8.68%
2) Expected life	1.6 – 4.94 years	1.25 – 4.58 years	1.30 – 3.63 years
3) Expected volatility	35.35%	35.35%	23.38%
4) Dividend yield	0.00%	0.00%	0.00%

(b) Earnings Per Share

As per the Guidance Note on "Accounting for Employee Share Based Payments" issued by the Institute of Chartered Accountants of India the Company has calculated the compensation cost using intrinsic value method. Had the Company used fair value method, the net profit after tax and basic and diluted earnings per share would have been as follows:

Particulars	Intrinsic Value Method Mar.2015	Fair Value Method Mar.2015	Method *	
			Mar.2014	Mar.2014
Net profit after tax (Rs. in Lacs)	Rs. in Lakhs 4,108.92	Rs. in Lakhs 3,664.38	4,022.49	3,579.11
Weighted average number of equity shares of Rs.10/- each – Basic	No. in Lakhs 591.13	578.49	591.13	578.49
Weighted Average number of equity shares of Rs.10/- each – Diluted	No. in Lakhs 614.88	625.71	614.88	625.71
Basic Earnings Per Share (Rs.)	in Rs. 6.95	6.33	6.80	6.19
Diluted Earnings Per Share # (Rs.)	in Rs. 6.68	5.86	6.54	5.72

Dilution in Earnings per share is on account of 15,44,163 options (March 2014 : 21,21,788 options) outstanding under the Employees Stock Option Scheme.

* Earnings Per Share under fair value method is computed on proforma net profit after tax after adjusting for employee compensation costs under fair value method. Employee compensation cost under fair value method as compared to intrinsic value method is higher by Rs. 86.43 Lacs (March 2014 : Rs. 85.27 Lacs).

13. Earnings Per Share:

Particulars	Year Ended 31 st March 2015	Year Ended 31 st March 2014
Basic Earnings Per Share		
Net Profit/(Loss) after Tax (A)	Rs. in Lakhs 4,108.92	3,664.38
Weighted Average No. of Shares used for computing Basic EPS (B)	No. in Lakhs 591.13	578.49
Basic Earnings Per Share (A/B)	in Rs. 6.95	6.33
Nominal value of equity share	in Rs. 10.00	10.00
Diluted Earnings Per Share		
Net Profit/(Loss) after Tax (A)	Rs. in Lakhs 4,108.92	3,664.38
Weighted Average No. of Shares used for computing Diluted EPS (C)	No. in Lakhs 614.88	625.71
Diluted Earnings Per Share (A/C)	in Rs. 6.68	5.86
Nominal value of equity share	in Rs. 10.00	10.00

14. Pursuant to the Companies Act, 2013 (the "Act") becoming effective from 1st April, 2014, the Company has recomputed the depreciation based on the useful life of the assets as prescribed in Schedule II of the Act. Further, as per the transitional provision, carrying value of assets of Rs. 19.47 lacs (net of Deferred Tax) is adjusted in the opening balance of retained earnings in respect of assets where the remaining useful life is NIL as at 1st April, 2014.

15. The Company's significant leasing arrangements are in respect of operating leases for commercial and residential premises.

(a) Lease income from operating lease is recognised on a straight line basis over the period of the lease. The particulars of the premises and equipment given under operating leases are as under:

(Rs. in Lakhs)

Particulars	31 st March 2015	31 st March 2014
(i) Gross Carrying Amount of Premises	Nil	Nil
(ii) Accumulated Depreciation	Nil	Nil
(iii) Depreciation for the year	Nil	Nil
(iv) Future minimum Lease payments		
– not later than one year	1,088.05	881.64
– later than one year and not later than 5 years	1,377.87	1,476.56
– later than 5 years	Nil	Nil

(b) Lease payment from operating lease is recognised on a straight line basis over the period of the lease. The particulars of the premises given under operating leases are as under:

(Rs. in Lakhs)

Particulars	31 st March 2015 Amount	31 st March 2014 Amount
Future minimum Lease payments		
– not later than one year	1,652.97	1,721.81
– later than one year and not later than 5 years	2,648.26	3,088.04
– later than 5 years	Nil	Nil

16. The components of Net Deferred Tax Assets as at the year-end are as under:

(Rs. in Lakhs)

Deferred Tax Assets:	31 st March 2015 Amount	31 st March 2014 Amount
On Provision for doubtful debts	130.15	164.37
On Provision for doubtful advances	112.25	96.90
On Provision for employee benefits	366.66	257.07
On Depreciation	169.66	142.77
Total (A)	778.72	661.11
Deferred Tax Liabilities:		
On VAT payment allowed u/s 43B but not provided in books	108.34	106.41
On Gratuity	–	30.36
Total (B)	108.34	136.77
Net Deferred Tax Assets (A-B)	670.38	524.34

17. The year end foreign currency exposures that have not been hedged by a derivative Instrument or forward contracts are given below:

Particulars	Currency	31 st March 2015		31 st March 2014	
		Value in foreign currency	Value in Rupees (Lakhs)	Value in foreign currency	Value in Rupees (Lakhs)
Trade Receivables	USD	1,861.78	1.17	14,421.93	8.66
Trade Payables	USD	50,835.71	31.84	50,835.71	30.53
Trade Payables	EURO	–	–	1,213.00	1.00

18. Contingent Liabilities not provided for:

(Rs. in Lakhs)

Sr. No.	Particulars	2015	2014
(a)	Guarantees given by the Bankers of the Company	94.22	47.56
(b)	Claim against the Company not acknowledged by the Company		
	VAT	528.08	528.08
	Service Tax	349.01	376.99
	Income Tax	1,308.89	184.88
	Other matters (excluding claims where amount is not ascertainable)	153.35	114.50

19. The estimated amount of contracts remaining to be executed on capital account and not provided for as at 31st March 2015 is **Rs. 42.45 Lakhs** (2014: Rs. 366.37 lakhs).

20. Additional information pursuant to the provisions of paragraphs 5 (viii) (a), (b), (c), (d), (e) of Part II of Schedule III to the Companies Act, 2013 are as follows:

(a) **Expenditure in Foreign Currencies:**

- (i) For Travel **Rs. 9.89 Lakhs** (2014: Rs. 8.51 lakhs)
- (ii) For Services **Rs. 70.25 Lakhs** (2014: Rs. 39.39 lakhs)
- (iii) For Membership Fee **Rs. NIL** (2014: Rs. 2.18 lakhs)
- (iv) For Others **Rs. 1.55 Lakhs** (2014: Rs. 2.47 lakhs)

(b) **Earnings in Foreign Exchange:**

- (i) Services Rendered **Rs. 21.00 Lakhs** (2014: Rs. 35.98 lakhs)

(c) **Share Capital:**

- (i) Consideration for Share Capital **Rs. 9,591.25 Lakhs** (2014: 0.12 lakhs)

21. Previous Years figures have been regrouped/reclassified wherever necessary.

For **B. K. Khare & Co.**
Chartered Accountants
FRN: 105102W

H. P. Mahajani
Partner
M.No. 030168

Place : Mumbai
Date : 30th April, 2015

For and on behalf of Board of Directors

Mahindra Logistics Limited

Anjanikumar Choudhari
Chairman

Parag Shah
Director

Nikhil Nayak
Chief Financial Officer

Vilas Vasant Chaubal
Company Secretary

Place : Mumbai
Date : 30th April, 2015

Form AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures**Part "A": Subsidiaries**

(Information in respect of each subsidiary to be presented with amounts in Rs)

Sl. No.	Particulars	Details
1.	Name of the subsidiary	2x2 Logistics Private Limited
2.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Same
3.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	INR
4.	Share capital	40,100,000.00
5.	Reserves & surplus	1,001,054.66
6.	Total assets	49,413,719.73
7.	Total Liabilities	8,312,664.36
8.	Investments	Nil
9.	Turnover	14,581,271.72
10.	Profit before taxation	1,347,030.94
11.	Provision for taxation	416,139.95
12.	Profit after taxation	930,890.99
13.	Proposed Dividend	Nil
14.	% of shareholding	55.00%

Sl. No.	Particulars	Details
1.	Name of the subsidiary	LORDS Freight (India) Private Limited (w.e.f. 7 th Aug 2014)
2.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	07 th – August 2014 – 31 st March 2015
3.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	INR
4.	Share capital	23,626,000.00
5.	Reserves & surplus	17,947,957.48
6.	Total assets	187,287,208.92
7.	Total Liabilities	145,776,051.00
8.	Investments	62,800.00
9.	Turnover	694,573,386.00
10.	Profit before taxation	(25,304,691.52)
11.	Provision for taxation	1,787,126.00
12.	Profit after taxation	(27,091,817.52)
13.	Proposed Dividend	Nil
14.	% of shareholding	60.00%

Notes: The following information shall be furnished at the end of the statement:

- Names of subsidiaries which are yet to commence operations
- Names of subsidiaries which have been liquidated or sold during the year.

Part "B": Associates and Joint Ventures**Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures: – "Not applicable"**

Name of associates/Joint Ventures	Name
1. Latest audited Balance Sheet Date	–
2. Shares of Associate/Joint Ventures held by the company on the year end	–
No.	–
Amount of Investment in Associates/Joint Venture	–
Extend of Holding%	–
3. Description of how there is significant influence	–
4. Reason why the associate/joint venture is not consolidated	–
5. Net worth attributable to shareholding as per latest audited Balance Sheet	–
6. Profit/Loss for the year	–
i. Considered in Consolidation	–
ii. Not Considered in Consolidation	–

- Names of associates or joint ventures which are yet to commence operations.
- Names of associates or joint ventures which have been liquidated or sold during the year.

Note: This Form is to be certified in the same manner in which the Balance Sheet is to be certified.

For **B. K. Khare & Co.**
Chartered Accountants
FRN: 105102W

H. P. Mahajani
Partner

Place : Mumbai
Date : 30th April, 2015

For and on behalf of Board of Directors

Mahindra Logistics Limited

Anjanikumar Choudhari
Chairman

Nikhil Nayak
Chief Financial Officer

Parag Shah
Director

Vilas Vasant Choubal
Company Secretary

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your directors present their Third Report together with the audited financial statements of your Company for the year ended 31st March, 2015.

FINANCIAL HIGHLIGHTS AND STATE OF COMPANY'S AFFAIRS

	(Rs. in Lacs)	
	For the year ended	For the year ended
	31 st March, 2015	31 st March, 2014
Income		
Revenue from Operations	132.85	35.93
Other Income	12.96	-
Total Income	145.81	35.93
Expenses		
Cost of Raw Material and Components Consumed	-	-
(Increase)/decrease in inventories	-	-
Employee Benefit Expenses	1.99	-
Other Expenses	127.35	34.67
Depreciation and Amortisation Expenses	2.56	-
Finance Cost	0.44	-
Total Expenses	132.34	34.67
Profit Before Tax	13.47	1.26
Less: Provision for Taxation		
- Current Tax	2.30	0.38
- Deferred Tax Expense	1.86	-
Profit/(Loss) After Tax for the year	9.31	0.88
Balance of Profit from earlier years	0.70	(0.18)
Balance Carried Forward	10.01	0.70
Any amount carry forward to reserve	-	-
Networth	411.01	1.70

No material changes and commitments have occurred after the closure of the year under review till the date of this report which would affect the financial position of the Company.

OPERATIONS

During the year your Company has purchased two car carriers and also engaged market vehicles to increase the business in automotive logistics services. Your company has recorded gross income of Rs. 145.81 Lacs and Net Profit after Tax of Rs. 9.31 Lacs for the year under review.

DIVIDEND

Your Directors have not recommended dividend with a view to conserve resources for the future operations of your company.

SHARE CAPITAL

The authorized share capital of your Company has been increased from rupees One lakh to rupees Seven Crore Fifty Lacs during the year under review.

During the year under review, your Company allotted 22,00,000 equity shares to Mahindra Logistics Limited and 18,00,000 equity shares to Indian Vehicle Carriers Private Limited at par of

face value of Rs. 10/- each aggregating to rupees four crores.

The paid-up share capital of your Company as on 31st March, 2015 stood at Rs. 4,01,00,000 divided into 40,10,000 equity shares face value of Rs. 10/- each.

BOARD OF DIRECTORS

Mr. Anant Gupta (DIN – 06946611), Mr. Kishan Singhal (DIN – 00255542) and Mr. Nitin Singhal (DIN – 00255702) were appointed as Directors of the Company with effect from 26th September, 2014. Mr. Pirojshaw Sarkari (DIN – 00820860) has resigned from directorship of the Company with effect from 26th September, 2014.

Mr. Nikhil Nayak (DIN – 05358216) retires by rotation at the forthcoming Annual General Meeting, and being eligible, has offered himself for re-appointment.

NUMBER OF MEETINGS

The Board met seven times during the year under review, i.e. on 5th May, 2014, 25th July, 2014, 18th September, 2014, 20th September, 2014, 26th September, 2014, 10th October, 2014 and 22nd January, 2015.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to section 134(5) of the Companies Act, 2013, your directors, based on representation from the operating management and after due enquiry, confirm that:

- (a) In the preparation of the annual financial statements for the year ended 31st March, 2015 the applicable accounting standards have been followed;
- (b) They have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year on 31st March, 2015 and of the profit of the Company for the financial year ended on that date;
- (c) They have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) They have prepared the annual accounts on a going concern basis; and
- (e) They have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

RISK MANAGEMENT POLICY

The Board has formulated a Risk Management Policy for the Company which identifies elements of risk if any which may threaten the existence of the Company. Implementation of the Risk Management Policy is expected to be helpful in managing the risks associated with the business of the Company.

STATUTORY AUDITORS

At the second Annual General Meeting, held on 25th July, 2014, M/s. B. K. Khare & Co., Chartered Accountants, (ICAI registration number 105102W) were appointed as the statutory

auditors of your Company to hold office from the conclusion of the 2nd Annual General Meeting till the conclusion of 7th Annual General Meeting.

M/s. B. K. Khare & Co., Chartered Accountants, (ICAI registration number 105102W) have given a written consent to act as Auditors of your Company, if appointment is ratified, and have also confirmed that the said ratification of appointment would be in conformity with the provisions of Sections 139 and 141 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014.

The members are requested to ratify the appointment of statutory auditors of the Company at the ensuing Annual General Meeting and fix their remuneration.

The Auditors' Report does not contain any qualification, reservation or adverse remark.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars relating to the energy conservation, technology absorption and foreign exchange earnings and outgo, as required under Section 134(3)(m) of the Companies Act, 2013 read with the Companies Rule 8(3) of The Companies (Accounts) Rules, 2014 are provided in Annexure I and form part of this report.

PARTICULARS OF EMPLOYEES AS REQUIRED UNDER RULE 5(2) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

Being unlisted company, provisions of Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable to your Company.

CORPORATE SOCIAL RESPONSIBILITY (CSR) INITIATIVES

The provisions relating to CSR enumerated under Section 135 of the Companies Act, 2013 are not applicable to your Company.

PARTICULARS OF PUBLIC DEPOSITS, LOANS, GUARANTEES OR INVESTMENTS

Your Company has not accepted any deposits from the public or its employees, during the year. There were no other deposits falling under Rule 2(1)(c) of the Companies (Acceptance of Deposits) Rules, 2014 at the beginning of the year, during the year and at the end of the year. There are no deposits which are not in compliance with the requirement of Chapter V of the Companies Act, 2013

Your Company has not made any loans, investments and guarantees which are required to be disclosed in the annual accounts of the Company pursuant to Section 186 of the Companies Act, 2013

Your Company has not made any loans/advances which are required to be disclosed in the annual accounts of the Company pursuant to Clause 32 of the Listing Agreement between the parent Company, Mahindra and Mahindra Limited and stock exchanges.

PARTICULARS OF TRANSACTIONS WITH RELATED PARTIES

Particulars of contracts or arrangements with related parties of the Company referred to under Section 188(1) of the Companies Act, 2013 are given in Form AOC – 2 as Annexure II and the same forms part of this report.

EXTRACT OF ANNUAL RETURN

Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return as on 31st March, 2015 in form MGT-9 is annexed as Annexure III and forms part of this report.

INTERNAL FINANCIAL CONTROLS

Pursuant to Rule 8 of the Companies (Accounts) Rules, 2014, based on the representation received and after due enquiry, your directors confirm that they have laid down internal financial controls with reference to the Financial Statements and these controls are adequate.

THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

During the year under review, no complaints were received under the Sexual Harassment of Women at work place (Prevention, Prohibition and Redressal) Act, 2013, for prevention of sexual harassment.

GENERAL

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions/events on these items during the year under review:

- Issue of equity shares with differential rights as to dividend, voting or otherwise.
- No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and the Company's operations in future.
- There were no Shares having voting rights not exercised directly by the employees and for the purchase of which or subscription to which loan was given by the Company.

ACKNOWLEDGEMENT

Your Directors would like to place on record their sincere thanks for the cooperation and support received from your Company's bankers, stakeholders, business associates and various agencies of the Central and State Governments.

For and on behalf of the Board

Nikhil Nayak	Sushil Rathi	Kishan Singhal
Chairman	Director	Director
05358216	05358211	00255542

Mumbai, 28th April, 2015

ANNEXURE I TO THE DIRECTORS' REPORT

PARTICULARS AS PER THE COMPANIES (ACCOUNTS) RULES, 2014 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2015.

A. CONSERVATION OF ENERGY

- (i) the steps taken or impact on conservation of energy: Nil
- (ii) the steps taken by the company for utilizing alternate sources of energy: Nil
- (iii) the capital investment on energy conservation equipment: Nil

B. TECHNOLOGY ABSORPTION

- i) The efforts made towards technology absorption: Not Applicable.
- ii) The benefits derived like product improvement, cost reduction, product development or import substitution: Nil
- iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year) – Not Applicable
 - (a) the details of technology imported:
 - (b) the year of import
 - (c) whether the technology been fully absorbed:
 - (d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof:
- iv) the expenditure incurred on Research and Development: Nil

C. FOREIGN EXCHANGE EARNINGS AND OUTGO: (in terms of actual inflow and outflow)

There were no Foreign Exchange earnings and outgo during the year under review.

For and on behalf of the Board

Nikhil Nayak
Chairman
05358216

Sushil Rathi
Director
05358211

Kishan Singhal
Director
00255542

Mumbai, 28th April, 2015

ANNEXURE II TO THE DIRECTORS' REPORT**FORM NO. AOC -2**

**(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and
Rule 8(2) of the Companies (Accounts) Rules, 2014.**

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arm's length transaction under third proviso thereto.

1. Details of contracts or arrangements or transactions not at Arm's length basis - NIL**2. Details of Material contracts or arrangements or transactions at Arm's length basis.**

Sr. No.	Particulars	Details-1	Details-2
a)	Name (s) of the related party & nature of relationship	Mahindra Logistics Limited – Holding Company	Indian Vehicle Carriers Private Limited- Private Company in which Director of the Company is Member
b)	Nature of contracts/arrangements/ transaction	Transportation Agreement	Transportation Agreement
c)	Duration of the contracts/ arrangements/transaction	01 st Dec, 2014 to 31 st March, 2017	01 st Dec, 2014 to 31 st March, 2017
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	Transportation services at an agreed rate from time to time. Rs. 1,31,40,534/-	Transportation services at an agreed rate from time to time. Rs. 1,12,20,652/-
e)	Date of approval by the Board	28/04/2015	28/04/2015
f)	Amount paid as advances, if any	Nil	Nil

Note:

Contracts/transactions/arrangements for rendering of services for an amount exceeding 10% of turnover of the Company or Rs. fifty crore, whichever is lower is considered as material for the purpose of this disclosure.

For and on behalf of the Board

Nikhil Nayak
Chairman
05358216

Sushil Rathi
Director
05358211

Kishan Singhal
Director
00255542

Mumbai, 28th April, 2015

Annexure III to the Directors' Report

Form No. MGT-9

Extract of Annual Return As on the financial year ended on 31st March, 2015

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies
(Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

1.	CIN	U63000MH2012PTC237062
2.	Registration Date	22/10/2012
3.	Name of the Company	2 X 2 Logistics Private Limited
4.	Category/Sub-Category of the Company	Public Limited Company
5.	Address of Registered office and contact details	Mahindra Towers, P K Kurne Chowk, Worli, Mumbai 400018. Tel : 022-24906683
6.	Whether listed Company (Yes/No)	No
7.	Name, Address and Contact details of Registrar and Transfer Agent, if any	NA

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company:-

Sr. No.	Name and Description of Main Product/Services	NIC Code of the Product	% to total turnover of the company
1	Transportation Services	49231	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

Sr. No.	Name and Address of the Company	CIN	Holding/ Subsidiary of the Company	% of shares held	Applicable Section
1	Mahindra Logistics Limited Address: Mahindra Towers, P.K. Kurne Chowk, Worli, Mumbai - 400 018	U63000MH2007PLC173466	Holding Company	55%	2(87)(i) and(ii)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i. Category-wise Share Holding.

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1. Indian	–	–	–	–	–	–	–	–	–
a. Individual/HUF	–	–	–	–	–	–	–	–	–
b. Central Govt.	–	–	–	–	–	–	–	–	–
c. State Govt.	–	–	–	–	–	–	–	–	–
d. Bodies Corp.	–	10,000	10,000	100 %	–	40,10,000	40,10,000	100 %	100 %
e. Bank/FI	–	–	–	–	–	–	–	–	–
f. Any Other	–	–	–	–	–	–	–	–	–
Sub-Total- A-(1)	–	10,000	10,000	100 %	–	40,10,000	40,10,000	100 %	100 %
2. Foreign	–	–	–	–	–	–	–	–	–
a. NRI-Individuals	–	–	–	–	–	–	–	–	–
b. Other Individuals	–	–	–	–	–	–	–	–	–
c. Body Corporate	–	–	–	–	–	–	–	–	–
d. Bank/FI	–	–	–	–	–	–	–	–	–
e. Any Others	–	–	–	–	–	–	–	–	–
Sub Total- A (2)	–	–	–	–	–	–	–	–	–
Total ShareHolder of Promoters (1+2)	–	10,000	10,000	100 %	–	40,10,000	40,10,000	100 %	100 %
B. Public Shareholding									
1. Institution	–	–	–	–	–	–	–	–	–
a. Mutual Funds	–	–	–	–	–	–	–	–	–

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
b. Bank/FI	-	-	-	-	-	-	-	-	-
c. Cent. Govt.	-	-	-	-	-	-	-	-	-
d. State Govt.	-	-	-	-	-	-	-	-	-
e. Venture Capital	-	-	-	-	-	-	-	-	-
f. Insurance Co.	-	-	-	-	-	-	-	-	-
g. FIs	-	-	-	-	-	-	-	-	-
h. Foreign Portfolio Corporate	-	-	-	-	-	-	-	-	-
i. Foreign Venture Capital Fund	-	-	-	-	-	-	-	-	-
j. Others	-	-	-	-	-	-	-	-	-
Sub-Total-B (1)	-	-	-	-	-	-	-	-	-
2. Non-Institution									
a. Body Corp.	-	-	-	-	-	-	-	-	-
b. Individual	-	-	-	-	-	-	-	-	-
i. Individual shareholders holding nominal share capital upto ₹ 1 lakh	-	-	-	-	-	-	-	-	-
ii. Individual shareholders holding nominal share capital in excess of ₹ 1 Lakh	-	-	-	-	-	-	-	-	-
c. Others									
(i) NRI (Rep)	-	-	-	-	-	-	-	-	-
(ii) NRI (Non-Rep)	-	-	-	-	-	-	-	-	-
(iii) Foreign National	-	-	-	-	-	-	-	-	-
(iv) OCB	-	-	-	-	-	-	-	-	-
(v) Trust	-	-	-	-	-	-	-	-	-
(vi) In Transit	-	-	-	-	-	-	-	-	-
Sub-Total-B (2)	-	-	-	-	-	-	-	-	-
Net Total (1+2)	-	-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs & ADRs									
Promoter and Promoter Group	-	-	-	-	-	-	-	-	-
Public	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)		10,000	10,000	100 %		40,10,000	40,10,000	100 %	100 %

ii. Shareholding of Promoters:

Sr. No.	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	
1	Mahindra Logistics Limited	9,999	100%	-	22,05,499	55%	-	-45%
2	Indian Vehicle Carriers Private Limited	-	-	-	18,04,500	45%	-	+45%
3	Mr. K Chandrasekar (Nominee of Mahindra Logistics Limited)*	1	-	-	1	-	-	-

* The nominee shareholder of Mahindra Logistic Limited is employee of Mahindra Group of Companies and his name has been added for complying with the statutory provisions.

iii. Change in Promoters' Shareholding -

Promoter 1:	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
Mahindra Logistics Limited				
At the beginning of the year	10,000	100%	10,000	100%
Decrease:- On 18/09/2014 – transfer of shares to Indian Vehicle Carriers Private Limited	(4,500)	-	5,500	-

Increase :- On 26/09/2014 – Allotment of Equity shares on Rights basis	22,00,000	–	22,05,500	–
At the end of the year	–	–	22,05,500	55%

Promoter 2: Indian Vehicle Carriers Private Limited	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
At the beginning of the year	0	0%	0	0%
Increase :- On 18/09/2014 – transfer of shares from Mahindra Logistics Limited	4,500	–	4,500	–
Increase :- On 26/09/2014 – Allotment of Equity shares on Rights basis	18,00,000	–	18,04,500	–
At the end of the year			18,04,500	45%

iv. Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	Top Ten Shareholders	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Nil	Nil	Nil	Nil	Nil

v. Shareholding of Directors and Key Managerial Personnel:

Sr. No.	For Each of the Directors and KMP Name of the Director/KMP	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Nil	Nil	Nil	Nil	Nil

vi. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year 01.04.2014	–	–	–	–
1) Principal Amount	–	–	–	–
2) Interest due but not paid	–	–	–	–
3) Interest accrued but not due	–	–	–	–
Total of (1+2+3)	–	–	–	–
Change in Indebtedness during the financial year	–	–	–	–
+ Addition	13.58	–	–	13.58
– Reduction	0.37	–	–	0.37
Net Change	13.21	–	–	13.21
Indebtedness at the end of the financial year-31.03.2015	–	–	–	–
1) Principal Amount	13.21	–	–	13.21
2) Interest due but not paid	–	–	–	–
3) Interest accrued but not due	–	–	–	–
Total of (1+2+3)	13.21	–	–	13.21

vii. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-Time Directors and/or Manager: Not applicable

Sr. No.	Particulars of Remuneration	Name of MD/WTD/Manager		Total Amount (Rs. in Lacs)
1.	Gross Salary			
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act	–	–	–
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	–	–	–
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	–	–	–
2.	Stock option	–	–	–
3.	Sweat Equity	–	–	–
4.	Commission			
	– As % of profit	–	–	–
	– others, specify	–	–	–
5.	Others, please specify Provident Fund & other Funds	–	–	–

Performance Bonus	-	-	
Total (A)			
Ceiling as per the Act	5% of the net profits of the Company		

B. Remuneration of other directors:**I. Independent Directors:-** Not Applicable

Particulars of Remuneration	Name of Directors					Total Amount (Rs. in Lacs)
Fee for attending board committee meetings	-	-	-	-	-	-
Commission	-	-	-	-	-	-
Others	-	-	-	-	-	-
Total (1)	-	-	-	-	-	-

II. Other Non-Executive Directors:- Nil

Other Non-Executive Directors						Total Amount (Rs. in Lacs)
Fee for attending board committee meetings	-	-	-	-	-	-
Commission	-	-	-	-	-	-
Others	-	-	-	-	-	-
Total (2)	-	-	-	-	-	-
Total B = (1+2)						

C. Remuneration to Key Managerial Personnel Other Than MD/Manager/WTD: Not applicable

Sr. No.	Particulars of Remuneration	Name of the KMP		Total Amount (Rs. in Lacs)
1.	Gross Salary	-	-	-
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act	-	-	-
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	-	-	-
2.	Stock option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission			
	- As % of profit	-	-	-
	- others, specify	-	-	-
5.	Others, please specify Contribution to Provident Fund	-	-	-
	Performance Bonus	-	-	-
	Total (C)	-	-	-

viii. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES (Under the Companies Act): Nil

	Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority (RD/ NCLT/court)	Appeal made, if any (give details)
Penalty	-	-	-	-	-	-
Punishment	-	-	-	-	-	-
Compounding	-	-	-	-	-	-
OTHER OFFICERS IN DEFAULT						
Penalty	-	-	-	-	-	-
Punishment	-	-	-	-	-	-
Compounding	-	-	-	-	-	-

For and on behalf of the Board

Nikhil Nayak
Chairman
05358216

Sushil Rathi
Director
05358211

Kishan Singhal
Director
00255542

Mumbai, 28th April, 2015

INDEPENDENT AUDITOR'S REPORT

To the Members of **2 X 2 LOGISTICS PRIVATE LIMITED**

Report on the Financial Statements

1. We have audited the accompanying financial statements of **2 X 2 LOGISTICS PRIVATE LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2015, and the Statements of Profit and Loss and Cash Flow statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit.
4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial

control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2015, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

9. As required by the Companies (Auditor's Report) Order, 2015, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
10. As required by Section 143(3) of the Act, we report that:
 - a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c. the Balance Sheet, the Statement of Profit and Loss and Cash Flow dealt with by this Report are in agreement with the books of account;
 - d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);
 - e. On the basis of written representations received from the directors as on March 31, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015, from being appointed as a director in terms of Section 164(2) of the Act.

- f. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company does not have any pending litigations which would impact its financial position.
 - ii. The Company did not have any long-term contracts including derivate contracts for which there were any material foreseeable losses.
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **B. K. Khare & Co.**
Chartered Accountants
Firm's Registration Number 105102W

H. P. Mahajani
Partner
Membership Number 030168

Mumbai
Date: 28th April, 2015

ANNEXURE TO THE AUDITOR'S REPORT

(Referred to para 9 in our report of even date)

- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
(b) The fixed assets of the Company have been physically verified by the Management during the year. The discrepancies noticed on such verification were not material and have been properly dealt with in the books of account. In our opinion, the frequency of verification is reasonable.
- ii. The Company is in the business of logistics services and consequently, does not hold any inventory. Therefore, the provisions of Clause 3(ii) of the said order are not applicable to the company.
- iii. There are no companies, firms or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii) of the said order are not applicable to the company.
- iv. In our opinion and according to the information and explanations given to us, the Company is having an adequate internal control system commensurate with the size and the nature of its business, for the purchase of fixed assets and sale of services. The activities of the Company do not involve purchase of inventory and sale of goods. On the basis of our examination of the books and records of the Company and according to the information and explanations given to us, we have neither come across, nor have we been informed of, any continuing failure to correct any major weaknesses in the aforesaid internal control system.
- v. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and rules framed there under to the extent notified. Consequently, no order has been passed by the Company Law Board or National Company Law Commission or Reserve Bank of India or any court or any other tribunal on the Company.
- vi. The Central Government of India has not prescribed the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company.
- vii. (a) According to the records of the Company and information and explanations given to us, the Company is generally regular in depositing undisputed statutory dues including Provident fund, Employees' state insurance, Income tax, Sales tax, Service tax, duty of customs, value added tax, cess and other applicable statutory dues with the appropriate authorities.
(b) According to the information and explanations given to us and records of the Company examined by us, there are no dues of income tax, sales tax, wealth tax, service tax, duty of excise, duty of customs, value added tax, and cess which have not been deposited on account of any dispute.
(c) There are no amounts required to be transferred by the Company to the Investor Education and Protection Fund in accordance with the provisions of the Companies Act, 1956 and the rules made thereunder.
- viii. As the Company is registered for a period less than five years, the provisions of Clause 3(viii) of the Order are not applicable to the Company.
- ix. Based on the records examined by us and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the Balance Sheet date.
- x. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year. Accordingly, the provisions of clause 3(x) of the Order are not applicable to the Company.
- xi. In our opinion, and according to the information and explanations given to us, during the year, the term loans have been applied for the purposes for which they were obtained.
- xii. During the course of our examination of the books and records of the Company, carried out in accordance with generally accepted accounting practices and according to the information and explanations given to us, we have neither come across any instance of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of any such instance by the Management.

For **B. K. Khare & Co.**
Chartered Accountants
Firm's Registration Number 105102W

H. P. Mahajani
Partner

Mumbai
Date: 28th April, 2015

Membership Number 030168

BALANCE SHEET AS AT 31ST MARCH, 2015

	Note No.	As at 31 st March'15 (Rs. in Lakhs)	As at 31 st March'14 (Rs. in Lakhs)
I EQUITY AND LIABILITIES:			
(1) Shareholder's Fund			
(a) Share Capital.....	I	401.00	1.00
(b) Reserves and Surplus.....	II	10.01	0.70
(2) Non-Current Liabilities			
(a) Long Term Borrowings.....	III	10.84	-
(b) Deferred Tax Liabilities (Net).....		1.86	-
(3) Current Liabilities			
(a) Short Term Borrowings.....		-	-
(b) Trade Payables.....	IV	60.89	4.58
(c) Other Current Liabilities.....	V	5.65	-
(d) Short-Term Provisions.....	VI	3.89	0.73
Total		<u>494.14</u>	<u>7.01</u>
II ASSETS:			
(1) Non Current Assets			
(a) Fixed Assets.....	VII		
(i) Tangible Assets.....		54.41	-
(ii) Intangible Assets.....		0.34	-
(iii) Capital Work-in Progress.....		-	-
(b) Non-Current Investment.....		-	-
(c) Deferred Tax Assets (Net).....		-	-
(d) Long Term Loans and Advances.....	VIII	19.12	-
(2) Current Assets			
(a) Trade Receivables.....	IX	54.34	0.14
(b) Cash and Cash Equivalents.....	X	361.45	6.67
(c) Short-Term loans and Advances.....	XI	3.10	0.20
(d) Other Current Assets.....	XII	1.38	-
Total		<u>494.14</u>	<u>7.01</u>

Summary of Significant Accounting Policies and notes to Financial statements

A & B

"As per our Report of Even Date"

For B. K. Khare & Co.
Chartered Accountants
FRN: 105102W

For and on behalf of Board of Directors
2 X 2 Logistics Private Limited

H. P. Mahajani
Partner
M.No. 030168

Nikhil Nayak
Chairman

Kishan Singhal
Director

Sushil Rathi
Director

Place : Mumbai
Date : 28th April, 2015

Place : Mumbai
Date : 28th April, 2015

STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED 31ST MARCH, 2015

	Note No.	2015 (Rs. in Lakhs)	2014 (Rs. in Lakhs)
I Revenue from Operation.....	XIII	132.85	35.93
II Other Income.....	XIV	12.96	-
III Total Revenue (I+II).....		145.81	35.93
IV Expenses:			
Operating, Administrative & Other Exp.....	XV	127.35	34.67
Employee Benefit Expenses.....	XVI	1.99	-
Finance Costs.....	XVII	0.44	-
Depreciation and Amortization.....	XVIII	2.56	-
Total Expenses.....		132.34	34.67
V Profit Before Exceptional And Extraordinary Items and Tax (III-IV).....		13.47	1.26
VI Exceptional Items.....		-	-
VII Profit before Extraordinary Items and Tax (V-VI).....		13.47	1.26
VIII Extraordinary Items.....		-	-
IX Profit Before Tax (VII-VIII).....		13.47	1.26
X Tax Expenses			
(i) Current Tax.....		2.57	0.38
Less: MAT Credit.....		0.27	-
(ii) Net Current Tax.....		2.30	0.38
(iii) Deferred Tax.....		1.86	-
XI Profit/(Loss) for the period (IX-X).....		9.31	0.88
XII Earning Per Equity Share (Basic/Diluted)(Rs.)			
Face Value Rs. 10/- per share.....		0.45	8.80

Summary of Significant Accounting Policies and notes to Financial statements..... A & B

“As per our Report of Even Date”

For B. K. Khare & Co.
Chartered Accountants
FRN: 105102W

H. P. Mahajani
Partner
M.No. 030168

Place : Mumbai
Date : 28th April, 2015

For and on behalf of Board of Directors
2 X 2 Logistics Private Limited

Nikhil Nayak
Chairman

Kishan Singhal
Director

Sushil Rathi
Director

Place : Mumbai
Date : 28th April, 2015

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2015

Particulars	(Rs. in Lakhs)	
	Current Year	Previous Year
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit/(Loss) before tax	13.47	1.26
ADJUSTMENTS FOR:		
Depreciation	2.56	-
Finance charges	0.44	-
Interest income	(12.96)	-
	<u>(9.96)</u>	<u>-</u>
Operating Profit/(Loss) before working capital changes	3.51	1.26
ADJUSTMENTS FOR WORKING CAPITAL CHANGES:		
(Increase)/Decrease in Trade and Other Receivables	(55.59)	2.74
Increase/(Decrease) in Trade Payables and Other Liabilities	60.18	2.08
	<u>4.59</u>	<u>4.82</u>
Cash flow used in operations	8.10	6.08
Less: Taxes paid and refund (Income tax, Fringe Benefit Tax and Wealth Tax)	(2.63)	(0.20)
Net cash flow from/(used in) operating activities	5.47	5.88
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets (including Capital WIP and Capital Advances) ...	(76.42)	-
Interest income	12.96	-
Net cash used in investing activities	(63.46)	-
C. CASH FLOW FROM FINANCING ACTIVITIES		
Issue of Share Capital	400.00	-
Proceeds from Borrowings (net of repayment)	13.21	-
Interest paid	(0.44)	-
Net cash from financing activities	412.77	-
Net increase/(decrease) in cash and cash equivalents (A+B+C) ...	354.78	5.88
Cash and cash equivalents - Opening balance	6.67	0.79
Cash and cash equivalents - Closing balance	361.45	6.67
Net increase/(decrease) as disclosed above	354.78	5.88
Components of cash and cash equivalents		
Cash/Cheques on hand	-	-
With Banks - on Current account and Fixed Deposit	361.45	6.67
	<u>361.45</u>	<u>6.67</u>

Notes:

- 1 The above Cash Flow Statement has been prepared under the Indirect method setout in Accounting Standard 3.
- 2 Figures in bracket indicates cash outgo.

Accounting policies and notes forming part of the accounts are given in Notes

"As per our report of even date attached"

For B. K. Khare & Co.
Chartered Accountants
FRN: 105102W

For and on behalf of Board of Directors
2 X 2 Logistics Private Limited

H. P. Mahajani
Partner
M.No. 030168

Nikhil Nayak
Chairman

Kishan Singhal
Director

Sushil Rathi
Director

Place : Mumbai
Date : 28th April, 2015

Place : Mumbai
Date : 28th April, 2015

Note B: Notes to the Financial Statements**Note: I****Share Capital:****A) Details of Authorised, Issued, Subscribed and Paid up Share**

Particulars	As on March'15		As on March'14	
	Nos.	Rs. in Lakhs	Nos.	Rs. in Lakhs
Authorised:				
Equity Share of Rs. 10 each	75,00,000	750.00	10,000	1.00
Total.....	75,00,000	750.00	10,000	1.00
Issued, Subscribed and Paid up				
Equity Share of Rs. 10 each fully paid	40,10,000	401.00	10,000	1.00
Total.....	40,10,000	401.00	10,000	1.00

B) Reconciliation of number of Ordinary (Equity) Shares and amount outstanding

Particulars	As on March'15		As on March'14	
	Nos.	Rs. in Lakhs	Nos.	Rs. in Lakhs
Issued, Subscribed and Paid up				
Balance as at the beginning of the year	10,000	1.00	10,000	1.00
Add:- Issued during the year	40,00,000	400.00	-	-
Balance as at the end of the year	40,10,000	401.00	10,000	1.00

C) Shares held by Holding Company/Fellow Subsidiaries

Particulars	Shares held by	Numbers as at	
		March'15	March'14
Mahindra Logistics Limited	Holding Company	22,05,500	10,000

D) Shareholders holding more than 5% of Share Capital

Particulars	As on March'15		As on March'14	
	No of Shares Held	% of Holding	No of Shares Held	% of Holding
Mahindra Logistics Limited	22,05,500	55%	10,000	100%
Indian Vehicle Carriers Private Limited	18,04,500	45%	-	-

E) Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs.10/- per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the board of directors and approved by the shareholders in the annual general meeting is paid in Indian rupees. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

Note: II**Reserves and Surplus:**

	2015 (Rs. in Lakhs)	2014 (Rs. in Lakhs)
Surplus in Profit & Loss Statement		
Opening Balance	0.70	(0.18)
Add:- Profit for the Current Year	9.31	0.88
Total	10.01	0.70

Note: III**Long Term Borrowings:**

	2015 (Rs. in Lakhs)	2014 (Rs. in Lakhs)
Secured Term Loan		
(a) from Banks	-	-
(b) from others	10.84	-
(Being Loan Secured by Hypothecation of Vehicle and to be paid in 57 equal monthly instalments at the interest rate of 9.80 % p.a)		
Total.....	10.84	-

Note: IV**Trade Payables:**

	2015 (Rs. in Lakhs)	2014 (Rs. in Lakhs)
(a) Total outstanding Dues of Micro and Small Enterprises (Note No. XX)		
	-	-
(b) Total outstanding Dues of creditors other than Micro and Small Enterprises		
	60.89	4.58
Total.....	60.89	4.58

Note: V**Other Current Liabilities:**

	2015 (Rs. in Lakhs)	2014 (Rs. in Lakhs)
Current Maturities of Long term debt		
	2.37	-
Others		
	3.28	-
Total.....	5.65	-

Note: VI**Short Term Provisions:**

	2015 (Rs. in Lakhs)	2014 (Rs. in Lakhs)
(a) Provision for Income Tax		
	2.95	0.38
(b) Provision for Employee benefits		
	-	-
(c) Others		
	0.94	0.35
Total.....	3.89	0.73

Note: VII**Fixed Assets:**

Description of Assets	(Rs. in Lakhs)									
	As at 31st March, 2014	Gross Block Additions during the year	Deductions and adjustments during the year	As at 31st March, 2015	As at 31st March, 2014	Depreciation For the Year	Adjustments/ Deductions	As at 31st March, 2015	Net Block Net Balance as at 31st March, 2015	Net Balance as at 31st March, 2014
(A) Tangible Assets										
Vehicles	-	56.80	-	56.80	-	2.39	-	2.39	54.41	-
TOTAL (A)	-	56.80	-	56.80	-	2.39	-	2.39	54.41	-
Previous Year	-	-	-	-	-	-	-	-	-	-
(B) Intangible Assets										
Computer Software	-	0.51	-	0.51	-	0.17	-	0.17	0.34	-
TOTAL (B)	-	0.51	-	0.51	-	0.17	-	0.17	0.34	-
Previous Year	-	-	-	-	-	-	-	-	-	-
TOTAL (A+B)	-	57.31	-	57.31	0.00	2.56	-	2.56	54.75	-

Note: VIII**Long Term Loans and Advances:**

	2015 (Rs. in Lakhs)	2014 (Rs. in Lakhs)
Unsecured, Considered Good		
(i) Capital Advance	19.12	-
Total	19.12	-

Note: IX**Trade Receivables:**

	2015 (Rs. in Lakhs)	2014 (Rs. in Lakhs)
Outstanding for more than six months from the date they are due for payment		
Unsecured, Considered Good	-	0.10
Considered doubtful	-	-
	-	0.10
Less: Provision for Doubtful Debts	-	-
	-	0.10
Outstanding for less than six months from the date they are due for payment		
Unsecured, Considered Good	54.34	0.04
Total	54.34	0.14

Note: X**Cash and Cash Equivalents:**

	2015 (Rs. in Lakhs)	2014 (Rs. in Lakhs)
(a) Balance With Banks		
(i) With Current Accounts	21.45	6.67
(ii) With Fixed Deposit Accounts	340.00	-
(b) Cheque, Draft on Hand	-	-
(c) Cash on Hand	-	-
Total	361.45	6.67

Note: XI**Short Term Loans and Advances:**

	2015 (Rs. in Lakhs)	2014 (Rs. in Lakhs)
Unsecured, Considered Good		
(i) Advance Income Tax/TDS Receivable	2.83	0.20
(ii) MAT Credit entitlement	0.27	-
Less: Provision for Doubtful Advance	-	-
Total	3.10	0.20

Note: XII**Other Current Assets:**

	2015 (Rs. in Lakhs)	2014 (Rs. in Lakhs)
Other Current Assets		
(a) Accrued Interest	1.38	-
Total	1.38	-

Note: XIII**Sale of Services:**

	2015 (Rs. in Lakhs)	2014 (Rs. in Lakhs)
Supply Chain Logistics	132.85	35.93
Total	132.85	35.93

Note: XIV**Other Income:**

	2015 (Rs. in Lakhs)	2014 (Rs. in Lakhs)
Interest Income	12.96	-
Total	12.96	-

Note: XV**Operating, Administrative & Other Exp.:**

	2015	2014
	(Rs. in Lakhs)	(Rs. in Lakhs)
Freight & Other Related Expenses	123.76	33.76
Rent including lease rentals	0.63	-
Legal & Professional Fees	0.94	0.72
Travelling Expenses	0.35	-
Audit Fee	0.56	0.11
Miscellaneous Expenses	1.11	0.08
Total	127.35	34.67

Note: XVI**Employee Benefit Expenses:**

	2015	2014
	(Rs. in Lakhs)	(Rs. in Lakhs)
Salaries, Wages, Bonus, etc.	1.99	-
Total	1.99	-

Note: XVII**Finance Cost:**

	2015	2014
	(Rs. in Lakhs)	(Rs. in Lakhs)
Interest Expenses	0.44	-
Total	0.44	-

Note: XVIII**Depreciation and Amortization:**

	2015	2014
	(Rs. in Lakhs)	(Rs. in Lakhs)
Depreciation	2.39	-
Amortisation of Intangible assets	0.17	-
Total	2.56	-

Note A: Summary of Significant Accounting Policies**Corporate Information**

2 X 2 Logistics Private Limited is a deemed public limited company incorporated on 22nd October, 2012 under the Companies Act, 1956. The Company is engaged in providing logistics services to its Customers.

1. Basis for Preparation of Financial Statements:

The financial statements have been prepared in accordance with the Generally Accepted Accounting Principles (GAAP) under the historical cost convention as a going concern and on accrual basis and in accordance with the provisions of the Companies Act, 2013 and the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended).

Assets and Liabilities are classified as Current or Non-current as per the provisions of Schedule III to the Companies Act, 2013 and Company's Normal Operating Cycle. Based on the nature of business, the Company has ascertained its operating cycle as 12 months for the classification of assets and liabilities.

The Financial Statements are presented in Indian Rupees denominated in Lakhs.

2. Use of Estimates:

The preparation of financial statements requires the management to make estimates and assumptions considered in the reported amount of assets and liabilities (including Contingent liabilities) as on the date of financial statements and the reported income and expenses during the reporting period. Management believes that the estimates used in the preparation of the financial statement are prudent and reasonable. Any revision to accounting estimates is recognized prospectively in current and future periods.

3. Fixed Assets:

- All Fixed Assets are carried at their cost of acquisition less accumulated depreciation and impairment losses. Cost of acquisition is inclusive of purchase price, levies and any directly attributable cost of bringing the assets to its working condition for the intended use.
- When an asset is scrapped or otherwise disposed-off, the cost and related depreciation are removed from books of accounts and resultant profit/loss, if any, is reflected in the Statement of Profit and Loss.
- All Intangible Assets are initially measured at cost/fair value and amortised so as to reflect the pattern in which the asset's economic benefits are consumed. Intangible assets are stated at cost less accumulated amortization and impairment loss, if any.

4. Depreciation and Amortisation:

Depreciation on tangible assets is charged on Straight Line Method (SLM) in accordance with the useful lives specified Part – C of Schedule II to the Companies Act, 2013 on a pro-rata basis except for following assets in order to reflect the actual usage of the assets:

- Horse portion of a Vehicle is depreciated over five years based on the management experience of handling similar kind of asset.

Software expenditure incurred is amortised over three financial years equally commencing from the year in which the expenditure is incurred.

5. Revenue Recognition:

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Income from logistics services rendered are recognised on the completion of the services as per the terms of contract. Interest Income is accounted on accrual basis at the contracted rate.

6. Investments:

All long-term investments are valued at cost. However provision for diminution in value is made to recognise a decline other than temporary in the value of investments. Current investments are valued at the lower of cost and fair value, determined by category of investment.

7. Borrowing Cost:

Borrowing Cost that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use or sale. All other borrowing costs are charged to revenue in the year of incurrence.

8. Segment Reporting:

The accounting policies adopted for segment reporting are in line with the accounting policies of the Company. On the applicability of segment reporting, revenue and expenses have been identified to segments on the basis of their relationship to the operating activities of the segment. Revenues and expenses, which relate to the enterprise as a whole and are not allocable to segments on a reasonable basis, have been included under "Unallocated Corporate Expenses".

9. Operating Leases:

The Company's significant operating leasing arrangements are in respect of office premises, warehouse. Lease rentals are recognised as per the terms of lease.

10. Earnings Per Share:

Basic and diluted earnings per share is computed by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of Equity Shares outstanding during the year.

11. Income Tax:

Income taxes are accounted for in accordance with the Accounting Standard 22 on "Accounting for Taxes on Income". Taxes comprises of Current tax and deferred tax.

Current tax is determined as the amount of tax payable in respect of taxable income for the year using the applicable tax rates and tax laws.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay income tax as per normal provision. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is probable that future economic benefits associated with it will flow to the Company.

Deferred tax assets and liabilities are recognized for future tax consequences attributable to the timing differences between taxable income and accounting income that are capable of reversal in one or more subsequent periods and are measured using the tax rates enacted or substantively enacted as at the Balance Sheet date. Deferred Tax assets are not recognised unless in the management judgment, there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized except in case of deferred tax assets arising from brought forward tax losses wherein deferred tax assets is only recognized when the virtual certainty is established. Deferred tax assets are reviewed for the appropriateness of their respective carrying values at each balance sheet date.

12. Impairment of Assets:

The Management of the Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the management estimates the recoverable amount of the asset. If such recoverable amount of the asset is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and recognised in the Statement of Profit and Loss. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

13. Provisions, Contingent Liabilities and Contingent Assets:

Provisions are recognised when there is a present obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

Contingent assets are neither recognised nor disclosed in the financial statements.

Note B: Notes to the financial statements

XIX. Loan liabilities:

Vehicle loan has been taken at the rate of interest of 9.80 % p.a. The Loan has been secured by way of hypothecation of the related vehicle.

XX. Based on the information available with the Company, no trade payables have been registered as 'supplier' within the meaning of 'Micro Small & Medium Enterprises Development Act, 2006' as on March 31, 2015.

XXI. The Company has single reportable segment "Supply chain management" for the purpose of Accounting Standard 17 on Segment reporting.

XXII. Trade Receivables, Loans and Advances and Trade Payables are subject to confirmation and Reconciliations.

XXIII. Audit fees includes:

Particulars	(Rs. in lakhs)	
	*2015	*2014
Statutory Audit Fees	0.39	0.11
Tax Audit Fees	0.17	-
Total	0.56	0.11

* Including Service Tax

XXIV. Related party disclosure as per Accounting Standard:

(a) List of Related parties:

Holding Company	Mahindra & Mahindra Limited (Holding company of MLL)
	Mahindra Logistics Limited
Fellow Subsidiary	Mahindra & Mahindra Financial Services Limited.
Enterprise having significant influence.	Indian Vehicle Carriers Private Limited

(b) The related party transactions are as under:

Sr. No.	Nature of Transactions	(Rs. in Lakhs)		
		Holding Company	Fellow Subsidiary	Enterprise having significant influence
1. Finance:				
	Issue of Equity Share Capital during the year.	220.00	-	180.00
		(-)	(-)	(-)
	Inter-corporate Deposits Taken	8.00	-	-
		(-)	(-)	(-)
	Inter-corporate Deposits repaid	8.00	-	-
		(-)	(-)	(-)
	Interest Expenses on Inter-corporate deposit taken	0.20	-	-
		(-)	(-)	(-)
	Vehicle Loan taken	-	13.58	-
		(-)	(-)	(-)
	Vehicle Loan repaid	-	0.37	-
		(-)	(-)	(-)
	Interest on Vehicle Loan paid	-	0.24	-
		(-)	(-)	(-)
2. Purchases:				
	Tangible Assets/Intangible Assets	28.60	-	-
		(-)	(-)	(-)
	Services	1.11	-	112.21
		(0.47)	(-)	(-)
3. Sales:				
	Tangible Assets	-	-	-
		(-)	(-)	(-)
	Services	131.41	-	-
		(-)	(-)	(-)
4. Deputation of Personnel:				
	To Related Parties	-	-	-
		(-)	(-)	(-)
5. Other Transactions:				
	Reimbursements made to Parties	1.56	-	11.39
		(-)	(-)	(-)
	Reimbursements received from Parties	5.61	-	4.59
		(-)	(-)	(-)
6. Outstanding:				
	Payable	-	-	55.69
		(0.18)	(-)	(-)
	Receivable	53.61	-	-
		(-)	(-)	(-)
7. Managerial Remuneration				
		-	-	-
		(-)	(-)	(-)

Note: Previous year's figures are given in brackets.

XXV. Earnings Per Share:

Particulars		(Rs. in Lakhs)	
		Year Ended 31 March 2015	Year Ended 31 March 2014
Net Profit/(Loss) after Tax (A)	Rs. in Lakhs	9.31	0.88
Weighted Average No of Shares (B)	No. in Lakhs	20.59	0.10
Earnings Per Share (Basic/Diluted) (A/B)	Rs.	0.45	8.80
Nominal value of equity share	Rs.	10.00	10.00

XXVI. The components of Net Deferred Tax Liabilities as at the year-end are as under:

Deferred Tax Liabilities	(Rs. in Lakhs)	
	31 March 2015	31 March 2014
On Depreciation	1.86	–
Total	1.86	–

XXVII. The estimated amount of contracts remaining to be executed on capital account and not provided for as at 31st March 2015 is Rs. 1757.00 Lakhs (2014: NIL).

XXVIII. Previous Years figures have been regrouped/reclassified wherever necessary.

For **B. K. Khare & Co.**
Chartered Accountants
FRN: 105102W

H. P. Mahajani
Partner
M.No. 030168

Place : Mumbai
Date : 28th April, 2015

For and on behalf of Board of Directors
2 X 2 Logistics Private Limited

Nikhil Nayak
Chairman

Kishan Singhal
Director

Sushil Rathi
Director

Place : Mumbai
Date : 28th April, 2015

DIRECTORS' REPORT

Your directors present their Fourth Report together with the audited financial statements of your Company for the year ended 31st March, 2015.

FINANCIAL HIGHLIGHTS AND STATE OF COMPANY'S AFFAIRS

	(Rs in cr)	
	For the year ended 31st March, 2015	For the year ended 31 st March, 2014
Income		
Revenue from Operations	68.97	60.29
Other Income	0.49	–
Total Income.....	69.46	60.29
Less Expenses :		
Cost of Raw Material and Components Consumed	–	–
(Increase)/decrease in inventories	–	–
Personnel	6.38	4.23
Operating, Administrative & Other Expenses.....	65.30	57.51
Depreciation and Amortization.....	0.09	0.17
Finance Costs	0.22	0.07
Total Expenses.....	71.99	61.98
Profit/(Loss) Before Tax	(2.53)	(1.69)
Less:		
Provision for Taxation		
– Current Tax	0.00	–
– Deferred Tax	0.18	(0.19)
Profit/(Loss)After Tax for the year.....	(2.71)	(1.51)
Balance of Profit from earlier years	(1.72)	(0.21)
Balance Carried Forward	(4.43)	(1.72)
Any amount carry forward to reserve	–	–
Networth.....	4.16	2.17

No material changes and commitments have occurred after the closure of the year under review till the date of this report which would affect the financial position of the Company.

OPERATIONS

Your company recorded gross income of Rs 68.97 crores for the year under review as against gross income of Rs 60.29 crores in the previous year registering a growth of 14.4 %. The net loss after tax (after accounting of deferred tax expenses of Rs 17.74 Lakhs) is Rs 2.71 crores as compared to Rs 1.51 crores (after accounting of deferred tax income of Rs 18.50 Lakhs) registering an increase in loss by 79.5% over previous year.

The Air Export business grew significantly by 72% over last year due to focus on this product leading to many major customer wins and corresponding business. The Ocean Export business was another major contributor to growth, growing 43% over previous year. Further, brisk account penetration in across all the major products has improved significantly, as efforts centered on a focused marketing strategy. This involved targeting customers for specific trade lanes, sales channels and geographies which lead to increase in both the Mahindra and Non-Mahindra business segments, and also nomination

business from our Global Network Partners. The Air Import business however, declined by 13% and the Ocean Import business grew by only 1%. These two product lines will be developed for the year F16 to ensure growth and profitability through a strategy focused on specific industry verticals, trade-lanes and sales channels.

During the year under review, Mahindra Logistics Limited (part of Mahindra Group) made investment in the company and now hold 60% stake in your company.

DIVIDEND

Your Directors do not recommend any dividend for the year under review.

SHARE CAPITAL

The authorized share capital of your Company has increased from rupees two crore to rupees two crore Fifty lakhs, divided into Twenty Five Lakhs equity shares of Rs. 10/- each, during the year.

During the year under review, your Company has allotted 11,02,509 equity shares face value of Rs. 10/- each to Mahindra Logistics Limited at a premium of Rs. 32.63/- per share, under preferential allotment.

The paid-up share capital of your Company as on 31st March 2015 stood at Rs. 2,36,25,090 divided into 23,62,509 equity shares face value of Rs. 10/- each.

BOARD OF DIRECTORS

Mr Pirojshaw Sarkari (DIN – 00820860) and Mr Sushil Kumar Rathi (DIN – 05358211) were appointed as Directors of the Company with effect from 7th August, 2014. Mr Parag Shah (DIN – 00374944) and Mr Anant Gupta (DIN - 06946611) were appointed as Directors of the Company with effect from 22nd October, 2014.

Mr A Mohan (DIN - 01767212), Mr Santhosh Kannambra (DIN - 02965585), Mr V Krishnan (DIN - 03408266), Mr Noushad Parakkott (DIN - 03427328) and Mr S. Rajagopalan (DIN - 03406603) have resigned from directorship of the Company with effect from 7th August, 2014

Mr Nikhil Nayak was appointed as Director of the Company with effect from 7th August, 2014 and resigned from the directorship of the Company with effect from 22nd October, 2014.

Mr. Shamsudheen Ahmed (DIN - 02833556) retires by rotation at the forthcoming Annual General Meeting, and being eligible, has offered himself for re-appointment.

NUMBER OF MEETINGS

The Board met Six times during the year under review, i.e. on 27th June, 2014, 25th July, 2014, two times on 7th August, 2014, 22nd October, 2014 and 22nd January, 2015.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to section 134(5) of the Companies Act, 2013, your directors, based on representation from the operating management, and after due enquiry, confirm that:

- (a) in the preparation of the annual financial statements for the year ended 31st March, 2015 the applicable accounting standards have been followed;
- (b) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year on 31st March, 2015 and of the loss of the Company for the financial year ended on that date;
- (c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) they have prepared the annual accounts on a going concern basis; and
- (e) they have devised proper systems to ensure compliance

with the provisions of all applicable laws and that such systems were adequate and operating effectively.

RISK MANAGEMENT POLICY

The Board has formulated a Risk Management Policy for the Company which identifies elements of risk if any which may threaten the existence of the Company. Implementation of the Risk Management Policy is expected to be helpful in managing the risks associated with the business of the Company.

STATUTORY AUDITORS

At the Third Annual General Meeting, M/s. Sayed Shaikh & Associates, Chartered Accountants, were appointed as the statutory auditors of your Company to hold office from the conclusion of the third Annual General Meeting till the conclusion of forth Annual General Meeting. M/s. Sayed Shaikh & Associates, Chartered Accountants resigned as Statutory Auditor of the Company with effect from 7th August, 2014.

At the Extra Ordinary General Meeting, held on 7th August, 2014, M/s. B. K. Khare & Co., Chartered Accountants, (ICAI registration Number 105102W) were appointed as the statutory auditors of your Company to hold office till the conclusion of 4th Annual General Meeting.

M/s. B. K. Khare & Co., Chartered Accountants, (ICAI registration Number 105102W) have given a written consent to act as Statutory Auditors of your Company, if appointed, and have also confirmed that the said appointment would be in conformity with the provisions of Sections 139 and 141 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014. The members are requested to appoint the statutory auditors of the Company at the ensuing Annual General Meeting for the period of five years and to fix their remuneration.

The Auditors' Report does not contain any qualification, reservation or adverse remark.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars relating to the energy conservation, technology absorption and foreign exchange earnings and outgo, as required under Section 134(3)(m) of the Companies Act, 2013 read with the Companies Rule 8(3) of The Companies (Accounts) Rules, 2014 are provided in Annexure I and form part of this report.

PARTICULARS OF EMPLOYEES AS REQUIRED UNDER RULE 5(2) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

Being unlisted company, provisions of Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable to your Company.

CORPORATE SOCIAL RESPONSIBILITY (CSR) INITIATIVES

The provisions relating to CSR enumerated under Section 135 of the Companies Act, 2013 are not applicable to your Company.

PARTICULARS OF PUBLIC DEPOSITS, LOANS, GUARANTEES OR INVESTMENTS

Your Company has not accepted any deposits from the public, or its employees, during the year. There were no other deposits falling under Rule 2(1)(c) of the Companies (Acceptance of Deposits) Rules, 2014 at the beginning of the year, during the year and at the end of the year. There are no deposits which are not in compliance with the requirement of Chapter V of the Companies Act, 2013

Particulars of loans given, investments made, and guarantees and securities provided pursuant to Section 186 of the Companies Act, 2013 are given under note no. 9 of the financial statement and the same form part of this Report.

Your Company has not made any loans/advances which are required to be disclosed in the annual accounts of the Company pursuant to Clause 32 of the Listing Agreement between the parent Company, Mahindra & Mahindra Limited and stock exchanges.

PARTICULARS OF TRANSACTIONS WITH RELATED PARTIES

There are no contracts or arrangements with related parties of the Company referred to under Section 188(1) of the Companies Act, 2013 which are required to disclose in the report.

EXTRACT OF ANNUAL RETURN

Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return as on 31st March 2015 in form MGT-9 is annexed as Annexure II and forms part of this report.

INTERNAL FINANCIAL CONTROLS

Pursuant to Rule 8 of the Companies (Accounts) Rules, 2014, based on the representation received and after due enquiry, your directors confirm that they have laid down internal financial controls with reference to the Financial Statements and these controls are adequate.

THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

During the year under review, no complaints were received under the Sexual Harassment of Women at work place (Prevention, Prohibition and Redressal) Act, 2013, for prevention of sexual harassment.

GENERAL

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions/ events on these items during the year under review:

- Issue of equity shares with differential rights as to dividend, voting or otherwise.
- No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and the Company's operations in future.
- There were no Shares having voting rights not exercised directly by the employees and for the purchase of which or subscription to which loan was given by the Company.

ACKNOWLEDGEMENT

Your Directors would like to place on record their sincere thanks for the cooperation and support received from your Company's bankers, stakeholders, business associates and various agencies of the Central and State Governments.

For and on behalf of the Board

Mumbai, 28th April, 2015

Parag Shah
Chairman - 00374944

Pirojshaw Sarkari
Director - 00820860

Sumit Varma
Director - 03426844

ANNEXURE I TO THE DIRECTORS' REPORT

PARTICULARS AS PER THE COMPANIES (ACCOUNTS) RULES, 2014 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2015.

A. CONSERVATION OF ENERGY:

(i) The steps taken or impact on conservation of energy:

The operations of your Company are not energy-intensive. However, adequate measures have been initiated to reduce energy consumption.

(ii) the steps taken by the company for utilizing alternate sources of energy: Nil

(iii) the capital investment on energy conservation equipment's: Nil

B. TECHNOLOGY ABSORPTION:

i) the efforts made towards technology absorption : Nil

ii) the benefits derived like product improvement, cost reduction, product development or import substitution : Not Applicable

iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year) – None

(a) the details of technology imported:

(b) the year of import

(c) whether the technology been fully absorbed:

(d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof:

iv. the expenditure incurred on Research and Development : Nil

C. FOREIGN EXCHANGE EARNINGS AND OUTGO: (in terms of actual inflow and outflow)

	(Rupees in Lakhs)	
	For the Financial Year ended 31st March 2015	For the Financial Year ended 31 st March 2014
Total Foreign Exchange Earned	684.65	504.40
Total Foreign Exchange Used	3,032.82	1,749.55

For and on behalf of the Board

Mumbai, 28th April, 2015

Parag Shah
Chairman - 00374944

Pirojshaw Sarkari
Director - 00820860

Sumit Varma
Director - 03426844

ANNEXURE II TO THE DIRECTORS' REPORT**FORM NO. MGT-9****Extract of Annual Return
as on the financial year ended on 31st March, 2015**

[PURSUANT TO SECTION 92(3) OF THE COMPANIES ACT, 2013 AND RULE 12(1) OF THE COMPANIES
(MANAGEMENT AND ADMINISTRATION) RULES, 2014]

I. REGISTRATION AND OTHER DETAILS:

1.	CIN	U63030MH2011PTC216628
2.	Registration Date	25 th APRIL, 2011
3.	Name of the Company	LORDS FREIGHT INDIA PRIVATE LIMITED
4.	Category/Sub-Category of the Company	Public Limited Company
5.	Address of Registered office and contact details	Unit No. 511, 5 th Floor, Crescent Business Park, Sumitha Complex, Safedpul, Sakinaka, Andheri (E), Mumbai – 400 072. Tel: +91-22-28565531 Email address: info@lordslogistics.com
6.	Whether listed Company (Yes/No)	No
7.	Name, address and contact details of Registrar and Transfer Agent, if any	Bigshare Services Pvt Ltd, E-2/3, Ansa Industrial Estate, Sakivihar Road, Sakinaka, Andheri (E), Mumbai-400072. Tel: 022 - 28470653

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sr. No.	Name and Description of main Product/Services	NIC Code of the Product	% to total turnover of the Company
1	Freight Forwarding Business via Sea	50120	59.09%
2	Freight Forwarding Business via Air	51201	36.05%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

Sr. No.	Name and Address of the Company	CIN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1.	Mahindra Logistics Limited	U63000MH2007PLC173466	Holding	60%	2(87) (i) and (ii)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical in lacs	Total in lacs	% of Total Shares	Demat	Physical in lacs	Total in lacs	% of Total Shares	
A. Promoters									
1. Indian									
a. Individuals/HUF	–	7.70	7.70	61.11%	–	7.40	7.40	31.31%	–29.80%
b. Central Govt.	–	–	–	–	–	–	–	–	–

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical in lacs	Total in lacs	% of Total Shares	Demat	Physical in lacs	Total in lacs	% of Total Shares	
c. State Govt.	-	-	-	-	-	-	-	-	-
d. Bodies Corp.	-	-	-	-	-	14.18	14.18	60%	60%
e. Bank/FI	-	-	-	-	-	-	-	-	-
f. Any Other	-	-	-	-	-	-	-	-	-
Sub-Total- A-(1)	-	7.70	7.70	61.11%	-	21.58	21.58	91.31%	30.20%
2. Foreign									
a. NRI-Individuals	-	-	-	-	-	-	-	-	-
b. Other Individuals	-	-	-	-	-	-	-	-	-
c. Body Corporate	-	-	-	-	-	-	-	-	-
d. Bank/ FI	-	-	-	-	-	-	-	-	-
e. Any Others	-	-	-	-	-	-	-	-	-
Sub Total- A (2)	-	-	-	-	-	-	-	-	-
Total shareholding of Promoters (1+2)	-	7.70	7.70	61.11%	-	21.58	21.58	91.31%	30.20%
B. Public Shareholding									
1. Institutions	-	-	-	-	-	-	-	-	-
a. Mutual Funds	-	-	-	-	-	-	-	-	-
b. Bank/ FI	-	-	-	-	-	-	-	-	-
c. Cent. Govt.	-	-	-	-	-	-	-	-	-
d. State Govt.	-	-	-	-	-	-	-	-	-
e. Venture Capital	-	-	-	-	-	-	-	-	-
f. Insurance Co.	-	-	-	-	-	-	-	-	-
g. FIs	-	-	-	-	-	-	-	-	-
h. Foreign Portfolio Corporate	-	-	-	-	-	-	-	-	-
i. Foreign Venture Capital Fund	-	-	-	-	-	-	-	-	-
j. Others	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):	-	-	-	-	-	-	-	-	-
2. Non-Institution	-	-	-	-	-	-	-	-	-
a. Body Corp.	-	-	-	-	-	-	-	-	-
b. Individual	-	4.90	4.90	38.89%	0.26	1.79	2.05	8.69%	-30.20%
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	-	-	-	-	-	-	-	-	-
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	-	-	-	-	-	-	-	-	-
c. Others									
(i) NRI (Rep)	-	-	-	-	-	-	-	-	-
(ii) NRI (Non-Rep)	-	-	-	-	-	-	-	-	-
(iii) Foreign National	-	-	-	-	-	-	-	-	-
(iv) OCB	-	-	-	-	-	-	-	-	-
(v) Trust	-	-	-	-	-	-	-	-	-
(vi) In Transit	-	-	-	-	-	-	-	-	-

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical in lacs	Total in lacs	% of Total Shares	Demat	Physical in lacs	Total in lacs	% of Total Shares	
Sub-Total-B (2)	–	4.90	4.90	38.89%	0.26	1.79	2.05	8.69%	–30.20%
Net Total (1+2)	–	4.90	4.90	38.89%	0.26	1.79	2.05	8.69%	–30.20%
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Promoter and Promoter Group	–	–	–	–	–	–	–	–	–
Public	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	–	12.60	12.60	100%	0.26	23.37	23.63	100%	–

(ii) Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares in lacs	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	No. of Shares in lacs	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	
1	Mr. Shamsudeen Ahmed	2.80	22.22%	Nil	2.61	11.06%	Nil	-11.16%
2	Mr. Sumit S. Varma	1.23	9.72%	Nil	1.20	5.06%	Nil	-4.66%
3	Mr. S. Rajagopalan	1.23	9.72%	Nil	1.20	5.06%	Nil	-4.66%
4	Mr. V. Krishnan	1.23	9.72%	Nil	1.20	5.06%	Nil	-4.66%
5	Mr. Santhosh Kannambra	1.23	9.72%	Nil	1.20	5.06%	Nil	-4.66%
6	Mahindra Logistics Limited	–	–	Nil	14.18	60.00%	Nil	+60%

iii. Change in Promoters' Shareholding (please specify, if there is no change) :-

	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No of shares in lacs	% of total shares of the Company	No of shares in lacs	% of total shares of the Company
Promoter 1 Mr. Shamsudeen Ahmed				
At the beginning of the year	2.80	22.22%	2.80	22.22%
Decrease :-Sale of shares on 25/07/2014	(0.19)	–	2.61	–
At the end of the year	–	–	2.61	11.06%
Promoter 2 Mr. Sumit S. Varma				
At the beginning of the year	1.23	9.72%	1.23	9.72%
Decrease :-Sale of shares on 25/07/2014	(0.03)	–	1.20	–
At the end of the year	–	–	1.20	5.06%
Promoter 3 Mr. S. Rajagopalan				
At the beginning of the year	1.23	9.72%	1.23	9.72%
Decrease :-Sale of shares on 25/07/2014	(0.03)	–	1.20	–
At the end of the year	–	–	1.20	5.06%
Promoter 4 Mr. V. Krishnan				
At the beginning of the year	1.23	9.72%	1.23	9.72%
Decrease :-Sale of shares on 25/07/2014	(0.03)	–	1.20	–

	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No of shares in lacs	% of total shares of the Company	No of shares in lacs	% of total shares of the Company
At the end of the year	–	–	1.20	5.06%
Promoter 5 Mr. Santhosh Kannambra				
At the beginning of the year	1.23	9.72%	1.23	9.72%
Decrease :-Sale of shares on 25/07/2014	(0.03)	–	1.20	–
At the end of the year	–	–	1.20	5.06%
Promoter 6 Mahindra Logistics Limited				
At the beginning of the year	0	0%	0	0%
Increase :-purchase of shares on 7/08/2014	3.15	–	3.15	–
Increase :- Preferential allotment of shares on 7/08/2014 to Mahindra Logistics Limited	11.03	–	14.18	–
At the end of the year	–	–	14.18	60.00%

iv. Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	Top Ten Shareholders	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of shares in lacs	% of total shares of the company	No. of shares in lacs	% of total shares of the company
1.	Mr. Noushad Parakott	2.80	22.22%	0.630	2.67%
2.	Mr. A. Mohan	2.10	16.67%	0.630	2.67%
3.	Mr. Rajan A	–	–	0.135	0.57%
4.	Mr. Vinod Kumar	–	–	0.135	0.57%
5.	Mr. P G Jayankumar	–	–	0.135	0.57%
6.	Mr. S Murali	–	–	0.090	0.38%
7.	Mr. JaswantKarasi	–	–	0.090	0.38%
8.	Mr. Gijo Mathew	–	–	0.090	0.38%
9.	Mr. John Soloman	–	–	0.045	0.19%
10.	Mr. ChintamaniDhuri	–	–	0.036	0.15%
11.	Mr. Vinaya Kumar	–	–	0.036	0.15%

v. Shareholding of Directors and Key Managerial Personnel:

Sr. No.	For Each of the Directors and KMP Name of the Director/KMP	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of shares in lacs	% of total shares of the company	No. of shares in lacs	% of total shares of the company
1.	Mr. Shamsudeen Ahmed	2.80	22.22%	2.61	11.06%
2.	Mr. Sumit S. Varma	1.23	9.72%	1.20	5.06%

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(₹ in Crores)

Particulars	Secured Loans Excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year 01.04.2014				
i) Principal Amount	–	0.92	–	0.92
ii) Interest due but not paid				
iii) Interest accrued but not due				

(₹ in Crores)

Particulars	Secured Loans Excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
Total of (1+2+3)	-	0.92	-	0.92
Change in Indebtedness during the financial year				
+ Addition	3.12			3.12
- Reduction		0.15	-	0.15
Net Change	3.12	0.15	-	2.97
Indebtedness at the end of the financial year-31.03.2015				
i) Principal Amount	3.12	0.77	-	3.89
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total of (1+2+3)	3.12	0.77	-	3.89

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-Time Directors and/or Manager: Nil

Sr. No.	Particulars of Remuneration	Name of the KMP				Total Amount (₹ In Lacs)
1.	Gross Salary	-	-	-	-	-
	a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	-	-	-	-
	b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-	-
	c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-	-
2.	Stock Option	-	-	-	-	-
3.	Sweat Equity	-	-	-	-	-
4.	Commission	-	-	-	-	-
	- As % of Profit	-	-	-	-	-
	- Others, specify	-	-	-	-	-
5.	Others, please specify	-	-	-	-	-
	Contribution to Provident Fund	-	-	-	-	-
	Performance Bonus	-	-	-	-	-
	Total (A)	-	-	-	-	-

Sr. No.	Particulars of Remuneration	Name of MD/WTD/Manager		Total Amount (₹ In Lacs)
	Performance Bonus	-	-	-
	Total (B)	-	-	-

B. Remuneration of other directors:

I. Independent Directors :-**Not applicable**

Particulars of Remuneration	Name of Directors				Total Amount (₹ In Lacs)
Fee for attending board committee meetings	-	-	-	-	-
Commission	-	-	-	-	-
Others	-	-	-	-	-
Total (1)	-	-	-	-	-

II. Other Non-Executive Directors :- Nil

Other Non-Executive Directors	Name of Directors						Total Amount (₹ In Lacs)
Fee for attending board committee meetings	-	-	-	-	-	-	-
Commission	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-
Total (2)	-	-	-	-	-	-	-
Total B = (1+2)							

C. Remuneration to Key Managerial Personnel Other Than MD/Manager/ WTD – Nil

Sr. No.	Particulars of Remuneration	Name of the KMP				Total Amount (₹ In Lacs)
1.	Gross Salary	-	-	-	-	-
	a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	-	-	-	-
	b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-	-
	c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-	-
2.	Stock Option	-	-	-	-	-
3.	Sweat Equity	-	-	-	-	-
4.	Commission	-	-	-	-	-
	- As % of Profit	-	-	-	-	-
	- Others, specify	-	-	-	-	-
5.	Others, please specify	-	-	-	-	-
	Contribution to Provident Fund	-	-	-	-	-
	Performance Bonus	-	-	-	-	-
	Total (C)	-	-	-	-	-

VII. PENALTIES/ PUNISHMENT/ COMPOUNDING OF OFFENCES (Under the Companies Act): Nil

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/ NCLT/ COURT]	Appeal made, if any (give Details)
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
OTHER OFFICERS IN DEFAULT					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

For and on behalf of the Board

Mumbai, 28th April, 2015

Parag Shah
Chairman - 00374944

Pirojshaw Sarkari
Director - 00820860

Sumit Varma
Director - 03426844

INDEPENDENT AUDITOR'S REPORT

To the Members of **LORDS FREIGHT (INDIA) PRIVATE LIMITED**

Report on the Financial Statements

1. We have audited the accompanying financial statements of **LORDS FREIGHT (INDIA) PRIVATE LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2015, and the Statements of Profit and Loss and Cash Flow for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit.
4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2015, and its loss and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

9. As required by the Companies (Auditor's Report) Order, 2015, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
10. As required by Section 143(3) of the Act, we report that:
 - a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c. the Balance Sheet, the Statement of Profit and Loss and Cash Flow dealt with by this Report are in agreement with the books of account;
 - d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);
 - e. On the basis of written representations received from the directors as on March 31, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015, from being appointed as a director in terms of Section 164(2) of the Act.
 - f. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company does not have any pending litigations which would impact its financial position.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **B. K. Khare & Co.**
Chartered Accountants
 Firm's Registration Number 105102W

H. P. Mahajani
Partner
 Membership Number 30168
 Mumbai, April 28, 2015

Annexure to the Auditor's Report referred to in para 9 in our report of even date:

- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
- (b) The fixed assets of the Company have been physically verified by the Management during the year. The discrepancies noticed on such verification were not material and have been properly dealt with in the books of account. In our opinion, the frequency of verification is reasonable.
- ii. The Company is in the business of freight forwarding & transportation services and consequently, does not hold any inventory. Therefore, the provisions of Clause 3(ii) of the said order are not applicable to the company.
- iii. There are no companies, firms or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii) of the said order are not applicable to the company.
- iv. In our opinion and according to the information and explanations given to us, the Company is having an adequate internal control system commensurate with the size and the nature of its business, for the purchase of fixed assets and sale of services. The activities of the Company do not involve purchase of inventory and sale of goods. On the basis of our examination of the books and records of the Company and according to the information and explanations given to us, we have neither come across, nor have we been informed of, any continuing failure to correct any major weaknesses in the aforesaid internal control system.
- v. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and rules framed there under to the extent notified. Consequently, no order has been passed by the Company Law Board or National Company Law Commission or Reserve Bank of India or any court or any other tribunal on the Company.
- vi. The Central Government of India has not prescribed the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company.
- vii. (a) According to the records of the Company and information and explanations given to us, the Company is generally regular in depositing undisputed statutory dues including Provident fund, Employees' state insurance, Income tax, Sales tax, Service tax, duty of customs, value added tax, cess and other applicable statutory dues with the appropriate authorities.
- (b) According to the information and explanations given to us and records of the Company examined by us, there are no dues of income tax, sales tax, wealth tax, service –tax, duty of excise, duty of customs, value added tax, and cess which have not been deposited on account of any dispute.
- (c) There are no amounts required to be transferred by the Company to the Investor Education and Protection Fund in accordance with the provisions of the Companies Act, 1956 and the rules made thereunder.
- viii. As the Company is registered for a period less than five years, the provisions of Clause 3(viii) of the Order are not applicable to the Company.
- ix. Based on the records examined by us and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the Balance Sheet date.
- x. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year. Accordingly, the provisions of Clause 3(x) of the Order are not applicable to the Company.
- xi. In our opinion, and according to the information and explanations given to us, during the year, the term loans have been applied for the purposes for which they were obtained.
- xii. During the course of our examination of the books and records of the Company, carried out in accordance with generally accepted accounting practices and according to the information and explanations given to us, we have neither come across any instance of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of any such instance by the Management.

For **B. K. Khare & Co.**
Chartered Accountants
Firm's Registration Number 105102W

H. P. Mahajani
Partner
Membership Number 30168
Mumbai, April 28, 2015

BALANCE SHEET AS AT 31st MARCH, 2015

	Note No.	As at 31 st March, 2015 (Rs. in Lakhs)	As at 31 st March, 2014 (Rs. in Lakhs)
I EQUITY AND LIABILITIES:			
(1) Shareholder's Fund			
(a) Share Capital.....	I	236.26	126.00
(b) Reserves and Surplus.....	II	179.48	90.65
(2) Non-Current Liabilities			
(a) Long Term Provisions.....	III	25.40	15.90
(3) Current Liabilities			
(a) Short-Term Borrowings.....	IV	388.58	91.50
(b) Trade Payables.....	V	955.43	1,253.26
(c) Other Current Liabilities.....	VI	85.44	176.35
(d) Short-Term Provisions.....	VII	2.91	0.12
Total		1,873.50	1,753.78
II ASSETS:			
(1) Non-Current Assets			
(a) Fixed Assets	VII		
(i) Tangible Assets.....		87.03	62.40
(ii) Intangible Assets.....		8.60	9.48
(iii) Capital Work-In Progress.....		-	-
(b) Non-Current Investment.....	IX	0.63	-
(c) Deferred Tax Assets (Net).....		8.56	26.30
(d) Long Term Loans and Advances.....	X	13.98	6.21
(2) Current Assets			
(a) Trade Receivables.....	XI	1,305.77	1,263.45
(b) Cash and Cash Equivalents.....	XII	104.17	73.08
(c) Short-Term Loans and Advances.....	XIII	344.76	311.45
(d) Other Current Assets.....	XIV	-	1.41
Total		1,873.50	1,753.78
Summary of Significant accounting policy & Notes to Financial statement.....	A & B		

"As per our Report of Even Date"

For B.K. Khare & Co.
Chartered Accountants
FRN: 105102W

H. P. Mahajani
Partner
M.No. 030168

Place : Mumbai
Date : 28th April 2015

For and on behalf of Board of Directors
LORDS Freight (India) Private Limited

Parag Shah
Chairman

Pirojshaw Sarkari
Director

Shamsudheen Ahmed
Director

Place : Mumbai
Date : 28th April 2015

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2015

	Note No.	2015 (Rs. in Lakhs)	2014 (Rs. in Lakhs)
I Revenue from Operation	XV	6,896.50	6,028.56
II Other Income	XVI	49.23	–
III Total Revenue (I+II)		6,945.73	6,028.56
IV Expenses:			
Operating, Administrative & Other Expenses	XVII	6,530.58	5,751.16
Employee Benefits expense	XVIII	637.92	422.86
Finance Cost	XIX	21.71	7.30
Depreciation and Amortization	XX	8.57	17.13
Total Expenses		7,198.78	6,198.46
V Profit Before Tax (III-IV)		(253.05)	(169.90)
VI Tax Expenses			
(i) Current Tax (Including earlier years provision of Rs. 0.13 lacs)		0.13	–
(ii) Deferred Tax		17.74	(18.50)
VII Profit/(Loss) After Tax (V-VI)		(270.92)	(151.40)
VIII Earning Per Equity Share:			
(i) Basic (Rs.)		(13.71)	(12.02)
(ii) Diluted (Rs.)		(13.71)	(12.02)
Summary of Significant accounting policy & Notes to Financial statement	A & B		

“As per our Report of Even Date”

For B.K. Khare & Co.
Chartered Accountants
FRN: 105102W

H. P. Mahajani
Partner
M.No. 030168

Place : Mumbai
Date : 28th April 2015

For and on behalf of Board of Directors
LORDS Freight (India) Private Limited

Parag Shah
Chairman

Pirojshaw Sarkari
Director

Shamsudheen Ahmed
Director

Place : Mumbai
Date : 28th April 2015

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2015

	Rs.	31 st March, 2015 Rs.	Rs.	31 st March, 2014 Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit/(Loss) before tax		(253.05)		(169.89)
ADJUSTMENTS FOR:				
Depreciation	7.30		15.89	
Amortisation	1.27		1.24	
Provision for Doubtful Debts/Advances	9.88		-	
Loss on sale of Fixed Assets/disposal (Net)	10.45		-	
Finance Charges	21.71		7.30	
		<u>50.62</u>		<u>24.43</u>
Operating Profit/(Loss) before working capital changes		(202.43)		(145.46)
ADJUSTMENTS FOR WORKING CAPITAL CHANGES:				
(Increase)/Decrease in Trade and Other Receivables	1.20		(484.74)	
Increase/(Decrease) in Trade Payables and Other Liabilities	(376.59)		683.82	
		<u>(375.40)</u>		<u>199.08</u>
Cash flow used in operations		(577.83)		53.62
Less: Taxes paid and refund (Income Tax, Fringe Benefit Tax and Wealth Tax)		<u>(93.06)</u>		<u>(69.47)</u>
Net cash flow from/(used in) operating activities		(670.89)		(15.85)
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets (including Capital WIP and Capital Advances)		(42.77)		(10.98)
Sale of Fixed Assets		-		-
Investment in Equity/Government Securities		(0.63)		-
Dividend Income		-		-
Interest Income		-		-
Net cash used in investing activities		(43.40)		(10.98)
C. CASH FLOW FROM FINANCING ACTIVITIES				
Issue of Share Capital		110.26		-
Share Premium		359.75		-
Proceeds from Borrowings		312.08		-
Repayment of Borrowings		(15.00)		-
Interest Paid		(21.71)		(7.30)
Net cash from financing activities		745.38		(7.30)
Net increase/(decrease) in cash and cash equivalents (A+B+C)		31.09		(34.13)
Cash and cash equivalents – Opening balance		73.08		107.21
Cash and cash equivalents – Closing balance		104.17		73.08
Net increase/(decrease) as disclosed above		31.09		(34.13)
Components of cash and cash equivalents				
Cash/Cheques on hand		53.91		1.57
With Banks – on Current account/ Fixed Deposit/Balance in Cash Credit Accounts		50.26		71.51
		<u>104.17</u>		<u>73.08</u>

Notes :

1 The above Cash Flow Statement has been prepared under the Indirect Method set out in Accounting Standard 3.

2 Figures in bracket indicates cash outgo.

Accounting Policies and notes forming part of the accounts are given in Notes

“As per our Report of Even Date”

For B.K. Khare & Co.
Chartered Accountants
FRN: 105102W

H. P. Mahajani
Partner
M.No. 030168

Place : Mumbai
Date : 28th April 2015

For and on behalf of Board of Directors
LORDS Freight (India) Private Limited

Parag Shah
Chairman

Pirojshaw Sarkari
Director

Shamsudheen Ahmed
Director

Place : Mumbai
Date : 28th April 2015

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2015

Note: I

Share Capital:

(A) Details of Authorised, Issued, Subscribed and Paid up Shares

Particulars	As on March, 2015		As on March, 2014	
	Nos.	Rs. in Lakhs	Nos.	Rs. in Lakhs
Authorised:				
Equity shares of Rs. 10 each.....	25,00,000	250.00	20,00,000	200.00
Total.....	-	250.00	-	200.00
Issued:				
Equity Share of Rs. 10 each fully paid....	23,62,509	236.25	12,60,000	126.00
Subscribed and Fully Paid up:				
Equity Share of Rs. 10 each fully paid....	23,62,509	236.26	12,60,000	126.00
Total.....	23,62,509	236.26	12,60,000	126.00

(B) Reconciliation of number of Ordinary (Equity) Shares and amount outstanding

Particulars	As on March, 2015		As on March, 2014	
	Nos.	Rs. in Lakhs	Nos.	Rs. in Lakhs
Issued, Subscribed and Paid up				
Balance as at the beginning of the year....	12,60,000	126.00	12,60,000	126.00
Add: Issued during the year.....	11,02,509	110.26	-	-
Balance as at the end of the year	23,62,509	236.26	12,60,000	126.00

(C) Shares held by Holding Company/Fellow Subsidiaries

Particulars	Shares held by	Numbers as at	
		March, 2015	March, 2014
Mahindra Logistics Limited	Holding Company	14,17,509	-

(D) Shareholders holding more than 5% of Share Capital

Particulars	As on March, 2015		As on March, 2014	
	No of Shares Held	% of Holding	No of Shares Held	% of Holding
Mahindra Logistics Limited	14,17,509	60.00%	-	-
Mr. Shamsudeen Ahmed	2,61,360	11.06%	2,80,000	22.22%
Mr. Sumit S. Varma	1,19,610	5.06%	1,22,500	9.72%
Mr. S. Rajagopalan	1,19,610	5.06%	1,22,500	9.72%
Mr. V. Krishnan	1,19,610	5.06%	1,22,500	9.72%
Mr. Santhosh Kannambra	1,19,610	5.06%	1,22,500	9.72%
Mr. Noushad Parakkot	63,000	2.67%	2,80,000	22.22%
Mr. Mohan. A	63,000	2.67%	2,10,000	16.67%

(E) Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs. 10/- per share. Each holder of equity share is entitled to one vote per share. The dividend proposed by the board of directors and approved by the shareholders in the annual general meeting is paid in Indian rupees. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

Note: II

Reserves and Surplus:

	2015 (Rs. in Lakhs)	2014 (Rs. in Lakhs)
(a) Share Premium		
Opening Balance.....	263.00	263.00
Add: Additions during the year	359.75	-
Total.....	622.75	263.00
(b) Surplus in Profit & Loss Statement		
Opening Balance.....	(172.35)	(20.96)
Add: Profit for the Current Year	(270.92)	(151.39)
	(443.27)	(172.35)
Grand Total (A+B)	179.48	90.65

Note: III

Long Term Provisions:

	2015 (Rs. in Lakhs)	2014 (Rs. in Lakhs)
Provision for Employee Benefits	25.40	15.90
Total.....	25.40	15.90

Note: IV

Short Term Borrowings:

	2015 (Rs. in Lakhs)	2014 (Rs. in Lakhs)
Secured		
Cash Credit from Bank.....	312.08	-
Unsecured		
Loan from others	76.50	91.50
Total.....	388.58	91.50

Note: V

Trade payables:

	2015 (Rs. in Lakhs)	2014 (Rs. in Lakhs)
(a) Total outstanding dues of Micro and Small Enterprises (Refer Note No. B (2))	-	-
(b) Total outstanding dues of creditors other than Micro and Small Enterprises	955.43	1,253.26
Total.....	955.43	1,253.26

Note: VI

Other Current Liabilities:

	2015 (Rs. in Lakhs)	2014 (Rs. in Lakhs)
(a) Deposit Received from Vendors/ Customers.....	4.86	2.89
(b) Employee Liabilities	49.71	32.17
(c) Statutory Liabilities.....	12.82	127.83
(d) Advances received from Customer.....	8.65	2.04
(e) Others.....	9.40	11.42
Total.....	85.44	176.35

Note: VII

Short Term Provisions:

	2015 (Rs. in Lakhs)	2014 (Rs. in Lakhs)
Provision for Employee Benefits	2.91	0.12
Total.....	2.91	0.12

Note: VIII

Fixed Assets:

(Rs. in Lakhs)

Description of Assets	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 31 st March, 2014	Additions during the year	Deductions and adjustments during the year	As at 31 st March, 2015	As at 31 st March, 2014	For the Year	Adjustments/ Deductions	As at 31 st March, 2015	Net Balance as at 31 st March, 2015	Net Balance as at 31 st March, 2014
(A) Tangible Assets										
Land	–	–	–	–	–	–	–	–	–	–
Buildings	–	–	–	–	–	–	–	–	–	–
Office Equipment	20.48	6.22	(0.95)	27.65	5.39	6.93	3.24	9.08	18.57	15.09
Furniture and Fittings	51.02	29.51	14.03	66.50	16.87	6.16	12.50	10.53	55.97	34.15
Computer	26.10	6.64	(0.21)	32.95	12.94	13.83	6.31	20.46	12.49	13.16
TOTAL (A)	97.60	42.37	12.87	127.10	35.20	26.92	22.05	40.07	87.03	62.40
Previous Year	87.02	10.58	–	97.60	19.31	15.89	–	35.20	62.40	–
(B) Intangible Assets										
Computer Software	12.43	0.39	–	12.82	2.95	1.27	–	4.22	8.60	9.48
TOTAL (B)	12.43	0.39	–	12.82	2.95	1.27	–	4.22	8.60	9.48
Previous Year	12.03	0.40	–	12.43	1.71	1.24	–	2.95	9.48	–
TOTAL (A+B)	110.03	42.76	12.87	139.92	38.15	28.19	22.05	44.29	95.63	71.88
Previous Year	99.05	10.98	–	110.03	21.02	17.13	–	38.15	71.88	–
Capital Work in Progress (C)										
	–	–	–	–	–	–	–	–	–	–
Previous Year	–	–	–	–	–	–	–	–	–	–
TOTAL (A+B+C)	110.03	42.76	12.87	139.92	38.15	28.19	22.05	44.29	95.63	71.88
Previous Year	99.05	10.98	–	110.03	21.02	17.13	–	38.15	71.88	–

Note: IX

Non-Current Investment:

	2015 (Rs. in Lakhs)	2014 (Rs. in Lakhs)
Investment in Equity Shares		
(i) Non Trade Investment		
The Zoroastrian Co-Operative Bank Limited (2520 Equity Shares @ Rs. 25 each)	0.63	–
Total	<u>0.63</u>	<u>–</u>

Note: X

Long Term Loans and Advances:

	2015 (Rs. in Lakhs)	2014 (Rs. in Lakhs)
Unsecured, Considered Good		
Security Deposit	13.98	6.21
Total	<u>13.98</u>	<u>6.21</u>

Note: XI

Trade Receivables:

	2015 (Rs. in Lakhs)	2014 (Rs. in Lakhs)
Outstanding for more than six months from the date they are due for payment		
Unsecured, Considered Good	122.64	71.84
Considered Doubtful	9.88	–
	<u>132.52</u>	<u>71.84</u>
Less: Provision for Doubtful Debts	9.88	–
	<u>122.64</u>	<u>71.84</u>
Outstanding for less than six months from the date they are due for payment		
Unsecured, Considered Good	1,183.14	1,191.61
Total	<u>1,305.78</u>	<u>1,263.45</u>

Note: XII**Cash and Cash Equivalents:**

	2015	2014
	(Rs. in Lakhs)	(Rs. in Lakhs)
(a) Cash on Hand	0.40	1.57
(b) Cheques, Draft on Hand	53.51	-
(c) Balance With Banks		
(i) With Current Accounts	50.26	71.51
Total	<u>104.17</u>	<u>73.08</u>

Note: XIII**Short Term Loans and Advances:**

	2015	2014
	(Rs. in Lakhs)	(Rs. in Lakhs)
Unsecured, Considered Good		
(a) Security Deposit	29.02	31.67
(b) Loans and Advances to Related party		
(i) Inter Corporate Deposit	-	-
(ii) Others	-	10.00
(c) Other Loans & Advances		
(i) Advance Income Tax/TDS Receivable/ MAT Credit (Net of Provisions)	230.54	138.08
(ii) MAT Credit entitlement	4.38	3.75
(iii) Service Tax/Vat Recoverable	11.65	82.21
(iv) Advances to Vendors	59.83	35.01
(v) Prepaid Expenses	9.32	7.52
(vi) Others	0.02	3.21
Total	<u>344.76</u>	<u>311.45</u>
Total	<u>344.76</u>	<u>311.45</u>

Note: XIV**Other Current Assets:**

	2015	2014
	(Rs. in Lakhs)	(Rs. in Lakhs)
(a) Accrued Income	-	1.41
Total	<u>-</u>	<u>1.41</u>

Note: XV**Revenue from:**

	2015	2014
	(Rs. in Lakhs)	(Rs. in Lakhs)
Sale of Services:	6,896.50	6,028.56
Total	<u>6,896.50</u>	<u>6,028.56</u>

Note: XVI**Other Income:**

	2015	2014
	(Rs. in Lakhs)	(Rs. in Lakhs)
Foreign exchange fluctuation (Net)	36.17	-
Other Miscellaneous Income	13.06	-
Total	<u>49.23</u>	<u>-</u>

Note: XVII**Operating, Administrative & Other Expenses:**

	2015	2014
	(Rs. in Lakhs)	(Rs. in Lakhs)
Freight & Other Related Expenses	6,148.02	5,444.08
Power & Fuel	8.53	8.45
Rent including lease rent	60.06	43.86
Rates and Taxes	19.63	0.14
Insurance	10.23	7.45
Repairs & Maintenance:		
Buildings		
Machinery	9.50	10.73
Others	15.65	15.67
Legal & Professional Fees	58.80	55.43
Travelling Expenses	66.03	59.74
Exchange Fluctuation	-	33.69
Provision for Doubtful Debts/Advances (Net)	9.88	-
Bad Debts/Advances written off	31.51	-
Audit Fee	2.00	1.20
Loss on Sale of Fixed Assets/Assets Written off (Net)	10.45	-
Miscellaneous Expenses	80.29	70.72
Total	<u>6,530.58</u>	<u>5,751.16</u>

Note: XVIII**Employee Benefits Expense:**

	2015	2014
	(Rs. in Lakhs)	(Rs. in Lakhs)
Salaries, Wages, Bonus, etc.	592.52	389.26
Contribution to Provident and other funds	21.65	13.67
Gratuity (Refer Note No. B (6))	5.60	7.38
Staff Welfare	18.15	12.55
Total	<u>637.92</u>	<u>422.86</u>

Note: XIX**Finance Cost:**

	2015	2014
	(Rs. in Lakhs)	(Rs. in Lakhs)
Interest Expenses	21.71	7.30
Total	<u>21.71</u>	<u>7.30</u>

Note: XX**Depreciation and Amortization:**

	2015	2014
	(Rs. in Lakhs)	(Rs. in Lakhs)
Depreciation	26.93	15.89
Amortisation of Intangible assets	1.27	1.24
Effect of Change in Depreciation Method from WDV to SLM (Refer Note No. B (4))	(19.63)	-
Total	<u>8.57</u>	<u>17.13</u>

NOTE A & B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICY & NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31st MARCH, 2015.

Note A – Summary of Significant Accounting Policy

Corporate Information

LORDS Freight (India) Private Limited is a deemed public limited company incorporated on 25th April, 2011 under the Companies Act, 1956. The Company's main activities are freight forwarding including transportation of goods via sea & air.

1. Basis for Preparation of Financial Statements:

The financial statements have been prepared in accordance with the Generally Accepted Accounting Principles (IGAAP) under the historical cost convention, as a going concern and on accrual basis and in accordance with the provisions of the Companies Act, 2013 and the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended).

Assets and Liabilities are classified as Current or Non-current as per the provisions of Schedule III to the Companies Act 2013 and Company's Normal Operating Cycle. Based on the nature of business, the Company has ascertained its operating cycle as 12 months for the classification of assets and liabilities.

The Financial Statements are presented in Indian Rupees denominated in Lakhs.

2. Use of Estimates:

The preparation of financial statements requires the management to make estimates and assumptions considered in the reported amount of assets and liabilities (including Contingent liabilities) as on the date of financial statements and the reported income and expenses during the reporting period. Management believes that the estimates used in the preparation of the financial statement are prudent and reasonable. Any revision to accounting estimates is recognized prospectively in current and future periods.

3. Fixed Assets:

- i. All Fixed Assets are carried at their cost of acquisition less accumulated depreciation and impairment losses, if any. Cost of acquisition is inclusive of purchase price, levies and any directly attributable cost of bringing the assets to its working condition for the intended use.
- ii. When an assets is scrapped or otherwise disposed off, the cost and related depreciation are removed from books of accounts and resultant profit/loss, if any, is reflected in the Statement of Profit and Loss.
- iii. Intangible assets are stated at cost less accumulated amortization and impairment loss, if any.

4. Depreciation and Amortisation:

Depreciation on tangible assets is charged by the Straight Line Method (SLM) in accordance with the useful lives specified in Part – C of Schedule II of the Companies Act, 2013 on a pro-rata basis except in the case of:

- assets costing less than Rs. 5000/- which are fully depreciated in the year of purchase.

Intangible assets mainly comprises of computer software which is amortized over the estimated useful life. The maximum period for such amortization is ten years which is considered as available for use by the management. The amortization period and the amortization method are reviewed periodically as required by relevant Accounting Standards.

5. Revenue Recognition:

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Revenue from Freight forwarding income, warehousing and custom clearance is recognised as and when service is performed on contractual terms.

6. Investments:

All long-term investments are valued at cost. However provision for diminution in value is made to recognise a decline other than temporary in the value of investments. Current investments are valued at the lower of cost and fair value, determined by category of investment.

7. Foreign exchange transactions and translations:

(i) Initial recognition

Transactions in foreign currencies are recognised at the exchange rates between the reporting currency and the foreign currency prevailing on the transaction dates.

(ii) Conversion

- a. Foreign currency monetary assets and liabilities at the year-end are translated at the year-end exchange rates and the resultant exchange differences are recognised in the Statement of profit and loss.
- b. Non-monetary items, if any are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

(iii) Exchange differences

The Company accounts for exchange differences arising on translation/settlement of foreign currency monetary items as below:

- a. Realized gains and losses on settlement of foreign currency transactions are recognised in the Statement of profit and loss.
- b. Foreign currency monetary assets and liabilities at the year-end are translated at the year-end exchange rates and the resultant exchange differences are recognised in the Statement of profit and loss.

8. Employee Benefits:

i. Defined Contribution Plan:

Company's contributions paid/payable during the year to the Superannuation Fund, ESIC, Provident Fund and Labour Welfare Fund are recognised in the Statement of Profit and Loss.

ii. Defined Benefits:

Company's liability towards gratuity and long term compensated absences are determined by independent actuaries, using the projected unit credit method. Past services are recognised on a straight line basis over the average period until the benefits become vested. Actuarial gains and losses are recognised immediately in the Statement of Profit and Loss as income or expense. Obligation is measured at the present value of estimated future cash flows using a discounted rate that is determined by reference to the market yields at the Balance Sheet date on Government Bonds where the currency and terms of the Government Bonds are consistent with the currency and estimated terms of the defined benefit obligation.

9. Borrowing Cost:

Borrowing cost that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use or sale. All other borrowing costs are charged to revenue in the year of incurrence.

10. Segment Reporting:

Accounting policies adopted for segment reporting are in line with the accounting policies of the Company. On the applicability of segment

reporting, revenue and expenses have been identified to segments on the basis of their relationship to the operating activities of the segment. Revenues and expenses, which relate to the enterprise as a whole and are not allocable to segments on a reasonable basis, have been included under "Unallocated Corporate Expenses".

11. Operating Leases:

The Company's significant operating leasing arrangements are in respect of office premises, warehouse. Lease rentals are recognised as per the terms of lease.

12. Earning Per Share:

Basic and diluted earnings per share is computed by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of Equity Shares outstanding during the year.

13. Income Tax:

Income taxes are accounted for in accordance with the Accounting Standard 22 on "Accounting for Taxes on Income". Taxes comprises of Current tax and deferred tax.

Current tax is determined as the amount of tax payable in respect of taxable income for the year using the applicable tax rates and tax laws.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.

Deferred tax assets and liabilities are recognized for future tax consequences attributable to the timing differences between taxable income and accounting income that are capable of reversal in one or more subsequent periods and are measured using the tax rates enacted or substantively enacted as at the Balance Sheet date. Deferred Tax assets are not recognised unless in the management judgment, there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized except in case of deferred tax assets arising from brought forward tax losses wherein deferred tax asset is only recognized when there is virtual certainty. Deferred tax assets are reviewed for the appropriateness of their respective carrying values at each balance sheet date.

14. Impairment of assets:

The Management of the Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the management estimates the recoverable amount of the asset. If such recoverable amount of the asset is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and recognised in the Statement of Profit and Loss. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

15. Provisions, contingent liabilities and contingent assets:

Provisions are recognised when there is a present obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

Contingent assets are neither recognised nor disclosed in the financial statements.

Note B – Notes to the financial statements:

1. Loans:

Credit Facilities from Banks are secured by a pari-passu charge on the Company's entire present and future book debts, outstanding monies, receivables, claims, and bills in terms of the Letter of hypothecation executed by the Company.

Cash Credit facilities are repayable on demand and carry interest based on applicable rate plus agreed spreads and/or negotiated rates. The rates of interest during the year ranged between 12.50% to 13.00%

2. Based on the information available with the Company, no trade payables have been registered as 'supplier' within the meaning of 'Micro Small & Medium Enterprises Development Act, 2006' as on 31st March, 2015.

3. Trade Receivables, Loans and Advances and Trade Payables are subject to confirmation and Reconciliations.

4. Change in Accounting Policy:

Effective 1st April, 2014 the Company has with retrospective effect changed its method of providing depreciation on tangible fixed assets from 'Written Down Value' to 'Straight Line Method', over the useful life prescribed in Schedule II of Companies Act, 2013. Management believes that this changes will result in more appropriate presentation and will give a systematic basis of depreciation charge, representing of the time pattern in which the economic benefits will be derived from the use of these assets. Accordingly, the Company has de-recognized depreciation charge of Rs. 19.63 lacs for the period ended 31st March, 2015. Had the Company continued to use the earlier method of depreciation, profit after tax would have been lower by Rs. 19.63 lacs

5. Audit fees includes:

Particulars	(Rs. In lakhs)	
	*2015	*2014
Statutory Audit Fees	1.52	1.00
Tax Audit Fees	0.48	0.20
Total	2.00	1.20

* Including Service Tax

6. Employee Defined Benefits:-

Defined benefit plans – as per Actuarial valuation on 31st March 2015

Gratuity (Non-funded)

		(Rs. In Lakhs)	
		2015	2014
I.	Expense recognised in the Statement of Profit and Loss for the year ended 31st March, 2015.		
1.	Current Service Cost	4.04	7.38
2.	Interest	0.59	-
3.	Expected Return on Plan Assets	-	-
4.	Actuarial (Gain)/Loss	0.97	-
5.	Total expense	5.60	7.38
II.	Net Asset/(Liability) recognised in the Balance Sheet as at 31st March, 2015.		
1.	Present value of Defined Benefit Obligation as at 31 st March	12.98	7.38
2.	Fair value of plan assets as at 31 st March	-	-
3.	Funded status [Surplus/ (Deficit)] (2-1)	(12.98)	(7.38)
4.	Net Asset/(Liability) as at 31 st March	(12.98)	(7.38)

(Rs. In Lakhs)

	2015	2014
III. Change in the obligation during the year ended 31st March, 2015.		
1. Present value of Defined Benefit Obligation at the beginning of the year	7.38	-
2. Current Service Cost	4.04	7.38
3. Interest Cost	0.59	-
4. Actuarial (Gain)/Loss	0.97	-
5. Benefits Paid	-	-
6. Present Value of Defined Benefit Obligation at the end of the year	12.98	7.38
IV. Change in Fair Value of Assets during the year ended 31st March, 2015.		
1. Fair Value of Plan assets at the beginning of the year	-	-
2. Expected return on plan asset	-	-
3. Contributions by employer	-	-
4. Actual benefits paid	-	-
5. Fair value of Plan assets at the end of the year	-	-
6. Actual return on plan assets	-	-
V. The major categories of plan assets as a percentage of total plan		
Funded with Life Insurance Corporation of India	-	-
VI. Actuarial assumptions		
1. Discount Rate	8%	8%
2. Expected rate of return on plan assets	-	-
3. In service Mortality	-	-
4. Turnover Rate	1%	1%
5. Salary escalation	6%	6%

7. (a) List of Related parties:

A	Holding Companies	Mahindra & Mahindra Limited (Holding company of MLL)
		Mahindra Logistics Limited (w.e.f. 7 th Aug, 2014)
B	Fellow Subsidiaries	Mahindra Retail Private Limited
		Mahindra Two Wheelers Limited
		Mahindra Reva Electric Vehicles Private Limited
		Mahindra Aerostructures Private Limited
		Mahindra Sanyo Special Steel Private Limited (Formerly Navyug Special Steel Private Limited)

(b) The related party transactions are as under:

(Rs. In Lakhs)

Sr. No.	Nature of Transactions	Holding Company	Fellow Subsidiary
1. Finance:			
	Issue of Equity Share Capital during the year.	470.00 (-)	- (-)
2. Purchases :			
	Services	9.77 (-)	- (-)
3. Sales:			
	Services	100.80 (-)	164.15 (-)

(Rs. In Lakhs)

Sr. No.	Nature of Transactions	Holding Company	Fellow Subsidiary
4. Finance:			
	Reimbursements made to Parties	- (-)	- (-)
5. Outstanding:			
	Payable	82.08 (-)	17.63 (-)
	Receivable	1.39 (-)	56.11 (-)

Notes:

1. Previous year's figures are given in brackets.

8. Earnings Per Share:

Particulars		Year Ended 31 st March, 2015	Year Ended 31 st March, 2014
Basic Earnings Per Share			
Net Profit/(Loss) after Tax (A)	Rs. In Lakhs	(270.92)	(151.39)
Weighted Average No. of Shares used for computing Basic EPS (B)	No. in Lakhs	19.76	12.60
Basic Earnings Per Share (A/B)	In Rs.	(13.71)	(12.02)
Nominal value of equity share	In Rs.	10.00	10.00
Diluted Earnings per Share			
Net Profit/(Loss) after Tax (A)	Rs. In Lakhs	(270.92)	(151.39)
Weighted Average No. of Shares used for computing Diluted EPS (C)	No. in Lakhs	19.76	12.60
Diluted Earnings Per Share (A/C)	In Rs.	(13.71)	(12.02)
Nominal value of equity share	In Rs.	10.00	10.00

9. The components of Net Deferred Tax Assets as at the year-end are as under:

(Rs. In Lakhs)

	31 st March, 2015	31 st March, 2014
Deferred Tax Assets :	Amount	Amount
On provision for doubtful debts	3.05	NIL
On Provision for employee benefits	7.92	NIL
On Tax Loss	-	28.92
On Preliminary expenses	0.04	0.07
Total (A)	11.01	28.99
Deferred Tax Liabilities :		
On Depreciation	(2.45)	(2.69)
Total (B)	(2.45)	(2.69)
Net Deferred Tax Assets (A-B)	8.56	26.30

10. The year-end foreign currency exposures that have not been hedged by a derivative Instrument or forward contracts are given below:

Particulars	Currency	31-Mar-15		31-Mar-14	
		Value in foreign currency	Value in Rupees (Lakhs)	Value in foreign currency	Value in Rupees (Lakhs)
Trade Receivables	USD	433,926	277.17	506,594	317.11
	EUR	8,906	6.22	583	0.42
	SGD	281	0.14	281	0.14
	GBP	160	0.15	220	0.23
	CHF	-	-	1,344	0.92
Trade Payables	USD	513,510	324.18	1,096,574	668.19
	HKD	371,439	30.29	143,749	11.70
	EUR	195,847	147.63	213,593	178.76
	DKK	41,643	4.05	11,291	1.30
	GBP	23,417	22.74	14,903	15.55
	SGD	14,057	6.55	44,559	21.82
	CAD	4,812	2.46	7,191	4.11
	ZAR	2,730	0.14	-	-
	CHF	2,449	1.63	1,309	0.92
	AUD	1,741	0.86	813	0.46
	AED	-	-	113	0.02
	JPY	-	-	224,107	1.43
	OMR	-	-	3,714	6.08
	SEK	-	-	52,739	5.11

11. The Company has a single reportable segment "Freight forwarding" for the purpose of Accounting Standard 17 on Segment reporting.

12. Additional information pursuant to the provisions of paragraphs 5 (viii) (a), (b), (c), (d), (e) of Part II of Schedule III to the Companies Act, 2013 are as follows:

a) Expenditure in Foreign Currencies:

- (i) For Travel **Rs. 2.01 Lakhs** (2014: Rs. 0.60 lakhs)
- (ii) For Services **Rs. 3,022.85 Lakhs** (2014: Rs. 1,744.29 lakhs)
- (iii) For Others **Rs. 7.96 Lakhs** (2014: Rs. 4.66 lakhs)

b) Earnings in Foreign Exchange:

- (i) Services Rendered **Rs. 684.65 Lakhs** (2014: Rs. 504.40 lakhs)

13. Previous Years figures have been regrouped/reclassified wherever necessary.

For B.K. Khare & Co.
Chartered Accountants
FRN: 105102W

H. P. Mahajani
Partner
M.No. 030168

Place : Mumbai
Date : 28th April 2015

For and on behalf of Board of Directors
LORDS Freight (India) Private Limited

Parag Shah
Chairman

Pirojshaw Sarkari
Director

Shamsudheen Ahmed
Director

Place : Mumbai
Date : 28th April 2015

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors present their Seventh Report together with the audited accounts of your Company for the year ended 31st March, 2015.

FINANCIAL HIGHLIGHTS AND STATE OF COMPANY'S AFFAIRS

Particulars	(Amount in Rs.)	
	For the year ended 31 st March, 2015	For the year ended 31 st March, 2014
Income	50,25,22,663	29,42,36,617
(Loss) before Depreciation, Interest & Tax	(47,47,40,800)	(37,38,31,672)
Less: Depreciation	6,57,83,566	5,26,75,511
(Loss) before Taxation	(54,05,24,366)	(42,65,07,183)
Less: Provision for Taxation for the year	-	-
(Loss) after Tax	(54,05,24,366)	(42,65,07,183)
(Loss) brought forward from Previous year	(1,04,41,45,145)	(61,76,37,962)
Depreciation on transition to Schedule II of the Companies Act, 2013 on tangible fixed assets with nil remaining useful life	8,44,484	-
Balance carried forward to Balance Sheet.....	(1,58,55,13,995)	(1,04,41,45,145)
Net Worth	33,34,86,005	34,35,54,855

No material changes and commitments have occurred after the closure of under review till the date of this report which would affect the financial position of the Company.

OPERATIONS

Your Company has become the leader in multi brand servicing space with income crossing competitors' income during the year. The income has been growing ever since creating a significant lead over the closest competitor. Income during the year under review stood at Rs. 50.25 Crore, which is 71% higher as compared to the previous year.

Your Company has also launched Franchise program successfully with a strong Franchisee Value Proposition and has issued Letter of Intent (LOIs) to as many as 79 Franchisees within the very first year of the new program (of which 36 have become operational). The Franchisee program has been received well by a diverse set of entrepreneurs varying from Original Equipment Manufacturer dealers and independent workshops to partners from non-auto background. Your Company has also developed a hub and spoke based spare parts distribution network in Financial Year 2015 by opening 12 hubs which has ensured timely availability of spare parts at all its workshops.

During the year under review, your Company has started 1 new COCO (company owned company operated outlet) and closed down 2 loss making COCOs.

DIVIDEND

In view of the losses, your Directors do not recommend dividend for the year under review.

OUTLOOK FOR THE CURRENT YEAR

The Company's strategic focus area in Financial Year 2016 will be: –

- a) Consolidate COCOs and expand network rapidly through FOFOs (Franchise owned Franchise Operated Outlets).
- b) Improve cluster efficiencies and profitability.
- c) Introduce Private Label Business.
- d) Innovate in digital space to create value through initiatives like multi brand parts catalogue, Service Estimator, INX.
- e) Strengthen business viability for metro cities.
- f) Further strengthen the Pillars of Brand, Spares, Training and Processes through Innovation.

Your Company has plans to start 107 franchisees in Financial Year 2016. It already has a strong head-start with an opening balance of 45 Franchisee LOIs which will become operational this year. Your Company will also focus on improving margins and profitability in COCOs and focus on steps to improve customer satisfaction.

SHARE CAPITAL

During the year under review, the Authorized Share Capital of your Company was increased from Rs. 155 crore to Rs. 200 crore. Further, 5,31,30,000 equity shares of Rs. 10/- each, aggregating Rs. 53.13 crore were issued and allotted on rights basis to its Holding company viz., Mahindra & Mahindra Limited (M&M) and consequently, the paid-up share capital of the Company has increased to Rs. 191.90 crore, divided into 19,19,00,000 Equity Shares of Rs. 10 each.

BOARD OF DIRECTORS

Composition:

Sr. No.	Name of Director & DIN	Designation	Executive/Non Executive	Independent/Non Independent
1.	Debabrata Bandyopadhyay (DIN: 06972463)	Director	Non Executive	Independent
2.	Sonu Halan Bhasin (DIN: 02872234)	Director	Non Executive	Independent
3.	Rajeev Bidyand Dubey (DIN: 00104817)	Chairman	Non Executive	Non Independent
4.	Chandrasekar Kandasamy (DIN: 01084215)	Director	Non Executive	Non Independent
5.	Ramesh Ganesh Iyer (DIN: 00220759)	Director	Non Executive	Non Independent
6.	Anupam Thareja (DIN: 01091533)	Director	Non Executive	Non Independent
7.	Ruzbeh Baman Irani (DIN: 01831944)	Director	Non Executive	Non Independent
8.	Prince Mulapampallil Augustin (DIN: 02336637)	Director	Non Executive	Non Independent
9.	Vivek Nayer (DIN: 03410053)	Director	Non Executive	Non Independent
10.	Shriprakash Shukla (DIN: 00007418)	Director	Non Executive	Non Independent
11.	VijayKumar Venkattasatya Yegireddi (DIN: 03588223)	Whole-Time Director	Executive	Non Independent

The Board of Directors had on the recommendation of the Nomination & Remuneration Committee re-appointed Mr. YVS Vijay Kumar as the Whole-time Director of the Company designated as WTD & CEO for the period of three years with effect from 4th August, 2014. The Members of the Company had at the Extra-ordinary General Meeting held on 24th July, 2014 approved the said re-appointment and terms of remuneration of Mr. YVS Vijay Kumar.

Mr. Debabrata Bandyopadhyay and Ms. Sonu Bhasin who, in the opinion of the Board, are persons with integrity and possess relevant expertise and experience, and who have

given declarations to the effect that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013, were appointed as Independent Directors with effect from 22nd October, 2014 at the Extra-ordinary General Meeting of the Company held on 22nd October, 2014 for a period of five consecutive years and they shall not be liable to retire by rotation.

Mr. Rajeev Dubey, Mr. K. Chandrasekar and Mr. Prince Augustin would retire by rotation at the forthcoming Annual General Meeting of the Company and being eligible, offer themselves for re-appointment at the forthcoming Annual General Meeting.

Mr. Debabrata Bandyopadhyay and Ms. Sonu Bhasin, Independent Directors of your Company have furnished declarations that they meet the criteria of independence provided under Section 149 of the Companies Act, 2013.

MEETINGS

The Board of Directors met eight times during the year under review viz., on 11th April, 2014, 29th April, 2014, 12th June, 2014, 24th July, 2014, 4th September, 2014, 22nd October, 2014, 31st December, 2014 and 20th January, 2015.

DIRECTOR'S RESPONSIBILITY STATEMENT

Pursuant to section 134 (3) (c) of the Companies Act, 2013, your Directors based on the representation received from the Operating Management and after due enquiry, confirm that:

- in the preparation of the annual accounts, the applicable accounting standards had been followed;
- that such accounting policies have been selected and applied consistently and judgments and estimates made are reasonable and prudent, so as to give a true and fair view of the state of affairs of the company at 31st March, 2015 and of the loss of the Company for the financial year ended on that date;
- that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- that the annual accounts have been prepared on a going concern basis; and
- that proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

EVALUATION OF PERFORMANCE

Pursuant to the provisions of the Companies Act, 2013, the Board has carried out an annual evaluation of its own performance and that of its Committees as well as performance of the Directors individually. Feedback was sought by way of a structured questionnaire covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance

and the evaluation was carried out based on responses received from the Directors.

CODES OF CONDUCT

Your Company has in place Codes of Conduct for Corporate Governance (“the Codes”) for its Directors and Senior Management Personnel and Employees. These Codes enunciate the underlying principles governing the conduct of your Company’s business and seek to reiterate the fundamental precept that good governance must and would always be an integral part of Company’s ethos.

The Company has for the year under review, received declarations under the Codes from the Directors, Senior Management Personnel and Employees affirming compliance with the respective Codes.

AUDIT COMMITTEE

The Audit Committee comprises of Mr. Debabrata Bandyopadhyay (Chairman), Ms. Sonu Bhasin and Mr. Ramesh Iyer. Pursuant to Section 177 of Companies Act, 2013, read with Companies (Meetings of Board and its Powers) Rules, 2014, the Audit Committee was re-constituted with the induction of Mr. Debabrata Bandyopadhyay and Ms. Sonu Bhasin and withdrawal of nomination of Mr. Rajeev Dubey, Mr. K. Chandrasekar and Mr. Anupam Thareja as Members of the Committee with effect from 31st March, 2015.

The Audit Committee met twice during the year under review viz., on 29th April, 2014 and 24th July, 2014.

NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee comprises of Ms. Sonu Bhasin, (Chairperson) , Mr. Debabrata Bandyopadhyay and Mr. Prince Augustin as its Members.

Pursuant to Section 178 of Companies Act, 2013, read with Companies (Meetings of Board and its Powers) Rules, 2014, the Nomination and Remuneration Committee was re-constituted with the induction of Ms. Sonu Bhasin and Mr. Debabrata Bandyopadhyay, and withdrawal of nomination of Mr. Rajeev Dubey and Mr. Ruzbeh Irani as Members of the Committee with effect from 22nd October, 2014. The Nomination and Remuneration Committee carried out an evaluation of the performance of individual directors through a structured questionnaire process covering various aspects such as skills, performance, attendance, knowledge etc.

The Nomination and Remuneration Committee met twice during the year under review viz., on 24th July, 2014 and 22nd October, 2014.

RISK MANAGEMENT POLICY

Your Company has formulated a Risk Management Policy including identification therein of the elements of risk which in the opinion of Board may threaten the existence of the Company. Your Company’s risk management policy sets out the objectives and elements of risk management within the organization and helps to promote risk awareness amongst employees and to integrate risk management within the corporate culture.

Implementation of the Risk Management Policy is expected to be helpful in managing the risks associated with the business of the Company.

POLICY FOR REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES AND CRITERIA FOR APPOINTMENT/REMOVAL OF DIRECTORS AND SENIOR MANAGEMENT PERSONNEL

In line with the principles of transparency and consistency and upon recommendation of the Nomination and Remuneration Committee, your Board has approved:

- Policy on the appointment/removal of directors and senior management personnel, together with the criteria for determining qualifications, positive attributes and independence of directors.
- Policy on the remuneration of directors, key managerial personnel and other employees.

These policies are provided as Annexure I and forms part of this Report.

KEY MANAGERIAL PERSONNEL

Pursuant to provisions of Section 2(51) and Section 203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, key managerial personnel of your Company with effect from 1st April, 2014 are Mr. YVS Vijay Kumar Whole-time Director, Mr. V. Rajan, Chief Financial Officer and Mr. V. S. Ramesh, Company Secretary of the Company.

STATUTORY AUDITORS

M/s. Deloitte Haskins & Sells LLP, Chartered Accountants, Mumbai (ICAI Registration Number: 117366W/W-100018) retire as Auditors of the Company at the conclusion of the forthcoming Annual General Meeting (AGM).

As required by the provisions of section 139 read with section 141 of the Companies Act, 2013, your Company has received a written consent and certificate from M/s. Deloitte Haskins & Sells LLP, Chartered Accountants, to the effect that their reappointment, if made, would be in conformity with the conditions and criteria specified in the said sections.

The members are requested to appoint Auditors to hold office from the conclusion of forthcoming AGM till the conclusion of next AGM and fix their remuneration.

The Auditors Report does not contain any qualification, reservation or adverse remark.

SECRETARIAL AUDITORS

Your Company had appointed Makarand M. Joshi & Co., a firm of practising Company Secretaries as Secretarial Auditor of the Company in accordance with Section 204 of Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

In terms of provisions of sub section 1 of section 204 of Companies Act, 2013, the Company has annexed with this Report as Annexure II, a Secretarial Audit Report in prescribed Form MR 3 given by the Secretarial Auditor.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars relating to the energy conservation, technology absorption and foreign exchange earnings and outgo, as required under Section 134(3) (m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Account) Rules, 2014 is furnished Annexure III and forms part of this Report.

PARTICULARS OF PUBLIC DEPOSITS, LOANS, GUARANTEES OR INVESTMENTS

Your Company has not accepted any deposits from the public, or its employees, within the meaning of Section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014 during the year under review.

The Company has not made any loans and advances of the nature which are required to be disclosed in the annual accounts of the Company pursuant to Clause 32 of the Listing Agreement of the ultimate parent company, Mahindra and Mahindra Limited with the Stock Exchanges.

Your Company has neither given any loans, guarantee or provided any security in connection with a loan nor made any investments covered under the provisions of Section 186 of the Companies Act during the year under review.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES

All the contracts/ arrangements / transactions entered, during the year under review, with related parties referred to in sub section 1 of Section 188 of Companies Act, 2013, and Rules made thereunder, were carried out in ordinary course of business and at arm's length.

Particulars of material contracts or arrangements or transactions with related parties, required to be furnished in terms of Section 134 of companies Act, 2013 are furnished in form AOC – 2 as Annexure IV and the same forms part of this Report.

EXTRACT OF ANNUAL RETURN

Pursuant to Section 92(3) of the Companies Act, 2013 read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return in Form MGT 9 is provided as Annexure V which forms part of this Report.

INTERNAL CONTROLS

Your Company has an adequate system of internal controls and monitoring procedures as well as internal financial controls on financial statements commensurate with the size and the nature of its business. Besides the Company regularly conducts reviews to assess the adequacy of financial and operating controls for various businesses of the Company. Significant issues, if any, are brought to the attention of the Audit Committee.

SAFETY, HEALTH AND ENVIRONMENTAL PERFORMANCE

Your Company's commitment towards safety, health and environment is being continuously enhanced and persons

working at all locations are given adequate training on safety and health. The requirements relating to various environmental legislations and environment protection have been duly complied with by your Company.

SUSTAINABILITY

Your Company continues with its journey on sustainable development with conscious efforts to minimize the environmental impact caused by its operations and simultaneously taking responsibility to enable communities to Rise without losing focus on economic performance.

THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

During the year under review no complaints were received under the The Sexual Harassment of Women at Workplace (Prevention, Prohibition And Redressal) Act, 2013 and rules framed thereunder.

GENERAL DISCLOSURES

Your Directors state that no disclosure or reporting is required in respect of the following items as they were not applicable to your Company during the year under review:

1. Issue of equity shares with differential rights as to dividend, voting or otherwise.
2. Details relating to deposits covered under Chapter V of the Companies Act, 2013.
3. Issue of Shares (Including Sweat Equity Shares) to employees of the Company under any Scheme.
4. There were no Shares having voting rights not exercised directly by the employees and for the purchase of which or subscription to which loan was given by the Company.
5. Disclosure of remuneration of employees under Section 197(12) of the Companies Act, 2013 read with Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, since your Company is an unlisted Company.

No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and the Company's operations in future.

ACKNOWLEDGEMENT

Your Directors are pleased to take this opportunity to thank the bankers, customers, vendors, all the other stakeholders for their co-operation to the Company during the year under review.

For and on behalf of the Board

Rajeev Dubey
Chairman

Mumbai, 29th April, 2015

ANNEXURE I TO THE DIRECTORS' REPORT

POLICY ON APPOINTMENT OF DIRECTORS AND SENIOR MANAGEMENT AND SUCCESSION PLANNING FOR ORDERLY SUCCESSION TO THE BOARD AND THE SENIOR MANAGEMENT

DEFINITIONS

The definitions of some of the key terms used in this Policy are given below.

“**Board**” means Board of Directors of the Company.

“**Company**” means Mahindra First Choice Services Ltd.

“**Committee(s)**” means Committees of the Board for the time being in force.

“**Employee**” means employee of the Company whether employed in India or outside India including employees in the Senior Management Team of the Company.

“**HR**” means the Human Resource department of the Company.

“**Key Managerial Personnel**” (KMP) refers to key managerial personnel as defined under the Companies Act, 2013 and includes:

- (i) Managing Director (MD), or Chief Executive Officer (CEO); or Manager; or Whole time Director (WTD)
- (ii) Chief Financial Officer (CFO); and
- (iii) Company Secretary (CS).

“**Nomination and Remuneration Committee**” (NRC) means Nomination and Remuneration Committee of Board of Directors of the Company for the time being in force.

“**Senior Management**” means personnel of the Company who are members of its Core Management Team excluding Board of Directors comprising of all members of management one level below the executive directors including the functional heads.

I. APPOINTMENT OF DIRECTORS

- The NRC reviews and assesses Board composition and recommends the appointment of new Directors. In evaluating the suitability of individual Board member, the NRC shall take into account the following criteria regarding qualifications, positive attributes and independence of director:
 1. All Board appointments will be based on merit, in the context of the skills, experience, independence and knowledge, for the Board as a whole to be effective.
 2. Ability of the candidates to devote sufficient time and attention to his professional obligations as Independent Director for informed and balanced decision making

3. Adherence to the Code of Conduct and highest level of Corporate Governance in letter and in spirit by the Independent Directors

- Based on recommendation of the NRC, the Board will evaluate the candidate(s) and decide on the selection of the appropriate member. The Board through the Chairman or the Managing Director or any other Director will interact with the new member to obtain his/her consent for joining the Board. Upon receipt of the consent, the new Director will be co-opted by the Board in accordance with the applicable provisions of the Companies Act, 2013 and Rules made thereunder.

REMOVAL OF DIRECTORS

If a Director is attracted with any disqualification as mentioned in any of the applicable Act, rules and regulations thereunder or due to non-adherence to the applicable policies of the company, the NRC may recommend to the Board with reasons recorded in writing, removal of a Director subject to the compliance of the applicable statutory provisions.

SENIOR MANAGEMENT PERSONNEL

The NRC shall identify persons who are qualified to become directors and who may be appointed in senior management team in accordance with the criteria enumerated above.

Senior Management personnel are appointed or promoted and removed/relieved with the authority of Chairman or Managing Director based on the business need and the suitability of the candidate. The details of the appointment made and the personnel removed one level below the Key Managerial Personnel during a quarter shall be presented to the Board.

II. SUCCESSION PLANNING:

Purpose

The Talent Management Policy sets out the approach to the development and management of talent in the Mahindra Group to ensure the implementation of the strategic business plans of the Group and the Group Aspiration of being among the Top 50 globally most-admired brands by 2021.

Board:

The successors for the Independent Directors shall be identified by the NRC atleast one quarter before expiry of the scheduled term. In case of separation of Independent Directors due to resignation or otherwise, successor will be appointed at the earliest but not later than the immediate next Board meeting or three months from the date of such vacancy, whichever is later.

The successors for the Executive Director(s) shall be identified by the NRC from among the Senior Management or through external source as the Board may deem fit.

The NRC will accord due consideration for the expertise and other criteria required for the successor.

The Board may also decide not to fill the vacancy caused at its discretion.

Senior Management Personnel:

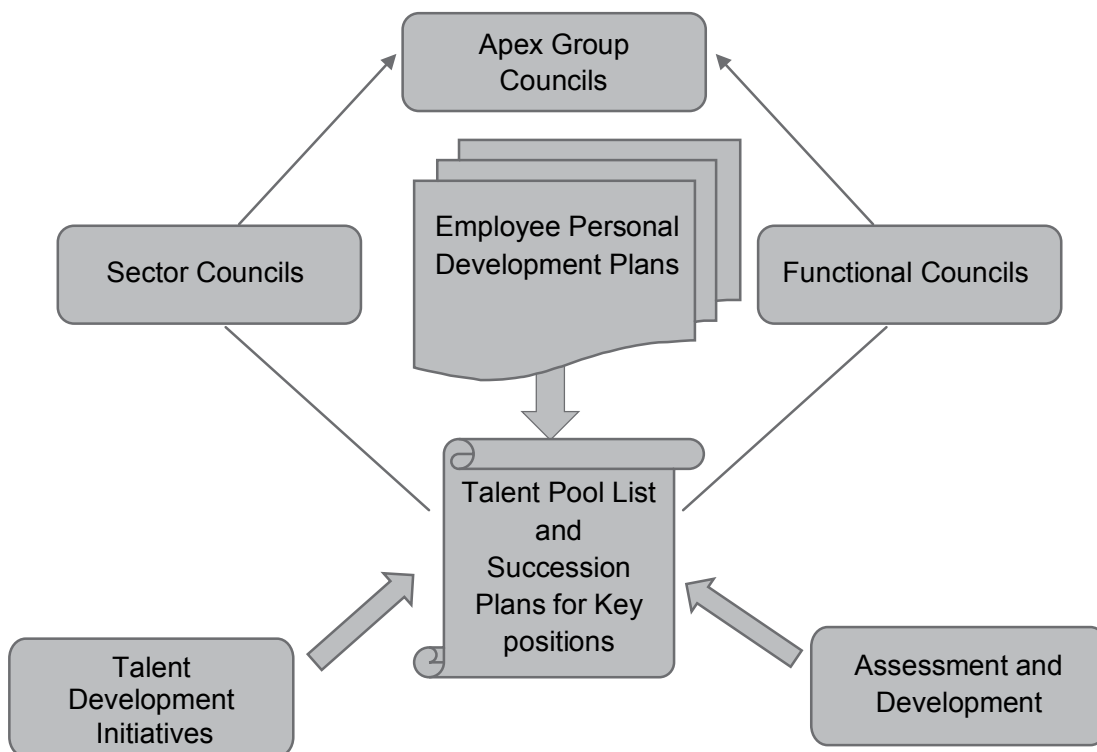
A good succession-planning program aims to identify high growth individuals, train them and feed the pipelines with new talent. It will ensure replacements for key job incumbents in KMPs and senior management positions in the organization.

Significantly, we have a process of identifying Hi-pots and critical positions. Successors are mapped for these positions at the following levels:

1. Emergency successor
2. Ready now
3. Ready in 1 to 2 years
4. Ready in 2 to 5 years
5. Ready in more than 5 years

in order to ensure talent readiness as per a ladder approach.

The Talent Management process can be represented pictorially as under:



The talent pipeline is maintained and developed so as to ensure that there is a seamless flow of talent. An important part of this exercise is drawing up and implementing IDAPs (Individual Development Action Plans) for every Executive concerned using the 3E approach mentioned above.

POLICY FOR REMUNERATION OF THE DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES

Purpose

This Policy sets out the approach to Compensation of Directors, Key Managerial Personnel and other employees in Mahindra First Choice Services Ltd.

Policy Statement

We have a well-defined Compensation policy which is in line with our parent company Mahindra & Mahindra Ltd. for Managing Director, Manager, Key Managerial Personnel and all employees, of the Company. The overall compensation philosophy which guides us is that in order to achieve global leadership and dominance in domestic markets, we need to attract and retain high performers by compensating them at levels that are broadly comparable with the median of the comparator basket while differentiating people on the basis of performance, potential and criticality for achieving competitive advantage in the business.

NON-EXECUTIVE INCLUDING INDEPENDENT DIRECTORS:

The Nomination and Remuneration Committee (NRC) shall decide the basis for determining the compensation, both fixed and variable, to the Non-Executive Directors, including Independent Directors, whether as commission or otherwise. The NRC shall take into consideration various factors such as director's participation in Board and Committee meetings during the year, other responsibilities undertaken, such as membership or Chairmanship of committees, time spent in carrying out their duties, role and functions as envisaged in Schedule IV of the Companies Act 2013 and such other factors as the NRC may consider deem fit for determining the compensation. The Board shall determine the compensation to Non-Executive Directors within the overall limits specified in the Shareholders resolution.

Executive Directors:

The remuneration to Managing Director and Executive Director(s) shall be recommended by NRC to the Board. The remuneration consists of both fixed compensation and variable compensation and shall be paid as salary, commission, performance bonus, stock options (where applicable), perquisites and fringe benefits as approved by the Board and within the overall limits specified in the Shareholders resolution. While the fixed compensation is determined at the time of their appointment, the variable compensation will be determined annually by the NRC based on their performance.

Key Managerial Personnel (KMPs)

The terms of remuneration of Chief Executive Officer (CEO), Chief Financial Officer (CFO) and Company Secretary (CS) shall be determined by Board and shall be revised either by any Director or such other person as may be authorised by the Board from time to time. The remuneration shall be consistent with the competitive position of the salary for similar positions in the industry and their Qualifications, Experience, Roles and Responsibilities. Pursuant to the provisions of section 203 of the Companies Act 2013 the Board shall approve the remuneration at the time of their appointment.

The remuneration to directors, KMPs and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

Employees

We follow a differential approach in choosing the comparator basket for benchmarking, depending upon the level in the organization:

- a. For all employees from Operational to Executive Band, we benchmark with a set of comparators from the same industry.
- b. For Strategic band and above, we have a position-based approach and the comparator basket includes benchmarks from across relevant industries.

We have a CTC (Cost to Company) concept which includes a fixed component (Guaranteed Pay) and a variable component (Performance pay). The percentage of the variable component increases with increasing hierarchy levels, as we believe employees at higher positions have a far greater impact and influence on the overall business result. The CTC is reviewed once every year and the compensation strategy for positioning of individuals takes into consideration the following elements:

- Performance
- Potential
- Criticality
- Longevity in grade

Remuneration for the new employees other than KMPs and Senior Management Personnel will be decided by the HR, in consultation with the concerned business unit head at the time of hiring, depending upon the relevant job experience, last compensation and the skill-set of the selected candidate.

The Company may also grant Stock Options to the Employees and Directors (other than Independent Directors and Promoter) in accordance with the ESOP Scheme of the Company and subject to the compliance of the applicable statutes and regulations.

For and on behalf of the Board

Rajeev Dubey
Chairman

Mumbai, 29th April, 2015

ANNEXURE II TO THE DIRECTORS' REPORT

FORM NO. MR.3

SECRETARIAL AUDIT REPORT

For The Financial Year Ended 31st March, 2015

[Pursuant to section 204(1) of the Companies Act, 2013 and rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
Mahindra First Choice Services Limited
Mahindra Towers, P. K. Kurne Chowk
Worli, Mumbai - 400018

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Mahindra First Choice Services Limited** (hereinafter called the "**Company**"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2015 ("**Audit Period**") complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2015 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under (**Not Applicable to the Company**)
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Overseas Direct Investment (**Not Applicable to the Company during the Audit Period**)
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (**Not Applicable to the Company**)
- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 (**Not Applicable to the Company**)
- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (**Not Applicable to the Company**)
- (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 notified on 28 October 2014 (**Not Applicable to the Company**)
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (**Not Applicable to the Company**)
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client (**Not Applicable to the Company**)
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (**Not Applicable to the Company**) and
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (**Not Applicable to the Company**);

We have also examined compliance with the applicable clauses of the following:

- (i) Standards issued by The Institute of Company Secretaries of India (**Not notified during the audit period and hence not applicable to the Company**);
- (ii) The Listing Agreements entered into by the Company with stock exchanges. (**Not Applicable to the Company**).

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines and Standards made thereunder.

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

We further report that during the audit period

- The Company has issued and allotted 53,13,00,000 Equity Shares having Face Value of Rs. 10/- each at par aggregating to Rs. 5,31,30,00,000/- on Right Basis.
- The Company has altered the provisions of the Memorandum of Association with respect to the Main Object Clause of the Company and Authorised Share Capital during the audit period.

For Makarand M. Joshi & Co

Makarand Joshi

Partner

FCS No. 5533

CP No. 3662

Mumbai, 29th April, 2015

ANNEXURE III TO THE DIRECTORS' REPORT

PARTICULARS AS PER RULE 8(3) OF THE COMPANIES (ACCOUNTS) RULES, 2014

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE OUTGO:

(A) Conservation of energy-

- (i) the steps taken or impact on conservation of energy:

Though the activities of the Company are not power intensive, various measures are taken to contain and bring about saving in power consumption through improved operational methods, better house-keeping and awareness programs.

- (ii) the steps taken by the company for utilizing alternate sources of energy: Not Applicable

- (iii) the capital investment on energy conservation equipment: Nil

(B) Technology absorption:

- (i) the efforts made towards technology absorption: None

- (ii) the benefits derived like product improvement, cost reduction, product development or import substitution: Not Applicable

- (iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year: Not Applicable

- (iv) the expenditure incurred on Research and Development. Nil

(C) Foreign exchange earnings and Outgo

The Foreign Exchange earned in terms of actual inflows during the year: NIL

The Foreign Exchange outgo during the year in terms of actual outflows: NIL

For and on behalf of the Board

Rajeev Dubey
Chairman

Mumbai, 29th April, 2015

ANNEXURE IV TO THE DIRECTORS' REPORT**FORM NO. AOC.2****Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto**

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

1. Details of contracts or arrangements or transactions not at arm's length basis: NIL
2. Details of material contracts or arrangement or transactions at arm's length basis:

Sr. No.	Nature of contracts/ transactions	Name of the related party	Nature of relationship	Duration of contracts	Salient terms of contracts/ transactions	Amount
1.	Service Contracts					
a.	Premises on Lease	Mahindra & Mahindra Limited	Holding Company	1 st April, 2014 to 31 st March, 2015	At prevailing Market rates	15,36,000
b.	Services Received					2,15,89,566
c.	Servicing of Cars					5,74,340
	Total					2,36,99,906

Note: for the purpose of materiality, the following criteria have been considered.

- 10% of turnover of the Company or Rs. one hundred crore, whichever is lower is considered as material for the purpose of disclosure in respect of Contracts/transactions/arrangements for sale, purchase, or supply of any goods or materials.
- 10% of net worth of the Company or Rs. one hundred crore, whichever is lower is considered as material for the purpose of disclosure in respect of Contracts/transactions/arrangements for selling or otherwise disposing of or buying property of any kind.
- 10% of the net worth of the Company or 10 % of turnover of the Company or Rs. one hundred crore, whichever is lower is considered as material for the purpose of disclosure in respect of Contracts/transactions/arrangements for leasing of property of any kind.
- 10% of turnover of the Company or Rs. fifty crores, whichever is lower is considered as material for the purpose of disclosure in respect of Contracts/transactions/arrangements for rendering of services.

For and on behalf of the Board

Rajeev Dubey
Chairman

Mumbai, 29th April, 2015

ANNEXURE V TO THE DIRECTORS' REPORT

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31st March, 2015

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS :

i)	CIN:-	U35999MH2008PLC180385
ii)	Registration Date	24/03/2008
iii)	Name of the Company	Mahindra First Choice Services Limited
iv)	Category/Sub-Category of the Company	Company limited by shares (Indian Non-Government Company)
v)	Address of the Registered office and contact details	Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai-400018, Maharashtra. Tel: +91 22 24905633 Fax: +91 22 24900833
vi)	Whether listed Company (Yes/No)	No
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	Not Applicable

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sr. No.	Name and Description of main product/ services	NIC Code of the Product/ service	% to total turnover of the company
1.	Maintenance and repair of motor vehicles	45200	33.9 %
2.	Sale of motor vehicle parts and accessories	45300	57.2 %

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

Sr. No	Name And Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Mahindra & Mahindra Limited Gateway Building, Apollo Bunder, Mumbai 400 001 Tel : +91 22 24901441 Fax : +91 22 24900833	L65990MH1945PLC004558	HOLDING	100%	2(46)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF									

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
b) Central Govt.									
c) State Govt.									
d) Bodies Corp.	-	13,87,70,000*	13,87,70,000	100	-	19,19,00,000*	19,19,00,000	100	0
e) Banks/FI									
f) Any Other...									
Sub-total A (1):-									
(2) Foreign									
a) NRIs-Individuals									
b) Other-Individuals									
c) Bodies Corp.									
d) Banks/FI									
e) Any Other....									
Sub-total A (2):-									
Total shareholding of Promoter (A)= (A)(1)+ (A)(2)	-	13,87,70,000	13,87,70,000	100	-	19,19,00,000	19,19,00,000	100	0
B. Public Shareholding									
1. Institutions									
a) Mutual Funds									
b) Banks/FI									
c) Central Govt.									
d) State Govt(s)									
e) Venture Capital Funds									
f) Insurance Companies									
g) FIs									
h) Foreign Venture Capital Funds									
i) Others (specify)									
Sub-total (B)(1):-									
2. Non-Institutions									
a) Body Corp. (i) Indian (ii) Overseas									
b) Individual									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh									
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh									
c) Others (specify)									
Sub-total (B)(2):-									
Total Public Shareholding (B)= (B)(1)+ (B)(2)									
C. Shares held by Custodian for GDRs & ADRs									
Grand Total (A+B+C)	-	13,87,70,00	13,87,70,000	100	-	19,19,00,000	19,19,00,000	100	0

* Includes 6 shares held by nominees of Mahindra & Mahindra Limited jointly with Mahindra & Mahindra Limited.

(ii) Shareholding of Promoters:

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% of change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	
1.	Mahindra & Mahindra Limited	13,87,69,994	99.99%	0	19,18,99,994	99.99%	0	–
2.	Mahindra & Mahindra Limited jointly with Mr. Rajeev Dubey(NA)**	1	0.00%	0	1	0.00%	0	–
3.	Mahindra & Mahindra Limited jointly with Mr. Narayan Shankar(NA)**	1	0.00%	0	1	0.00%	0	–
4.	Mahindra & Mahindra Limited jointly with Mr. S Venkatraman(NA)**	1	0.00%	0	1	0.00%	0	–
5.	Mahindra & Mahindra Limited jointly with Mr. K Chandrasekar(NA)**	1	0.00%	0	1	0.00%	0	–
6.	Mahindra & Mahindra Limited jointly with Mr. Y. V. S. Vijay Kumar(NA)**	1	0.00%	0	1	0.00%	0	–
7.	Mahindra & Mahindra Limited jointly with Mr. Ruzbeh Irani (NA)**	1	0.00%	0	1	0.00%	0	–
	Total	13,87,70,000	100%	0	19,19,00,000	100%	0	–

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
	Mahindra & Mahindra Limited	13,87,70,000	100	13,87,70,000	100
	Allotment of 1,05,00,000 Equity Shares of Rs. 10/- each for cash to Mahindra & Mahindra Limited on rights basis on 12 th June, 2014	1,05,00,000	–	14,92,70,000	100
	Allotment of 57,30,000 Equity Shares of Rs. 10/- each for cash to Mahindra & Mahindra Limited on rights basis on 24 th July, 2014	57,30,000	–	15,50,00,000	100
	Allotment of 1,05,00,000 Equity Shares of Rs. 10/- each for cash to Mahindra & Mahindra Limited on rights basis on 4 th September, 2014	1,05,00,000	–	16,55,00,000	100
	Allotment of 35,00,000 Equity Shares of Rs. 10/- each for cash to Mahindra & Mahindra Limited on rights basis on 2 nd December, 2014	35,00,000	–	16,90,00,000	100
	Allotment of 63,00,000 Equity Shares of Rs. 10/- each for cash to Mahindra & Mahindra Limited on rights basis on 31 st December, 2014	63,00,000	–	17,53,00,000	100

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
	Allotment of 1,19,00,000 Equity Shares of Rs. 10/- each for cash to Mahindra & Mahindra Limited on rights basis on 28 th February, 2015	1,19,00,000	–	18,72,00,000	100
	Allotment of 47,00,000 Equity Shares of Rs. 10/- each for cash to Mahindra & Mahindra Limited on rights basis on 31 st March, 2015	47,00,000	–	19,19,00,000	100
	At the end of the year	19,19,00,000	100	19,19,00,000	100

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
	Top 10 Shareholders				
	NOT APPLICABLE				

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	For Each of the Directors and KMP				
	At the beginning of the year				
	Directors				
1.	Mahindra & Mahindra Limited jointly with Mr. Rajeev Dubey**	1	0.00%	1	0.00%
2.	Mahindra & Mahindra Limited jointly with Mr. K Chandrasekar**	1	0.00%	1	0.00%
3.	Mahindra & Mahindra Limited jointly with Mr. Y. V. S. Vijay Kumar**	1	0.00%	1	0.00%
4.	Mahindra & Mahindra Limited jointly with Mr. Ruzbeh Irani**	1	0.00%	1	0.00%
	Date wise Increase/Decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):	No Change			
	At the end of the year	No Change			

** Jointly held with Mahindra & Mahindra Limited to comply with the statutory provisions of Companies Act, with regard to minimum number of members.

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

PARTICULARS	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness (Amount in Rs.)		
Indebtedness at the beginning of the financial year						
i) Principal Amount	NIL	NIL	7,00,000	7,00,000		
ii) Interest due but not paid			-	-		
iii) Interest accrued but not due			-	-		
Total (i+ii+iii)			7,00,000	7,00,000		
Change in Indebtedness during the financial year						
Addition					1,69,30,850	1,69,30,850
Reduction					8,90,000	8,90,000
Net change					1,60,40,850	1,60,40,850
Indebtedness at the end of the financial year						
i) Principal Amount					1,67,40,850	1,67,40,850
ii) Interest due but not paid			-	-		
iii) Interest accrued but not due			-	-		
Total (i+ii+iii)			1,67,40,850	1,67,40,850		

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-Time Directors and/or Manager:

Sl. No	Particulars of Remuneration	Name of Whole-Time Director	Total (Amount in Rs.)
		Mr. Y.V.S. Vijaykumar	
1.	Gross Salary	84,00,000	84,00,000
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	-	-
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	-	-
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	-	-
2.	Stock Option	-	-
3.	Sweat Equity	-	-
4.	Commission - As % of Profit - Others, specify	-	-
5.	Others, please specify	-	-
	Total (A)	84,00,000	84,00,000
	Ceiling as per the Act	In accordance with Schedule V of Companies Act, 2013	

B. Remuneration of other directors:

Particulars of Remuneration	Name of Directors										Total (Amount in Rs.)
	Mr. Shri Prakash Shukla	Mr. Rajeev Dubey	Mr. Ramesh Iyer	Mr. C. Kandasamy	Mr. Anupam Thareja	Mr. Ruzbeh Irani	Mr. P. Augustin	Ms. Sonu Bhasin	Mr. Vivek Nayer	Mr. D. Bandyopadhyay	
1. Independent Directors	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	60,000	N.A.	90,000	1,50,000
• Fee for attending board/ committee meetings											
• Commission											
• Others, please specify											
Total (1)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	60,000	NIL	90,000	1,50,000
2. Other Non-Executive Directors											
• Fee for attending board/ committee meetings	NIL	NIL	NIL	NIL	NIL	NIL	NIL	N.A.	NIL	N.A.	
• Commission											
• Others, please specify											
Total (2)											
Total B=(1+2)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	60,000	NIL	90,000	1,50,000
Total Managerial Remuneration											84,00,000
Overall Ceiling as per the Act	In accordance with Schedule V of Companies Act, 2013										

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/ MANAGER/ WTD

Sl. No	Particulars of Remuneration	Company Secretary	Chief Financial Officer	Total (Amount in Rs.)
		Mr. V. S. Ramesh	Mr. V. Rajan	
1.	Gross Salary			
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	–	3728477.18	3728477.18
	(b) Value of perquisites under Section 17(2) Income Tax Act, 1961	–	79923.80	79923.80
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	–	NIL	NIL
2.	Stock Option	–	–	–
3.	Sweat Equity	–	–	–
4.	Commission – As % of Profit – Others, specify	–	–	–
5.	Others	3,55,192	–	3,55,192
	Total	3,55,192	38,08,400.98	41,63,592.98

VII. PENALTIES/ PUNISHMENT/COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority (RD/NCLT/ court)	Appeal made, if any (give details)
A. COMPANY					
Penalty	–	Not applicable	Not applicable	Not applicable	Not applicable
Punishment	–	Not applicable	Not applicable	Not applicable	Not applicable
Compounding	–	Not applicable	Not applicable	Not applicable	Not applicable
B. DIRECTORS					
Penalty	–	Not applicable	Not applicable	Not applicable	Not applicable
Punishment	–	Not applicable	Not applicable	Not applicable	Not applicable
Compounding	–	Not applicable	Not applicable	Not applicable	Not applicable
C. OTHER OFFICERS IN DEFAULT					
Penalty	–	Not applicable	Not applicable	Not applicable	Not applicable
Punishment	–	Not applicable	Not applicable	Not applicable	Not applicable
Compounding	–	Not applicable	Not applicable	Not applicable	Not applicable

For and on behalf of the Board

Rajeev Dubey
Chairman

Mumbai, 29th April, 2015

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MAHINDRA FIRST CHOICE SERVICES LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **MAHINDRA FIRST CHOICE SERVICES LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134 (5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate

in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2015, and its loss and its cash flows for the year ended on that date.

Emphasis of Matter

We draw attention to Note 23 to the financial statements which indicate that, as at 31st March 2015, the accumulated deficit of Rs. 1,585,513,995 in the Statement of Profit and Loss has substantially eroded the net worth of the Company. Notwithstanding the foregoing, the financial Statements have been prepared on a going concern basis for the reasons stated in the said Note.

Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) The going concern matter described under the Emphasis of Matter paragraph above, in our opinion, may have an adverse effect on the functioning of the Company.

- (f) On the basis of the written representations received from the directors as on 31st March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 38 to the financial statements;
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There are no amounts which are required to be transferred to the Investor Education and Protection Fund by the Company.

For DELOITTE HASKINS & SELLS LLP

Chartered Accountants

(Firm's Registration No. 117366W/W-100018)

Rajesh K. Hiranandani

Partner

Membership No. 36920

Place : Mumbai

Date : April 29, 2015

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1 under 'Report on Other Legal & Regulatory Requirements' section of our report of even date)

- (i) Having regard to the nature of the Company's business/ activities/results during the year, clauses (v), (vi), (ix) and (xi) of paragraph 3 of the Order are not applicable to the Company.
- (ii) In respect of its fixed assets,
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
 - (b) The fixed assets were physically verified during the year by the Management in accordance with a regular program of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
- (iii) In respect of its inventories,
 - (a) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals.
 - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- (iv) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the Register maintained under Section 189 of the Companies Act.
- (v) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services and during the course of our audit, we have not observed any major weaknesses in such internal control system.
- (vi) According to the information and explanations given to us, in respect of statutory dues:
 - (a) The Company has been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Value Added Tax, Customs duties, Excise Duty, Service Tax, Cess and other material statutory dues applicable to it with the appropriate authorities.

There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Value Added Tax, Customs duties, Excise Duty, Service Tax, Cess and other material statutory dues applicable to the Company, in arrears as at 31st March, 2015, for a period of more than six months from the date they became payable.

- (b) There are no dues of Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax and Cess which have not been deposited as on March 31, 2015 on account of disputes except the following.

Sr. No.	Name of the statute	Period	Amount Rupees	Forum where dispute is pending
1	AP VAT Rules, 2005	November, 2008 to April, 2011	690,733	Appellate Deputy Commissioner (CT)

- (c) There are no amounts that are due to be transferred to the Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and Rules made thereunder.
- (vii) The accumulated losses of the Company at the end of the financial year are more than fifty percent of its net worth. Further, the Company has incurred cash losses during the current financial year covered by our audit and in the immediately preceding financial year.
- (viii) According to the information and explanations given to us, the Company has not given guarantees for loans taken by others from banks and financial institutions.
- (ix) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

For DELOITTE HASKINS & SELLS LLP

Chartered Accountants

(Firm's Registration No. 117366W/W-100018)

Rajesh K. Hiranandani

Partner

Membership No. 36920

Place : Mumbai

Date : April 29, 2015

BALANCE SHEET AS AT 31ST MARCH, 2015

Particulars	Note No.	As at 31st March, 2015 Rupees	As at 31st March, 2014 Rupees
I. EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	3	1,919,000,000	1,387,700,000
(b) Reserves and surplus	4	(1,585,513,995)	(1,044,145,145)
		333,486,005	343,554,855
2 Non-current liabilities			
(a) Other Long-term liabilities.....	5	9,430,000	–
(b) Long-term provisions	6	6,004,618	5,383,745
		15,434,618	5,383,745
3 Current liabilities			
(a) Trade payables.....	7	99,564,487	78,084,939
(b) Other current liabilities.....	8	25,924,123	24,344,275
(c) Short-term provisions.....	9	2,936,042	2,421,277
		128,424,652	104,850,491
TOTAL.....		477,345,275	453,789,091
II. ASSETS			
1 Non-current assets			
(a) Fixed assets	10		
(i) Tangible assets		252,329,878	294,749,202
(ii) Intangible assets.....		7,474,209	8,319,464
(iii) Capital work-in-progress.....		275,599	44,805
(iv) Intangible Assets under development		1,118,204	5,597,980
		261,197,890	308,711,451
(b) Long-term loans and advances.....	11	77,323,716	78,402,466
(c) Other non-current assets	12	495,000	495,000
		339,016,606	387,608,917
2 Current assets			
(a) Inventories	13	31,816,772	18,238,793
(b) Trade receivables	14	24,495,007	9,025,985
(c) Cash and bank balances.....	15	56,173,698	19,998,565
(d) Short-term loans and advances	16	13,145,987	11,876,851
(e) Other current assets	17	12,697,205	7,039,980
		138,328,669	66,180,174
TOTAL.....		477,345,275	453,789,091
Significant accounting policies	2		
See accompanying notes 23 to 39 forming part of the financial statements			

In terms of our report attached

For **Deloitte Haskins & Sells LLP**
Chartered Accountants**Rajesh K. Hiranandani**
Partner
Mumbai : 29th April, 2015For **Mahindra First Choice Services Limited****Rajeev Dubey**
DIN - 00104817
Chairman**V. Rajan**
Chief Financial Officer
Mumbai : 29th April, 2015**YVS Vijay Kumar**
DIN - 03588223
CEO and Whole Time Director**V S Ramesh**
Company Secretary

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2015

Particulars	Note No.	Year ended 31st March, 2015 Rupees	Year ended 31st March, 2014 Rupees
I. Revenue from operations	18	500,383,136	292,267,973
II. Other income	19	2,139,527	1,968,644
III. Total revenue (I+II)		502,522,663	294,236,617
IV. Expenses			
Purchase of traded goods	34	268,089,167	159,757,880
Changes in inventories of traded goods	20	(13,577,979)	(12,550,356)
Employee benefits expense	21	265,141,778	183,902,635
Depreciation and amortisation expense	10	65,783,566	52,675,510
Other expenses	22	457,610,497	336,958,131
Total expenses		1,043,047,029	720,743,800
V. Loss before tax (III-IV)		(540,524,366)	(426,507,183)
VI. Tax expense		-	-
VII. Loss after tax for the year (V-VI)		(540,524,366)	(426,507,183)
VIII. Earnings per equity share:	26		
Basic and diluted earnings per equity share		(3.36)	(4.19)
(nominal value of share Rs. 10)			
Significant accounting policies	2		
See accompanying notes 23 to 39 forming part of the financial statements			

In terms of our report attached

For **Deloitte Haskins & Sells LLP**
Chartered Accountants**Rajesh K. Hiranandani**
Partner
Mumbai : 29th April, 2015For **Mahindra First Choice Services Limited****Rajeev Dubey**
DIN - 00104817
Chairman**V. Rajan**
Chief Financial Officer
Mumbai : 29th April, 2015**YVS Vijay Kumar**
DIN - 03588223
CEO and Whole Time Director**V S Ramesh**
Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2015

Particulars	Year ended		Year ended
	31st March, 2015	31st March, 2015	31st March, 2014
	Rupees	Rupees	Rupees
A. CASH FLOW FROM OPERATING ACTIVITIES:			
Loss before tax		(540,524,366)	(426,507,183)
Adjustments for:			
Depreciation and amortisation expense	65,783,566		52,675,510
Provision for impairment of fixed assets and intangibles	7,675,931		-
Loss on sale/write off of fixed assets	2,569,638		2,224,233
Loss on sale/write off of assets held for sale	-		191,539
Provision for doubtful trade receivables	1,118,195		349,350
Interest income	(59,796)		(808,987)
Provision for doubtful advances	1,597,887		-
Liabilities written back	(433,423)		-
Advances from customers written back	(95,252)		-
Recovery against assets written off in earlier years	(92,150)		-
Reversal provision for impairment	-		(26,214)
Provision for doubtful receivables no longer required	(177,472)		(31,089)
		77,887,124	54,574,342
Operating loss before working capital changes		(462,637,242)	(371,932,841)
Decrease/(Increase) in inventories	(13,577,979)		(12,550,356)
Decrease/(Increase) in trade receivables	(16,409,745)		(5,063,295)
(Increase) in short-term loans and advances	(1,269,136)		(1,057,531)
(Increase) in long-term loans and advances	(3,426,515)		(34,697,891)
Increase in trade payables	21,912,971		20,158,002
Increase in other current liabilities	1,675,100		11,707,520
Increase/(Decrease) in other long-term liabilities	9,430,000		-
Increase/(Decrease) in long-term provisions	620,873		(1,771,181)
(Decrease) in other current assets	(5,655,433)		(3,427,640)
Increase in short-term provisions	514,765		817,837
		(6,185,098)	(25,884,535)
Cash used in operations		(468,822,340)	(397,817,376)
Income tax paid		(2,382,767)	(262,764)
NET CASH USED IN OPERATING ACTIVITIES (A)		(471,205,107)	(398,080,140)
B. CASH FLOW FROM INVESTING ACTIVITIES:			
Purchase of fixed assets (including capital advances)	(29,004,324)		(219,800,960)
Sale of fixed assets	4,934,410		539,142
Recovery against assets written off in earlier years	92,150		-
Bank balances not considered as cash and cash equivalents (net)	25,000		10,725,000
Interest received	58,004		805,727
NET CASH USED IN INVESTING ACTIVITIES (B)		(23,894,759)	(207,731,091)
C. CASH FLOW FROM FINANCING ACTIVITIES:			
Proceeds from issue of equity shares	531,300,000		546,000,000
Share application money received	-		-
NET CASH FROM FINANCING ACTIVITIES (C)		531,300,000	546,000,000
Net (Decrease)/Increase in cash and cash equivalents (A+B+C)		36,200,133	(59,811,231)
Cash and cash equivalents at the beginning of the year		19,948,565	79,759,796
Cash and cash equivalents at the end of the year		56,148,698	19,948,565
Net (Decrease)/Increase as disclosed above		36,200,133	(59,811,231)

See accompanying notes 23 to 39 forming part of the financial statements

- Note :- 1) The above Cash Flow Statement has been prepared under the "Indirect Method" set out in Accounting Standard (AS-3) "Cash Flow Statement".
- 2) The previous years figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosure.

In terms of our report attached

For **Deloitte Haskins & Sells LLP**
Chartered Accountants

Rajesh K. Hiranandani
Partner
Mumbai : 29th April, 2015

For **Mahindra First Choice Services Limited**

Rajeev Dubey
DIN - 00104817
Chairman

V. Rajan
Chief Financial Officer
Mumbai : 29th April, 2015

YVS Vijay Kumar
DIN - 03588223
CEO and Whole Time Director

V S Ramesh
Company Secretary

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1) Corporate Information

Mahindra First Choice Services Ltd. (MFCSL) is a wholly owned subsidiary of Mahindra and Mahindra Ltd. and is part of its group after market sector. MFCSL has world class service center across all major cities in India. Today MFCSL has presence in 12 states namely Andhra Pradesh, Telangana, Delhi, Gujarat, Haryana, Karnataka, Kerala, Maharashtra, Punjab, Ludhiana, Rajasthan, Tamilnadu and Uttar Pradesh. The service network includes both company owned company operated (COCO) and franchise owned franchise operated outlets.

2) Significant Accounting Policies:

a) Basis of accounting and preparation of financial statements

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act")/Companies Act, 1956 ("the 1956 Act"), as applicable. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year except for change in the accounting policy for depreciation.

b) Use of Estimates:

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known/materialise.

c) Fixed Assets:

All Tangible fixed assets are stated at cost less depreciation and impairment losses. Costs comprise purchase price net of any trade discounts and rebates and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use and other incidental expenses directly attributable to acquisition of fixed assets up to the date the asset is ready for its intended use.

Intangible Assets are recognized as per criteria specified in Accounting Standard 26 – Intangible Assets.

Fixed assets retired from active use and held for sale are stated at the lower of their net book value and net realisable value and are disclosed separately.

Capital work-in-progress:

Projects under which tangible fixed assets are not yet ready for their intended use are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

Intangible assets under development:

Expenditure on Research and development eligible for capitalisation are carried as Intangible assets under development where such assets are not yet ready for their intended use.

d) Depreciation:

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value.

Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets, in whose case the life of the assets has been assessed as under based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions

of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.:

Sr. No	Category of assets	Life
(i)	Plant and Machinery	
	– Machinery	10 Years
	– Electrical equipments and tools	06 Years
	– Mobile handsets	02 Years
	– Barcode system & equipment	05 Years
(ii)	Furniture and fittings – movable in nature	06 Years
(iii)	Vehicles	06 Years and 8 months

Leasehold improvements on premises and furniture and fixtures (Immovable in nature) are amortised over the duration of lease.

Assets costing less than Rs. 5,000/- are depreciated at the rate of 100% per annum.

EDP software are amortised over a period of three years on Straight line Method.

The estimated useful life of the intangible assets and the amortisation period are reviewed at the end of each financial year and the amortisation method is revised to reflect the changed pattern.

e) Inventories:

Inventories are valued at the lower of cost and net realisable value after providing for obsolescence and other losses, where considered necessary. Cost includes all charges in bringing the goods to the point of sale, including octroi and other levies, transit insurance and receiving charges. Cost is arrived at on weighted average basis.

f) Unbilled Revenue:

Unbilled revenue is recognised at the cost of material issued on the job card opened, pending completion of service and hence not billed at the year end.

g) Revenue Recognition:

Revenue (income) is recognised when no significant uncertainty as to its measurability and collectability exists.

Sale of Goods:

Revenue from sale of spare parts is recognised when spare parts are dispatched or fitted to vehicle and all significant risks and rewards of ownership of the spare parts are transferred to the customers. Sales are stated net of taxes on sales, sales returns and applicable trade discounts.

Income from Services:

Income from services is recognised when services are rendered and related costs are incurred.

h) Other Income:

Interest income is accounted on accrual basis. Dividend income is accounted for when the right to receive is established.

i) Employee Benefits:

Employee benefits include provident fund, superannuation fund, employee state insurance scheme, gratuity fund, compensated absences, long service awards and post-employment medical benefits.

1. Short Term Employee Benefits:

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

The cost of short-term compensated absences is accounted as under:

- (a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and
- (b) in case of non-accumulating compensated absences, when the absences occur.

2. Long Term Benefits

a. Defined Contribution Plan

The Company's contribution to provident fund, superannuation fund and employee state insurance scheme are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

i. Provident and Family Pension Fund

The eligible employees of the Company are entitled to receive post-employment benefits in respect of provident and family pension fund, in which both employees and the Company makes monthly contribution at a specified percentage of the employees' eligible salary (currently 12% of employees' eligible salary). The contributions are made to Regional Provident Fund Commissioner. Provident Fund and Family Pension Fund are classified as Defined Contribution Plans as the Company has no further obligations beyond making the contribution. The Company's contribution to Defined Contribution Plans is charged to the Statement of Profit and Loss as incurred.

ii. Superannuation

The eligible employees of the Company are entitled to receive post-employment benefits in respect of superannuation fund in which the Company makes yearly contribution at a specified percentage of the employees' eligible salary (currently 15% of employees' eligible salary). The contributions are made to the Life Insurance Corporation of India. Superannuation is classified as Defined Contribution Plan as the Company has no further obligations beyond making the contribution. The Company's contribution to Defined Contribution Plans are charged to the Statement of Profit and Loss as incurred.

b. Defined Benefit Plan

For defined benefit plans in the form of gratuity fund, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the schemes.

i. Gratuity

The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an

amount equivalent to 15 days salary payable for each completed year of service or part thereof in excess of six months. Vesting occurs upon completion of five years of service. The Company has obtained insurance policies with the Life Insurance Corporation of India (LIC) and make an annual contribution to LIC. The Company accounts for gratuity benefits payable in future based on an independent actuarial valuation. Actuarial gains and losses are recognised in the Statement of Profit and Loss.

ii. Compensated absences

The Company provides for the encashment of leave or leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits, for future encashment/ availment. The liability is provided based on the number of days of unutilised leave at each balance sheet date on the basis of an independent actuarial valuation.

j) Taxes on Income:

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 and other applicable tax law.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward of losses, deferred tax assets are recognised only if there is virtual certainty that there will be sufficient future taxable income available to realise the assets. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each balance sheet date for their realisability.

Current and deferred tax relating to items directly recognised in reserves are recognised in reserves and not in the Statement of Profit and Loss.

k) Impairment of Assets:

The carrying amounts of assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal/external factors. Impairment loss is provided to the extent the carrying amounts of assets exceed their recoverable amount. The impairment loss is recognised as an expense in the Statement of Profit and Loss, unless the asset is carried at revalued amount, in which case any impairment loss of the revalued asset is treated as a revaluation decrease to the extent a revaluation reserve is available for that asset. Recoverable amount is the higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Net selling price is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the cost of disposal.

l) Provisions and Contingencies:

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes. Contingent assets are not recognised in the financial statements.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

m) Leases:

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets, are classified as operating leases. Operating lease payments are recognised as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term.

n) Earnings per Share:

Basic earnings per share is computed by dividing the profit/(loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit/(loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits/reverse share splits and bonus shares, as appropriate.

o) Employee Share Based Payments:

The Company has constituted an Employee Stock Option Plan by way of Stock Appreciation Rights. Employee Stock Options granted on or after 1 April, 2005 are accounted under the 'Intrinsic Value Method' stated in the Guidance Note on Employee Share Based Payments issued by the Institute of Chartered Accountants of India.

3) Share capital

Authorised

200,000,000 (previous year: 155,000,000) equity shares of face value of Rs. 10/- each

	As at 31st March, 2015 Rupees	As at 31st March, 2014 Rupees
	2,000,000,000	1,550,000,000
	<u>2,000,000,000</u>	<u>1,550,000,000</u>

Issued, subscribed and fully paid up

191,900,000 (previous year: 138,770,000) equity shares of face value of Rs. 10/- each

	1,919,000,000	1,387,700,000
	<u>1,919,000,000</u>	<u>1,387,700,000</u>

Notes:

- (a) Rights, preferences and restrictions attached to equity shares
The Ordinary (Equity) shares of the Company rank pari-passu in all respects including voting rights and entitlement to dividend.
- (b) The entire equity shares are held by Mahindra & Mahindra Limited, the holding company, and its nominees.

(c) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

Particulars	31st March, 2015 Equity Shares		31st March, 2014 Equity Shares	
	Number	Rupees	Number	Rupees
Equity shares with voting rights				
Shares outstanding at the beginning of the year	138,770,000	1,387,700,000	57,000,000	570,000,000
Add : Issued at par during the year	53,130,000	531,300,000	81,770,000	817,700,000
Shares outstanding at the end of the year	<u>191,900,000</u>	<u>1,919,000,000</u>	<u>138,770,000</u>	<u>1,387,700,000</u>

	As at 31st March, 2015 Rupees	As at 31st March, 2014 Rupees
4) Reserves and surplus		
Deficit in the statement of profit and loss		
Balance as per last balance sheet	(1,044,145,145)	(617,637,962)
Less: Depreciation on transition to Schedule II of the Companies Act, 2013 on tangible fixed assets with nil remaining useful life. (Refer Note 37)	(844,484)	-
	<u>(1,044,989,629)</u>	<u>(617,637,962)</u>
Loss for the year	(540,524,366)	(426,507,183)
Closing balance	<u>(1,585,513,995)</u>	<u>(1,044,145,145)</u>
Total	<u>(1,585,513,995)</u>	<u>(1,044,145,145)</u>
5) Other long-term liabilities		
Deposits received from franchises	9,430,000	-
Total	<u>9,430,000</u>	<u>-</u>
6) Long-term provisions		
Provision for compensated absences	6,004,618	5,383,745
Total	<u>6,004,618</u>	<u>5,383,745</u>
7) Trade Payables		
Other than Acceptances (Refer Note 32 for MSME disclosure)	99,564,487	78,084,939
Total	<u>99,564,487</u>	<u>78,084,939</u>
8) Other current liabilities		
Other Payables:		
Advances from customers	7,574,049	3,571,874
Earnest money and other deposits	7,310,850	700,000
Payables on purchase of fixed assets	2,382,962	12,033,504
Payables towards Statutory remittances (Contributions to PF and ESIC, Withholding Taxes, Excise Duty, VAT, Service Tax, etc.)	8,656,262	8,038,897
Total	<u>25,924,123</u>	<u>24,344,275</u>
9) Short-term provisions		
Provision for compensated absences	2,936,042	2,421,277
Total	<u>2,936,042</u>	<u>2,421,277</u>

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

10) Fixed assets

Particulars	Gross block						Accumulated depreciation and amortisation						Net block	
	As at 1st April, 2014	Additions	Disposals	Adjustment	Reclassified as held for sale*	Balance as at 31st March, 2015	As at 1st April, 2014	For the year	On Disposals	Adjustment/ Transition adjustment recorded against balance in Statement of Profit & Loss	Reclassified as held for sale*	Balance as at 31st March, 2015	As at 31st March, 2015	As at 31st March, 2014
A Tangible assets														
Plant and equipment	167,210,788	13,511,555	3,310,065	-	10,517,134	166,895,144	24,741,396	19,958,032	1,243,545	9,025	2,728,744	40,736,163	126,158,981	(142,469,393)
	(47,641,010)	(121,696,498)	(2,127,495)	(775)	-	(167,210,788)	(12,027,609)	(13,993,071)	(1,280,059)	(775)	-	(24,741,396)	(142,469,393)	
Furniture and fixtures	25,529,791	2,966,287	746,130	-	863,129	26,886,819	6,754,886	4,981,509	522,581	29,966	458,382	10,785,399	16,101,420	(18,774,904)
	(6,175,956)	(19,682,104)	(344,844)	(16,574)	-	(25,529,791)	(3,138,158)	(3,910,162)	(306,880)	(13,446)	-	(6,754,886)	(18,774,904)	
Vehicles	10,523,970	2,866,021	4,772,949	-	-	8,617,042	2,859,553	1,489,406	1,398,270	-	-	2,950,688	5,666,353	(7,664,417)
	(7,790,951)	(3,243,019)	(510,000)	-	-	(10,523,970)	(1,400,948)	(1,627,208)	(168,603)	-	-	(2,859,553)	(7,664,417)	
Office equipment	12,987,257	3,557,963	1,936,341	-	772,011	13,836,868	4,231,238	2,950,742	1,109,829	-	255,788	5,816,363	8,020,505	(8,756,019)
	(5,637,046)	(7,496,104)	(252,769)	(106,876)	-	(12,987,257)	(2,282,124)	(2,096,578)	(197,512)	(50,049)	-	(4,231,238)	(8,756,019)	
Improvement to leasehold premises	126,834,634	10,292,654	1,592,332	-	6,813,302	128,721,654	30,571,893	20,511,545	744,877	-	2,881,917	47,456,643	81,265,011	(96,262,741)
	(45,408,720)	(81,425,914)	-	-	-	(126,834,634)	(7,405,294)	(23,166,599)	-	-	-	(30,571,893)	(96,262,741)	
Computers	28,485,855	5,006,850	336,652	-	597,453	32,558,600	7,664,127	9,411,503	171,318	805,492	268,812	17,440,992	15,117,609	(20,821,728)
	(14,322,733)	(14,309,292)	(146,170)	-	-	(28,485,855)	(4,296,770)	(3,439,020)	(71,662)	-	-	(7,664,127)	(20,821,728)	
Total	371,572,294	38,201,330	12,694,469	-	19,563,028	377,516,127	76,823,093	59,302,737	5,190,421	844,484	6,593,644	125,186,249	252,329,878	(294,749,202)
	(126,976,416)	(247,852,931)	(3,381,278)	(124,225)	-	(371,572,294)	(30,550,903)	(48,232,638)	(2,024,717)	(64,269)	-	(76,823,093)	(294,749,202)	-
B Intangible assets														
Computer software	18,076,532	5,635,574	-	-	-	23,712,106	9,757,067	6,480,830	-	-	-	16,237,897	7,474,209	(8,319,464)
	(13,450,749)	(6,030,402)	(1,448,536)	(43,917)	-	(18,076,532)	(5,319,257)	(4,442,873)	(41,721)	(36,658)	-	(9,757,067)	(8,319,464)	
Total	18,076,532	5,635,574	-	-	-	23,712,106	9,757,067	6,480,830	-	-	-	16,237,897	7,474,209	(8,319,464)
	(13,450,749)	(6,030,402)	(1,448,536)	(43,917)	-	(18,076,532)	(5,319,257)	(4,442,873)	(41,721)	(36,658)	-	(9,757,067)	(8,319,464)	-
C Capital work in progress														
													275,599	(44,805)
													(44,805)	
D Intangible assets under development														
													1,118,204	(5,597,980)
													(5,597,980)	
Total													1,393,803	(5,642,785)
													(5,642,785)	
Total	389,648,826	43,836,904	12,694,469	-	19,563,028	401,228,233	86,580,160	65,783,567	5,190,421	844,484	6,593,644	141,424,146	261,197,890	(308,711,451)
Previous year	(140,427,165)	(253,883,333)	(4,829,814)	(168,142)	-	(389,648,826)	(35,870,160)	(52,675,511)	(2,066,438)	(100,927)	-	(86,580,160)	(308,711,451)	-

Figures in brackets pertain to previous year

* Refer Note 36

	As at 31st March, 2015	As at 31st March, 2014	As at 31st March, 2015	As at 31st March, 2014
	Rupees	Rupees	Rupees	Rupees
11) Long-term loans and advances				
Unsecured				
(a) Capital advances				
Considered good	983,354	6,273,498		
Considered doubtful	1,000,940	-		
Less: Provision for doubtful advances	(1,000,940)	-		
	983,354	6,273,498		
(b) Security deposits - considered good				
- for rented premises	54,906,360	56,516,360		
- for others	1,717,905	1,736,335		
(c) Advance income tax - considered good	6,184,860	3,802,093		
(d) Balances with government authorities - considered good				
(i) VAT credit receivable	2,620,856	2,648,784		
(ii) Service tax credit receivable	10,910,381	7,425,395		
Total	77,323,716	78,402,466		
12) Other non-current assets				
Bank deposits for more than 12 months maturity	495,000	495,000		
(Lien on fixed deposits of Rs 495,000 (previous year Rs 495,000) in favour of banks, as a security for the guarantees)				
Total	495,000	495,000		
13) Inventories				
(valued at lower of cost and net realisable value)				
Traded goods	31,816,772	18,183,080		
Goods-in-transit (traded goods)	-	55,713		
Total	31,816,772	18,238,793		
14) Trade receivables				
(Unsecured)				
(a) Outstanding for a period exceeding six months from the date they were due for payment				
Considered good	1,068,458	145,284		
Considered doubtful	590,438	528,213		
Less: Provision for doubtful trade receivables	(590,438)	(528,213)		
	1,068,458	145,284		
(b) Others				
Considered good	23,426,549	8,880,701		
Considered doubtful	689,825	316,220		
Less: Provision for doubtful trade receivables	(689,825)	(316,220)		
	23,426,549	8,880,701		
Total	24,495,007	9,025,985		

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

	As at 31st March, 2015 Rupees	As at 31st March, 2014 Rupees	Year ended 31st March, 2015 Rupees	Year ended 31st March, 2014 Rupees
15) Cash and cash equivalents				
(a) Balances that meet the definition of Cash and cash equivalents as per AS 3 Cash Flow Statements				
– Cash on hand	2,618,438	3,335,737		
– Balances with banks				
– in current accounts	53,480,260	16,612,828		
– in deposit account (Less than 3 months maturity)	50,000	–		
	<u>56,148,698</u>	<u>19,948,565</u>		
(b) Other bank balances				
– In deposits accounts with maturity more than 3 months but less than 12 months (Refer Note below)	25,000	50,000		
Total	<u>56,173,698</u>	<u>19,998,565</u>		
Note:				
Lien on fixed deposits of Rs. 25,000 (previous year Rs. 50,000) in favour of banks, as a security for their guarantees.				
16) Short-term loans and advances				
Unsecured				
(a) Advances for supply of goods and services				
– to related parties (Refer Note 33)				
– considered good	257,175	116,043		
– to others				
– Considered good	7,050,418	9,916,100		
– Considered doubtful	596,947	–		
– Less: Provision for doubtful advances	(596,947)	–		
	<u>7,307,593</u>	<u>10,032,143</u>		
(b) Advances to employees - considered good	954,380	756,420		
(c) Security deposits – considered good				
– for rented premises	2,520,000	20,000		
– for others	174,000	130,000		
(d) Prepaid expenses – considered good	2,190,014	938,288		
Total	<u>13,145,987</u>	<u>11,876,851</u>		
17) Other current assets				
Interest accrued on bank deposits	7,961	6,169		
Advance to the credit of gratuity trust (Refer Note 27)	1,540,132	3,321,932		
Fixed assets held for sale (Refer Note 36)	5,293,454	–		
Unbilled revenue	5,855,658	3,711,879		
Total	<u>12,697,205</u>	<u>7,039,980</u>		
18) Revenue from operations				
(a) Sale of traded goods (Refer Note 34)	287,518,159	173,288,170		
(b) Sale of services	170,318,087	116,655,169		
(c) Other operating revenues				
Franchise income	34,438,994	89,000		
Sale of scrap	3,457,804	2,076,118		
INX Income	233,625	–		
Discounts received	4,416,467	159,516		
Total	<u>500,383,136</u>	<u>292,267,973</u>		
19) Other income				
(a) Interest on deposits	59,796	808,987		
(b) Provision for doubtful receivables no longer required	177,472	31,089		
(c) Advances from customers written back	95,252	42,334		
(d) Insurance Claim Received	177,695	–		
(e) Recovery against assets written off in earlier years	92,150	–		
(f) Income from shared facilities	238,710	720,000		
(g) Creditors written back	433,423	284,020		
(h) Service Tax Set/off reversal	861,029	–		
(i) Reversal provision for impairment	–	26,214		
(j) Miscellaneous Income	4,000	56,000		
Total	<u>2,139,527</u>	<u>1,968,644</u>		
20) Changes in inventories of traded goods				
Opening stock	18,238,793	5,688,437		
Less: Closing stock	(31,816,772)	(18,238,793)		
Total	<u>(13,577,979)</u>	<u>(12,550,356)</u>		
21) Employee benefits expense				
(a) Salaries and wages	238,913,189	164,043,282		
(b) Contribution to provident and other funds (Refer Note 27)	17,075,502	12,339,685		
(c) Staff welfare expenses	9,153,087	7,519,668		
Total	<u>265,141,778</u>	<u>183,902,635</u>		
22) Other expenses				
Stores consumed	5,805,237	7,883,287		
Power and fuel	13,788,539	10,616,653		
Rent (Refer Note 28)	117,688,763	83,574,256		
Hire and service charges	85,385,620	51,963,573		
Repairs and maintenance to facilities	153,529	1,747,476		
Repairs and maintenance to machinery	5,678,176	1,011,109		
Repairs and maintenance to others	12,306,280	7,420,258		
Insurance	5,262,190	1,805,313		
Rates and taxes	3,088,298	4,483,168		
IT support costs	21,465,759	16,588,596		
Books, periodicals and subscription fees	438,051	229,957		
Recruitment and related expenses	6,274,427	7,483,966		
Communication expenses	13,222,969	9,641,226		
Travelling and conveyance	33,542,764	28,297,625		
Commission and brokerage	264,356	2,150,161		
Printing and stationary	4,293,798	3,928,260		
Discount	642,464	260,972		
Marketing, promotional and related expenses	66,634,009	59,024,585		
Legal and professional charges (including Payment to Auditors. Refer Note No. 25)	26,218,104	23,122,889		

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

	Year ended		Year ended
	31st March, 2015	31st March, 2015	31st March, 2014
	Rupees	Rupees	Rupees
Deputation charges (Refer Note No. 33)		10,104,389	3,000,000
Training expenses		1,862,169	2,787,702
Bank charges		3,295,489	1,873,557
Loss on sale/write off of fixed assets		2,569,638	2,224,233
Loss on sale/write off of assets held for sale		-	191,539
Provision for impairment of fixed assets and intangibles		7,675,931	-
Bad trade receivables written off	997,613		
Less: Provision held	(495,083)	502,530	1,095,243
Provision for doubtful trade receivables		1,118,195	349,350
Provision for doubtful advances		1,597,887	-
Expenses for increase in Share capital		4,872,200	2,497,061
Miscellaneous expenses		1,858,736	1,706,116
Total		457,610,497	336,958,131

23) The accumulated losses of the Company amounting to Rs. 1,585,513,995/- in the Statement of Profit and Loss have exceeded more than fifty percent of the paid up equity share capital. However, during the year, the Company has issued letter of intent to 79 franchises and out of that 36 franchises have started their operations. As per the strategy, during the financial year 2015-16 the Company would be issuing letter of intent to 121 franchisees and 92 franchisees will be starting their operations. In the financial year 2016-17 these numbers would be 148 and 130 respectively. Also there is a major thrust on MFCS brand spares business where the spares would be sold directly to the distributors. As the result of all the efforts/plans mentioned above, the Company expects to grow further in the coming years in volume, income and profitability. Further, the company has received during the year an amount of Rs. 531,300,000 from the Holding Company as equity share capital against which the Company has issued 53,130,000 numbers of equity shares at par to the Holding Company. Further the funding requirement of the Company as per the revised business plan has been approved by the holding company. Accordingly, the accounts of the Company have been prepared on a going concern basis.

24) The estimated amount of contracts remaining to be executed on capital account and not provided for as at 31st March, 2015 is Rs. 4,749,850/- (Previous year Rs. 2,818,410/-).

25) Payment to Auditors (excluding Service Tax):

Particulars	(Rupees)	
	Year ended 31st March, 2015	Year ended 31st March, 2014
i Statutory audit fees	840,000	740,000
ii Other services	60,000	60,000
iii Reimbursement of expenses	25,228	15,345
Total	925,228	815,345

26) Earnings Per Share:

Particulars	Year ended	Year ended
	31st March, 2015	31st March, 2014
Loss for the year	(540,524,366)	(426,507,183)
Weighted average number of equity shares used as denominator for calculating Basic earnings per share (Nos.)	160,928,986	101,855,288
Nominal value per equity share	10	10
Earnings per share (Basic)	(3.36)	(4.19)

Particulars	Year ended	Year ended
	31st March, 2015	31st March, 2014
Weighted average number of equity shares used as denominator for calculating Basic earnings per share (Nos.)	160,928,986	101,855,288
Add : Potential equity shares	-	-
Weighted average number of equity shares used as denominator for calculating Diluted earnings per shares (Nos.)	160,928,986	101,855,288
Earnings per share (Diluted)	(3.36)	(4.19)

27) Employee Defined Benefits:

The disclosures as required under Accounting Standard 15 on "Employee Benefits" (AS-15 Revised) are as follows:

i. Defined Contribution Plan

Contribution to Defined Contribution Plan, recognised in the Statement of Profit and Loss under Employee benefits expense, Contribution to provident and other funds, in Note 18 for the year are as under:

Particulars	Year ended	Year ended
	31st March, 2015	31st March, 2014
i. Employer's Contribution to Provident Fund	7,278,288	5,961,664
ii. Employer's Contribution to Family Pension Fund	5,574,375	3,253,340
iii. Employer's Contribution to Superannuation Fund	402,673	364,441
iv. Employer's Contribution to LWF	45,627	20,148
v. Employer's Contribution to ESIS	1,611,317	1,718,351
vi. Gratuity Paid	2,163,222	1,021,741
Total expense	17,075,502	12,339,685

i. Expense recognised in the Statement of Profit and Loss for the year

1. Current Service Cost	2,085,278	1,623,022
2. Interest	528,220	337,129
3. Expected Return on Plan Assets	(525,105)	(328,856)
4. Actuarial Losses/(Gains)	190,165	(706,810)
5. Past Service Cost	-	-
6. Effect of the limit in Para 59(b)	(115,336)	97,256
Total expense	2,163,222	1,021,741

ii. Reconciliation of opening and closing balances of Defined Benefit Obligation

1. Present value of Defined Benefit Obligation as at the beginning of the year	3,851,859	2,550,169
2. Service cost	2,085,278	1,623,022
3. Interest cost	528,220	337,129
4. Actuarial Losses/(Gain)	342,949	(638,644)
5. Past Service Cost	-	-
6. Liability in respect of employees transferred from/ to Holding Company	-	-
7. Liabilities Assumed on Acquisition/(Settled on Divestiture)	(249,486)	-
8. Benefits paid	(1,042,759)	(19,817)
9. Present value of Defined Benefit Obligation as at the end of the year	5,516,061	3,851,859

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	(Rupees)	
	Year ended 31st March, 2015	Year ended 31st March, 2014
III Change in Fair Value of Assets during the year		
1. Fair value of Plan Assets at the beginning of the year	7,289,127	4,421,384
2. Expected return on plan asset	525,105	328,856
3. Actuarial Gain/(Losses)	152,784	68,166
4. Contributions by employer	131,936	2,490,538
5. Actual benefits paid	(1,042,759)	(19,817)
6. Fair value of Plan assets at the end of the year	7,056,193	7,289,127
Actual return on plan assets	677,889	397,022
IV Net Liability recognised in the Balance Sheet		
1. Present value of Defined Benefit Obligation at the end of the year	5,516,061	3,851,859
2. Fair value of Plan Assets as at the end of the year	(7,056,193)	(7,289,127)
3. Amount not recognized as an Asset (limit in Para 59(b))	-	115,336
Net liability as at the end of the year	(1,540,132)	(3,321,932)
V Actuarial Assumptions		
1. Discount Rate	7.9%	9.4%
2. Expected rate of return on plan assets	7.5%	7.5%
3. Employee Turnover Rate	Age 21 to 30-29% Age 31 to 40-30% Age 41 to 59-10%	Age 21 to 30-18% Age 31 to 40-22% Age 41 to 59-10%
4. Salary Escalation Rate	8.0%	8.0%

The discounting rate is considered based on market yields of Indian government securities for the estimated term of the obligations.

The estimates of rate of escalation in salary considered in actuarial valuation take into account inflation, seniority, promotion and other relevant factors. Funds are maintained with Life Insurance Corporation of India. The information is certified by the actuary.

VI Experience Adjustments	(Rupees)				
	2011	2012	2013	2014	2015
Defined Benefit Obligation	3,074,990	3,794,805	2,550,169	3,851,859	5,516,061
Plan Assets	2,652,562	3,028,215	4,421,384	7,289,127	7,056,193
Surplus/(Deficit)	(422,428)	(766,590)	1,871,215	3,437,268	1,540,132
Exp. Adj. On Plan Liabilities	1,209,929	92,590	(2,383,913)	100,523	(76,649)
Exp. Adj. On Plan Assets	52,036	133,363	31,081	68,166	152,784

28) The Company has taken office premises/service centres on operating lease. The lease term is on the basis of individual agreements entered into with the landlord, which ranges between 3 to 9 years. Certain agreements provide for increase in rent. There are no restrictions imposed by lease arrangements. The lease rental expense recognised in the Statement of Profit and Loss for the year is Rs 117,688,763 /- (Previous Year: Rs. 83,574,256/-).

The future minimum lease payments under non-cancellable operating leases for each of the following periods:

Particulars	(Rupees)	
	Year ended 31st March, 2015	Year ended 31st March, 2014
Not later than one year	67,993,708	70,196,174
Later than one year but not later than five years	23,455,945	79,666,948
Later than five years	-	-
Total	91,449,653	149,863,122

29) Expenditure in Foreign Currency:

Particulars	(Rupees)	
	Year ended 31st March, 2015	Year ended 31st March, 2014
Travelling expenses	-	28,292

30) As the Company's business activity falls within a single business segment viz. 'providing multi-brand car services', and the services being provided in the domestic market, the disclosure requirements of Accounting Standard - 17 "Segment Reporting", notified under the Company's Act, 2013 are not applicable.

31) The net deferred tax assets as at 31st March, 2015 has not been accounted in the absence of virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which deferred tax asset on unabsorbed depreciation and carry forward of losses can be realised, the deferred tax asset (net) has not been recognised in the accounts.

32) Micro & small Enterprises under the Micro Small and Medium Enterprises Development Act, 2006 (MSMED) have been determined based on the information available with the Company and the required disclosures are given below:

Particulars	(Rupees)	
	Year ended 31st March, 2015	Year ended 31st March, 2014
a. Principal amount remaining unpaid to any supplier as at the end of the accounting year	98,149	151,361
b. Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-	-
c. The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	14,279	540
d. The amount of interest due and payable for the year	-	-
e. The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
f. The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	-	-

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

33) Related Party Transactions:

As required under Accounting Standard 18 on "Related Party Disclosures"(AS-18),following are details of transactions during the year with the related parties of the Company as defined in AS-18 :

i) List of Related Parties & Relationships:

Name of the Related Party	Relation
Mahindra & Mahindra Limited	Holding Company
Mahindra & Mahindra Financial Services Limited	Fellow Subsidiary Company
Mahindra First Choice Wheels Limited	Fellow Subsidiary Company
Bristlecone India Limited	Fellow Subsidiary Company
Mahindra Logistics Limited	Fellow Subsidiary Company
Mahindra Automobile Distributor Private Limited	Fellow Subsidiary Company
NBS International Limited	Fellow Subsidiary Company
Mahindra Namaste Private Limited	Fellow Subsidiary Company
Mahindra EPC Services Private Limited	Fellow Subsidiary Company
Mahindra Intertrade Limited	Fellow Subsidiary Company
Mahindra Rural Housing Finance Limited	Fellow Subsidiary Company
Mahindra Defence Systems Limited	Fellow Subsidiary Company
Mahindra Integrated BPO Services Private Limited	Fellow Subsidiary Company
Mahindra Hinoday Industries Limited	Fellow Subsidiary Company
Mahindra Sanyo Special Steel Private Limited	Fellow Subsidiary Company
Mahindra Holiday & Resorts India imited	Fellow Subsidiary Company
Mr.YVS Vijaykumar (CEO & Whole time Director)	Key Managerial Personnel
Mr. Ramesh S Vaigalathur (Company Secretary)	Key Managerial Personnel

ii) The related party transactions are as under :

- With Key Management personnel Mr.YVS Vijaykumar Rs. 8,400,000 (Previous year Rs. 3,000,000),paid to Mahindra & Mahindra Limited as Deputation charges.
- With Key Managerial Personnel - Company Secretary, Ramesh Subramanian Vaigalathur Rs. 355,192 (previous year NIL) ,paid to Mahindra & Mahindra Limited as Secratarial support services.
- With holding/fellow subsidiaries:

(Amount in Rupees)	
a) Issue of Share Capital:	
- Mahindra & Mahindra Limited	531,300,000 (817,700,000)
b) Outstanding:	
Trade Receivables	
- Mahindra & Mahindra Limited	171,018 (245,511)
- Mahindra First Choice Wheels Limited	- (208,731)
- Mahindra & Mahindra Financial services Limited	10,894 (4,047)
- Mahindra Rural Housing Finance Limited	- (14,690)

(Amount in Rupees)	
Advances for supply of goods and services	
- Mahindra Automobile Distributor Private Limited	257,175 (116,043)
Trade Payables	
- Mahindra & Mahindra Limited	15,811,982 (9,227,630)
- Mahindra First Choice Wheels Limited	746,518 (4,745,429)
- Mahindra Integrated BPO Services Private Limited	55,286 (154,825)
- Bristlecone India Limited	554,850 -
- Mahindra Namaste Private Limited	12,734 -
- Mahindra Logistics Limited	599,547 -
- Mahindra EPC Services Private Limited	166,934 -
- Mahindra Holiday & Resorts India Limited	38,859 -
c) Purchase of Fixed Assets/Capital work in Progress:	
- Mahindra & Mahindra Limited	1,443,708 (3,335,306)
- Mahindra First Choice Wheels Limited	- (4,100,000)
- Mahindra Hinoday Industries Limited	- (399,000)
- Bristlecone India Limited	554,850 -
d) Sale of Fixed Assets:	
- Mahindra Namaste India Private Limited	1,809,240 -
e) Closing balance of deposit paid:	
- Mahindra First Choice Wheels Limited	6,239,740 (6,239,740)
- Mahindra Automobile Distributor Private Limited	200,000 (200,000)
f) Income:	
- Mahindra & Mahindra Limited	
Sale of Parts	336,739 (326,370)
Service Income	237,601 (286,171)
- Mahindra First Choice Wheels Limited	
Sale of Parts	1,480 (250,666)
Service Income	837 (103,483)
Other Income	98,140 (720,000)
- Mahindra & Mahindra Financial Services Limited	
Sale of Parts	87,552 (31,913)
Service Income	49,666 (11,887)
- Mahindra Logistics Limited	
Sale of Parts	18,521 (11,331)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Amount in Rupees)	
Service Income	6,803 (10,680)
- Mahindra Rural Housing Finance Limited	
Sale of Parts	76,017 (71,745)
Service Income	56,425 (35,219)
- Mahindra Namaste Private Limited	
Rent Income	238,710 -
- Mahindra Automobile Distributor Private Limited	
Interest on Security Deposit	14,000 (14,000)
- Mahindra Sanyo Special Steel Private Limited	
Sale of Parts	- (63,161)
Service Income	- (23,761)
g) Expenses:	
- Mahindra & Mahindra Limited	
Rent	1,536,000 (960,000)
Professional Charges	296,500 (346,400)
Professional Charges(IT/Training/Internal Audit fees)	22,676,634 (20,513,608)
Other Expenses (Guest House,Vehicle Insurance/Staff Welfare)	563,982 (139,640)
- Bristlecone India Limited	
Professional Charges	- (69,569)
- Mahindra Logistics Limited	
Hire Charges	3,470,825 -
Reimbursement of Salary (Employee Transfer)	112,508 -
- Mahindra Integrated BPO Services Private Limited	
Professional Charges	624,239 (662,800)
- Mahindra First Choice Wheels Limited	
Rent	9,611,688 (6,536,637)
Reimbursement of Utility Expenses	- (336,238)
- Mahindra Automobile Distributor Private Limited	
Purchase of Spare parts	1,709,490 (1,708,149)
- NBS International Limited	
Purchase of Spare parts	46,699 (54,029)
Registration Expenses	318,050 (283,722)

(Amount in Rupees)	
- Mahindra Holidays & Resorts India Limited	
Travelling Expenses	1,949,943 -
- Mahindra Defence Systems Limited	
Professional Charges	67,500 (79,200)

Notes: Figures in brackets are the corresponding figures in respect of the previous year.

34) Details of the purchases and sales of traded goods:

Class of goods	Purchase (Rs.)	Sales (Rs.)
Spare Parts*	268,089,167 (159,757,880)	287,518,159 (173,288,170)

Notes:

- *Includes numerous items of diverse nature.
- Figures in brackets are the corresponding figures in respect of the previous year.

35) The company has framed an Employee Benefit scheme which contains "Stock Appreciation Rights" (SAR) for its employees and directors. It is cash-settled scheme. The Board of Director's of the Company has constituted a Remuneration Committee which inter alia will be responsible for the effective implementation and monitoring of SAR.

During the year,the Company has issued 4,713,372 SARs at an exercise price of Rs. 10/- on 1st August, 2014. The SARs granted shall vest in full after 4 years (1st August, 2018)with an exercise period of 2 years from the date of vesting.

The details of the SARs are as under:

Particulars	Year Ended March 31, 2015	Year Ended March 31, 2014
SARs outstanding at the beginning of the year	19,888,475	17,369,123
SARs granted during the year	4,713,372	3,937,887
SARs lapsed during the year	2,371,208	1,418,535
SARs surrendered & cancelled during the year	-	-
SARs exercised during the year	-	-
SARs vested but not exercised at the end of the year	-	-

The compensation cost of SARs granted to employees is accounted by the Company using the intrinsic value method. The Intrinsic value being lower than the exercise price, the employee compensation cost of the SARs granted is Nil.

Had the Company adopted the fair value method of valuing SAR,the employee compensation cost till 31st March 2015 would have been Rs. 5,258,015 (previous year Rs. 803,073) and loss for the year would have been higher by Rs. 4,454,942.

The fair value has been calculated using the Black Scholes Merton Model and the significant assumption made in this regards are:

Particulars	Relation
Current Value of Shares	Rs. 4
Exercise Price	Rs. 10
Expected Volatility	0.5
Risk Free Interest Rate	8%
Expected Dividend Yield	Nil

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

- 36) The Company has closed operations of two of its outlets (Pune Bawdhan and Ludhiana GT Road) in March, 2015 and has concluded that the fixed assets relating to the outlet are not capable of generating any economic returns over their useful life. Consequently, the fixed assets representing plant and machinery, electrical equipment and furniture and fixtures with book values aggregating as at 31st March, 2015: Rs. 12,969,385 (Previous Year 15,286,585), relating to servicing of vehicles have undergone impairment due to closure of the outlet and have been written down to their recoverable amount being Rs. 5,293,454 (Previous Year Rs. Nil), based on independent valuation report. As a result, the impairment loss of Rs. 7,675,931 (Previous Year Rs. Nil) has been charged to the Statement of Profit and Loss Account detailed as under:

Particulars	Gross Block	Accumulated Depreciation	Net Block	Provision for Impairment	(Rupees) Value held for sale
Furniture & Fixtures	863,129	458,382	404,747	228,010	176,737
Plant & Equipment	10,517,134	2,728,744	7,788,390	3,873,261	3,915,129
Computer	597,453	268,812	328,640	115,640	213,000
Leasehold Improvement	6,813,302	2,881,917	3,931,385	3,137,829	793,556
Office Equipment	772,011	255,788	516,223	321,191	195,032
Total	19,563,028	6,593,644	12,969,385	7,675,931	5,293,454

- 37) During the year, pursuant to the notification of Schedule II to the Companies Act, 2013 with effect from April 1, 2014, the Company has revised the estimated useful life of some of its assets to align the useful life with those specified in Schedule II. The details of previously applied useful life are as follows:

Sr. No	Category of assets	Previous useful Life	Revised useful Life
(i)	Computer and EDP equipment	6 years 2 months	3 Years
(ii)	Computer Servers	6 years 2 months	6 Years
(iii)	Office Equipments	6 years	5 Years

The depreciation expense in the Statement of Profit and Loss for the year is higher by Rs. 5,553,121 consequent to the change in the useful life of the assets.

- 38) The company had received notice in the earlier year for the period from November 2008 to April 2011 from AP Vat authorities towards VAT penalty amounting to Rs. 690,733 for which the company has filed an appeal with Appellate Deputy Commissioner (CT). The same is pending as on 31st March, 2015. The company has provided for the same.

- 39) Previous year's figures have been regrouped/reclassified where ever necessary to correspond with the current year's classification/disclosure.

For Mahindra First Choice Services Limited

Rajeev Dubey
DIN - 00104817
Chairman

YVS Vijay Kumar
DIN - 03588223
CEO and Whole Time Director

V. Rajan
Chief Financial Officer

V S Ramesh
Company Secretary

Mumbai: 29th April, 2015

DIRECTORS' REPORT

Your directors present their Seventh Report, together with the audited financial statement of your Company for the year ended 31st March, 2015.

FINANCIAL HIGHLIGHTS AND STATE OF COMPANY'S AFFAIRS

(Rs. in Lakhs)

Particulars	For the year ended 31 st March	
	2015	2014
Revenue	66,448	75,319
Profit/(Loss) before Depreciation, Amortisation, Interest and Taxation	(45,605)	(38,471)
Depreciation and Amortisation.....	3,932	3,353
Profit/(Loss) before Interest and Taxation.....	(49,537)	(41,824)
Interest	3,350	4,105
Profit/(Loss) before Taxation.....	(52,887)	(45,929)
Provision for Taxation for the year		
Current Tax	-	-
Deferred Tax	-	-
Profit/(Loss) after Taxation for the year.....	(52,887)	(45,929)
Balance brought forward from previous year.....	(1,25,013)	(79,083)
Depreciation adjustment on transition to Schedule II.....	(176)	-
Balance carried to Balance Sheet	(1,78,076)	(1,25,013)
Net Worth	32,340	1,837

No material changes and commitments have occurred after the close of the year till the date of this Report which affect the financial position of your Company.

OPERATIONS

The highlight of the year was the launch of new 100cc scooter, "Gusto". Gusto, the first indigenously designed scooter with distinctive Italian styling, an advanced M-TEC engine, superior ride quality and India's first patented Height Adjustable Seat, has received a positive response from the customers. On the motorcycles front, Centuro range has been further strengthened with the launch of "Rockstar". Now your Company has the Centuro range starting from Rs. 43,000 to Rs. 51,100 (ex-showroom Delhi). Both Gusto and Centuro have been received well in the market place.

In January 2015, your Company acquired a controlling stake in Peugeot Motorcycle SAS ("PMTSC"). PMTSC was a part of Euro 54 billion Peugeot SA group ("PSA") based in France. It is the oldest motorized two wheeler manufacturer in the world. PMTSC offers one of the most comprehensive range of scooters and mopeds, from 50cc to 400cc, including the successful three wheeled scooter, "Metropolis". The coming together of your Company & Peugeot is a win-win for the two wheeler business of both companies. Your Company would offer access to the India market, the mass market product technology and competence in marketing while Peugeot brings with it a premium range of products, a strong European footprint, and a globally recognised brand. This partnership would enable both your Company & PMTSC to speed their international expansion by driving synergies and leveraging respective strengths.

EROSION OF NET WORTH

As on 31st March, 2014, your Company's accumulated losses exceeded fifty percent of its peak net worth during the

immediately preceding four financial years. Your Company remained Potentially Sick within the meaning of Section 23 of the Sick Industrial Companies (Special Provisions) Act, 1985 ("SICA") and the fact of such erosion has been reported to the Board for Industrial and Financial Reconstruction (BIFR) on 22nd September, 2014. Your Company shall continue to comply with the provisions of the SICA. Your Company is also taking necessary measures to revive its business.

DIVIDEND

In view of the losses, your directors do not recommend any dividend for the year.

OUTLOOK FOR THE CURRENT YEAR

As per Society of Indian Automobile Manufacturers (SIAM), the domestic industry, at 16 Mio has grown by 8.1% in the year under review with scooters leading the growth at 25.1%, followed by motorcycles at 2.5%. Mopeds grew by 4.5%. Exports at 2.46 Mio, grew by 17.9% with Motorcycles constituting almost 92% of exports.

Your Company expects that the next year would be similar with Industry growing at 7-9%, Scooters growing at 20-22% and Motorcycles at 6-8%.

Your Company is at a rising inflexion point with two robust products with consistent high quality and a large acceptance by customers. For the present financial year, your Company's key thrust areas will be impactful marketing and communication, brand building through awareness and consideration for all our

brands, margin improvement & cost management, expanding the reach by innovations in network expansion, improving the dealer capability and focusing on exports for a larger global footprint. Besides this, your Company is planning to launch two new products in the market place.

SHARE CAPITAL

The authorised share capital of your Company as on 31st March, 2015 stood at Rs. 2,800 crores divided into 2.8 crore equity shares of Rs. 10/- each.

During the year, your Company allotted 83,56,54,628 equity shares of Rs. 10/- each to the shareholders at par under six separate rights issues. Evolution of equity shares of your Company is as under:

Shareholder	As at 1st April 2014		Equity Shares Allotted During the Year	As at 31st March 2015	
	Equity Shares	% to Capital		Equity Shares	% to Capital
Mahindra and Mahindra Ltd.	111,35,11,969	88.46	74,85,85,381	186,20,97,350	88.91
Aay Kay Global	12,76,89,723	10.15	8,58,85,283	21,35,75,006	10.20
Emerging India Fund	1,75,32,896	1.39	11,83,964	1,87,16,860	0.89
Total	125,87,34,588	100.00	83,56,54,628	209,43,89,216	100.00

The paid-up share capital of your Company as on 31st March, 2015 stood at Rs. 20,94,38,92,160 divided into 2,09,43,89,216 equity shares of Rs 10/- each.

BOARD OF DIRECTORS

Composition:

Presently the Board comprises of the following directors:

Director (DIN)	Designation	Executive/Non-Executive Director	Independent/Non-Independent Director
Anand Mahindra (00004695)	Chairman	Non-Executive Director	Non-Independent Director
Dr.Pawan Kumar Goenka (00254502)	Director	Non-Executive Director	Non-Independent Director
Rajesh Jejurikar (00046823)	Director	Non-Executive Director	Non-Independent Director
V S Parthasarathy (00125299)	Additional Director	Non-Executive Director	Non-Independent Director
Ramesh Venkataraman (03545080)	Director	Non-Executive Director	Non-Independent Director
Ranjan Pant (00005410)	Director	Non-Executive Director	Non-Independent Director
Dr. Punita Kumar-Sinha (05229262)	Director	Non-Executive Director	Independent Director
Naveen Kshatriya (00046813)	Director	Non-Executive Director	Independent Director

Mr. Zhooben Bhiwandiwal(DIN: 00110373), Mr. Parag Shah (DIN: 00374944) and Dr. Veena Mishra (DIN: 03502175) resigned with effect from 30th September 2014, 21st October 2014 and 23rd March 2015, respectively. The Board places its sincere appreciation and acknowledges the invaluable contribution and guidance provided by them during their stint as directors of your Company.

Mr. V S Parthasarathy was appointed as an additional director with effect from 20th October 2014. Dr. Punita Kumar-Sinha and

Mr. Naveen Kshatriya who, in the opinion of the Board, are persons with integrity and possess relevant expertise and experience, and who have given declarations to the effect that they meet the criteria of independence as laid down under Section 149 of the Companies Act, 2013, have been appointed as independent directors with effect from 31st March 2015 pursuant to Section 149 the Companies Act, 2013, for a period of five consecutive years and they would not be liable to retire by rotation.

Your directors have wide experience in business related to automobile, automobile engineering, finance, strategy and general corporate management.

Mr. Anand Mahindra and Mr. Ranjan Pant retire by rotation at the forthcoming Annual General Meeting, and being eligible, have offered themselves for re-appointment.

Meetings:

The Board met seven times during the year under review, i.e., on 30th April 2014, 30th July 2014, 29th September 2014, 20th October 2014, 9th December 2014, 29th January 2015 and 26th March 2015. The gap between two consecutive Board Meetings did not exceed 120 days.

Evaluation of Performance:

The Board has carried out an annual evaluation of its own performance as well as the performance of committees of the Board, viz., Audit Committee and Nomination and Remuneration Committee, and the individual directors through a structured questionnaire process covering various aspects such as performance, attendance, et al. The Nomination and Remuneration Committee has also carried out evaluation of performance of directors on individual basis.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(3)(c) of the Companies Act, 2013, your directors, based on representation from the operating management, and after due enquiry, confirm that:

- in the preparation of the annual financial statements for the year ended 31st March, 2015 the applicable accounting standards have been followed;
- they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year on 31st March, 2015 and of the loss of the Company for the financial year ended on that date;
- they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- they have prepared the annual accounts on a going concern basis; and,
- they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

CODES OF CONDUCT

Your Company has adopted Codes of Conduct for its directors, and senior management and employees (“the Codes”). These Codes enunciate the underlying principles governing the conduct of the Company’s business and seek to reiterate the fundamental precept that good governance must and would always be an integral part of the Company’s ethos.

The Company has, for the year, received declarations from directors, and senior management and employees, affirming compliance with the respective Codes.

POLICY FOR REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES AND CRITERIA FOR APPOINTMENT/REMOVAL OF DIRECTORS AND SENIOR MANAGEMENT PERSONNEL

Your Board has, on the recommendation of Nomination and Remuneration Committee, approved policies for the appointment/removal of directors and senior management personnel, together with the criteria for determining qualifications, positive attributes and independence of directors, and the remuneration of directors, key managerial personnel and other employees.

These policies are furnished as Annexure I and form part of this Report.

VIGIL MECHANISM

Your Company has established a vigil mechanism for directors and employees to facilitate reporting of genuine concerns/make protected disclosures to the Chairman of the Audit Committee in respect of actual or suspected fraud or violation of the Company’s Codes or Policies or genuine grievances or concerns or any improper activity. The mechanism also provides for adequate safeguards against victimization of persons reporting/disclosing, and makes a provision for direct access to the Chairman of the Audit Committee.

COMMITTEES OF THE BOARD

Audit Committee

The composition of the Audit Committee is as follows:

Director	Designation
V S Parthasarathy	Chairman
Dr. Punita Kumar-Sinha	Member
Naveen Kshatriya	Member

Mr. V S Parthasarathy was inducted as member and Chairman of the Audit Committee with effect from 20th October 2014. Upon their resignation, Mr. Zhooben Bhiwandiwala and Mr. Parag Shah ceased to be Chairman and member(s) of the Audit Committee with effect from 30th September 2014 and 21st October 2014, respectively.

Pursuant to Section 177 of the Companies Act, 2013 read with Companies (Meetings of Board and its Powers) Rules,

2014, the Audit Committee was re-constituted for induction of Dr. Punita Kumar-Sinha and Mr. Naveen Kshatriya as its members, and withdrawal of nomination of Dr. Pawan Kumar Goenka with effect from 31st March, 2015.

Audit Committee met five times during year under review, i.e., on 30th April, 2014, 30th July, 2014, 20th October, 2014, 9th December, 2014 and 29th January, 2015.

Nomination and Remuneration Committee

The composition of the Nomination and Remuneration Committee is as follows:

Director	Designation
Rajesh Jejurikar	Chairman
V S Parthasarathy	Member
Dr. Punita Kumar-Sinha	Member
Naveen Kshatriya	Member

Upon his resignation, Mr. Zhooben Bhiwandiwala ceased to be a member of the Nomination and Remuneration Committee with effect from 30th September 2014.

Pursuant to Section 178 of the Companies Act, 2013 read with Companies (Meetings of Board and its Powers) Rules, 2014, the Nomination and Remuneration Committee was re-constituted for induction of Dr. Punita Kumar-Sinha and Mr. Naveen Kshatriya as its members, and withdrawal of nomination of Mr. Anand Mahindra and Dr. Pawan Kumar Goenka with effect from 31st March 2015.

Nomination and Remuneration Committee met four times during year under review, i.e., on 30th April 2014, 20th October 2014, 9th December 2014 and 29th January 2015.

KEY MANAGERIAL PERSONNEL

Pursuant to Section 203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, Key Managerial Personnel of your Company are as below:

1. Prem Rathi as Manager (with effect from 1st April, 2014)
2. Mahendra Bhalerao as Chief Financial Officer (with effect from 9th December, 2014), and
3. Poonam Vaze as Company Secretary (with effect from 9th December, 2014)

Mr. Ashutosh Vidwans, Chief Financial Officer with effect from 1st April, 2014 resigned with effect from 1st November, 2014.

STATUTORY AUDITORS

At the Sixth Annual General Meeting, M/s. Deloitte Haskins & Sells, Chartered Accountants, Pune (ICAI registration number 117365W) were appointed as the Statutory Auditors of your Company to hold office from the conclusion of the Sixth Annual General Meeting till the conclusion of Seventh Annual General Meeting.

Pursuant to the first proviso of Section 139(2) of the Companies Act, 2013 read with the Companies (Audit and Auditors)

Rules, 2014, members are requested to re-appoint Statutory Auditors at the Seventh Annual General Meeting and fix their remuneration. If re-appointed, Statutory Auditors would hold office till the conclusion of the Eighth Annual General Meeting.

As required under the provisions of Sections 139 and 141 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, your Company has obtained a written consent and certificate from Statutory Auditors to the effect that their re-appointment, if made, would be in conformity with the conditions, limits and criteria specified therein.

Your directors confirm that the Auditors' Report does not contain any disqualification, reservation or other remark.

SECRETARIAL AUDITOR

Pursuant to Section 204 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, Mr. Sachin Bhagwat, a Company Secretary in practice, was appointed as the Secretarial Auditor of your Company for the financial year ended 31st March, 2015.

A Secretarial Audit Report for the financial year ended 31st March, 2015 issued by the Secretarial Auditor pursuant to the aforesaid provisions is provided as Annexure II and forms part of this Report.

Your directors confirm that the aforesaid Report of Secretarial Auditor does not contain any qualification, reservation or adverse remark.

COST AUDITOR

As per the Notification No: 1/40/2013 dated 31st December, 2014, the Central Government exempt automobile industry from the preview of cost audit under Section 148 of the Companies Act, 2013, and therefore the same is not applicable to your Company.

INTERNAL CONTROLS

Your Company has implemented a system of internal controls and monitoring procedures as well as internal financial controls on financial statements and the same is in the opinion of the Board, commensurate with the Company's size and operations. Your Company regularly conducts reviews to assess the adequacy of financial and operating controls. Significant issues, if any, are brought to the attention of the Audit Committee. Statutory Auditors and Internal Auditor are invited to attend Audit Committee meetings.

RISK MANAGEMENT POLICY

Your Company is exposed to a variety of risks which may impact its operations. These risks are mitigated by using an integrated risk management approach which covers the full range of risks.

Your Company has formulated a risk management policy which addresses risks which, in the opinion of the Board, may threaten the existence of the Company.

HUMAN RESOURCES

Keeping employees happy and enthused is one of the strategic goals of your Company as reflected in its employee engagement interventions. Your Company continues to invest in capability building of its people and creating a future-ready talent pool.

PARTICULARS OF PUBLIC DEPOSITS, LOANS, GUARANTEES OR INVESTMENTS

Your Company has not accepted any deposits covered under chapter V of the Companies Act, 2013 from the public, or its employees, during the year.

Particulars of loans given, investments made, and guarantees and securities provided are given under the notes to the financial statement and the same form part of this Report.

Your Company has not made any loans/advances which are required to be disclosed in the annual financial statement of the Company pursuant to Clause 32 of the Listing Agreement between the parent company, Mahindra & Mahindra Limited and Stock Exchanges.

PARTICULARS OF TRANSACTIONS WITH RELATED PARTIES

All transactions entered into by your Company with its related parties during the year were in the ordinary course of business and at arm's length.

Particulars of material contracts or arrangements or transactions with related parties, referred to under Section 188(1) of the Companies Act, 2013, are furnished in Form AOC-2 as Annexure III and form part of this Report.

EXTRACT OF ANNUAL RETURN

Pursuant to Section 92(3) of the Companies Act, 2013 read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return as on 31st March, 2015 is annexed as Annexure IV and forms part of this Report.

POLICY ON PREVENTION OF SEXUAL HARASSMENT

Your Company has put in place a policy for prevention of sexual harassment. Your Company has also constituted an "Internal Complaints Committee" to which complaints can be reported. During the year, no complaints were received by the said Committee.

INDUSTRIAL RELATIONS

Industrial relations remained cordial during the year under review.

SAFETY, HEALTH AND ENVIRONMENTAL PERFORMANCE

Your Company is committed towards safety, health and environment. Your Company encourages involvement of all its employees in activities related to safety, health & environment including promotion of safety standards. The various initiatives and various measures taken in this area

have started yielding the results. Your Company received the **Asia CMO** award for the **2nd consecutive year**, which is an international Pan Pacific Singapore Award for best in class Safety Excellence. The requirements relating to various environmental legislations and environment protection have been duly complied with by your Company. Your Company has received the **OHSAS 18001 certification** for Safety and Health Management System & **ISO 14001** certification for Environment Management System during the year.

SUSTAINABILITY

During the year under review, your Company has undertaken various energy saving projects including use of Solar power purchased as an alternative source of power. It has also converted HSD & LPG system to PNG. Your Company has received the ISO 50001 certification for Energy Management System during the year. It has also received the "Energy Efficient Unit" award from CII.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

During the year, your Company contributed to the community and the environment through a series of Corporate Social Responsibility (CSR) activities. The highlight of the year was the major health related activity, i.e., **LIFELINE Express project** in Khandwa through which comprehensive medical treatment has been rendered to 4,350 patients from the lower & needy strata. Around 58 ESOPians & community volunteers tirelessly volunteered in this project during the month of March 2015. This initiative was applauded by the officials & medical community of Government of Madhya Pradesh.

Your Company conducted a **Community Need** Survey in the vicinity of Company's plant to thoroughly understand the needs and to bring an impact in the lifestyle of the villagers. Several activities such as distribution of clothes to poor people, tree plantation drives, motivational movie shows for school children and cleanliness drives under the Swachh Bharat Abhiyan were also undertaken.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Your Company continues to look at Research and Development as an effective tool for meeting its business objectives and undertook a number of projects to upgrade the technology

and quality of its products during the year under review. Details of specific areas in which Research & Development activities are carried out by your Company in the areas of technology absorption, adaptation and innovations etc. and particulars relating to conservation of energy, technology absorption and foreign exchange earnings and outgo, as required under Section 134(3)(m) of the Companies Act, 2013 read with the Companies Rule 8 (3) of The Companies (Accounts) Rules, 2014 are provided in Annexure V and form a part of this report.

GENERAL DISCLOSURE

Your directors state that no disclosure or reporting is required in respect of the following items as they were not applicable to your Company during the year:

- a) Issue of equity shares with differential rights as to dividend, voting or otherwise.
- b) Issue of shares (including sweat equity shares) to employees of the Company under any ESOP scheme, etc.
- c) Particulars of employees as required under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.
- d) Provisions relating to CSR enumerated under Section 135 of the Companies Act, 2013

No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the Company's going concern status and operations in future.

ACKNOWLEDGEMENT

Your directors would like to place on record their sincere thanks for the cooperation and support received from your Company's bankers, stakeholders, business associates and various agencies of the Central and State Governments.

For and on behalf of the Board

Dr. Pawan Kumar Goenka
Director

Rajesh Jejurikar
Director

Mumbai, 30th April, 2015

ANNEXURE I TO THE DIRECTORS' REPORT

POLICY ON APPOINTMENT OF DIRECTORS AND SENIOR MANAGEMENT AND SUCCESSION PLANNING FOR ORDERLY SUCCESSION TO THE BOARD AND THE SENIOR MANAGEMENT

DEFINITIONS

The definitions of some of the key terms used in this Policy are given below.

“**Board**” means Board of Directors of the Company.

“**Company**” means Mahindra Two Wheelers Limited.

“**Committee(s)**” means Committees of the Board for the time being in force.

“**Employee**” means employee of the Company whether employed in India or outside India including employees in the Senior Management Team of the Company.

“**HR**” means the Human Resource department of the Company.

“**Key Managerial Personnel**” (**KMP**) refers to key managerial personnel as defined under the Companies Act, 2013 and includes:

- (i) Managing Director (MD), or Chief Executive Officer (CEO); or Manager; or Whole time Director (WTD)
- (ii) Chief Financial Officer (CFO); and
- (iii) Company Secretary (CS).

“**Nomination and Remuneration Committee**” (NRC) means Nomination and Remuneration Committee of Board of Directors of the Company for the time being in force.

“**Senior Management**” means personnel of the Company who are members of its Core Management Team excluding Board of Directors comprising of all members of management one level below the executive directors including the functional heads.

I. APPOINTMENT OF DIRECTORS

- The NRC reviews and assesses Board composition and recommends the appointment of new directors. In evaluating the suitability of individual Board member, the NRC shall take into account the following criteria regarding qualifications, positive attributes and independence of director:
 1. All Board appointments will be based on merit, in the context of the skills, experience, independence and knowledge, for the Board as a whole to be effective.
 2. Ability of the candidates to devote sufficient time and attention to his professional obligations as Independent Director for informed and balanced decision making.
 3. Adherence to the Code of Conduct and highest level of Corporate Governance in letter and in spirit by the Independent Directors.

- Based on recommendation of the NRC, the Board will evaluate the candidate(s) and decide on the selection of the appropriate member. The Board through the any member of the Board, will interact with the new member to obtain his/her consent for joining the Board. Upon receipt of the consent, the new director will be co-opted by the Board in accordance with the applicable provisions of the Companies Act 2013 and Rules made thereunder.

REMOVAL OF DIRECTORS

If a director is attracted with any disqualification as mentioned in any of the applicable Act, rules and regulations thereunder or due to non - adherence to the applicable policies of the Company, the NRC may recommend to the Board with reasons recorded in writing, removal of a director subject to the compliance of the applicable statutory provisions.

SENIOR MANAGEMENT PERSONNEL

The NRC shall identify persons who are qualified to become directors and who may be appointed in senior management team in accordance with the criteria laid down above.

Senior Management personnel are appointed or promoted and removed/relieved with the authority of Managing Director/CEO/Manager based on the business need and the suitability of the candidate. The details of the appointment made and the personnel removed one level below the Key Managerial Personnel during a quarter shall be presented to the Board.

II. SUCCESSION PLANNING:

Purpose

The Talent Management Policy sets out the approach to the development and management of talent in the Mahindra Group to ensure the implementation of the strategic business plans of the Group and the Group Aspiration of being among the Top 50 globally most-admired brands by 2021.

Board:

The successors for the Independent Directors shall be identified by the NRC atleast one quarter before expiry of the scheduled term. In case of separation of Independent Directors due to resignation or otherwise, successor will be appointed at the earliest but not later than the immediate next Board meeting or three months from the date of such vacancy, whichever is later.

The successors for the Executive Director(s) shall be identified by the NRC from among the Senior Management or through external source as the Board may deem fit.

The NRC will accord due consideration for the expertise and other criteria required for the successor.

The Board may also decide not to fill the vacancy caused at its discretion.

Senior Management Personnel:

A good succession-planning program aims to identify high growth individuals, train them and feed the pipelines with new talent. It will ensure replacements for key job incumbents in KMPs and senior management positions in the organization.

Significantly, we have a process of identifying Hi-pots and critical positions. Successors are mapped for these positions at the following levels:

1. Emergency successor
2. Ready now
3. Ready in 1 to 2 years
4. Ready in 2 to 5 years
5. Ready in more than 5 years

in order to ensure talent readiness as per a laddered approach.

Policy Statement

The Talent Management framework of the Mahindra Group has been created to address three basic issues :

- 1) Given the strategic business plans, do we have the skills and competencies required to implement them? If not, how do we create them – by developing them internally or through lateral induction from outside?
- 2) For critical positions, what is the succession pipeline?
- 3) What are the individual development plans for individuals both in the succession pipeline as well as others?

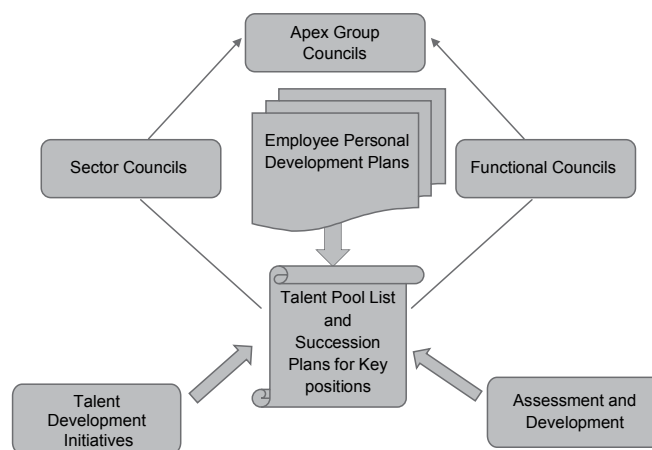
The framework lays down an architecture and processes to address these questions using the **3E** approach :

- a) **Experience** i.e. both long and short-term assignments. This has 70% weightage.
- b) **Exposure** i.e. coaching and mentoring – 20% weightage.
- c) **Education** i.e. learning and development initiatives – 10% weightage.

The Talent Management process is applicable to all employees. Over the years, the Talent Management framework has become a well-structured and process-oriented system which is driven by an interactive and collaborative network of Talent Councils at the Group and Sector Levels. These Talent Councils, which consist mainly of Senior business leaders supported by HR, are a mix of Sector (Business) and Functional Councils coordinated by an Apex Talent Council, headed by the Group Chairman. The Apex Council reviews the work done by the Talent Councils and facilitates movement of talent across Sectors. The Sector/Functional Councils meet regularly throughout the year and the Apex Council interacts with each one of them separately once a year, and in addition

conducts an integrated meeting where the Chairpersons of all the Councils are present.

The Talent Management process can be represented pictorially as under :



The talent pipeline is maintained and developed so as to ensure that there is a seamless flow of talent. An important part of this exercise is drawing up and implementing IDAPs (Individual Development Action Plans) for every Executive concerned using the 3E approach mentioned above.

POLICY FOR REMUNERATION OF THE DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES

Purpose

This Policy sets out the approach to Compensation of directors, Key Managerial Personnel and other employees in Mahindra Two Wheelers Limited.

Policy Statement

We have a well-defined Compensation policy for directors, Key Managerial Personnel and all employees, including the Chairman, Presidents and other Members of the Group Executive Board who are employees of the Company. The overall compensation philosophy which guides us is that in order to achieve global leadership and dominance in domestic markets, we need to attract and retain high performers by compensating them at levels that are broadly comparable with the median of the comparator basket while differentiating people on the basis of performance, potential and criticality for achieving competitive advantage in the business.

In order to effectively implement this, we have built our Compensation structure by a regular annual benchmarking over the years with relevant players across the industry we operate in.

NON-EXECUTIVE INCLUDING INDEPENDENT DIRECTORS:

The Nomination and Remuneration Committee (NRC) shall decide the basis for determining the compensation, both Fixed and variable, to the Non-Executive Directors, including Independent Directors, whether as commission or otherwise. The NRC shall take into consideration various factors such as director’s participation in Board and Committee meetings

during the year, other responsibilities undertaken, such as membership or Chairmanship of committees, time spent in carrying out their duties, role and functions as envisaged in Schedule IV of the Companies Act 2013 and Clause 49 of the Listing Agreement with Stock Exchanges and such other factors as the NRC may consider deem fit for determining the compensation. The Board shall determine the compensation to Non-Executive Directors within the overall limits specified in the Shareholders resolution.

Executive Director/Managing Director/Manager:

The remuneration to Executive Director/Managing Director/Manager shall be recommended by NRC to the Board. The remuneration consists of both fixed compensation and variable compensation and shall be paid as salary, commission, performance bonus, stock options (where applicable), perquisites and fringe benefits as approved by the Board and within the overall limits specified in the Shareholders resolution. While the fixed compensation is determined at the time of their appointment, the variable compensation will be determined annually by the NRC based on their performance.

Key Managerial Personnel (KMPs)

The terms of remuneration of Chief Executive Officer (CEO), Chief Financial Officer (CFO) and the Company Secretary shall be determined by any director or such other person as may be authorised by the Nomination and Remuneration Committee (NRC) from time to time. The remuneration shall be consistent with the competitive position of the salary for similar positions in the industry and their Qualifications, Experience, Roles and Responsibilities. Pursuant to the provisions of section 203 of the Companies Act 2013 the Board shall approve the remuneration at the time of their appointment.

The remuneration to directors, KMPs and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

Employees

We follow a differential approach in choosing the comparator basket for benchmarking, depending upon the level in the organization:

- a. For all employees from Operational to Executive Band, we benchmark with a set of comparators from the same industry.
- b. For Strategic band and above, we have a position-based approach and the comparator basket includes benchmarks from across relevant industries.

We have a CTC (Cost to Company) concept which includes a fixed component (Guaranteed Pay) and a variable component (Performance pay). The percentage of the variable component increases with increasing hierarchy levels, as we believe employees at higher positions have a far greater impact and influence on the overall business result. The CTC is reviewed once every year and the compensation strategy for positioning of individuals takes into consideration the following elements:

- Performance
- Potential
- Criticality
- Longevity in grade

Remuneration for the new employees other than KMPs and Senior Management Personnel will be decided by the HR, in consultation with the concerned business unit head at the time of hiring, depending upon the relevant job experience, last compensation and the skill-set of the selected candidate.

The Company may also grant Stock Options to the employees and directors (other than Independent Directors and Promoter) in accordance with the ESOP Scheme of the Company and subject to the compliance of the applicable statutes and regulations.

For and on behalf of the Board

Dr. Pawan Kumar Goenka
Director

Rajesh Jejurikar
Director

Mumbai, 30th April, 2015

ANNEXURE II TO THE DIRECTORS' REPORT**SECRETARIAL AUDIT REPORT**

For the financial year ended 31 March, 2015

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
Mahindra Two Wheelers Limited
Mahindra Towers, P. K. KurneChowk
Worli
Mumbai 400 018

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Mahindra Two Wheelers Limited. (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conduct/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31 March, 2015, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31 March, 2015 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder; **(Not applicable to the Company)**
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder; **(Not applicable to the Company during the Audit period)**
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations framed thereunder to the extent of foreign direct investment, overseas direct investment and external commercial borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; **(Not applicable to the Company)**
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992; **(Not applicable to the Company)**
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; **(Not applicable to the Company during the Audit period)**
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; **(Not applicable to the Company)**
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **(Not applicable to the Company during the audit period)**
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; **(Not applicable to the Company)**
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **(Not applicable to the Company)** and
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; **(Not applicable to the Company)**
- (vi) No other law was specifically applicable to the Company.

I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by the Institute of Company Secretaries of India. **(Not applicable to the Company during the audit period)**

- (ii) Listing Agreements entered into by the Company with Stock Exchanges, if applicable. **(Not applicable to the Company)**

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

I further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

As per the minutes of the meetings duly recorded and signed by the Chairman, the decisions of the Board were unanimous and no dissenting views have been recorded.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period, except for the offer and allotment of equity shares on rights basis and approval of the members to borrow upto Rs. 450 Crore pursuant to Section 180 of the Act, no specific events/actions took place having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards etc. referred to above.

Place : Pune
Date : 25 April 2015

Sachin Bhagwat
ACS: 10189
CP: 6029

ANNEXURE III TO THE DIRECTORS' REPORT**FORM NO. AOC.2**

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto

(PURSUANT TO CLAUSE (H) OF SUB-SECTION (3) OF SECTION 134 OF THE ACT AND RULE 8(2) OF THE COMPANIES (ACCOUNTS) RULES, 2014)

1. Details of contracts or arrangements or transactions not at arm's length basis:

Sr. No.	Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Justification for entering into such contracts or arrangements or transactions	Date(s) of approval by the Board	Amount paid as advances, if any:	Date on which the special resolution was passed in general meeting as required under first proviso to Section 188
-	-	-	-	-	-	-	-	-

2. Details of material contracts or arrangement or transactions at arm's length basis:

Sr. No.	Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Date(s) of approval by the Board, if any	Amount paid as advances, if any
Annexure "A"						

For and on behalf of the Board

Dr. Pawan Kumar Goenka
Director

Rajesh Jejurikar
Director

Mumbai, 30th April, 2015

ANNEXURE “A”

Sr. No.	Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Date(s) of approval by the Board, if any	Amount paid as advances, if any
1	Mahindra Logistics Limited (MLL)	Transaction based on Service Agreements	1 st Jul. 2011 to 31 st March 2015	MLL have specialisation in Manpower handling & material movement (Freight & depot management). Value of the transactions for logistic services is of Rs. 3425.31 Lacs during F15.	Not Applicable	Nil
2	Mahindra Integrated Business Solutions (MIBS)	Transaction based on Service Agreements	Approval note dated 21 st Oct. 2013. Valid till 20 st Oct. 2015 (Two Years)	MIBS has the competent manpower to handle routine transactional matters like accounting of invoices & salary processing. Value of the transactions for the services is of Rs. 60.99 Lacs during F15.	Not Applicable	Nil
3	Mahindra Holidays and Resorts Limited (MHRIL)	Transaction based on Service Agreements	1 st May 2012 to 31 st May 2014	MHRIL has the competent manpower to handle routine transactional matters of Air Ticket Booking & other travelling related services. Value of the transactions for the services is of Rs. 35.46 Lacs during F15.	Not Applicable	Nil
4	NBS International Ltd. (NBS)	Transaction based on proposal for Services.	1 st Dec. 2013 to 28 th Feb. 2015	NBS is having showrooms for display of vehicles at prime locations. Rentals are decided on case to case basis based on location, space utilisation etc. Detail of transaction done in F15 is Rent: Rs 11.87 lacs, Assets purchased: Rs 4.44 lacs, Sale of vehicles: Rs. 9.25 lacs.	Not Applicable	Nil
5	Mahindra Tsubaki Conveyor Systems Pvt Ltd (MCOP)	Purchase of Fixed Assets based on PO terms.	One time Capex Purchase order for supply during F15.	MCOP have specialisation in manufacturing of conveyor chain. Value of purchase of fixed asset i.e. Conveyor Chain is of Rs. 28 Lacs during F15.	Not Applicable	Nil
6	Mahindra First Choice Wheels Ltd	Inter-Corporate Deposits taken based on Agreements	13 th Mar 2014 to 11 th June 2014	Transaction based on specific working capital requirements of MTWL. MTWL repaid Rs 525.00 Lacs of ICD & Interest of Rs. 12.41 Lacs to MFCWL	Not Applicable	Nil
7	Mahindra Vehicle Manufacturers Limited (MVML)	Inter-Corporate Deposits taken based on Agreements	19 th Mar 2014 to 17 th June 2014	Transaction based on specific working capital requirements of MTWL. MTWL repaid Rs 2500.00 Lacs of ICD & Interest of Rs. 67.64 Lacs to MVML	Not Applicable	Nil
8	Mahindra Automobile Distributors Private Limited	Inter-Corporate Deposits taken based on Agreements	06 th Mar 2014 to 04 th June 2014	Transaction based on specific working capital requirements of MTWL. MTWL repaid Rs 2400.00 Lacs of ICD & Interest of Rs. 52.60 Lacs to MADPL	Not Applicable	Nil
9	Mahindra & Mahindra Ltd. - HO - ICD	Inter-Corporate Deposits taken based on Agreements	29 th Nov 2013 to 28 th Mar 2015	Transaction based on specific working capital requirements of MTWL. MTWL repaid Rs 23550.00 Lacs of ICD & Interest of Rs. 1880.41 Lacs to MM HO	Not Applicable	Nil
10	Mahindra & Mahindra Ltd. - HO - Others	Purchase & Reimbursement of Services.	As per Instruction of HO	Most of the services availed & reimbursement transaction based on instruction of HO. Value of Transaction during F-15 : Training: Rs 2.19 lacs, Guarantee Charges: Rs 84 lacs, CTC vehicle sold: Rs 20.27 lacs, Vehicle pur: Rs 42.16 lacs, Rent: Rs 110.86 lacs, Equity infusion: Rs 74,858.54 lacs & Reimbursement Rs 995.31 Lacs	Not Applicable	Nil
11	Mahindra & Mahindra Ltd - Auto Sector	Purchase of Vehicle & Reimbursement of Service	One time Capex Purchase order for supply during F15.	MMAD have specialisation in manufacturing of Vehicle. Value of purchase of fixed asset i.e. Vehicles is of Rs. 133.70 Lacs during F15. reimbursement of Rs 473.56 Lacs for services related to PMTC Acquisition.	Not Applicable	Nil
12	Mahindra & Mahindra Limited (Igatpuri Division)	Reimbursement of Deputation Charges on actual basis	As per Instruction of HO	Reimbursement transaction of Rs. 6.48 Lacs based on instruction of HO for Specific requirement of MTWL.	Not Applicable	Nil
13	Mahindra & Mahindra Limited (Tractor Division)	Purchase of Service, Rent etc.	As per Instruction of HO	Share rent based on Space used for MTWL Staff & Representative seated and value of Transaction Rent 56.01 Lacs & Canteen Reimbursement Rs 8.51 Lacs	Not Applicable	Nil
14	Mahindra & Mahindra Limited (Spare Business Unit)	Transaction based on Service Agreements	1 st April 2012 to 31 st March 2015	Current Pricing for MSB charges is 5.71% of spare sales value or Rs. 20 Lacs per month, whichever is higher. Freight Cost is extra. Pricing is based on agreed terms finalised after negotiations with M&M SBU. Value of transactions for services is of Rs. 435.54 Lacs & Reimbursement Rs 74.88 Lacs during F15.	Not Applicable	Nil
15	Mahindra Two Wheeler Europe Holding s.a.r.l. Luxembourg	As per Board approval, Equity contribution	Date of Incorporation is 2 nd Dec. 2015.	Equity contribution of Rs. 13,123.82 lacs, For onward Investment in PMTC thru Wholly owned subsidiary Company.	Not Applicable	Nil
16	Lords Freight India Private Limited	Logistic services	1 st Jan. 2015 to 31 st March 2015	LFPL is Specialised in logistic services. Value of transactions for logistic services is of Rs. 14.50 Lacs during F15.	Not Applicable	Nil

For and on behalf of the Board

Dr. Pawan Kumar Goenka
Director

Rajesh Jejurikar
Director

Mumbai, 30th April, 2015

ANNEXURE IV TO THE DIRECTORS' REPORT**Form No. MGT-9****Extract of Annual Return
as on the financial year ended on 31st March, 2015***[PURSUANT TO SECTION 92(3) OF THE COMPANIES ACT, 2013 AND RULE 12(1) OF THE COMPANIES
(MANAGEMENT AND ADMINISTRATION) RULES, 2014]***I. REGISTRATION AND OTHER DETAILS:**

Corporate Identification Number (CIN)	U35911MH2008PLC185462
Registration Date	5 th August, 2008
Name of the Company	Mahindra Two Wheelers Limited
Category/Sub-Category of the Company	Indian Non-Government Company Limited by shares
Address of the Registered office and contact details	Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400018 Tel.: +91-22-24935185/8 Fax: +91-22-24951236 Contact: JUVEKAR.ABHISHEK@mahindra.com
Whether listed company Yes/No	No
Name, Address and Contact details of Registrar and Transfer Agent, if any	Sharepro Services (India) Pvt. Ltd. 13 AB Samhita Warehousing Complex, 2 nd Floor, Sakinaka Telephone Exchange Lane, Off Andheri-Kurla Road, Sakinaka, Andheri (E), Mumbai - 400 072 Tel.: +91-22-67720300/400 Fax: +91-22-28591568 Email: sharepro@shareproservices.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

All the business activities contributing 10% or more of the total turnover of the Company:

Sr. No.	Name and Description of main products/services	NIC Code of the Product/service	% to total turnover of the company
1	Manufacture of motorcycles, scooters, mopeds etc. and their engine	30911	100

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1.	Mahindra and Mahindra Limited Gateway Building, Apollo Bunder, Colaba, Mumbai - 400001	L65990MH1945PLC004558	Holding Company	88.91	2(46)
2.	Mahindra Two Wheelers Europe Holdings S.a.r.l 16, Avenue Pasteur, L - 2310, Luxembourg	-	Subsidiary Company	100.00	2(87)
3.	Peugeot Motocycles S.A.S., Mandeuire 103 RUE DU 17 Novembre 25350, Mandeuire	-	Subsidiary Company	51.00	2(87)
4.	Peugeot Motocycles Italia S.p.A Via Gallarate, 199 20151 - Milano	-	Subsidiary Company	100.00	2(87)
5.	Peugeot Motocycles Deutschland GmbH Kurhessenstra Be 13, 64546, Morfelden - Walldorf, Germany	-	Subsidiary Company	100.00	2(87)

IV. SHAREHOLDING PATTERN (Equity Share Capital Break-up as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	-	-	-	-	-	-	-	-	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	961,293,858	152,218,111	1,113,511,969	88.46	961,293,858	900,803,492	1,862,097,350	88.91	0.45
e) Banks/FI	-	-	-	-	-	-	-	-	-
f) Any Other...	-	-	-	-	-	-	-	-	-
Sub-total (A) (1):	961,293,858	152,218,111	1,113,511,969	88.46	961,293,858	900,803,492	1,862,097,350	88.91	0.45
(2) Foreign	-	-	-	-	-	-	-	-	-
a) NRIs-Individuals	-	-	-	-	-	-	-	-	-
b) Other -Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks/FI	-	-	-	-	-	-	-	-	-
e) Any Other...	-	-	-	-	-	-	-	-	-
Sub-total (A) (2):									
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	961,293,858	152,218,111	1,113,511,969	88.46	961,293,858	900,803,492	1,862,097,350	88.91	0.45
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	-	17,532,896	17,532,896	1.39	-	17,532,896	17,532,896	0.89	(0.50)
b) Banks/FI	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	110,951,640	16,738,083	127,689,723	10.15	110,951,640	102,623,366	213,575,006	10.20	0.05
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):	110,951,640	34,270,979	145,222,619	11.54	110,951,640	121,340,226	232,291,866	11.09	(0.45)
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	-	-	-	-	-	-	-	-	-
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	-	-	-	-	-	-	-	-	-
c. Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(2):	-	-	-	-	-	-	-	-	-

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
Total Public Shareholding (B)=(B)(1)+ (B)(2)	110,951,640	34,270,979	145,222,619	11.54	110,951,640	121,340,226	232,291,866	11.09	(0.45)
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	1,072,245,498	186,489,090	1,258,734,588	100.00	1,072,245,498	1,022,143,718	2,094,389,216	100.00	–

(ii) Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in Shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged/encumbered to total shares	
1.	Mahindra and Mahindra Limited	1,11,35,11,963	88.46	–	1,86,20,97,344	88.91	–	0.45
2.	Mahindra & Mahindra Ltd Jointly with Mr. Narayan Shankar*	1	–	–	1	–	–	–
3.	Mahindra & Mahindra Ltd Jointly with Mr. S. Venkatraman*	1	–	–	1	–	–	–
4.	Mahindra & Mahindra Ltd Jointly with Mr. K. Chandrasekar*	1	–	–	1	–	–	–
5.	Mahindra & Mahindra Ltd Jointly with Mr. V.S. Parthasarathy*	1	–	–	1	–	–	–
6.	Mahindra & Mahindra Ltd Jointly with Mr. Anoop Mathur*	1	–	–	1	–	–	–
7.	Mahindra & Mahindra Ltd Jointly with Mr. V.R. Krishnan*	1	–	–	1	–	–	–
	Total	1,11,35,11,969	88.46	–	1,86,20,97,350	88.91	–	0.45

* Held jointly with Mahindra & Mahindra Limited by its nominee to comply with the statutory provisions in respect of minimum numbers of member.

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sr. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the year	111,35,11,969	88.46	111,35,11,969	88.46
	Allotment on July 10, 2014 to Mahindra and Mahindra Limited on Rights basis	7,51,93,387		1,18,87,05,356	
	Allotment on July 30, 2014, to Mahindra and Mahindra Limited on Rights basis	11,32,32,395		1,30,19,37,751	
	Allotment on October 20, 2014, to Mahindra and Mahindra Limited on Rights basis	11,67,79,684		1,41,87,17,435	
	Allotment on December 9, 2014, to Mahindra and Mahindra Limited on Rights basis	16,75,03,165		1,58,62,20,600	

Sr. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	Allotment on January 13, 2015, to Mahindra and Mahindra Limited on Rights basis	14,01,54,690		1,72,63,75,290	
	Allotment on March 26, 2015, to Mahindra and Mahindra Limited on Rights basis	13,57,22,060		1,86,20,97,350	
	At the End of the year	1,86,20,97,350	88.91	1,86,20,97,350	88.91

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	1. Aay Kay Global, 2. Emerging India Fund	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the year	12,76,89,723	10.14	12,76,89,723	10.14
	Allotment on July 10, 2014 to Aay Kay Global on Rights basis	86,22,649		13,63,12,372	
	Allotment on July 30, 2014, to Aay Kay Global on Rights basis	1,29,84,694		14,92,97,066	
	Allotment on March 26, 2015, to Aay Kay Global on Rights basis	6,42,77,940		21,35,75,006	
	At the end of the year	21,35,75,006	10.20	21,35,75,006	10.20
2	At the beginning of the year	1,75,32,896	1.39	1,75,32,896	1.39
	Allotment on July 10, 2014 to Emerging India Fund on Rights basis	11,83,964		1,87,16,860	
	At the end of the year	1,87,16,860	0.89	1,87,16,860	0.89

(v) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	For Each of the Top Ten Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Mahindra & Mahindra Limited Jointly with Mr. V. S. Parthasarathy				
	At the beginning of the year	1	–	1	–
	Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc):	–	–	–	–
	At the End of the year	1	–	1	–

V. INDEBTEDNESS:

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(Rs. in Lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	8,000	28,975	–	36,975
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	3	388	–	391
Total (i + ii + iii)	8,003	29,363	–	37,366
Change in Indebtedness during the financial year				
• Addition	26,225	700	–	26,925
• Reduction	21,100	28,975	–	50,075
Net Change	5,125	(28,275)	–	(23,150)

(Rs. in Lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the end of the financial year				
i) Principal Amount	13,125	700	–	13,825
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	19	3	–	22
Total (i + ii + iii)	13,144	703	–	13,847

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:
A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Sr. No.	Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount (Rs. in Lakhs)
		Prem Rathi, Manager	
1.	Gross salary		
	a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	38.54	38.54
	b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.32	0.32
	c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	–	–
2.	Stock Option	–	–
3.	Sweat Equity	–	–
4.	Commission		
	– as % of profit	–	–
	– others, specify...	–	–
5.	Others, please specify SAR's	–	–
	Total (A)	38.86	38.86
	Ceiling as per the Act	As per schedule V of the Companies Act, 2013	

B. Remuneration to other directors:

Sr. No.	Particulars of Remuneration	Name of Directors	Total Amount (Rs. in Lakhs)
1	Independent Directors		
	• Fee for attending board/committee meetings	–	–
	• Commission	–	–
	• Others, please specify	–	–
	Total (1)		
2	Other Non-Executive Directors	–	–
	• Fee for attending board/committee meetings	–	–
	• Commission	–	–
	• Others, please specify	–	–
	Total (2)	–	–
	Total (B) = (1 + 2)	–	–
	Total Managerial Remuneration	38.86	38.86
	Overall Ceiling as per the Act	As per schedule V of the Companies Act, 2013	

C. Remuneration to Key Managerial Personnel other than MD/MANAGER/WTD

Sr. No.	Particulars of Remuneration	Key Managerial Personnel				Total (Rs. in Lakhs)
		CEO	Company Secretary	CFO		
		–	Poonam Vaze	Ashutosh Vidwans	Mahendra Bhalerao	
1.	Gross salary			35.00	13.49	48.49
	a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	–		1.64	0.51	2.15
	b) Value of perquisites u/s 17(2) Income-tax Act, 1961	–				–
	c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	–				–
2.	Stock Option	–		–	–	–
3.	Sweat Equity			–		
4.	Commission					
	– as % of profit	–	–	–		–
	– others, specify...	–	–	–		–
5.	Others, please specify - Fees	–	0.56	–	–	0.56
	Total	–	0.56	36.64	14.00	51.20

VII. PENALTIES/PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/ NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	–	–	–	–	–
Punishment	–	–	–	–	–
Compounding	–	–	–	–	–
B. DIRECTORS					
Penalty	–	–	–	–	–
Punishment	–	–	–	–	–
Compounding	–	–	–	–	–
C. OTHER OFFICERS IN DEFAULT					
Penalty	–	–	–	–	–
Punishment	–	–	–	–	–
Compounding	–	–	–	–	–

For and on behalf of the Board

Dr. Pawan Kumar Goenka
Director

Rajesh Jejurikar
Director

Mumbai, 30th April 2015

ANNEXURE V TO THE DIRECTORS' REPORT**PARTICULARS AS PER THE COMPANIES (ACCOUNTS) RULES, 2014****A. CONSERVATION OF ENERGY**

- (a) Energy Conservation measures taken:

After acquiring business assets from Kinetic Motor Company Limited, the Company has started operations to scale up the production of two wheelers at the Pithampur plant. Specific power consumption for F-15 has reached up to 25.71 KWH/veh reduced by 3.77 unit/veh as compared to F-14. There is reduction in specific power consumption by 12.78% as compared to F-14. The Company is continuously focusing on measures for saving power consumption through improved operational methods by installing VFD based compressor, VFD's for blowers in paintshop, HSD & LPG replaced to PNG, better house-keeping and awareness programs both to the employees & suppliers resulting in reduced energy consumption & emissions. Your Company has received ISO 50001 certification for Energy Management System.

- (b) Additional investments and proposals, if any, are being implemented for reduction of consumption of energy: Rs. 163 Lacs (Energy & fuel)
- (c) Impact of the measures at (a) & (b) above for reduction of energy consumption and consequent impact on the cost of production of goods:

The above measures have resulted in reduction of Energy Consumption. The Company was able to save approximately 234119.48 KWH electrical energy in Financial Year ended 31st March, 2015 through various conservation projects.

- (d) Total energy consumption and energy consumption per unit of production as per Form-A of the Annexure to the Rules in respect of Industries specified in the Schedule: Not Applicable

B. TECHNOLOGY ABSORPTION

- i) the efforts made towards technology absorption: The Company has developed in-house skills in the area of product design & development through investments in human resources, software & hardware.
- ii) the benefits derived like product improvement, cost reduction, product development or import substitution: The above efforts have resulted in introduction of new version of existing products & new products. Company has designed and developed new models like Pantero, Centuro, Arro, GUSTO, Mojo and engines for motorcycles ranging from 110cc to 300 cc and an 110cc engine for scooters. Also, significant efforts have been made towards material cost reduction on existing models.
- Your Company has till date filed for 68 provisional patents and the same are being introduced in our products.
- iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year) –
- (a) the details of technology imported: Nil
- (b) the year of import: Nil
- (c) whether the technology been fully absorbed: Nil
- (d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof: Nil

- iv) Expenditure incurred on Research and Development :

1. Capital	--	Rs. 3526 Lacs
2. Recurring	--	Rs. 2445 Lacs

Percentage of total R & D expenditure to Total turnover : 8.98 %

C. FOREIGN EXCHANGE EARNINGS AND OUTGO: (in terms of actual inflow and outflow)

Total Foreign Exchange Earned and Used:

	(Rs. in Lakhs)	
	Financial Year 2014-15	Financial Year 2013-14
Total Foreign Exchange earned	3,834	2,821
Total Foreign Exchange used	9,773	11,609

For and on behalf of the Board

Dr. Pawan Kumar Goenka
Director

Rajesh Jejurikar
Director

Mumbai, 30th April, 2015

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MAHINDRA TWO WHEELERS LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **MAHINDRA TWO WHEELERS LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of the appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and

give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2015;
- (b) in the case of the Statement of Profit and Loss, of the loss of the Company for the year ended on that date and
- (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of Section 143 (11) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required under provisions of Section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of written representations received from the directors as on 31st March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015, from being appointed as a director in terms of Section 164(2) of the Companies Act 2013.
 - (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - (i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 44 to the financial statements.
 - (ii) The Company did not have any long term contracts including derivative contracts that require provision under any law or accounting standards for which there were any material foreseeable losses.
 - (iii) There were no amounts which are required to be transferred to the Investor Education and Protection Fund by the Company during the year.

For **DELOITTE HASKINS & SELLS**

Chartered Accountants

(Firm Registration No. 117365W)

H. L. Shah

Partner

(Membership No. 033590)

Place : Mumbai

Date : 30th April, 2015

**ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT
(REFERRED TO IN PARAGRAPH 1 UNDER 'REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS' SECTION OF OUR REPORT OF EVEN DATE)**

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
- (ii) (a) Inventories have been physically verified during the year by the management (except for items lying with third parties for which confirmations have been received). In our opinion, the frequency of verification is reasonable.
- (b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company has maintained proper records of inventory during the current year. The discrepancies noticed on verification between physical stocks and book stocks were not material having regard to the size of operations of the Company and have been properly dealt with in the books of accounts.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.
- (iv) In our opinion and according to the information and explanations given to us, and having regard to the explanation that most of the items purchased are of a special nature and comparable alternative quotations are not available, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, with regard to purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no other major weakness has been noticed in the internal control.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit within the meaning of provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed thereunder.
- (vi) We have broadly reviewed the cost records maintained by the Company as prescribed by the Central Government under sub section (1) of Section 148 of the Act and are of the opinion that prima facie the prescribed cost records have been maintained. We have, however, not made detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) (a) According to the records of the company, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income tax, Service tax, Sales tax, Wealth tax, Custom Duty, Excise Duty, cess and other statutory dues with the appropriate authorities. Based on our audit procedures and according to the information and explanations given to us, there are no arrears of statutory dues which has remained outstanding as at 31st March, 2015 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us and records of the company, the details of the dues of the Sales tax/Income tax/Custom duty/Wealth tax/Service tax/Excise duty/cess, which have not been deposited on account of any dispute, are given below:

Nature of Dues	Forum where Dispute is pending	Period to which the amount relates	Amount involved (Rs. in lakhs)
Sales Tax	Appellate Tribunal Board, Indore	F.Y. 2010-11	32.80
Sales Tax	Additional Commissioner (Appeals), Indore	F.Y. 2010-11	4.16
Sales Tax	Deputy Commissioner (Appeals), Hyderabad	F.Y. 2010-11	44.80
Sales Tax	Appellate Tribunal Board, Ernakulam	F.Y. 2009-10	5.92
Sales Tax	Joint Commissioner (Appeals), Ranchi	F.Y. 2010-11	9.08
Sales Tax	Appellate Tribunal Board, Kolkata	F.Y. 2010-11	0.85
Central Excise Duty	Appeal still to be filed	F.Y. 2008-09 to F.Y. 2012-13	85.28

- (c) According to the information and explanations given to us, there are no amounts that are required to be transferred to investor education and protection fund, in accordance with the relevant provision of Companies Act 1956 (1 of 1956) and rules made thereunder during the year.

- (viii) The accumulated losses of the company at the end of financial year are not less than fifty percent of its net worth and the company has incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (ix) Based on our audit procedures and on the information and explanations given by the management, the Company has not defaulted in repayment of dues to banks and financial institution. There are no dues to debenture holders.
- (x) According to the information and explanations given to us, the Company has not given guarantees for loans taken by others from banks and financial institutions.
- (xi) The Company has not taken any term loans during the year.
- (xii) Based upon the audit procedures performed and according to the information and explanations given and representations made by the management, no fraud by the Company and no material fraud on the Company had been noticed or reported during the year.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm Registration No. 117365W)

H. L. Shah
Partner

Place : Mumbai
Date : 30th April, 2015

(Membership No. 033590)

BALANCE SHEET AS AT 31ST MARCH, 2015

Particulars	Note No.	Rupees in lacs	
		As at 31 st March 2015	As at 31 st March 2014
I EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share Capital	1	209,438.92	125,873.46
(b) Reserves and Surplus	2	(177,099.27)	(124,036.03)
		32,339.65	1,837.43
(2) Non-Current Liabilities			
(a) Long-term borrowings	3	1,500.00	4,750.00
(b) Deferred tax liabilities (Net)	4	–	–
(c) Long term provisions	5	560.14	514.57
		2,060.14	5,264.57
(3) Current Liabilities			
(a) Short-term borrowings	6	9,075.00	28,975.00
(b) Trade payables	7	25,399.22	15,898.30
(c) Other current liabilities	8	7,309.94	7,080.49
(d) Short-term provisions	9	940.64	869.73
		42,724.80	52,823.52
TOTAL		77,124.59	59,925.52
II ASSETS			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible assets	10	26,579.91	23,183.61
(ii) Intangible assets	11	3,096.71	1,541.09
(iii) Capital work-in-progress		1,385.39	1,524.15
(iv) Intangible assets under development		5,099.40	6,105.25
		36,161.41	32,354.10
(b) Deferred tax assets (net)	4	–	–
(c) Non-Current Investments	12	13,329.11	–
(d) Long term loans and advances	13	5,802.17	6,052.95
(e) Other non-current assets	14	7.70	6.75
		55,300.39	38,413.80
(2) Current assets			
(a) Inventories	15	11,725.14	12,833.94
(b) Trade receivables	16	1,362.87	2,070.70
(c) Cash and Bank Balances	17	519.96	1,045.28
(d) Short-term loans and advances	18	8,216.23	5,561.80
		21,824.20	21,511.72
TOTAL		77,124.59	59,925.52

SEE ACCOMPANYING NOTES FORMING PART OF THE FINANCIAL STATEMENTS

In terms of our report attached
For **Deloitte Haskins & Sells**
Chartered Accountants

Chairman

H. L. Shah
Partner

Date: 30th April 2015
Place: Mumbai

Mahendra Bhalerao
Chief Financial Officer

For and on behalf of the Board

Pawan Goenka
Rajesh Jejurikar
VS Parthasarathy

} Director

Poonam Vaze
Company Secretary

Date: 30th April 2015
Place: Mumbai

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2015

Particulars	Note No.	Rupees in lacs	
		For the year ended 31 st March, 2015	For the year ended 31 st March, 2014
I. Revenue from operations-Gross		72,134.26	83,977.22
Less: Excise Duty		5,968.04	8,894.90
Revenue from operations-Net	19	66,166.22	75,082.32
II. Other Income	20	282.10	236.57
III. Total Revenue (I+II)		66,448.31	75,318.89
IV. Expenses:			
Cost of materials consumed	21	57,471.54	70,833.48
Purchase of Stock-in-Trade		2,078.88	1,422.50
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	22	738.61	(560.60)
Employee benefit expense	23	11,271.06	11,806.09
Finance costs	24	3,350.26	4,105.00
Depreciation and amortization expense	10 & 11	3,932.38	3,353.11
Other expenses	25	40,493.00	30,288.49
V Total Expenses		119,335.73	121,248.07
VI Loss before tax (III - V)		(52,887.41)	(45,929.18)
VII Tax expense:			
(1) Current tax		-	-
(2) Deferred tax		-	-
		-	-
VIII Loss for the year (VI - VII)		(52,887.41)	(45,929.18)
IX Earning per equity share (Face Value per share Rs. 10):			
(1) Basic	31	(3.41)	(4.64)
(2) Diluted		(3.41)	(4.64)

SEE ACCOMPANYING NOTES FORMING PART OF THE FINANCIAL STATEMENTS

In terms of our report attached
For **Deloitte Haskins & Sells**
Chartered Accountants

Chairman

H. L. Shah
Partner

Date: 30th April 2015
Place: Mumbai

Mahendra Bhalerao
Chief Financial Officer

For and on behalf of the Board

Pawan Goenka
Rajesh Jejurikar
VS Parthasarathy

} Director

Poonam Vaze
Company Secretary

Date: 30th April 2015
Place: Mumbai

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2015

	Rupees in lacs	
	Year ended 31 st March, 2015	Year ended 31 st March, 2014
A CASH FLOW FROM OPERATING ACTIVITIES		
Loss before tax.....	(52,887.41)	(45,929.18)
Adjustment for:		
Depreciation/Amortisation.....	3,932.38	3,353.11
Interest expense	3,350.26	4,105.00
(Profit)/loss on sale of fixed assets	0.51	8.47
(Profit)/loss on sale of investments	(14.50)	(6.29)
Asset written off.....	2,941.57	-
Stamp duty, registration charges on increase in authorised share capital and issue of shares.....	89.98	39.51
Interest income.....	(9.84)	(8.56)
	10,290.36	7,491.24
Operating profit before Working Capital changes ..	(42,597.05)	(38,437.94)
Adjustments for changes in Working capital		
Long term Loans and advances.....	(1,006.13)	(1,020.36)
Other non-current assets	(0.95)	(1.72)
Inventories	1,108.80	(1,302.30)
Trade Receivables	707.83	2,867.38
Short term Loans and advances	(2,654.43)	(3,074.64)
Long term Provisions	45.57	136.86
Trade Payables.....	9,500.92	4,882.99
Other current liabilities	378.52	1,112.33
Short term Provisions.....	59.76	(49.27)
	8,139.89	3,551.27
Cash generated from operations.....	(34,457.16)	(34,886.67)
Taxes paid.....	(5.58)	5.38
Net Cash from Operating activities	(34,462.74)	(34,881.29)
B CASH FLOW FROM INVESTING ACTIVITIES		
Fixed Assets:		
Purchase.....	(9,427.61)	(11,866.96)
Sale	52.29	119.76
Investments:		
Purchase.....	(24,215.50)	(13,990.00)
Sale	24,230.00	13,996.29
Purchase of Long term Investment - Subsidiary	(13,329.11)	-
Interest received	9.84	8.56
Net Cash (used) in investing activities.....	(22,680.09)	(11,732.35)

	Year ended 31 st March, 2015	Year ended 31 st March, 2014
Rupees in lacs		
C CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issuance of Share Capital (See note 3).....	75,915.46	39,000.00
Repayment of Long term borrowings	(3,250.00)	(5,350.00)
Proceeds from Short term borrowings.....	26,925.00	73,125.00
Repayment of Short term borrowings (See note 4)	(39,175.00)	(55,675.00)
Stamp duty, registration charges on increase in authorised share capital.....	(89.98)	(39.51)
Interest paid.....	(3,707.97)	(4,153.93)
Net Cash from in financing activities.....	56,617.51	46,906.56
D NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(525.32)	292.92
Cash and Cash Equivalents (Opening balance)	1,045.28	752.36
Cash and Cash Equivalents (Closing balance)	519.96	1,045.28

Notes :

- 1 Figures in brackets represent outflows of cash and cash equivalents.
- 2 Cash and cash equivalents comprise of :

	As at 31 st Mar, 2015	As at 31 st Mar, 2014
Cash on hand.....	3.95	4.00
Balances with Banks	516.01	1,041.28
	519.96	1,045.28

- 3 Proceeds from issuance of Share Capital excludes Rs. 7,650 Lacs (Previous year Rs. NIL) being conversion of borrowings to Equity Share Capital.
- 4 Repayment of short term borrowing excludes Rs. 7,650 Lacs (Previous year Rs. NIL) being conversion to Equity Share Capital.

In terms of our report attached
For **Deloitte Haskins & Sells**
Chartered Accountants

Chairman

H. L. Shah
Partner

Date: 30th April 2015
Place: Mumbai

Mahendra Bhalerao
Chief Financial Officer

For and on behalf of the Board

Pawan Goenka
Rajesh Jejurikar
VS Parthasarathy

} *Director*

Poonam Vaze
Company Secretary

Date: 30th April 2015
Place: Mumbai

Notes forming part of the Financial Statements

NOTE 1 SHARE CAPITAL

	Rupees in lacs	
	As at 31 st March 2015	As at 31 st March 2014
Authorised:		
2,800,000,000 (31 st March, 2014, 1,500,000,000) equity shares of Rs. 10/- each.	<u>280,000.00</u>	<u>150,000.00</u>
	<u>280,000.00</u>	<u>150,000.00</u>
Issued, Subscribed and Paid up:		
2,094,389,216 (31 st March, 2014, 1,258,734,588) equity shares of Rs. 10/- each fully paid up.	<u>209,438.92</u>	<u>125,873.46</u>
Total	<u>209,438.92</u>	<u>125,873.46</u>

Reconciliation of the no. of shares outstanding at the beginning and at the end of the year:	As at	As at	As at	As at
	31 st March 2015 Amount in lacs	31 st March 2015 No. of shares	31 st March 2014 Amount in lacs	31 st March 2014 No. of shares
No of equity shares outstanding at the beginning of the year	125,873.46	1,258,734,588	87,850.00	878,499,975
Add: Additional equity shares issued during the year	83,565.46	835,654,628	38,023.46	380,234,613
Less: Equity Shares forfeited/Bought back during the year	-	-	-	-
No of equity shares outstanding at the end of the year	<u>209,438.92</u>	<u>2,094,389,216</u>	<u>125,873.46</u>	<u>1,258,734,588</u>

Notes:

- Of the above 1,862,097,350 (Previous year 2014: 1,113,511,969) shares are held by Mahindra & Mahindra Limited the holding company.
- Number of shares held by each shareholder holding more than 5% shares in the company are as follows:

Particular	2015		2014	
	Number of shares	% Shareholding	Number of shares	% Shareholding
Equity Shares:				
Mahindra & Mahindra Limited	1,862,097,350	88.91	1,113,511,969	88.46
Aay Kay Global	213,575,006	10.20	127,689,723	10.14

- The Company has only one class of Share i.e. Equity Shares having par value of Rs. 10 each. Each holder of Equity Share is entitled to one vote per Share. In the event of liquidation of company, The holder of the Equity Share will be entitled to receive remaining assets, after deducting all it's liabilities, in proportion to the number of Equity Share held.

NOTE 2 RESERVES AND SURPLUS

	Rupees in lacs	
	As at 31 st March 2015	As at 31 st March 2014
Securities Premium Account:		
Opening Balance	976.54	-
Add: Premium on shares issued during the year	-	976.54
Closing Balance	<u>976.54</u>	<u>976.54</u>
Surplus/(Deficit) in Statement of Profit and Loss		
Opening Balance	(125,012.57)	(79,083.39)
Add: Depreciation on transition to Schedule II of the Companies Act, 2013 on tangible fixed assets with nil remaining useful life	(175.83)	-
Add: (Loss) for the year	<u>(52,887.41)</u>	<u>(45,929.18)</u>
Closing Balance	<u>(178,075.81)</u>	<u>(125,012.57)</u>
Total	<u>(177,099.27)</u>	<u>(124,036.03)</u>

NOTE 3 LONG TERM BORROWINGS

	Rupees in lacs	
	As at 31 st March 2015	As at 31 st March 2014
From other than related parties:		
Term Loans (Secured)		
- from Banks		
- INR Term Loan	1,500.00	3,000.00
- from other parties (Financial Institutions)	-	1,750.00
	<u>1,500.00</u>	<u>4,750.00</u>
Total	<u>1,500.00</u>	<u>4,750.00</u>

Notes:-

- INR Term Loan is secured by First Pari passu charge on movable and immovable fixed assets (i.e. Factory Land and Building at Pithampur) of the company.
- Loan from Financial Institution is secured by Pari passu charge on all Fixed Assets of the company.

NOTE 3a: Terms of Repayment of Loans:-

Nature of Facility	Rupees in lacs	
	Terms of Repayment	
	Long Term Portion of Long Term Borrowings	
	Period	Amount
INR Term Loan	2016-2017	1,500.00
Total		<u>1,500.00</u>

NOTE 4

(i) Break up of deferred tax liability as at year end:

Nature of timing difference	Rupees in Lacs	
	As at 31 st March 2015	As at 31 st March 2014
Provision for Depreciation	1,249.97	819.98
Total	<u>1,249.97</u>	<u>819.98</u>

(ii) Break up of deferred tax asset as at year end:

Nature of timing difference	Rupees in Lacs	
	As at 31 st March 2015	As at 31 st March 2014
Carried Forward Tax Losses	1,249.97	819.98
Total	<u>1,249.97</u>	<u>819.98</u>

(iii) Deferred tax asset/(liability) net:

	-	-
Notes:		
The deferred tax asset on tax loss carried forward has been recognised to the extent of the deferred tax liability in the books.		

NOTE 5 LONG - TERM PROVISIONS

	Rupees in Lacs	
	As at 31 st March 2015	As at 31 st March 2014
a. Provision for Employee Benefits		
Provision for compensated absences	475.57	371.90
Provision for gratuity (net)	-	-
b. Provision - Others:	475.57	371.90
Provision for Warranty	22.45	46.06
Provision for Free Service Coupons	62.12	96.61
	<u>84.57</u>	<u>142.67</u>
Total	<u>560.14</u>	<u>514.57</u>

NOTE 11

FIXED ASSETS- Intangible

Rupees in lacs

				Cost		Upto 31 st March, 2014	For the year	Adjusted against Operating Reserve	Amortization		Net Block	
	As at 1 st April, 2014	Additions during the Year	Disposals during the Year	As at 31 st March, 2015	As at 31 st March, 2015				On Disposals 31 st March, 2015	As at 31 st March, 2015	As at 31 st March, 2015	As at 31 st March, 2014
INTANGIBLE ASSETS												
Internally generated												
Product Development Expenditure	2,141.53 (1,918.43)	2,440.12 (224.06)	1.47 (0.96)	4,580.18 (2,141.53)	1,029.60 (599.32)	693.84 (430.53)	-	-	0.68 (0.25)	1,722.76 (1,029.60)	2,857.42 (1,111.93)	1,111.93 (-)
Others												
Technical Knowhow	1,256.65 (1,256.65)	-	-	1,256.65 (1,256.65)	1,255.39 (1,112.57)	1.26 (142.82)	-	-	-	1,256.65 (1,255.39)	-	1.26 (-)
Brands	155.00 (155.00)	-	-	155.00 (155.00)	155.00 (155.00)	-	-	-	-	155.00 (155.00)	-	-
Software	811.91 (517.76)	49.23 (294.15)	-	861.14 (811.91)	384.01 (145.21)	236.14 (238.80)	1.70	-	-	621.85 (384.01)	239.29 (427.90)	427.90 (-)
Total	4,365.09	2,489.35	1.47	6,852.97	2,824.00	931.24	1.70	0.68	3,756.26	3,096.71	1,541.09	
Previous year March 2014	3,847.84	518.21	0.96	4,365.09	2,012.10	812.15	-	0.25	2,824.00	1,541.09		

NOTE 12

NON CURRENT INVESTMENTS

	Face Value Per Unit	Rupees in lacs			
		As at 31 st March 2015 Number	Rupees	As at 31 st March 2014 Number	Rupees
Investment in Equity Instruments (Trade and fully paid up unless otherwise specified)					
Unquoted					
In Subsidiary Companies:					
Mahindra Two Wheelers Europe Holdings S.a r.l. (Refer Note 30)	EURO 1	17,000,000	13,329.11	-	-
Total		17,000,000	13,329.11	-	-

NOTE 13

LONG TERM LOANS AND ADVANCES

	Rupees in lacs	
	As at 31 st March 2015	As at 31 st March 2014
(Unsecured, considered good)		
Loans and Advances to related parties:		
Capital Advances	-	10.69
Loans and Advances to other than related parties:		
Capital Advances	1,987.10	3,238.90
Security deposits	456.89	416.88
Loans and advances to employees	28.72	30.36
Advance income tax (net of provisions) – Unsecured, considered good		
	16.12	10.54
Balances with government authorities - VAT credit receivable	3,203.23	2,235.47
Other loans and advances (Stamp duty paid under protest)	110.11	110.11
Total	5,802.17	6,052.95

NOTE 14

OTHER NON CURRENT ASSETS

	Rupees in lacs	
	As at 31 st March 2015	As at 31 st March 2014
Other Bank Balances:		
Balances with banks (Under lien)	7.70	6.75
Total	7.70	6.75

NOTE 15

INVENTORIES

(at cost or net realisable value whichever is lower)

	Rupees in lacs	
	As at 31 st March 2015	As at 31 st March 2014
Raw materials (including Goods in Transit Rs. 5.35 lacs (Previous year Rs. 399.27 lacs))	4,710.16	5,196.95
Work - in - Progress	141.59	588.79
Finished Goods (including Goods in Transit Rs. 34.94 lacs (Previous year Rs. 136.18))	5,122.72	5,977.73
Spares for resale (Manufactured/Traded)	1,286.53	722.93
Stores and spares	464.14	347.54
Total	11,725.14	12,833.94

NOTE 16

TRADE RECEIVABLES

	Rupees in lacs	
	As at 31 st March 2015	As at 31 st March 2014
(Unsecured)		
Trade receivables due for a period exceeding six months		
Considered Good	-	-
Considered Doubtful	305.66	202.54
	305.66	202.54
Other Trade Receivables		
Considered Good	1,362.87	2,070.70
Considered Doubtful	18.67	16.02
	1,381.54	2,086.72
	1,687.20	2,289.26
Less: Provision for Doubtful debts	324.33	218.56
Total	1,362.87	2,070.70

NOTE 17

CASH AND CASH EQUIVALENTS

	Rupees in lacs	
	As at 31 st March 2015	As at 31 st March 2014
Balances with banks		
(i) In current accounts	493.30	940.59
(ii) In EEFC accounts	22.71	100.69
Cash on hand	3.95	4.00
Total	519.96	1,045.28

**NOTE 18
SHORT TERM LOANS AND ADVANCES**

	Rupees in lacs	
	As at 31 st March 2015	As at 31 st March 2014
(Unsecured)		
Loans and Advances to other than related parties:		
Balances with government authorities		
(i) CENVAT credit receivable	3,155.01	2,113.99
(ii) VAT credit receivable	112.64	46.69
(iii) Service Tax credit receivable	2,722.94	891.65
	<u>5,990.59</u>	<u>3,052.33</u>
Prepaid expenses	137.27	122.69
Advance to Suppliers		
– Considered Good	1,962.34	2,304.82
– Considered Doubtful	–	358.23
	<u>1,962.34</u>	<u>2,663.05</u>
Less: Provision for Doubtful Advances	–	358.23
	<u>1,962.34</u>	<u>2,304.82</u>
Loans and advances to employees	115.11	57.80
Others	10.92	24.16
Total	<u><u>8,216.23</u></u>	<u><u>5,561.80</u></u>

**NOTE 19
REVENUE FROM OPERATIONS-NET**

	Rupees in lacs	
	For the year ended 31 st March 2015	For the year ended 31 st March 2014
Sale of products – Gross (See note 32(iv))	71,612.41	83,349.75
Other operating revenues		
Scrap Sales	403.54	536.21
Export Incentives	118.31	91.26
	<u>72,134.26</u>	<u>83,977.22</u>
Less: Excise Duty	5,968.04	8,894.90
Total	<u><u>66,166.22</u></u>	<u><u>75,082.32</u></u>

**NOTE 20
OTHER INCOME**

	Rupees in lacs	
	For the year ended 31 st March 2015	For the year ended 31 st March 2014
Profit on sale of Investment (Net) (current investments)	14.50	6.29
Interest Income	9.84	8.56
Net gain on foreign currency transaction and translation (other than considered as finance cost)	95.28	122.45
Other Non-Operating Income (Royalty etc)	162.48	99.27
Total	<u><u>282.10</u></u>	<u><u>236.57</u></u>

**NOTE 21
COST OF MATERIAL CONSUMED**

	Rupees in lacs	
	For the year ended 31 st March 2015	For the year ended 31 st March 2014
Raw Material Consumed	57,054.79	70,447.96
Packing Material Consumed	416.75	385.52
Total	<u><u>57,471.54</u></u>	<u><u>70,833.48</u></u>

**NOTE 22
CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK - IN - PROGRESS AND STOCK IN TRADE**

	Rupees in lacs	
	For the year ended 31 st March 2015	For the year ended 31 st March 2014
Opening stock		
Work - in - progress	588.79	238.37
Finished goods	5,977.73	6,143.06
Spares for resale (Manufactured/Traded)	722.93	347.42
	<u>7,289.45</u>	<u>6,728.85</u>
Closing stock		
Work - in - progress	141.59	588.79
Finished goods	5,122.72	5,977.73
Spares for resale (Manufactured/Traded)	1,286.53	722.93
	<u>6,550.84</u>	<u>7,289.45</u>
Total	<u><u>738.61</u></u>	<u><u>(560.60)</u></u>

**NOTE 23
EMPLOYEE BENEFIT EXPENSE**

	Rupees in lacs	
	For the year ended 31 st March 2015	For the year ended 31 st March 2014
Salaries and wages	11,330.65	10,404.16
Less: Salary capitalised	1,376.00	–
	<u>9,954.65</u>	<u>10,404.16</u>
Contribution to provident and other funds	570.89	603.83
Staff welfare expenses	745.52	798.10
Total	<u><u>11,271.06</u></u>	<u><u>11,806.09</u></u>

**NOTE 24
FINANCE COSTS**

	Rupees in lacs	
	For the year ended 31 st March 2015	For the year ended 31 st March 2014
Interest expense on borrowings	3,216.59	3,917.89
Interest expense (others)	19.39	52.21
Other borrowing costs	114.28	134.90
Total	<u><u>3,350.26</u></u>	<u><u>4,105.00</u></u>

**NOTE 25
OTHER EXPENSES**

	Rupees in lacs	
	For the year ended 31 st March 2015	For the year ended 31 st March 2014
Processing & Machining charges	2,932.91	4,176.74
Consumption of stores and spare parts	323.06	581.11
Power and fuel	572.32	855.53
Rent (Net of recoveries of Rs. 10.67 Lacs (Previous year Rs. 5.43 Lacs))	1,011.58	881.80
Repairs and maintenance –		
– Buildings	54.26	128.62
– Plant & Equipment	367.04	392.81
– Others	265.90	349.09
	<u>687.20</u>	<u>870.52</u>
Insurance (Net of recoveries of Rs. 45.84 Lacs (Previous year Rs. 68.93 Lacs))	172.61	106.28
Rates & Taxes (excluding taxes on income)	82.20	85.46

	Rupees in lacs	
	For the year ended 31 st March 2015	For the year ended 31 st March 2014
Excise Duty –		
Relating to changes in inventories of finished goods	171.99	(36.09)
Others	114.43	284.86
Royalty	350.00	350.00
Warranty Expenses and Free Service Charges (Net of Recoveries)	749.37	771.15
Extended warranty and component replacement expenses	1,481.63	887.09
Advertisement & Sales Promotion	21,815.75	15,749.45
Travelling Expenses	1,596.02	1,652.16
Loss on Sale of Fixed Assets (Net)	0.51	8.47
Assets/Capital work in progress		
Written off	2,941.57	–
Stamp duty, registration charges on increase in authorised share capital	89.98	39.51
Cost of Services - Deputation Charges, Software Service, Business Support Service, etc.	1,361.14	762.31
Provisions for doubtful Advances/ Debts	(252.46)	180.11
Bad debts/advances written off	332.79	(5.84)
Donations	1.70	0.53
Freight Outwards & Warehousing Charges	888.90	637.80
Legal & Professional	1,410.16	280.95
Miscellaneous expenses	1,657.64	1,168.59
Total	40,493.00	30,288.49

Note 26

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

1. CORPORATE INFORMATION

Company details

The Mahindra Two Wheelers Ltd. (MTWL) is subsidiary of Mahindra & Mahindra Ltd. The MTWL is engaged in the business of manufacturing & selling motorised two wheeler vehicles.

MTWL has a manufacturing plant located at Pithampur near Indore and an assembly unit at SUPA near Ahemadnagar. MTWL also has state of the art R&D centre at Chinchwad, Pune.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of accounting and preparation of financial statements

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under Section 211(3C) of the Companies Act, 1956 ("the 1956 Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 ("the 2013 Act") in terms of General Circular 15/2013 dated 13 September, 2013 of the Ministry of Corporate Affairs) and the relevant provisions of the 1956 Act/ 2013 Act, as applicable. The financial statements have been prepared on accrual basis under the historical cost convention except for categories of fixed assets that are carried at revalued amounts. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

2.2 Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known/materialise.

2.3 Revenue Recognition

The principles of revenue recognition are as set out below:

- Revenue from operations is recognised, net of returns and trade discounts, when the risk and rewards of ownership are passed on

to the customers. Revenue from operation includes Excise Duty but excludes Sales Tax and Value Added Tax.

- Benefit on account of entitlement of export benefits like Duty drawback scheme & Focus Market scheme is accounted in the year of export.
- Interest income is accounted on accrual basis. Dividend Income is accounted for when the right to receive it is established.

2.4 Fixed Assets (Tangible and Intangible)

Fixed assets are carried at cost less accumulated depreciation / amortisation and impairment losses, if any. The cost of fixed assets comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses.

2.5 Depreciation and Amortisation

Depreciable amount for assets is the cost of an asset, less its estimated residual value.

Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets, in whose case the life of the assets has been assessed as under (which is lower than the useful life prescribed in Schedule II to the Companies Act, 1956) based on technical advice:

- Plant and machinery - 5 years/7 years/8 years/10 years
- Vehicles - 3 years
- Office equipment - 2 years
- Assets costing less than Rs 5000 each - 1 year
- Leasehold land is amortised over the duration of the lease.

Intangible assets are amortised over their estimated useful life on straight line method as follows:

- Technical knowhow - 5 years
- Product development expenditure - 5 years
- Software - 3 years

2.6 Foreign Currency Transactions

Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of the transaction. Monetary assets and liabilities are translated at year end exchange rates and the profit/loss so determined and also the realised exchange gains/losses are recognised in the Statement of Profit and Loss.

2.7 Product Warranty Expenses

The estimated liability for product warranties is accounted for when products are sold. These estimates are established using historical information on the nature, frequency and average cost of warranty claims and management estimates regarding possible future incidence based on corrective actions on product failures.

2.8 Inventories

Inventories are stated at the lower of cost and net realizable value after providing for obsolescence and other losses, where considered necessary. In determining the cost of inventories the moving weighted average method is used in respect of "raw materials", "stores and spares" and "spares for resale". Cost of work-in-progress and manufactured finished goods include material cost, labor and manufacturing overheads on the basis of full absorption costing. Excise duty in respect of inventory of finished goods manufactured is shown separately as an item of expense and included in valuation of inventory of finished goods.

2.9 Employee Benefits

Employee benefits include gratuity, provident fund, superannuation and leave encashment benefits under the approved schemes of the Company.

Provident fund

The eligible employees of the Company are entitled to receive benefits under the provident fund, a defined contribution plan, in which both employees and the Company make monthly contributions at a specified percentage of the covered employee's salary. The contributions as specified under the law are paid to the Central Government Provident Fund and the Family Pension Fund and the same is charged to the Statement of Profit and Loss of the year when the contributions to the respective funds are due and when services are rendered by the employees.

Gratuity

The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15/26 days salary payable for each completed year of service. Vesting occurs upon completion of five years of service. The Company accounts for the liability for gratuity benefits payable in future based on an independent actuarial valuation. The Company has taken a Group Gratuity cum Life Assurance Scheme with Reliance Life Insurance Co. Ltd. for future payment of gratuity to the eligible employees. The contribution payable for the year is charged to the Statement of Profit and Loss.

Compensated absences

The Company provides for the encashment of compensated absences with pay subject to certain rules. The employees are entitled to accumulate compensated absences subject to certain limits, for future encashment. Accumulated leave, which is expected to be utilized within the next twelve months, is treated as short-term employee benefit and the accumulated leave expected to be carried forward beyond twelve month is treated as long-term employee benefit which are provided based on the number of days of unutilized compensated absence on the basis of an independent actuarial valuation.

2.10 Investments

Long term investments are valued at cost less diminution in value, if any, other than of temporary nature. Current investments are valued at lower of cost and fair value. Cost of investment includes acquisition charges such as brokerage, fees and duties.

2.11 Taxes on Income

Current tax is determined as the amount of tax payable in respect of taxable income for the year. Deferred tax is recognized, subject to consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets arising on account of unabsorbed depreciation or carry forward of tax losses are recognized only to the extent that there is virtual certainty supported by convincing evidence that sufficient future tax income will be available against which such deferred tax assets can be realised.

2.12 Impairment of Assets

The carrying values of assets/cash generating units at each balance sheet date are reviewed for impairment if any indication of impairment exists.

If the carrying amount of the assets exceeds the estimated recoverable amount, an impairment is recognized for such excess amount. The impairment loss is recognized as an expense in the Statement of Profit and Loss.

2.13 Research and development expenses

Revenue expenditure pertaining to research is charged to the Statement of Profit and Loss. Development costs of products are also charged to the Statement of Profit and Loss unless a product's technical feasibility has been established, in which case such expenditure is capitalised. The amount capitalised comprises expenditure that can be directly attributed or allocated on a reasonable and consistent basis to creating, producing and making the asset ready for its intended use. Fixed assets utilized for research and development are capitalised and depreciated in accordance with the policies stated for Fixed Assets.

2.14 Borrowing Cost

Interest and other costs incurred in connection with the borrowing of the funds are charged to revenue on accrual basis except those borrowing costs which are directly attributable to the acquisition or construction of those Qualifying assets, which necessarily take a substantial period of time to get ready for their intended use. Such costs are capitalised with the Qualifying assets.

2.15 Provisions and contingencies

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes. Contingent assets are not recognised in the financial statements.

2.16 Earnings per share

The Company reports basic and diluted earnings per share in accordance with Accounting Standard 20 on Earnings per Share. Basic earnings per share are computed by dividing the net profit or loss for the period by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the net profit or loss for the period by the weighted average number of equity shares outstanding during the period as adjusted for the effects of all diluted potential equity shares except where the results are anti-dilutive.

2.17 Cash Flow Statement

The Cash Flow Statement is prepared by the indirect method set out in Accounting Standard 3 on Cash Flow Statements and presents cash flows by operating, investing and financing activities of the Company.

2.18 Business Segments

The Company is engaged mainly in the business of Two Wheeler Manufacturing. This is in the context of Accounting Standard 17 on Segment Reporting is considered to constitute one single reportable primary segment. Secondary segment is based on the geography and Company's business activity is materially operated in a single geographical segment.

**NOTE: 27
COMMITMENTS**

Estimated amount of contracts remaining to be executed on capital account and not provided for in respect of:

Particulars	Rupees in lacs	
	For the year ended 31 st March, 2015	For the year ended 31 st March, 2014
i. Tangible assets	1,370.19	4,759.32
ii. Intangible assets	163.75	481.84
iii. Refer note 30		

NOTE 28

During the current year the Company has continued to incur losses and as at the year end it's net-worth is substantially eroded with the accumulated losses aggregating to Rs. 178,075.81 Lacs. However, the Company is able to operate uninterrupted with the continued support from the shareholders with infusion of funds (equity and borrowings). Also, based on the future business plans and the turnaround strategy adopted, in the opinion of the management, the Company will be able to generate profits in the future in excess of its accumulated losses and continue to operate as a going concern.

**NOTE 29
Depreciation and Amortisation expenses:**

- (i) During the year pursuant to notification of schedule II of Companies Act, 2013 w.e.f. 1st April 2014, the Company has revised the estimated useful life of its assets to align useful life with those specified in schedule II except in case of certain Building, Equipment, Furniture & Fixture, Plant and Machinery, Vehicles and improvement to leasehold premises in which case the useful life is taken lower, determined based on a technical evaluation carried out by the management. The useful life as adopted by the Company is as under:

Asset Class	Previous Depreciation Method	Previous useful life	Revised useful life
Buildings	SLM	60/30 Years	60/30/5/3 Years
Plant & Machinery	SLM	21 Years	15 Years
Furniture and Fixtures	SLM	16 Years	10 Years
Office Equipment	SLM	6 Years	10/6/5/3 Years
Vehicles	SLM	7 Years	8 Years
Product Development Expenditure	SLM	5 Years	5 Years
Technical Knowhow	SLM	5 Years	5 Years
Software	SLM	3 Years	3 Years

Pursuant to the transition provisions prescribed in Schedule II to the Companies Act, 2013, the Company has fully depreciated the carrying value of assets, net of residual value, where the remaining useful life of the asset was determined to be Nil as on April 1, 2014, and has adjusted an amount of Rs. 175.83 Lacs against the opening Surplus balance in the Statement of Profit and Loss under Reserves and Surplus.

The depreciation expense in the Statement of Profit and Loss for the year is higher by Rs. 377.87 Lacs consequent to the change in the useful life of the assets.

NOTE 30

On 2nd December 2014, the Company had floated wholly owned subsidiary Mahindra Two Wheelers Europe Holdings S.à.r.l. (MTWL Europe). On 19th January 2015, MTWL Europe had acquired 51% stake in Peugeot Motocycles S.A.S., Mandeure, for consideration of Euro 28.2 million.

Out of the said consideration, Euro 16.90 million was paid upfront on 19th January, 2015 and the balance consideration of Euro 11.3 million payable by MTWL Europe on or before 30th June 2016, for which a bank guarantee has been provided.

The total investment of the Company in MTWL Europe (a wholly owned subsidiary) as on 31st March 2015 amounts to Euro 16.90 million (Rs. 1,332.91 million).

Further in terms of the agreement with Peugeot SA (PSA), the Company

- has been granted a call option to acquire the shares held by PSA in Peugeot Motocycles SAS, increasing its shareholding therein; upto 75% of the share capital and voting rights, before December 31, 2017 for a price to be determined in terms of the agreement; and
- committed to acquire all the balance shares held by PSA in Peugeot Motocycles, SAS at the end of the 7 years from the date of initial acquisition of 51% stake therein as indicated above, for a price based on fair market value to be determined in terms of the agreement.

The holding company has provided a corporate guarantee of Euro 70 million to PSA towards the said commitment.

NOTE 31
Earning per share (EPS)

Particulars	Rupees in lacs except no. of shares	
	For the year ended 31 st March, 2015	For the year ended 31 st March, 2014
Net Profit/(Loss) after Tax	(52,887.41)	(45,929.18)
Weighted average number of equity shares (Basic and Diluted)	1,549,400,886	988,919,323
Face value per share	10	10
Earnings per Share		
Basic & Diluted	(3.41)	(4.64)

Note 32 (iv) Details of Sale of Products and Finished Goods Stock

Particulars	Finished Goods Opening Stock		Finished Goods Closing Stock		Sales (Gross)	
	As at 1 st April, 2014	As at 1 st April, 2013	As at 31 st March, 2015	As at 31 st March, 2014	For the year ended 31 st March, 2015	For the year ended 31 st March, 2014
Two Wheelers: Scooters, Motor cycles & Mopeds						
- Manufactured	5,977.73	6,143.06	5,122.72	5,977.73	68,024.22	80,626.80
Spare Parts and Others*	722.93	347.42	1,286.53	722.93	3,588.19	2,722.95
Total	6,700.66	6,490.48	6,409.25	6,700.66	71,612.41	83,349.75

* Includes own manufactured components sold as spare parts and spares for resale.

NOTE: 33
Value of imported and indigenous raw materials, spare parts and components consumed:

Particulars	Rupees in lacs			
	For the year ended 31 st March, 2015		For the year ended 31 st March, 2014	
	Value	Percentage (%)	Value	Percentage (%)
Imported	6,930.00	12%	9,038.73	13%
Indigenously obtained	50,124.79	88%	61,409.23	87%
Total	57,054.79	100%	70,447.96	100%

Note:

Components and spare parts referred to in paragraph 5(viii)(c) of part II of Schedule III to the Companies Act, 2013, are interpreted to mean the

NOTE 32 (i)
Details of Goods purchased for Trading

Particulars	Rupees in lacs	
	Goods Purchased for Trading For the year ended 31 st March, 2015	For the year ended 31 st March, 2014
Spares for resale	2,078.88	1,422.50
Total	2,078.88	1,422.50

Note 32 (ii)
Details of Raw Material Consumption and Raw Material Stock

Particulars	Rupees in lacs			
	Raw Materials Consumed		Raw Materials Stock	
	For the year ended 31 st March, 2015	For the year ended 31 st March, 2014	As at 31 st March, 2015	As at 31 st March, 2014
Aluminium Alloys	527.30	922.83	156.11	156.26
Other Raw Materials and Components	56,527.49	69,525.13	4,554.05	5,040.69
Total	57,054.79	70,447.96	4,710.16	5,196.95

Note 32 (iii)
Details of Work in Progress Stock

Particulars	Rupees in lacs			
	WIP Opening Stock		WIP Closing Stock	
	As at 1 st April, 2014	As at 1 st April, 2013	As at 31 st March, 2015	As at 31 st March, 2014
Two Wheelers: Scooters, Motor cycles & Mopeds (SKD condition)	588.79	238.37	141.59	588.79
Total	588.79	238.37	141.59	588.79

components and spare parts which are incorporated in the products sold and not those used for the maintenance of plant and equipment.

NOTE: 34
CIF Value of Imports

Particulars	Rupees in lacs	
	For the year ended	
	31 st March, 2015	31 st March, 2014
Components and Spare Parts	6,449.64	9,155.43
Capital Goods	1,998.42	986.02
Total	8,448.06	10,141.45

**NOTE 35
EXPENDITURE IN FOREIGN CURRENCY**

Particulars	Rupees in lacs	
	For the year ended	
	31 st March, 2015	31 st March, 2014
Royalty (Gross)	300.00	300.00
Product development expenditure and Technical know how	501.70	1,143.74
Other matters (Advertisement, Travelling & Professional & Legal Fees etc.)	523.10	24.26
Total	1,324.80	1,468.00

**NOTE 36
EARNINGS IN FOREIGN EXCHANGE**

Particulars	Rupees in lacs	
	For the year ended	
	31 st March, 2015	31 st March, 2014
Export Sales (Including sales in Indian Rs. 635.95 Lacs (previous year Rs. 1,126.57))	4,470.21	3,947.64
Total	4,470.21	3,947.64

**NOTE 37
MISCELLANEOUS EXPENSES INCLUDES PAYMENT TO AUDITORS
(NET OF SERVICE TAX)**

Particulars	Rupees in lacs	
	For the year ended	
	31 st March, 2015	31 st March, 2014
Audit fee	19.00	19.00
Other services (Interim Audit/Limited Review)	13.25	3.00
Out of pocket expenses reimbursed	0.28	1.25
Total	32.53	23.25

Payments to the auditors excludes Rs. 2.75 Lacs (previous year Rs. 4.75 Lacs) towards other services paid to a firm, some of the partners whereof are also partners in the audit firm.

**NOTE 38
DETAILS OF EMPLOYEE BENEFITS AS REQUIRED BY THE ACCOUNTING STANDARD 15 (REVISED) EMPLOYEE BENEFITS ARE AS UNDER:**

(A) Defined Contribution Plan

Amount recognized as an expense in the Statement of Profit and Loss in respect of Defined Contribution Plans is Rs. 470.47 lacs (31st Mar 2014 - Rs. 412.47 lacs).

(B) Defined Benefit Plan

i) Actuarial gains and losses in respect of defined benefit plans are recognised in the Statement of Profit and Loss.

ii) The Defined Benefit Plans comprise of Gratuity.

Gratuity is a benefit to an employee based on 15 days last drawn salary for each completed year of service.

Particulars	Rupees in lacs	
	Gratuity Current year	Gratuity Previous year
(C) Changes in the present value of defined obligation representing reconciliation of opening and closing balances thereof are as follows:		
1 Present Value of Defined Benefit Obligation as on 1st April	1,238.73	1,069.03
2 Current Service cost	153.69	133.88
3 Interest Cost	108.48	82.07
4 Losses (gains) on Curtailment	-	-
5 Liabilities extinguished on settlements	-	-
6 Plan amendments	-	-
7 Actuarial (gains)/losses	(46.93)	14.08
8 Benefits paid	(39.75)	(60.33)
9 Present value of Defined Benefit Obligation as on Balance Sheet date.	1,414.22	1,238.73

(D) Changes in the fair value of plan assets representing reconciliation of opening and closing balances thereof are as follows :

	Gratuity Current year	Gratuity Previous year
1 Fair value of Plan assets as on 1st April	1,262.10	800.36
2 Expected return on plan assets	114.31	88.62
3 Actuarial gains and (losses)	(5.40)	4.45
4 Actual contributions by employers	55.77	429.00
5 Benefits paid	(39.75)	(60.33)
6 Plan assets as on 31st March	1,387.03	1,262.10

(E) Analysis of Defined Benefit Obligation :

	Gratuity Current year	Gratuity Previous year
1 Defined Benefit Obligation as at 31 st March	1,414.22	1,238.73
2 Fair Value of Plan assets at the end of the year	(1,387.03)	(1,262.10)
3 Net (Asset)/Liability recognised in the Balance Sheet	27.19	(23.37)

(F) Reconciliation of Present Value of Defined Benefit Obligation and fair value of plan assets showing amount recognised in the Balance Sheet:

	Gratuity Current year	Gratuity Previous year
1 Present value of Defined Benefit Obligation	(1,414.22)	(1,238.73)
2 Fair value of plan assets	1,387.03	1,262.10
3 Funded status [Surplus/(Deficit)]	(27.19)	23.37
4 Unrecognized Past Service Costs	-	-
5 Net asset/(Liability) recognized in Balance Sheet	(27.19)	23.37

(G) Components of employer expenses recognised in the statement of profit and loss for the year ended 31st March

	Gratuity Current year	Gratuity Previous year
1 Current Service cost	153.69	133.88
2 Interest cost	108.48	82.07
3 Expected return on plan assets	(114.31)	(88.62)
4 Curtailment cost/(credit)	-	-
5 Settlement cost/(credit)	-	-
6 Past Service cost	-	-
7 Actuarial Losses/(Gains)	(41.52)	9.63
8 Total expense recognised in the Statement of Profit & Loss under Contribution to Provident Fund and other Funds	106.34	136.96

(H) In respect of Funded Benefits with respect to gratuity, the fair value of Plan assets represents the amounts invested through "Insurer Managed Funds"

	Rupees in lacs	
	Gratuity Current year	Gratuity Previous year
(I) Principal Actuarial Assumptions:		
1 Discount Rate (%)	8.00	8.90
2 Expected Return on plan assets (%)	9.00	9.00
3 Salary Escalation (%)		
- Staff	10.00	10.00
- Workers	7.50	7.50
4 Medical cost inflation	NA	NA
5 Withdrawal Rate (%)	20.00	20.00

a) The Discount rate is based on the prevailing market yields of Indian Government securities as at the Balance Sheet date for the estimated terms of the obligations.

b) Salary Escalation Rate: The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.

(J) Experience History	Gratuity				
	31 st March 2015	31 st March 2014	31 st March 2013	31 st March 2012	31 st March 2011
1 Defined Benefit Obligation at the end of the period	1,414.22	1,238.73	1,069.03	747.74	649.24
2 Plan Assets at the end of the period	1,387.03	1,262.10	800.36	721.13	590.51
3 Funded Status	(27.19)	23.37	(268.67)	(26.61)	(58.73)
4 Experience adjustments on plan liabilities	88.39	(26.05)	(206.14)	37.38	(18.86)
5 Experience adjustments on plan assets	(5.40)	4.44	2.08	(16.02)	(17.71)

NOTE 41
Related Party Disclosures:
A) List of Related parties and relationships

Description of relationship	Name of the Related Party
(a) Holding company	Mahindra and Mahindra Limited (Holding company)
(b) Subsidiary companies	Mahindra Two Wheelers Europe Holding, S.A.R.L, Luxembourg Mahindra Tsubaki Conveyor Systems Private Limited - (Up to 31st July, 2014) (Formerly known as Mahindra Conveyor Systems Private Limited)
(c) Fellow subsidiaries (where there are transactions)	Mahindra Automobile Distributor Private Limited Mahindra Logistics Limited Mahindra & Mahindra Financial Services Limited. Mahindra Integrated Business Solutions Private Limited (Formerly known as Mahindra BPO Services Private Limited) Bristlecone India Limited Mahindra EPC Services Private Limited Mahindra First Choice Wheels Limited Mahindra Holidays & Resorts India Limited. NBS International Limited Mahindra Vehicle Manufacturers Limited Lords Freight India Private Limited Mahindra Engineering Services Limited* Mahindra Gears & Transmissions Private Limited*
(d) Key Managerial Personnel	Mr. Ashutosh Vidwans Mr. Mahendra Bhalerao Mr. Prem Rathi Mrs. Poonam Avinash Vaze

* Fellow subsidiary is not a related party w.e.f. 1st April 2013

B) Related Party Transactions:

Name of related party	Description of Relationship	Nature of Transactions	Rupees in lacs					
			Amount Current Year Transactions	Amount Outstanding as at 31 st March 2015		Amount Previous Period	Amount Outstanding as at 31 st March 2014	
				Credit	Debit		Credit	Debit
1) Mahindra & Mahindra Limited	Holding Company	Reimbursement of expenses paid	1,558.75	1,778.96	22.56	498.25	269.81	-
		Subscription to Share Capital	74,858.54	-	-	34,596.36	-	-
		Purchase of services	633.29	333.45	-	371.64	3.41	-
		Guarantee Charges	84.00	-	-	-	-	-
		Purchase of fixed assets	175.86	53.17	-	11.10	11.10	-
		Vehicle Sold	20.27	-	20.39	-	-	-
		Inter Corporate Deposit:					23,550.00	-
		- Received	-	-	-	55,350.00	-	-
		- Repaid/ discharged	23,550.00	-	-	34,400.00	-	-
		Interest paid	1,880.41	-	-	1,758.74	387.97	-
		Other Income	-	-	-	2.56	-	-
		Training Expenses	2.19	-	-	-	-	-
		Deposit for Directors Appointment	-	2.00	-	-	-	-

MAHINDRA TWO WHEELERS LIMITED

Name of related party	Description of Relationship	Nature of Transactions	Amount Current Year Transactions	Rupees in lacs			
				Amount Outstanding as at 31 st March 2015		Amount Outstanding as at 31 st March 2014	
				Credit	Debit	Amount Previous Period	Credit
2) Mahindra Automobile Distributor Private Limited	Fellow Subsidiary	Inter Corporate Deposit:				2,400.00	
		– Received	–	–	2,400.00	–	–
		– Repaid/ discharged	2,400.00	–	–	–	–
		Interest paid	52.60	–	21.37	–	–
3) Mahindra Logistics Limited	Fellow Subsidiary	Purchase of services	3,425.31	955.69	–	3,636.87	388.09
		Reimbursement of expenses paid	–	–	–	10.38	–
4) Mahindra & Mahindra Financial Services Limited.	Fellow Subsidiary	Inter Corporate Deposit:					
		– Received	–	–	–	–	–
		– Repaid/ discharged	–	–	2,000.00	–	–
		Interest paid	–	–	54.11	–	–
5) Mahindra Integrated Business Solutions Private Limited (Formerly known as Mahindra BPO Services Private Limited)	Fellow Subsidiary	Purchase of Services	60.99	12.00	–	33.86	5.35
		Reimbursement of Expenses	–	–	–	3.57	–
6) Bristlecone India Limited	Fellow Subsidiary	Purchase of Software services	–	–	–	20.74	–
7) Mahindra EPC Services Private Limited	Fellow Subsidiary	Inter Corporate Deposit:					
		– Received	–	–	–	–	–
		– Repaid/ discharged	–	–	–	500.00	–
		Interest paid	–	–	–	0.15	–
8) Mahindra First Choice Wheels Limited	Fellow Subsidiary	Inter Corporate Deposit:				525.00	
		– Received	–	–	300.00	–	–
		– Repaid/ discharged	525.00	–	–	75.00	–
		Interest paid	12.41	–	–	41.78	–
9) Mahindra Tsubaki Conveyor Systems Private Limited - (Up to 31st July 2014)	Fellow Subsidiary	Purchase of Fixed Assets	28.00	–	–	–	–
10) Mahindra Holidays & Resorts India Limited.	Fellow Subsidiary	Purchase of services	35.46	6.45	–	43.42	36.98
11) NBS International Limited.	Fellow Subsidiary	Purchase of services	11.87	5.54	–	5.00	5.06
		Purchase of fixed assets	4.44	–	–	–	–
		Sales of Vehicles	9.25	–	10.30	–	–
		Reimbursement of expenses paid	0.29	–	–	–	–
12) Mahindra Vehicle Manufacturers Limited	Fellow Subsidiary	Inter Corporate Deposit:				2,500.00	
		– Received	–	–	2,500.00	–	–
		– Repaid/ discharged	2,500.00	–	–	–	–
		Interest paid	67.64	–	–	11.13	–
13) Lords Freight India Private Limited	Fellow Subsidiary	Purchase of services	14.50	14.77	–	–	–
14) Mahindra Two Wheelers Europe Holding, S.A.R.L, Luxembourg	Subsidiary	Purchase of Shares	13,123.82	–	–	–	–
15) Mahindra Engineering Services Limited	Fellow Subsidiary	Purchase of services	–	–	–	88.90	0.04
		Reimbursement of Expenses	–	–	–	1.82	–
16) Mahindra Gears & Transmissions Private Limited	Fellow Subsidiary	Purchase of Material	–	–	–	2.08	1.11
		Purchase of Fixed Assets	–	–	–	–	–
		Advance given	–	–	–	–	10.69
17) Mr. Ashutosh Vidwans (Upto 31st October,2014)	CFO	Remuneration debited by Parent Company	41.72	–	–	26.19	–
18) Mr. Mahendra Bhalerao (w.e.f. 1st November, 2014)	CFO	Remuneration debited by Parent Company	18.09	–	–	–	–
19) Mr. Prem Rathi (w.e.f. 1st April, 2014)	Manager	Remuneration	37.76	–	–	–	–
20) Mrs. Poonam Avinash Vaze (w.e.f. 9th Dec. 2014)	Company Secretary	Remuneration	0.56	–	–	–	–

NOTE 42

Research & Development expenditure

Research and Development expenditure debited to the Statement of Profit and Loss aggregating Rs. 2,445.48 lacs (31st March, 2014 - Rs. 2,140.00 lacs) has been incurred by the Company and disclosed under appropriate account heads.

NOTE 43

Details of provisions and movements in each class of provisions as required by the Accounting Standard

	As at 31 st March, 2015			As at 31 st March, 2014		
	Warranty	Free Service Charges	Provision for Potential Statutory Liabilities	Warranty	Free Service Charges	Provision for Potential Statutory Liabilities
Carrying Amount at the beginning of the year	363.88	430.93	80.00	221.62	349.08	-
Additional Provision made during the year	365.49	383.88	137.33	390.47	380.68	80.00
Amounts Used during the year	468.02	464.18	-	248.21	298.83	-
Unused amounts reversed during the year	-	-	-	-	-	-
Carrying Amounts at the end of the year	261.35	350.63	217.33	363.88	430.93	80.00

Brief description of the nature of the obligation and the expected timing of any resulting outflows of economic benefits :

1. Product Warranty and Free Service Charges:

Estimated warranty cost and free service charges are accrued at the time of products are sold, based on past experience to be discharged over the period of 21/24 months from the date of sale.

2. Provision for Potential Statutory Liabilities

Provision is made for potential statutory liabilities expected to be settled within one year.

NOTE 44

Contingent Liability:

Particulars	Rupees in lacs	
	As at 31 st March, 2015	As at 31 st March, 2014
Stamp Duty paid under protest	110.01	110.01
Excise Duty Matters	85.28	-
Sales Tax Matters	-	62.83
Total	195.29	172.84

As on March 31, 2015, the Company's management does not expect any outflow in respect of these pending litigations related to direct and indirect tax matters stated above based on the legal advice obtained

NOTE 45

a) Details of Derivative Instruments (for hedging)

None

b) Details of foreign currency exposures that are not hedged by a derivative instrument or otherwise:

Particulars	Currency	Amount in foreign currency		Equivalent amount Rupees in lacs	
		Current Year	Previous Year	Current Year	Previous Year
Trade payables	USD	323,885	7,228	202.72	4.36
	EURO	178,495	88,091	120.50	71.28
	GBP	18,502	-	17.11	-
Trade receivables	USD	593,948	108,497	373.64	65.16
Bank balances	USD	36,282	159,872	22.71	100.69

NOTE 46

- (a) Principal amount payable to Micro and Small Enterprises (to the extent identified by the Company from available information and relied upon by the auditors) as at 31st March, 2015 is Rs. 153.11 lacs (31st March, 2014 - Rs. 2 90.19 lacs) including unpaid amount of Rs. 1.86 lacs (31st March, 2014 - Rs. 0.92 lacs) outstanding for more than 45 days. Estimated interest thereon is Rs 0.06 lacs (31st March, 2014 - Rs. 0.10 lacs).

- (b) Amount of payments made to suppliers beyond 45 days during the year is Rs. 447.80 lacs (31st March, 2014 - Rs. 1075.59 lacs). Interest paid thereon is Rs. Nil (31st March, 2014 - Rs. Nil) and the estimated interest due and payable thereon is Rs. 6.81 lacs (31st March, 2014 - Rs. 18.11 lacs).
- (c) Amount of estimated interest accrued and remaining unpaid as at the end of the year is Rs. 25.08 lacs (31st March, 2014 - Rs. 18.21 lacs).
- (d) The amount of estimated interest due and payable for the period from 1st April, 2015 to the actual date of payment is Rs 0.06 Lacs

NOTE 47

Disclosure for Report to Board for Industrial and Financial Reconstruction

As on 31st March, 2014, the Company's accumulated losses exceeded fifty percent of its peak net worth during the immediately preceding four financial years. The Company has reported the fact of such erosion to the Board for Industrial and Financial Reconstruction as required under Section 23 of The Sick Industrial Companies (Special Provisions) Act, 1985 on 22nd September'2014.

NOTE 48

Tangible assets include leasehold land whose primary lease period is expired on June 30, 2014. The Company is in the process of renewing the lease period which is pending. The carrying value of the said leasehold land as of March 31, 2015 is Rs. 1,483.71 Lacs.

NOTE 49

Previous year's figures have been regrouped/recast, wherever necessary, to correspond with the current year's classification/disclosure.

For and on behalf of the Board

Chairman

Mahendra Bhalerao
Chief Financial Officer

Pawan Goenka
Rajesh Jejurikar
VS Parthasarathy

} Director

Poonam Vaze
Company Secretary

Date: 30th April 2015
Place: Mumbai

Form AOC-I

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)
Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part "A": Subsidiaries

					In Euro
Sr. No.	Sr. No. --> Name of the subsidiary ---->	1 Mahindra Two Wheelers Europe S.a.r.l	2 Peugeot Motocycles S.A.S., Mandeure	3 Peugeot Motocycles Italia S.P.A	4 Peugeot Motocycles Deutschland GmbH
Particulars ↓					
1	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	31 st March 2015	31 st December 2014*	31 st December 2014*	31 st December 2014*
2	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	Reporting Currency: Euro Exchange Rate INR 67.66/1 Euro	Reporting Currency: Euro Exchange Rate INR 67.66/1 Euro	Reporting Currency: Euro Exchange Rate INR 67.66/1 Euro	Reporting Currency: Euro Exchange Rate INR 67.66/1 Euro
3	Share capital	€ 17,000,000.00	€ 9,809,472.00	€ 26,000.00	€ 264,000.00
4	Reserves & surplus	€ (1,050.68)	€ 150,655,759.25	€ 354,474.65	€ (265,353.16)
5	Total assets	€ 17,000,000.00	€ 200,381,955.02	€ 2,105,690.76	€ 4,869,130.86
6	Total Liabilities	€ 17,000,000.00	€ (365,864,158.00)	€ 1,964,460.97	€ 4,628,961.12
7	Investments	€ 16,900,692.00	€ 214,477.00	€ -	€ -
8	Turnover	€ -	€ 23,219,396.28	€ 3,707,587.33	€ 1,470,121.95
9	Profit before taxation	€ (1,050.68)	€ (7,182,719.84)	€ (271,043.04)	€ 6,521.92
10	Provision for taxation	€ -	€ -	€ -	€ -
11	Profit after taxation	€ (1050.68)	€ (7,182,719.84)	€ (271,043.04)	€ 6,521.92
12	Proposed Dividend	€ -	€ -	€ -	€ -
13	% of shareholding	100%	51%**	51%**	51%**
Names of subsidiaries which are yet to commence operations					
1	Peugeot Motocycles S.A.S., Mandeure				
2	Peugeot Motocycles Italia S.P.A				
Names of subsidiaries which have been liquidated or sold during the year - Nil					

Part "B": Associates and Joint Ventures

Name of Joint Ventures	Jinan Qingqi Peugeot Motocycles Co Ltd.
Audited Balance Sheet Date	March, 31, 2015
No. of Equity shares held	1
% of Holding	50%
Cost of Investments (Equity Shares)	6,835,705
Networth	11,598,583
Profit / (Loss) for the year	Considered in Consolidation
	Not considered in consolidation
Whether Consolidated	Yes

Jinan Qingqi Peugeot Motocycles Co Ltd. Is a Joint Vendure of Peugeot Motocycles S.A.S., Mandeure (PMTC)

* Reporting Period is Calendar Year. however for Consolidation pupose have given financials for Jan to March 15

** Holding in PMTC France by MTWPL is thru MTWEURP 51%. PMTC holds 100% in PMI SpA and 100% in PMD (GmbH)

Report of the Directors

Operation

Your Company was incorporated on 2nd December, 2014 in Luxembourg as a wholly-owned subsidiary of Mahindra Two Wheelers Limited. Your Company acquired 51% stake in Peugeot Motocycles SAS ("PMTC") on 19th January 2015.

Directors

Composition of the Board of Directors of your Company is as below:

Name of Directors	Nationality	Change
Mr. Rajesh Jejurikar	Indian	Appointed Since inception
Mr. Mahendra Bhalerao	Indian	Appointed Since inception
Mr. Livio Gambardella	Luxembourgian	Appointed Since inception

Financial Status

Total Expenses & Loss of your Company for the period ended 31st March, 2015 stood at Euro 1050.68 (INR 71,089.01). Paid-up capital of your Company as on that date stood at Euro 17,000,000 (INR 115,02,20,000).

The Board of Directors has reviewed and approved the accompanying financial statement of your Company for the period ended 31st March, 2015.

Statement of Directors

In the opinion of the Board of Directors, the accompanying financial statement together with its notes, annexures, etc., as set out herein are drawn up so as to give a true and fair view of the state of affairs of the company as at 31st March, 2015.

Audit & Auditor

Pursuant to the prevailing laws of Luxembourg, appointment of an Auditor is not mandatory for your Company. Accordingly, your Company has not appointed Auditor to certify its financial statement.

On behalf of the Board

Rajesh Jejurikar
Director

Mahendra Bhalerao
Director

Livio Gambardella
Director

Date: 18th May 2015
Place: Mumbai

Date: 18th May 2015
Place: Mumbai

Date: 18th May 2015
Place: Luxembourg

BALANCE SHEET AS AT 31st March, 2015

Particulars	Note No.	As at 31 st March 2015		Rupees in lacs	
				As at 31 st March 2014	
		Euro	INR/Lakhs	Euro	INR/Lakhs
I EQUITY AND LIABILITIES					
(1) Shareholder's Funds					
(a) Share Capital	1	17,000,000.00	11,502.20	–	–
(b) Reserves and Surplus		(1,050.68)	(0.71)	–	–
		<u>16,998,949.32</u>	<u>11,501.49</u>	–	–
(2) Non-Current Liabilities					
(a) Long-term borrowings		–	–	–	–
(b) Deferred tax liabilities (Net)		–	–	–	–
(c) Long term provisions.....		–	–	–	–
		–	–	–	–
(3) Current Liabilities					
(a) Short-term borrowings.....		–	–	–	–
(b) Trade payables		–	–	–	–
(c) Other current liabilities.....		–	–	–	–
(d) Short-term provisions		–	–	–	–
		–	–	–	–
		–	–	–	–
Total		<u>16,998,949.32</u>	<u>11,501.49</u>	–	–
II ASSETS					
(1) Non-current assets					
(a) Fixed assets					
(i) Tangible assets		–	–	–	–
(ii) Intangible assets.....		–	–	–	–
(iii) Capital work- in- progress....		–	–	–	–
(iv) Intangible assets under development		–	–	–	–
		–	–	–	–
(b) Deferred tax assets (net)		–	–	–	–
(c) Non Current Investments	2	16,900,692.00	11,435.01	–	–
(d) Long term loans and advances...		–	–	–	–
(e) Other non-current assets.....		–	–	–	–
		<u>16,900,692.00</u>	<u>11,435.01</u>	–	–
(2) Current assets					
(a) Inventories		–	–	–	–
(b) Trade receivables		–	–	–	–
(c) Cash and Bank Balances		98,257.32	66.48	–	–
(d) Short-term loans and advances		–	–	–	–
		<u>98,257.32</u>	<u>66.48</u>	–	–
Total		<u>16,998,949.32</u>	<u>11,501.49</u>	–	–

SEE ACCOMPANYING NOTES FORMING PART OF THE FINANCIAL STATEMENTS

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2015

Particulars	Note No.	For the year ended 31 st March, 2015		For the year ended 31 st March, 2014	
		Euro	INR/Lakhs	Euro	INR/Lakhs
I. Revenue from operations - Gross		-	-	-	-
Less: Excise Duty		-	-	-	-
Revenue from operations- Net.....		-	-	-	-
II. Other Income.....		-	-	-	-
III. Total Revenue (I + II).....		-	-	-	-
IV. Expenses:					
Cost of materials consumed.....		-	-	-	-
Purchase of Stock-in-Trade.....		-	-	-	-
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade.....		-	-	-	-
Employee benefit expense.....		-	-	-	-
Finance costs		-	-	-	-
Depreciation and amortization expense....		-	-	-	-
Other expenses	4	1,050.68	0.71	-	-
V Total Expenses		1,050.68	0.71	-	-
VI Loss before tax (III - V)		(1,050.68)	(0.71)	0.00	0.00
VII Tax expense:					
(1) Current tax.....		-	-	-	-
(2) Deferred tax.....		-	-	-	-
		-	-	-	-
VIII Loss for the year (VI - VII)		(1,050.68)	(0.71)	0.00	0.00
IX Earning per equity share (Face Value per share Rs. 10):					
(1) Basic.....		-	-	-	-
(2) Diluted		-	-	-	-

SEE ACCOMPANYING NOTES FORMING PART OF THE FINANCIAL STATEMENTS

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2015

	Year ended 31 st March, 2015		Year ended 31 st March, 2014	
	Euro	INR/Lakhs	Euro	INR/Lakhs
A CASH FLOW FROM OPERATING ACTIVITIES				
Loss before tax.....	(1,050.68)	(0.71)	-	-
Adjustment for:				
Depreciation/Amortisation				
Interest expense				
(Profit)/loss on sale of fixed assets				
(Profit)/loss on sale of investments				
Asset written off.....				
Stamp duty, registration charges on increase in authorised share capital and issue of shares.....	58.00	0.04	-	-
Interest income.....				
	(992.68)	(0.67)	-	-
Operating profit before Working Capital changes				
Adjustments for changes in Working capital				
Long term Loans and advances.....	-	-	-	-
Other non-current assets	-	-	-	-
Inventories	-	-	-	-
Trade Receivables	-	-	-	-
Short term Loans and advances	-	-	-	-
Long term Provisions	-	-	-	-
Trade Payables.....	-	-	-	-
Other current liabilities	-	-	-	-
Short term Provisions.....	-	-	-	-
	-	-	-	-
Cash generated from operations.....	(992.68)	(0.67)	-	-
Taxes paid.....	-	-	-	-
Net Cash from Operating activities	(992.68)	(0.67)	-	-
B CASH FLOW FROM INVESTING ACTIVITIES				
Fixed Assets:				
Purchase.....	-	-	-	-
Sale	-	-	-	-
Investments:				
Purchase.....	-	-	-	-
Sale	-	-	-	-
Purchase of Long term Investment - Subsidiary	(16,900,692)	(11,435.01)		
Interest received	-	-	-	-
Net Cash (used) in investing activities.....	(16,900,692)	(11,435.01)	-	-
C CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from issuance of Share Capital (See note 3)	17,000,000	11,502.20		
Repayment of Long term borrowings				
Proceeds from Short term borrowings.....				
Repayment of Short term borrowings (See note 4)				

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2015 (CONTD...)

	Year ended 31 st March, 2015		Year ended 31 st March, 2014	
	Euro	INR/Lakhs	Euro	INR/Lakhs
Stamp duty, registration charges on increase in authorised share capital.....	(58.00)	(0.04)	–	–
Interest paid.....				
Net Cash from in financing activities.....	16,999,942.00	11,502.16	–	–
D NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS.....	98,257.32	66.48	–	–
Cash and Cash Equivalents (Opening balance)	–	–	–	–
Cash and Cash Equivalents (Closing balance)	98,257.32	66.48	–	–

Notes :

- Figures in brackets represent outflows of cash and cash equivalents.
- Cash and cash equivalents comprise of :

	As at INR/Lakhs	As at 31 st March, 2014
Cash on hand	–	–
Balances with Banks	98,257.32	–
	98,257.32	–

Notes forming part of the Financial Statements

NOTE 1 - SHARE CAPITAL

	Rupees in lacs			
	Year ended 31 st March, 2015		Year ended 31 st March, 2014	
	Euro	INR/Lakhs	Euro	INR/Lakhs
Authorised:				
17,00,000 Shares (31 st March, 2014, Nil) equity shares fully paidup	17,000,000	11,502.20	-	-
	<u>17,000,000</u>	<u>11,502.20</u>	<u>-</u>	<u>-</u>
Issued, Subscribed and Paid up:				
17,00,000 Shares (31 st March, 2014, Nil) equity shares fully paidup	17,000,000	11,502.20	-	-
Total	<u>17,000,000</u>	<u>11,502.20</u>	<u>-</u>	<u>-</u>

Reconciliation of the no. of shares outstanding at the beginning and at the end of the year:	Year ended 31 st March, 2015			Year ended 31 st March, 2014		
	Euro	INR/Lakhs	No. of shares	Euro	INR/Lakhs	No. of shares
No of equity shares outstanding at the beginning of the year	-	-	-	-	-	-
Add: Additional equity shares issued during the year	17,000,000.00	11,502.20	1,700,000	-	-	-
Less: Equity Shares forfeited/Bought back during the year	-	-	-	-	-	-
No of equity shares outstanding at the end of the year	<u>17,000,000.00</u>	<u>11,502.20</u>	<u>1,700,000</u>	<u>-</u>	<u>-</u>	<u>-</u>

Notes:

- Of the above 1,700,000 (Previous year 2014: Nil) shares are held by Mahindra Two Wheelers Limited the holding company.
- Number of shares held by each shareholder holding more than 5% shares in the company are as follows:

Particulars	2015		2014	
	Number of shares	% Shareholding	Number of shares	% Shareholding
Equity Shares:				
Mahindra Two Wheelers Limited	11,502	100.00	-	-

NOTE 2 - NON CURRENT INVESTMENTS

	Face Value per Unit	Rupees in lacs					
		As at 31 st March 2015			As at 31 st March 2014		
		Number	Euro	INR/Lakhs	Number	Euro	INR/Lakhs
Investment in Equity Instruments (Trade and fully paid up unless otherwise specified)							
Unquoted							
In Subsidiary Companies :							
Investment in PMTC, Paid to:							
*Peugeot SA (145,985 Shares of Euro 16 each, bought from Peugeot SA (acquisition)	Euro 16	145,985	1,881,995	1,273.36	-	-	
PMTC (166,692 share of Euro 16 each, bought in PMTC (subscription)	Euro 16	166,692	15,000,000	10,149.00	-	-	
Notary exp			18,697	12.65	-	-	
Total		<u>312,677</u>	<u>16,900,692</u>	<u>11,435</u>	<u>-</u>	<u>-</u>	

NOTE 3 - CASH AND CASH EQUIVALENTS

	Rupees in lacs			
	As at 31st March 2015		As at 31st March 2014	
	Euro	INR/Lakhs	Euro	INR/Lakhs
Balances with banks				
(i) In current accounts	98,257.32	66.48	-	-
Cash on hand	-	-	-	-
Total	98,257.32	66.48	-	-

NOTE 4 - Other Expenses

	As at 31st March 2015		As at 31st March 2014	
	Euro	INR/Lakhs	Euro	INR/Lakhs
Transaction Cost	277.40	0.19	-	-
Certificate issue exp	58.00	0.04	-	-
Transfer exp to Luxembourg	143.75	0.10	-	-
Closing Statement cost	13.20	0.01	-	-
Quarterly statement maintenance fees	23.33	0.02	-	-
Administration exp	535.00	0.36	-	-
	1,050.68	0.71	-	-

General Information:

Foreign Currency transactions in the reporting period are translated into the functional Currency using exchange rate of Rs. 67.66 per Euro.

REPORT FROM THE PRESIDENT ON THE YEAR ENDING 31 DECEMBER 2014

Dear Shareholders,

According to the law and the articles of association of the Company, we report on the state of the Company, its activity during the accounting period ending on the 31 December 2014 and we present the financial statements of that period as they have been established.

The Auditors of the Company shall provide all required explanations on the annual financial statements as far as the accuracy and compliance with accounting rules are concerned.

We remain available for any precision or additional question you may have related to the legal documents which have been made available to you within the prescribed timeline.

I. Activity of the Company for the period 2014

1. Markets and market shares evolution during the financial period

European markets of the 6 major countries have stabilized themselves in 2014 compared to 2013, the decline being limited to 1.4%. The situation is contrasted between countries and displacements. The less than 50cc segment falls by 8% (to be compared with a drop of 18% in 2013) while the more than 50cc segment increase reaches 5%.

France is the first market in Europe thanks however to the high proportion of less than 50cc. France's market drops by 4%. Italy decline is 3.7% while Germany loses 9.7%. Strong recovery is brought by Spain with a more than 13% growth compared to last year.

In the less than 50cc category, all markets are oriented downwards, the fall is structural. Italy and Germany are the most affected markets. The upturn comes from the above than 50cc category, especially from Spain while Italy's market is flattening.

In that context Peugeot Scooters' volumes are down by 3.7%, owing to the highest share of the less than 50cc segment in the Peugeot Sales. Globally the market share slightly declines, however the market share in more than 50cc increases.

2. Key events during the financial period

Company recapitalisation:

As of December 10, Peugeot S.A.(PSA), the only shareholder of Peugeot Motocycles SAS (PMTC) has recapitalized the Company.

At the conclusion of this operation the shared capital of the Company is (INR 4832.55 lacs) 7 142 400 euros, made of 446 400 actions of a nominal value of 16 euros. Equity value is (INR 11,822.47 lacs) 17 473 348 euros following the recognition of the 2014 loss.

Binding offer for a majority stake:

In October 2014, the shareholder of the Company, PSA, has received a firm offer from the Mahindra & Mahindra Group for the acquisition of a majority stake in the Company via the company Mahindra Two Wheelers Europe S.à.r.l.

3. Other events since the closing of the accounts.

The binding offer for an acquisition of 51% of PMTC by Mahindra Two Wheelers Europe S.à.r.l. has been effective on 19 January 2015. The operation was conducted via:

- A share purchase from PSA,
- The subscription to a reserved capital increase

At the conclusion of this operation, the share capital of the company Peugeot Motocycles SAS is (INR 6,637.09 lacs) 9 809 472 euros made from 613 092 shares of a 16 euros unit value.

II Financial Statements presentation

1. Annual Financial statements

Statutory annual financial statement are made of a Balance Sheet a Profit and Loss account and an annexure that details the explanations required for the proper understanding of the statements.

Accounting rules and evaluation methods used for the annual financial statements are compliant with the regulations and have not changed compared to the last period.

Profit and Loss analysis

The turnover for the financial period ended 31 December 2014 has reached (INR 64,682.96 lacs) 95.6 m€ versus (INR 66,036.16 lacs) 97.6 m€ the preceding year, that is a variation of -2%.

External expenses have reached (INR 17,591.6 lacs) 26.0 m€ vs. (INR 18,674.16 lacs) 27.6 m€ last year, that is a variation of -5.8%.

Payroll expenses have reached (INR 11,840.5 lacs) 17.5 m€ vs. (INR 14,885.2 lacs) 22.0 m€ last year, that is a variation of -20.5%.

Social security charges have reached (INR 4,668.54 lacs) 6.9 m€ vs. (INR 4,803.86 lacs) 7.1 m€ last year, that is a variation of -3.5%.

Operating costs have reached a total of (INR 86,875.44 lacs) 128.4 m€ vs. (INR 91,611.64 lacs) 135.4 m€ last year, that is a variation of -4.9% .

- Operating result is (INR -13,193.7 lacs) -19.5 m€, vs. (INR -20,095.02 lacs) -29.7 m€ in 2013.

- Financial result is (INR -2,232.78 lacs) -3.3 m€ vs. (INR -2,097.46 lacs) -3.1 m€ in 2013, mostly from
 - (INR 2,435.76 lacs) 3.6 m€ of interest charges on the debt
 - (INR 135.32 lacs) 0.2 m€ of dividends from PMD
- Exceptional result is (INR -7,171.96 lacs) -10.6 m€, vs. (INR 2,165.12 lacs) +3.2 m€ in 2013.

This result mainly reflects:

Profit: Reversal of accruals on assets depreciation: (INR 3,450.66 lacs) 5.1 m€

Reversal of accruals on restructuring plan: (INR 135.32 lacs) +0.2 m€

Profit on various operations: (INR 135.32 lacs) +0.2 m€

Loss: Accrual for assets depreciation (INR - 4,262.58 lacs) - 6.3 m€

Sales of assets, book value: (INR -202.98 lacs) - 0.3 m€

Accrual for restructuring plan DAEC: (INR -6,224.72 lacs) - 9.2 m€

Expenses on various operations: (INR -67.66 lacs) -0.1 m€

Expenses on past period: (INR -135.32 lacs) - 0.2 m€

Net result is: (INR -22,126.25 lacs) -32,702,108.78 € for the period 2014, 2013 result being (INR -19,678.7 lacs) - 29,084,691.45 €

Balance Sheet

Assets

During the period, fixed assets value varies from (INR 2,634.86 lacs) 3,894,264.62 € to (INR 2,734.60 lacs) 4,041,677.83 € at the end of 2014.

Current assets varies from (INR 32,221.97 lacs) 47,623,363.84 € à (INR 29,041.17 lacs) 42,922,209.71 à fin 2014, the decrease of (INR 3,180.02 lacs)

4.7 m€ coming from an inventory reduction of (INR 473.62 lacs) 0.7 m€, a receivable reduction of (INR 1623.84 lacs) 2.4 m€ and for (INR 1,082.56 lacs) 1.6 m€ from the bank and other pre-paid expenses.

Net assets value is (INR 31,775.77 lacs) 46,963,887.54 €.

Equity and Liabilities

The equity before year end results amounts to (INR 33,948.71 lacs) 50,175,457 € increasing from 2013 equity which was (INR -29,780.51 lacs) - 44,014,942.87 €.

The 2014 result to be allocated reaches (INR -22,165.25 lacs) - 32,702,108.78 €.

Provisions for risks and charges amount to (INR 8,295.23 lacs) 12,260,167.06 € for (INR 2,867.53 lacs) 4,238,147.09 € at the end of 2013.

Debts are reducing, from (INR 61,759.99 lacs) 91,279,910.72 € to (INR 11,656.43 lacs) 17,227,948.11 € as a consequence of the recapitalization of the Company and the reduction of the debt to PSA GIE.

The Net Shareholder's equity and liabilities amount to (INR 31,775.77 lacs) 46,963,887.54 €.

Result Allocation

It is proposed to allocate the net losses of (INR 22,126.25 lacs) 32,702,108.78 € to the losses carried forward which will reach (INR -22,126.25 lacs) - 32,702,108.78 €.

After this appropriation, the shareholder's equity amounts to (INR 11,828.47 lacs) 17,473,348.35 €.

For the Board of Directors

Président, Director General
Frédéric Fabre

Date: 25th May 2015

Place: Mandœuvre

Note: m€ - million Euro

INDEPENDENT AUDITORS' REPORT

Peugeot Motocycles

Year ended December 31, 2014

Statutory auditors' report
on the financial statements

To the Shareholders,

In compliance with the assignment entrusted to us by your annual general meeting, we hereby report to you, for the year ended December 31, 2014, on:

- the audit of the accompanying financial statements of Peugeot Motocycles;
- the justification of our assessments;
- the specific verifications and information required by law.

These financial statements have been approved by the president. Our role is to express an opinion on these financial statements based on our audit.

I. Opinion on the financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the company as at December 31, 2014 and of the results of its operations for the year then ended in accordance with French accounting principles.

II. Justification of our assessments

In accordance with the requirements of article L. 823-9 of the French Commercial Code (code de commerce) relating to the justification of our assessments, we bring to your attention the following matters:

- Based on our work and the information communicated to us to date, and as part of our assessment of the accounting policies followed by the company, we believe that the notes to the financial statements provide appropriate information on the situation of your company under the going concern assumption.
- Your company has recorded impairment of assets as described in item 7 of note 2 to the financial statements. Our work consisted in assessing the data and assumptions on which the company's estimates are based, reviewing the calculations made by the company, comparing the accounting estimates of prior periods with the corresponding results and examining approval procedures of these estimates by management. As part of our assessments, we verified the reasonableness of these estimates.

These assessments were made as part of our audit of the financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III. Specific verifications and information

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the president and in the documents addressed to the shareholders with respect to the financial position and the financial statements.

Paris-La Defense, June 2, 2015

The statutory auditors
ERNST & YOUNG et Autres
French original signed by

Ioulia Vermelle

Peugeot Motocycles

Year ended December 31, 2014

BALANCE SHEET

	2014		2013	
	Rs. Lacs	Euros	Rs. Lacs	Euros
<u>ASSETS</u>				
INTANGIBLE FIXED ASSETS				
Concessions, patents & similar rights	0.00	0.00	0.00	0.00
Business goodwill	92.83	137,204.12	92.83	137,204.12
Other intangible assets	0.00	0.00	0.00	0.00
Advance payments on intangible assets	0.00	0.00	0.00	0.00
Intangible fixed assets	92.83	137,204.12	92.83	137,204.12
TANGIBLE FIXED ASSETS :				
Land	1,322.85	1,955,142.44	1,309.12	1,934,852.44
Building	0.00	0.00	0.00	0.00
Technical installations, machinery and equipment	0.00	0.00	0.00	0.00
Other tangible assets	0.00	0.00	0.00	0.00
Tangible assets in course	0.00	0.00	0.00	0.00
Advance payments on tangible assets	0.00	0.00	0.00	0.00
Tangible fixed assets	1,322.85	1,955,142.44	1,309.12	1,934,852.44
FINANCIAL FIXED ASSETS :				
Equity interests	171.70	253,763.55	151.03	223,222.91
Receivables from equity interests	0.00	0.00	0.00	0.00
Other long-term investment securities	0.00	0.00	0.00	0.00
Loans	1,103.60	1,631,091.93	1,038.32	1,534,613.40
Other long-term investments	43.62	64,475.79	43.55	64,371.75
Financial fixed assets	1,318.92	1,949,331.27	1,232.91	1,822,208.06
<u>TOTAL FIXED ASSETS</u>	2,734.60	4,041,677.83	2,634.86	3,894,264.62
<u>CURRENT ASSETS :</u>				
Raw materials and other supplies	7,146.48	10,562,348.30	8,060.65	11,913,460.07
Work in progress	10.85	16,030.84	0.93	1,377.90
Finished goods	10,578.46	15,634,731.66	10,123.45	14,962,241.71
INVENTORIES	17,735.79	26,213,110.80	18,185.03	26,877,079.68
Trade receivables and similar accounts	8,756.52	12,941,939.46	10,089.14	14,911,529.08
Other receivables	1,844.79	2,726,555.03	2,117.99	3,130,341.87
Cash and cash equivalents	542.55	801,883.16	1,457.28	2,153,820.59
Prepaid expenses	161.52	238,721.26	372.53	550,592.62
TOTAL CURRENT ASSETS	29,041.17	42,922,209.71	32,221.97	47,623,363.84
Deffered charges	0.00	0.00	0.00	0.00
Bond redemption premiums	0.00	0.00	0.00	0.00
Positive translation adjustments	0.00	0.00	0.00	0.00
<u>Total assets</u>	31,775.77	46,963,887.54	34,856.83	51,517,628.46

	2014		2013	
	Rs. Lacs	Euros	Rs. Lacs	Euros
LIABILITY				
<u>OWNERS EQUITY</u>				
Share capital	4,832.55	7,142,400.00	4,832.55	7,142,400.00
Issue, merger and contribution premiums	28,810.08	42,580,671.95		
Revaluation reserve	306.08	452,385.18	306.08	452,385.18
Legal reserve			0.00	0.00
Statutory or contractual reserves			0.00	0.00
Regulated reserves			0.00	0.00
Other reserves			0.00	0.00
Retained earnings			-15,240.44	-22,525,036.60
Profit or (loss) of the financial year	-22,126.25	-32,702,108.78	-19,678.70	-29,084,691.45
Investments subsidies			0.00	0.00
Regulated provisions			0.00	0.00
Total owners equity	11,822.47	17,473,348.35	-29,780.51	-44,014,942.87
Conditional advances				
Total conditional advances	0.00	0.00	0.00	0.00
Provisions for risks	1,573.30	2,325,304.95	2,187.44	3,232,990.22
Provisions for charges	6,721.93	9,934,862.11	680.09	1,005,156.87
Total provisions	8,295.23	12,260,167.06	2,867.53	4,238,147.09
<u>LIABILITIES</u>				
<u>LOANS AND SIMILAR DEBTS</u>				
Loans and other borrowings from credits	542.00	801,065.91	738.90	1,092,075.95
Loans and miscellaneous financial debts	116.34	171,946.91	47,799.12	70,646,052.11
<u>ACCOUNTS PAYABLE</u>				
Advances and deposits from customers				
Trade payables	6,659.91	9,843,199.81	7,689.94	11,365,567.02
Tax and social debts	4,130.97	6,105,477.86	4,313.67	6,375,504.66
<u>OTHER LIABILITIES</u>				
Amounts payable on fixed assets and related accounts				
Other debts	207.21	306,257.62	1,218.36	1,800,710.98
Total liabilities	11,656.43	17,227,948.11	61,759.99	91,279,910.72
Differed revenue				
Negative translation adjustments	1.64	2,424.02	9.82	14,513.52
Difference				
<u>Total liability</u>	31,775.77	46,963,887.54	34,856.83	51,517,628.46

FINANCIAL RESULTS YEAR ENDED : 31-12-2014

CORPORATE ACCOUNTS	LINE	2014		2013		VARIATIONS N/N-1		
		Rs. Lacs	Euros	Rs. Lacs	Euros	Rs. Lacs	Euros	%
OPERATING REVENUES								
Sales of goods bought for resale	1							
Sales of – Manufactured Goods	2	63,259.88	93,496,720.33	64,339.64	95,092,574.54	-1,079.75	-1,595,854.21	-1.7%
– Services	3	1,433.23	2,118,288.47	1,704.98	2,519,924.64	-271.75	-401,636.17	-15.9%
Revenues (lines 01 à 03)	4	64,693.11	95,615,008.80	66,044.62	97,612,499.18	-1,351.50	-1,997,490.38	-2.0%
Change in inventories of finished goods and work in progress	5	317.34	469,020.11	(4,110.66)	(6,075,468.51)	3.00	6,544,488.62	107.7%
Capitalised production	6					0.00	0.00	
Operating subsidies received	7	4.49	6,634.22	21.61	31,935.95	-17.12	-25,301.73	-79.2%
Reversals of provisions and depreciation, expense transfers	8	8,433.28	12,464,203.14	9,055.66	13,384,060.96	-622.38	-919,857.82	-6.9%
Other income	9	233.02	344,401.43	275.81	407,634.42	-42.78	-63,232.99	-15.5%
Other operating income		8,988.13	13,284,258.90	5,242.41	7,748,162.82	3,745.72	5,536,096.08	71.5%
Operating income (lines 04 à 09)	10	73,681.24	108,899,267.70	71,287.02	105,360,662.00	2,394.22	3,538,605.70	3.4%
OPERATING EXPENSES								
Purchases of raw materials and other supplies	13	(41,063.58)	(60,691,075.41)	(42,300.71)	(62,519,522.22)	-1,237.13	-1,828,446.81	-2.9%
Change in inventories of raw materials and other supplies	14	(454.43)	(671,635.37)	1,031.25	1,524,159.47	1,485.67	2,195,794.84	144.1%
Other bought-in goods and services	15	(17,608.55)	(26,025,052.31)	(18,683.03)	(27,613,115.91)	-1,074.48	-1,588,063.60	-5.8%
Taxes other than corporate income tax	16	(2,305.37)	(3,407,283.92)	(2,186.01)	(3,230,875.89)	119.36	176,408.03	5.5%
Wages and salaries	17	(11,847.37)	(17,510,152.06)	(14,901.73)	(22,024,435.66)	-3,054.36	-4,514,283.60	-20.5%
Social security charges	18	(4,645.45)	(6,865,878.92)	(4,816.32)	(7,118,422.85)	-170.87	-252,543.93	-3.5%
Depreciation, amortisation & provision – operating items :								
– Depreciation and amortisation of fixed assets	19	(65.03)	(96,120.00)	(332.78)	(491,841.16)	-267.74	-395,721.16	-80.5%
– Amortisation of deferred charges	20					0.00	0.00	
– Increase in provisions against fixed assets	21					0.00	0.00	
– Increase in provisions against current assets	22	(6,353.54)	(9,390,388.92)	(5,893.89)	(8,711,044.80)	459.64	679,344.12	7.8%
– Increase in provisions for liabilities and charges	23	(1,523.17)	(2,251,213.11)	(2,270.92)	(3,356,372.61)	-747.75	-1,105,159.50	-32.9%
Other charges	24	(1,039.18)	(1,535,892.44)	(1,037.86)	(1,533,930.63)	1.33	1,961.81	0.1%
Operating expenses (lignes 13 à 24)	25	(86,905.68)	(128,444,692.46)	(91,392.02)	(135,075,402.26)	-4,486.34	-6,630,709.80	-4.9%
OPERATING PROFIT (lignes 10 + 25)	26	(13,224.43)	(19,545,424.76)	(20,104.99)	(29,714,740.26)	6,880.56	10,169,315.50	34.2%
Share in profits/losses of joint venture partnership	27					0.00	0.00	
FINANCIAL INCOME								
Income from equity interests	28	135.32	200,000.00	202.98	300,000.00	-67.66	-100,000.00	
Other interest and similar income	29	69.50	102,716.91	44.25	65,398.50	25.25	37,318.41	57.1%
Reversals of provisions and expense transfers	30	74.71	110,426.03	47.11	69,625.62	27.61	40,800.41	58.6%
Foreign exchange gains	31	20.16	29,793.79	62.43	92,268.23	-42.27	-62,474.44	-67.7%
Net proceeds from disposals of marketable securities	32					0.00	0.00	
Financial income (lignes 28 à 32)	33	299.69	442,936.73	356.77	527,292.35	-57.08	-84,355.62	-16.0%

CORPORATE ACCOUNTS	LINE	2014		2013		VARIATIONS N/N-1		
		Rs. Lacs	Euros	Rs. Lacs	Euros	Rs. Lacs	Euros	%
FINANCIAL EXPENSES								
Depreciation, amortisation and provisions – financial items	34	(38.56)	(56,986.59)	(103.94)	(153,622.53)	-65.38	-96,635.94	-62.9%
Interest and similar expenses	35	(2,460.79)	(3,636,997.71)	(2,287.05)	(3,380,209.59)	173.74	256,788.12	7.6%
Foreign exchange losses	36	(65.54)	(96,873.37)	(35.63)	(52,655.51)	29.92	44,217.86	84.0%
Net expenses on disposals of marketable securities	37					0.00	0.00	
Financial expenses (lignes 34 à 37)	38	(2,564.89)	(3,790,857.67)	(2,426.62)	(3,586,487.63)	-138.28	-204,370.04	-5.7%
NET FINANCIAL INCOME/(EXPENSES) (lignes 33 + 38)	39	(2,265.20)	(3,347,920.94)	(2,069.85)	(3,059,195.28)	-195.35	-288,725.66	-9.4%
PROFIT FROM ORDINARY ACTIVITIES BEFORE TAX (lignes 26 + 27 + 39)	40	(15,489.64)	(22,893,345.70)	(22,174.84)	(32,773,935.54)	6,685.21	9,880,589.84	30.1%
EXTRAORDINARY INCOME								
Extraordinary income - non-capital transactions	41	116.55	172,256.86	10.92	16,132.94	105.63	156,123.92	967.7%
Extraordinary income - capital transactions	42	37.18	54,950.00	434.26	641,829.63	-397.08	-586,879.63	-91.4%
Reversals of provisions and expense transfers*	43	3,582.03	5,294,162.86	6,591.30	9,741,792.05	-3,009.27	-4,447,629.19	-45.7%
Extraordinary income (lignes 41 à 43)	44	3,735.76	5,521,369.72	7,036.47	10,399,754.62	-3,300.72	-4,878,384.90	-46.9%
EXTRAORDINARY EXPENSES								
Extraordinary expenses - non-capital transactions	45	(77.14)	(114,008.30)	(353.12)	(521,896.84)	-275.98	-407,888.54	-78.2%
Extraordinary expenses - capital transactions	46	(360.67)	(533,064.31)	(716.19)	(1,058,518.29)	-355.52	-525,453.98	-49.6%
Extraordinary depreciation, amortisation and provisions	47	(10,468.34)	(15,471,976.19)	(3,774.77)	(5,579,032.40)	6,693.57	9,892,943.79	177.3%
Extraordinary expenses (lignes 45 à 47)	48	(10,906.15)	(16,119,048.80)	(4,844.08)	(7,159,447.53)	6,062.07	8,959,601.27	125.1%
NET EXTRAORDINARY ITEMS (lignes 44 + 48)		(7,170.39)	(10,597,679.08)	2,192.39	3,240,307.09	-9,362.78	-13,837,986.17	-427.1%
Statutory employee profit-sharing	49					0.00	0.00	
Corporate income tax	50	533.78	788,916.00	303.75	448,937.00	230.03	339,979.00	75.7%
NET PROFIT/(LOSSES) FOR THE YEAR (lignes 40 + 44 + 48 + 49 + 50)	51	(22,126.25)	(32,702,108.78)	(19,678.70)	(29,084,691.45)	-2,447.54	-3,617,417.33	-12.4%

CASH FLOW STATEMENT - 2014

		2014		2013	
		Rs. Lacs	Euros	Rs. Lacs	Euros
A. CHANGE IN WORKING CAPITAL					
A.1. LONG-TERM FUNDS					
Net results	1	(22,126.25)	(32,702,108.78)	(13.31)	(29,084,691.45)
Depreciation and amortisation of fixed assets (1)	2	3,431.72	5,072,013.23	2.51	5,487,944.12
Amortisation of deferred charges (2)	3	0.00	0.00	0.00	0.00
Gain/(Losses) on disposals of fixed assets (3)	4	166.27	245,748.42	0.16	358,217.29
Increase/(reversal) on provisions	5	3,405.48	5,033,230.91	(4.39)	(9,582,303.12)
CASH FLOWS FROM OPERATING ACTIVITIES (lines 1 à 5)	6	(15,122.77)	(22,351,116.22)	(15.02)	(32,820,833.16)
Increase in equity	7	63,729.22	94,190,400.00	0.00	0.00
Gain on disposal of assets :	8				
– Tangible fixed assets	9	36.54	54,000.00	0.28	613,101.00
– Intangible fixed assets	10	0.00	0.00	0.00	0.00
– Equity interests	11	0.00	0.00	0.00	0.00
Disposal of other financial fixed assets		0.00	0.00	0.00	3,618.81
New borrowings on :					
– Equity interests	12		0.00	0.00	0.00
– Convertible bonds	13		0.00	0.00	0.00
– Other convertible bonds and assimilate	14		0.00	0.00	0.00
– Employees profit-sharing funds	15	0.00	0.00	0.00	0.00
– Other loans and borrowings	16	0.00	0.00	0.01	16,000.00
Other increase in long-term debts	17	0.00	0.00	0.00	0.00
Other long-term funding	18	0.00	0.00	0.00	0.00
LONG-TERM FUNDS (lines 06 à 18)	19	48,643.00	71,893,283.78	(14.74)	(32,188,113.35)
A.2. LONG-TERM USES					
Dividends paid to shareholders	20		0.00	0.00	0.00
Acquisition of non-current assets					
– Tangible fixed assets	21	1,015.84	1,501,390.25	0.91	1,977,934.74
– Intangible fixed assets	22	120.80	178,542.50	0.01	23,226.61
– Equity interests	23	0.00	0.00	0.00	0.00
Increase of other financial fixed assets	24	53.12	78,508.04	0.05	98,505.89
New deferred charges	25	0.00	0.00	0.00	0.00
Reimbursement of long-term borrowings	26	46.07	68,090.68	0.04	82,342.88
Other reimbursement of long-term debts	27	0.00	0.00	0.00	0.00
Other long-term uses	28	0.00	0.00	0.00	0.00
LONG-TERM USES (lines 20 à 28)	29	1,235.83	1,826,531.47	1.00	2,182,010.12
CHANGE IN WORKING CAPITAL (lines 19-29)	30	47,407.16	70,066,752.31	(15.73)	(34,370,123.47)

		2014		2013	
		Rs. Lacs	Euros	Rs. Lacs	Euros
B. CHANGE IN WORKING CAPITAL REQUIREMENTS					
Changes in inventories	31	(137.09)	(202,615.26)	(2.08)	(4,551,309.04)
Changes in trade receivables and assimilates	32	(179.95)	(265,964.10)	0.97	2,112,399.92
Changes in other receivables	33	(561.10)	(829,291.07)	(0.11)	(230,901.20)
Changes in operating assets (lines 31 à 33)	34	(878.14)	(1,297,870.43)	(1.22)	(2,669,810.32)
Changes in trade payables and assimilates	35	(1,111.80)	(1,643,212.66)	(0.55)	(1,211,430.39)
Changes in other payables	36	(393.82)	(582,063.50)	(0.57)	(1,255,163.42)
Changes in operating liabilities (lines 35+36)	37	(1,505.62)	(2,225,276.16)	(1.13)	(2,466,593.81)
CHANGE IN WORKING CAPITAL REQUIREMENT (lines 34+37)	38	627.48	927,405.73	(0.09)	(203,216.51)
C. NET CASH FLOWS					
Change in cash and cash equivalents	39	46,779.68	69,139,346.58	(15.64)	(34,166,906.96)
CONTROLE lines 30 - 38 et 39 = 0	40	0.00	0.00	0.00	0.00

- (1) Tangible and intangible net of investments subsidiaries
 (2) Except amortisation of bonds redemption premiums
 (3) Tangible, intangible and financial

NOTES

The information below forms the Notes to the Balance Sheet for the year ended December 31, 2014 which amounts to INR 31,775.77 lacs, Euros 46,963,888 and to the Profit and Loss account that present a loss of INR 22,126.25 lacs, Euros 32,702,109.

The financial statements cover the 12-month period from January 1 to December 31, 2014.

The notes and tables below form an integral part of the company accounts.

These financial accounts were closed by the President.

1) ACCOUNTING RULES AND METHODS

The general accounting conventions below have been applied in accordance with the principle of prudence, and in compliance with legal and regulatory requirements in France and the basic assumptions that are intended to provide an accurate picture of the company's assets and liabilities, financial position and results:

- going concern,
- consistency of accounting methods from one period to the next,
- matching of costs and revenues.

The financial statements were established in compliance with the general rules for preparing and presenting annual financial statements.

The basic method used to value accounting entries is the historic cost method.

The main accounting rules and methods used are the following:

a) Tangible Fixed Assets:

Tangible fixed assets are assessed at their acquisition cost (purchase price and incidental expenses), or at their production cost.

Interest on loans specifically for the production of fixed assets is not include in the assets production cost.

Depreciation is recognized as an expense on a straight-line basis, based on the estimated useful life of each component, as described here below:

• Heavy component of industrial plants	40 years
• Buildings improvement	16 years
• Industrial equipment of production	16 years
• Machinery and equipment	16 years
• Special machine-tool	16 years
• Specific tooling	6 years
• Die cast moulds	3 years

b) Participating interests, other long-term investments, short-term investments:

The gross book value of long-term investments is their acquisition price, net of acquisition expenses. When their balance sheet value is less than their cost of acquisition, a provision for depreciation is set aside for the amount of the difference. The economic value of these stacks is estimated according to the relevant share acquired of the carrying value of net assets of the subsidiary.

c) Inventories

Inventories are measured using the FIFO method.

The gross value of goods and supplies includes the purchase price and the incidental expenses.

Manufactured goods are valued at production cost including supplies consumed, direct and indirect production expenses and allowances to depreciation of assets used in production. Idle capacity costs are excluded from inventories valuation.

Financial interests are always excluded from inventories valuation.

A provision for impairment is recorded when the book value is higher than the market value or the liquidation value.

d) Receivables

Receivables are stated at their nominal value. A provision for impairment is recorded when the fair value is lower than the net book value.

e) Transactions in foreign currencies

Expenses and incomes in foreign currencies are accounted for their amount in euros to the date of the transaction.

Payables, receivables and cash in foreign currencies, are accounted at their fair value at closing date or at the guaranteed exchange rate if hedged.

f) Research and development expenses

Expenses of research and development that are related to the development of new products or to the improvement of previously existing products, are included in the general expenses. In 2014, these expenses amount to INR 5.849,82 lacs, Euros 8.645.900.

2) SIGNIFICANT EVENTS DURING THE YEAR

1. Accrued expenses on 31/12/2014 related to social and tax charges on holiday to pay, the PPS premium, the exceptional bonus, the time modulation, the incentive plan, are accounted in the liabilities for an amount of INR 856.88 lacs, Euros 1,266,444.53.
2. Provision for employee profit-sharing amount to INR 0 lacs, Euros 0.
3. Use of a licence for the production and the sales of magnetic steering wheels. The related fees paid are depreciated over a five-year period.
4. Goods in transit on sea from Asia on December 31, 2014 (FOB) are valued to INR 1,445.89 lacs, 2,137 thousands in euros. These goods are made of assembled vehicles for INR 956.71 lacs, 1,414 thousands in euros and of spare parts for INR 489.18 lacs, 723 thousands in euros.
5. 1% construction scheme (French social construction tax) is applied as a loan that amounts to INR 53.05 lacs, Euros 78,404. For 2014, the subscription to theses scheme will be made as a loan too. A depreciation of this loan is accounted for INR 35.86 lacs, Euros 53,004.11.
6. Our company pays retirement benefits to the employees and guarantees under conditions a minimum level of pensions.
On December 31, 2014, the discounted value of the acquired future benefits that amounts to INR 5,164.49 lacs, 7,633 thousands in euros is not recognized as a provision. This amount is partially covered by payments to external funds for an amount of INR 1,783.52 lacs, 2,636 thousands in euros.
The main actuarial assumptions: discount rate of 1,85% and inflation rate of 1,80%.
During 2014 period, no payment was made to the external funds.
7. A depreciation is accounted on the fixed assets owned by Peugeot Motocycles. Indeed forecasted cash flows are negatives over a five-year period. The full depreciation of intangible and tangible assets amounts to INR 17,964.38 lacs, Euros 26,550,961 on December 31, 2014.
8. The line "Loans and miscellaneous financial debts" was made of a cash advance from GIE PSA Trésorerie that was amounting to INR 47,497.32 lacs, Euros 70,200,001 on December 31, 2013. On December 31, 2014, this cash advance doesn't exist anymore, following to the recapitalisation of the company that occurred during the year 2014.
9. The number of cumulated non-used hours of right for individual training in France (DIF) are amounting to INR 36.9 lacs ,54,533 Euro on December 31, 2014. During the year, 1 524 hours were used by employees in accordance with the company.
From January 1st, 2015, a new training scheme is legally set up: "Compte Professionnel de Formation (CPF)". He replaces the previous DIF. The right for hours of training obtained under DIF scheme will have to be used before December 31, 2020 under the new CPF scheme.

10. On December 31, 2014, the provision for customer warranties amounts to INR 1,420.86 lacs, 2,100 thousands in euros.

This provision is made of a provision for parts and labour warranties based on historical data that amount to INR 1,253.06 lacs, 1,852 thousands in euros and of a provision for recall campaigns identified before December 31, 2013 for an amount of INR 167.80 lacs, 248 thousands in euros.

11. A conversion plan of the company began in 2011:

The provision for restructuring accounted on 31/12/2014 amounts to INR 215.54 lacs, Euros 318,558.

This provision corresponds to the amount that remains to be paid related to the revitalisation agreement signed with local authorities.

12. On 31/12/2014, a provision of INR 6,196.98 lacs, Euros 9,159,000 is accounted related to DAEC scheme (an scheme to match jobs and abilities).

This provision is related to:

- Redeployment of staff related to mobility ;
 - Senior leave : 68 people
 - Leave for reclassification/external jobs/business start-up: 25 people
 - Internal training for new occupation : 30 people
- Restructuring of the following operating areas: frame welding, powder painting and spare parts.

13. Equity investments in a Chinese JV

Shares owned in the JV are accounted for a gross amount of INR 4,625.24 lacs, 6,836 thousands in euros on December 31, 2014.

A full depreciation was accounted in 2011 so that the net value is equal to zero since 2011.

14. In application of the recommendations published on 28/02/2013 by ANC (French accounting authority), the French tax credit based on payroll (CICE) is accounted a payroll reduction in P&L.

For 2014, a tax credit of INR 438.20 lacs, Euros 647,656 is accounted in reduction of 2014 payroll.

3) POSTERIOR EVENTS WITH THE FENCE

15. The shareholder of the company, Peugeot SA, has received a firm offer from the Group Mahindra & Mahindra to take a majority stake in Peugeot Motorcycle SAS, by the company Mahindra Two-Wheelers Europe S.à.r.l.. This acquisition of a 51% stake was effected as of January 19, 2015 and was realised by the acquisition of shares held by Peugeot SA and by the subscription to a reserved capital increase of INR 1,804.54 lacs, Euros 2,667,072 with an issue premium of INR 8,344.46 lacs, Euros 12,332,928.

After this transaction, the share capital of the company Peugeot Motorcycle SAS amounts to INR 6,637.09 lacs, Euros 9,809,472 and is made of 613,092 shares with a par value of INR 0.01 lacs, Euros 16.

4) FIXED ASSETS ON DECEMBER 31, 2014

(Rs. lacs)

FIXED ASSETS GROSS VALUE	Opening balance	Transfers	Acquisitions	Disposals	Year-end balance	Original value
Intangible fixed assets						
Leaseholds	0,00	0,00	0,00	0,00	0,00	0,00
Software	2,326.18	0,00	120.80	212,02	2,234.97	2,234.97
Concessions, patents & similar rights	57.23	0,00	0,00	0,00	57.23	57.23
Business goodwill	92.83	0,00	0,00	0,00	92.83	92.83
Other intangible fixed assets	0,00	0,00	0,00	0,00	0,00	0,00
Advances and payments on account	0,00	0,00	0,00	0,00	0,00	0,00
Subtotal	2,476.25	0,00	120.80	212.02	2,385.03	2,385.03
Tangible fixed assets						
Lands	1,683.30	0,00	13.73	0,00	1,697.02	1,390.12
Buildings on freehold land	10,771.07	0,00	0,00	122.82	10,648.25	10,648.25
Buildings on non-freehold land	0,00	0,00	0,00	0,00	0,00	0,00
Improvements to buildings	10,425.00	0,00	173.44	255.16	10,343.28	10,343.28
Technical installations, industrial plant and machinery	89,098.41	1,111.17	485.29	3,208.44	87,486.44	86,375.27
Other tangible assets :	0,00	0,00	0,00	0,00	0,00	0,00
General fixtures and fittings 4	1,357.82	0,00	6.91	77.52	1,287.21	1,287.21
Vehicles	290.37	0,00	0,00	168.01	122.37	122.37
Office and computer equipment, furniture	876.43	0,00	3.49	160.37	719.55	719.55
Tangible fixed assets in progress	184.62	-1,111.17	1,220.62	0,00	294.07	294.07
Advances and payments on account	120.19	0,00	223.53	0,00	343.72	343.72
Subtotal	114,807.22	0,00	2,127.01	3,992.32	112,941.91	111,523.84
Financial fixed assets						
Equity interests	4,953.36	0,00	0,00	0,00	4,953.36	4,953.36
Receivables from equity interests	0,00	0,00	0,00	0,00	0,00	0,00
Other long-term investment securities	0,00	0,00	0,00	0,00	0,00	0,00
Loans	1,622.23	0,00	53.05	0,00	1,675.28	1,675.28
Other long-term investments	43.55	0,00	0,07	0,00	43.62	43.62
Subtotal	6,619.14	0,00	53.12	0,00	6,672.26	6,672.26
TOTAL	123,902.60	0,00	2,300.93	4,204.34	121,999.19	120,581.12

(in Euros)

FIXED ASSETS GROSS VALUE	Opening balance	Transfers	Acquisitions	Disposals	Year-end balance	Original value
Intangible fixed assets						
Leaseholds	0	0	0	0	0	0
Software	3,438,045	0	178,543	313,358	3,303,230	3,303,230
Concessions, patents & similar rights	84,587	0	0	0	84,587	84,587
Business goodwill	137,204	0	0	0	137,204	137,204
Other intangible fixed assets	0	0	0	0	0	0
Advances and payments on account	0	0	0	0	0	0
<i>Subtotal</i>	3,659,836	0	178,543	313,358	3,525,021	3,525,021
Tangible fixed assets						
Lands	2,487,874	0	20,290	0	2,508,164	2,054,573
Buildings on freehold land	15,919,405	0	0	181,531	15,737,874	15,737,874
Buildings on non-freehold land	0	0	0	0	0	0
Improvements to buildings	15,407,928	0	256,344	377,128	15,287,144	15,287,144
Technical installations, industrial plant and machinery	131,685,505	1,642,284	717,254	4,741,998	129,303,045	127,660,761
Other tangible assets :	0	0	0	0	0	0
General fixtures and fittings 4	2,006,832	0	10,214	114,575	1,902,471	1,902,471
Vehicles	429,168	0	0	248,315	180,853	180,853
Office and computer equipment, furniture	1,295,344	0	5,157	237,021	1,063,481	1,063,481
Tangible fixed assets in progress	272,868	-1,642,284	1,804,043	0	434,627	434,627
Advances and payments on account	177,638	0	330,372	0	508,010	508,010
<i>Subtotal</i>	169,682,562	0	3,143,674	5,900,567	166,925,669	164,829,794
Financial fixed assets						
Equity interests	7,320,951	0	0	0	7,320,951	7,320,951
Receivables from equity interests	0	0	0	0	0	0
Other long-term investment securities	0	0	0	0	0	0
Loans	2,397,617	0	78,404	0	2,476,021	2,476,021
Other long-term investments	64,372	0	104	0	64,476	64,476
<i>Subtotal</i>	9,782,940	0	78,508	0	9,861,448	9,861,448
TOTAL	183,125,338	0	3,400,725	6,213,925	180,312,138	178,216,263

5) AMORTIZATION AND PROVISION OF FIXED ASSETS ON DECEMBER 31, 2014

(Rs. lacs)

FIXED ASSETS DEPRECIATION	Opening balance	Transfers	Charges	Reversals	Year-end balance
Intangible fixed assets					
Leaseholds	2,326.18	0,00	176.93	268.15	2,234.97
Software	57.23	0,00	0,00	0,00	57.23
Concessions, patents & similar rights	0,00	0,00	0,00	0,00	0,00
Business goodwill	0,00	0,00	0,00	0,00	0,00
Other intangible fixed assets	0,00	0,00	0,00	0,00	0,00
<i>Subtotal</i>	2,383.41	0,00	176.93	268.15	2,292.20
Tangible fixed assets					
Lands	374.17	0,00	0,00	0,00	374.17
Buildings on freehold land	10,771.07	128.48	432.88	684.18	10,648.25
Buildings on non-freehold land	0,00	0,00	0,00	0,00	0,00
Improvements to buildings	10,425.00	-211.65	370.94	241.01	10,343.28
Technical installations, industrial plant and machinery	89,098.41	0,00	2,936.27	5,659.41	86,375.27
Other tangible fixed assets	0,00	0,00	0,00	0,00	0,00
General fixtures and fittings 4	1,357.82	27.58	36.15	134.34	1,287.21
Vehicles	290.37	-8.94	7.43	166.50	122.37
Office and computer equipment, furniture	876.43	-18.63	18.67	156.92	719.55
Tangible fixed assets in progress	184.62	0,00	294.07	184.62	294.07
Advances and payments on account	120.19	0,00	343.72	120.19	343.72
<i>Subtotal</i>	113,498.10	-83.17	4,440.13	7,347.17	110,507.89
Financial fixed assets					
Equity interests	4,802.32	0,00	0,00	20.66	4,781.66
Receivables from equity interests	0,00	0,00	0,00	0,00	0,00
Other long-term investment securities	0,00	0,00	0,00	0,00	0,00
Loans	583.91	0,00	38.55	50.78	571.68
Other long-term investments	0,00	0,00	0,00	0,00	0,00
<i>Subtotal</i>	5,386.23	0,00	38.55	71.44	5,353.34
TOTAL	121,267.74	-83.17	4,655.61	7,686.76	118,153.42

(in Euros)

FIXED ASSETS DEPRECIATION	Opening balance	Transfers	Charges	Reversals	Year-end balance
Intangible fixed assets					
Leaseholds	3,438,045		261,498	396,313	3,303,230
Software	84,587		0	0	84,587
Concessions, patents & similar rights	0		0	0	0
Business goodwill	0		0	0	0
Other intangible fixed assets	0		0	0	0
<i>Subtotal</i>	3,522,632	0	261,498	396,313	3,387,817
Tangible fixed assets					
Lands	553,022	0	0	0	553,022
Buildings on freehold land	15,919,405	189,887	639,788	1,011,206	15,737,874
Buildings on non-freehold land	0	0	0	0	0
Improvements to buildings	15,407,928	(312,814)	548,243	356,213	15,287,144
Technical installations, industrial plant and machinery	131,685,505	0	4,339,737	8,364,481	127,660,761
Other tangible fixed assets					0
General fixtures and fittings 4	2,006,832	40,759	53,434	198,554	1,902,471
Vehicles	429,168	(13,218)	10,986	246,082	180,853
Office and computer equipment, furniture	1,295,344	(27,541)	27,597	231,919	1,063,481
Tangible fixed assets in progress	272,868	0	434,627	272,868	434,627
Advances and payments on account	177,638	0	508,010	177,638	508,010
<i>Subtotal</i>	167,747,710	(122,927)	6,562,422	10,858,962	163,328,243
Financial fixed assets					
Equity interests	7,097,728	0	0	30,541	7,067,188
Receivables from equity interests	0	0	0	0	0
Other long-term investment securities	0	0	0	0	0
Loans	863,004	0	56,973	75,047	844,929
Other long-term investments	0	0	0	0	0
<i>Subtotal</i>	7,960,732	0	56,973	105,588	7,912,117
TOTAL	179,231,074	(122,927)	6,880,892	11,360,863	174,628,176

6) **INVENTORIES ON DECEMBER 31, 2014**

(In euros)

(Rs. lacs)

INVENTORIES ON 31/12/2014		GROSS	DEPRECIATION	NET
311 000	Raw materials	9,578.01	2,819.58	6,758.43
321 000	Other supplies	800.62	417.41	383.21
321 100	Returnable packaging	7.79	2.95	4.84
331 000	Work in progress	10.85	0.00	10.85
351 000	Intermediate products	1,227.04	186.42	1,040.62
355 000	Finished products	10,070.60	1,658.49	8,412.11
355 100	Second-hand finished products	1,212.94	1,044.07	168.86
355 200	China finished products	956.87		956.87
TOTAL		23,864.72	6,128.93	17,735.79

INVENTORIES ON 31/12/2014		GROSS	DEPRECIATION	NET
311 000	Raw materials	14,156,086.92	4,167,273.04	9,988,813.88
321 000	Other supplies	1 183 300.94	616 925.01	566,375.93
321 100	Returnable packaging	11,516.06	4,357.57	7,158.49
331 000	Work in progress	16,030.84	0,00	16,030.84
351 000	Intermediate products	1,813,544.30	275,531.83	1,538,012.47
355 000	Finished products	14,884,122.25	2 451,213.23	12,432,909.02
355 100	Second-hand finished products	1,792,693.69	1,543,119.86	249,573.83
355 200	China finished products	1,414,236.34		1 414,236.34
TOTAL		35,271,531.34	9,058,420.54	26,213,110.80

7) **Changes in Shareholder's Equity, transfers of operating charges and details on extraordinary results are presented here after.**

(Rs. lacs)

CHANGES IN SHAREHOLDER'S EQUITY	Opening balance	Increases	Decreases	Others	Year-end balance
Share capital	4,832.55	4,832.55	-4,832.55	0,00	4,832.55
Revaluation reserve	306.08	0,00	0,00	0,00	306.08
Retained earnings	-15,240.44	-19,678.70	34,919.14	0,00	0,00
Share premium	0,00	58,896.68	-30,086.59	0,00	28,810.08
Result of the year	-19,678.70	19,678.70	-22,126.25	0,00	-22,126.25
Investment subsidy	0,00	0,00	0,00	0,00	0,00
Tax-regulated provisions	0,00	0,00	0,00	0,00	0,00
TOTAL	-29,780.51	63,729.22	-22,126.25	0,00	11,822.47

(In euros)

CHANGES IN SHAREHOLDER'S EQUITY in euros	Opening balance	Increases	Decreases	Others	Year-end balance
Share capital	7,142 400	7,142 400	-7,142 400		7,142 400
Revaluation reserve	452,385				452,385
Retained earnings	-22,525,037	-29,084,691	51,609,728		0
Share premium	0	87,048,000	-44,467,328		42,580,672
Result of the year	-29,084,691	29,084,691	-32,702,109		-32,702,109
Investment subsidy	0	0	0		0
Tax-regulated provisions	0				0
TOTAL	-44,014,943	94,190,400	-32,702,109	0	17,473,348

The company was recapitalized during the period by the following steps:

- A decrease of the share capital by INR 4,832.55 lacs, Euros 7,142,400 by deducting them from the losses carried forward,
- A share capital increase by INR 63,729.22 lacs, Euros 9,19,400 by issuing 446,400 shares with a par value of INR 0.01 lacs, Euros 16 (globally INR 4,832.55 lacs, Euros 7,142.400) and a share premium of INR 0.13 lacs, Euros 195 (globally INR 58,896.68 lacs, Euros 87,048,000).
- A reduction of losses carried forward by deducting INR 30,086.59 lacs, Euros 44,467,328 on the share premium.

At the end of this recapitalisation, the share capital amounts to INR 4,832.55 lacs, Euros 7,142,400, made of 446,400 shares with a par value of INR 0.01 lacs, Euros 16.

The shareholder's equity amounts to INR 11,822.47 lacs, Euros 17,473,348 after the financial year 2014 loss of INR 22,126.25 lacs, Euros 32,702,109.

EXTRAORDINARY RESULT DETAILS	CHARGES		INCOMES	
	Rs. lacs	Euros	Rs. lacs	Euros
On operating transactions - linked to the financial year	77.13	113 991	6.09	8 997
On operating transactions - linked to previous financial years	0.01	18	110.46	163 260
On investments transactions- assets disposals	202.81	299 748	36.54	54 000
On investments transactions - reversals of investment subsidy	0,00	0	0,00	0
On investments transactions - linked to previous financial year	157.86	233 316	0.64	950
Extraordinary liabilities et charges	0,00	0	0,00	
Reversals of intangible fixed assets depreciation	0.00		56.13	82,955
Reversals of tangible fixed assets depreciation	0,00		3,360,16	4,966,241
Reversals of extraordinary depreciations	0,00		0,00	

EXTRAORDINARY RESULT DETAILS	CHARGES		INCOMES	
	Rs. lacs	Euros	Rs. lacs	Euros
Reversals of extraordinary provision for liabilities and charges	0,00		164.46	243,064
Provisions for restructuring plan	0,00	0	0,00	
Provisions DAEC	6,196.98	9,159 000	0,00	0
Provisions CASA	0,00	6	1.29	1 903
Depreciation of fixed assets	0,00	0	0,00	
Extraordinary amortization of fixed assets	4,271.36	6,312,970	0,00	
TOTAL	10,906.15	16,119,049	3,735.76	5,521,370

We have to account an extraordinary amortization of our fixed assets due to the fact that the company recognized losses for several year, in order to reduce the value of our fixed assets to zero, except for business goodwill and lands.

TRANSFERS OF OPERATING CHARGES DETAILS	Rs. lacs	Euros
Adefim reimbursement of training costs	36.60	54,088
On wages and social security charges	64.52	95,356
On insurance proceeds	147.60	218,149
On insurance proceeds linked to employees	0	0
On fire insurance proceeds	0	0
Transferred charges to third parties	30.13	44,535
On goods returns	193.31	285,713
Bought materials invoiced	0	0
Employees - Benefits in kind	0	0
Others	6.43	9,511
TOTAL	478.59	707,351

8) PROVISIONS ON DECEMBER 31, 2014

(Rs. lacs)

TYPE OF PROVISIONS	Line		Reversals					Year-end balance
			Opening balance	Charges	Used	Non-used	Others	
Provisions for investment	1		0,00	0,00	0,00	0,00	0,00	0,00
Provisions for fluctuations on price	2		0,00	0,00	0,00	0,00	0,00	0,00
Provisions for accelerated tax depreciation	3		0,00	0,00	0,00	0,00	0,00	0,00
Provisions for regulated revaluation	4		0,00	0,00	0,00	0,00	0,00	0,00
Reinvested net gains	5		0,00	0,00	0,00	0,00	0,00	0,00
Provision for foreign investments	6		0,00	0,00	0,00	0,00	0,00	0,00
Other regulated provisions	7		0,00	0,00	0,00	0,00	0,00	0,00
Total regulated provisions - Lines 01 à 07	8		0,00	0,00	0,00	0,00	0,00	0,00
Provisions for disputes	9		597.30	0,00	151.61	425.39	0,00	20.30
Provision for customer warranties	10		1,289.24	1,421.06	1,289.24	0,00	0,00	1,421.06
Provisions for foreign exchange losses	12	Financ	3,27	0,01	3,27	0,00	0,00	0,01
Provisions for others liabilities	13		297.62	20.30	83.49	102.49	46.69	131.94
Provisions for liabilities - foundry	14		0,00	0,00	0,00	0,00	0,00	0,00
Provisions for liabilities - CASA			0,00	0,00	0,00	0,00	0,00	0,00
Provisions for liabilities - PLOYER			0,00	0,00	0,00	0,00	0,00	0,00
Provisions for liabilities - Oxygen			0,00	0,00	0,00	0,00	0,00	0,00
Provisions for liabilities - URSSAF			54.05	0,00	36.81	17.24	0,00	0,00
Provisions for liabilities -Labour litigations			243.58	20.30	46.69	0,00	46.69	131.94
Provisions for taxations		Extra	0,00	0,00	0,00	0,00	0,00	0,00
Provisions for charges - Group mobility	15		0,00	0,00	0,00	0,00	0,00	0,00
Provisions for charges - Long-service award	16		197.57	31.74	22.95	0,00	0,00	206.36
Provisions for charges - Restructuring PREC	17	Extra	0,00	6,196.98	0,00	0,00	0,00	6,196.98
Provisions for charges - Restructuring Plan 2011		Extra	379.99	0,00	116.31	48.15	0,00	215.54
Provisions for charges - Departures Casa	18	Extra	1,28	0,00	1,29	0,00	0,00	0,00
Provisions for charges - Discounted construction loans	19		48.27	35.86	48.27	0,00	0,00	35.86
Provisions for charges - Battery recycling	20		52.98	14.21	0,00	0,00	0,00	67.19
Total provisions liabilities and charges - Lines 09 à 20	21		2,867.53	7,720.16	1,716.43	576.03	46.69	8,295.23
On intangible fixed assets	22	Extra	48.34	110.72	56.13	0,00	0,00	102.93
On tangible fixed assets	23	Extra	20,451.80	769.80	3,360.16	0,00	0,00	17,861.45
On financial fixed assets	24	Financ	583.91	38.55	50.78	0,00	0,00	571.68
On equity investments	25	Financ	4,802.32	0,00	20.66	0,00	0,00	4,781.66
On inventories	26		5,816.78	6,128.93	5,816.78	0,00	0,00	6,128.93
On trade receivables	27		490.60	224.61	14.46	0,00	0,00	700.75
Other short-term assets	28		0,00	0,00	0,00	0,00	0,00	0,00
Total provisions for assets depreciation- Lines 21 à 28	29		32,193.75	7,272.61	9,318.97	0,00	0,00	30,147.40
TOTAL - Lines 08 + 21 + 29	30		35,061.28	14,992.78	11,035.40	576.03	46,69	38,442.63
of which Charges and Reversals	- Operating		8,790.36	7,876.71	7,426.80	527.88	46,69	8,712.38
	- Financial	Financ	5,389.51	38.56	74.71	0,00	0,00	5,353.35
	- Extraordinary	Extra	20,881.42	7,077.51	3,533.88	48.15	0,00	24,376.90

TYPE OF PROVISIONS in euros	Line		Reversals					Year-end balance
			Opening balance	Charges	Used	Non-used	Others	
Provisions for investment	1		0					0
Provisions for fluctuations on price	2							0
Provisions for accelerated tax depreciation	3							0
Provisions for regulated revaluation	4							0
Reinvested net gains	5							0
Provision for foreign investments	6							0
Other regulated provisions	7							0
Total regulated provisions - Lines 01 à 07	8		0	0	0	0	0	0
Provisions for disputes	9		882 800	0	224 077	628 723		30 000
Provision for customer warranties	10		1,905,474	2,100,291	1,905,474	0		2,100,291
Provisions for foreign exchange losses	12	Financ	4 838	14	4,838	0		14
Provisions for others liabilities	13		439,878	30,000	123,403	151,475		195,000
<i>Provisions for liabilities - foundry</i>	14		0	0	0	0		0
<i>Provisions for liabilities - CASA</i>			0	0	0	0		0
<i>Provisions for liabilities - PLOYER</i>			0	0	0	0		0
<i>Provisions for liabilities - Oxygen</i>			0	0	0	0		0
<i>Provisions for liabilities - URSSAF</i>			79,878	0	54,403	25,475		0
<i>Provisions for liabilities -Labour litigations</i>			360,000	30,000	69,000	0	69,000	195,000
Provisions for taxations		Extra	0	0	0	0		0
Provisions for charges - Group mobility	15		0	0	0	0		0
Provisions for charges - Long-service award	16		292,000	46,918	33,918	0		305,000
Provisions for charges - Restructuring PREC	17	Extra	0	9 159,000	0	0		9,159,000
Provisions for charges - Restructuring Plan 2011		Extra	561,622	0	171 901	71,163		318,558
Provisions for charges - Departures Casa	18	Extra	1,897	6	1,903	0		0
Provisions for charges - Discounted construction loans	19		71,338	53,004	71,338	0		53,004,11
Provisions for charges - Battery recycling	20		78,300	21,000	0	0	0	99,300
Total provisions liabilities and charges - Lines 09 à 20	21		4,238,147	11,410,233	2,536,852	851,361	0	12,260,167
On intangible fixed assets	22	Extra	71,445	163,646	82,955	0		152,135
On tangible fixed assets	23	Extra	30,227,312	1,137,755	4,966,241	0		26,398,826
On financial fixed assets	24	Financ	863,004	56,973	75,047	0		844,929
On equity investments	25	Financ	7,097,729	0	30,541	0		7,097,729
On inventories	26		8,597,067	9,058,421	8,597,067	0		9,058,421
On trade receivables	27		725,103	331,968	21,377	0		1,035,694
Other short-term assets	28							
Total provisions for assets depreciation- Lines 21 à 28	29		47,581,660	10,748,762	13,773,228	0	0	44,557,194
TOTAL - Lines 08 + 21 + 29	30		51,819,807	22,158 995	16,310,080	851,361	0	56,817,361
of which Charges and Reversals	- Operating		12,991,960	11,641,602	10,976,654	780,198	0	12,876,710
	- Financial	Financ	7,965,571	56,987	110,426	0	0	7,912,132
	- Extraordinary	Extra	30,862,276	10,460,406	5,223,000	71,163	0	36,028,519

9) MATURITY SCHEDULE OF ASSETS AND LIABILITIES ON DECEMBER 31, 2014

ASSETS	Line	Gross		Within 1 year		More than 1 year	
		Rs. lacs	Euros	Rs. lacs	Euros	Rs. lacs	Euros
From Fixed Assets							
Receivables from equity interests	1						
Loans	2	1,675.28	2,476,021	0,00	0	1,675.28	2,476,021
Other long-term investments	3	43.62	64,476	2.58	3,811	41.05	60,665
SUBTOTAL Lines 01 à 03	4	1,718.90	2,540,497	2.58	3,811	1,716.32	2,536,686
From short-term assets							
Doubtful and disputed trade receivables	5	697.26	1,030,534	0,00	0	697.26	1,030,534
Other trade receivables	6	8,760.01	12,947,100	8,760.01	12,947,100	0,00	0
SUBTOTAL - Lines 05 à 06	7	9,457.27	13,977,634	8,760.01	12,947,100	697.26	1,030,534
Amounts due from employees	8	0.95	1 406	0.95	1 406	0,00	0
Social security and other welfare agencies	9	0,00	0	0,00	0	0,00	0
State and other local authorities							
Corporate income tax recoverable	10	0,00		0,00		0,00	0
VAT recoverable	11	530.73	784,402	530.73	784,402	0,00	0
Other taxes and duties recoverable	12	132.11	195,259	132.11	195,259	0,00	0
Other amounts due from government and local authorities	13	438.20	647,656	438.20	647 656	0,00	0
Amount due from Group companies and shareholders	14	351.97	520,200	351.97	520,200	0,00	0
Other receivables	15	390.83	577,632	390.83	577,632	0,00	0
SUBTOTAL - Lines 08 à 15	16	1,844.79	2,726,555	1,844.79	2,726,555	0,00	0
TOTAL Lines 04 + 07 + 16	17	13,020.95	19,244,686	10,607.37	15,677,466	2,413.58	3,567,219

LIABILITIES	Line	Gross		Within 1 year		1 to 5 years	More than 5 years
		Rs. lacs	Euros	Rs. lacs	Euros	Rs. Lacs/ Euros	Rs. Lacs/ Euros
Loans and long-term liabilities							
Convertible bonds	18	0,00	0	0,00	0	0,00	0,00
Other bonds	19	0,00	0	0,00	0	0,00	0,00
Financial debt	20	542.05	801,066	542.05	801,066	0,00	0,00
Miscellaneous debt	21	116.34	171,947	116.34	171 947	0,00	0,00
subtotal : lines 18 à 21	22	658.39	973,013	658.39	973,013	0,00	0,00
Short-term liabilities							
Trade payables	23	6,659.91	9,843,200	6,659.91	9,843,200		
Amounts due to employees	24	2,712.77	4,009,420	2,712.77	4,009,420		
Social security and other welfare agencies	25	1,144.68	1,691,813	1,144.68	1,691,813		
Amounts due to state or local authorities							
Corporate income tax payable	26						
VAT payable	27	0,00	0	0,00	0		
Tax payment bonds	28						
Other taxes payable	29	273.51	404,245	273.51	404,245		
Amounts due to Group Companies and Shareholders	30						
Other liabilities	31	207.21	306,258	207.21	306,258		
subtotal : lines 24 à 31	32	4,338.17	6,411,735	4,338.17	6,411,735	0,00	0,00
sous total : lines 23 + 32	33	10,998.08	16,254,935	10,998.08	16,254,935	0,00	0,00
Other liabilities							
Amounts payable on fixed assets and related accounts	34	0,00	0	0,00	0	0,00	0,00
Amounts due to Group Companies and Shareholders	35	0,00	0	0,00	0	0,00	0,00
Other liabilities	36	0,00	0	0,00	0	0,00	0,00
subtotal : lines 35 + 36	37	0,00	0	0,00	0	0,00	0,00
subtotal : Lines 34 + 37	38	0,00	0	0,00	0	0,00	0,00
TOTAL - Lines 22 + 33 + 38	39	11,656.47	17,227,948	11,656.47	17,227,948	0,00	0,00

10) **ITEMS RELATING TO SEVERAL BALANCE SHEET AND PROFIT & LOSS ACCOUNT ITEM ON DECEMBER 31, 2014**

BALANCE SHEET	Line	Amounts related to companies				Trade bills payable and receivable Rs. lacs	Trade bills payable and receivable Euros
		Related undertakings Rs. lacs	Related undertakings Euros	Equity Interests Rs. lacs	Equity Interests Euros		
Assets							
Capital subscribed but not called	1						
Prepayments on intangible fixed assets	2						
Prepayment on tangible fixed assets	3						
Equity interests	4	328.32	485,246	4,625.04	6,835,705		
Receivables from equity interests	5						
Other long-term investment securities	6						
Loans	7						
Other long-term investment	8						
Prepayments	9						
Trade receivable	10	182.26	269,373	2,325.38	3,436,854	1,005.02	1,485,401
Other receivable	11	351.97	520,200				
Capital subscribed but not called	12						
Marketable securities	13						
Cash and equivalents	14	0,00	0				
Liabilities							
Proceeds from issues of equity securities	15						
Conditional advances	16	0,00	0				
Convertible bonds	17						
Other bonds	18						
Bank borrowings	19						
Miscellaneous debt	20	73.85	109,151				
Advances and progress payments received	21						
Trade payables	22	927.74	1,371,172	1,844.36	2,725,923	24.47	36,160
Amounts payable on fixed assets and related accounts	23						
Miscellaneous liabilities	24						
Amounts due to Bank and related accounts	25						

11) **IMPACT OF REVALUATION ON BALANCE SHEET ON DECEMBER 31, 2014**

(Rs. lacs/Euros)

Change in provision for regulated revaluation	Lines	Variance calculation		Extra depreciation			Year-end provision amount
		Increase in gross amounts	Increase in depreciated amounts	During the period		Year-end cumulative amount	
				Extra depreciation	Disposals		
Concessions, patents & similar rights	1						
Business goodwill	2						
Lands	3						
Buildings	4						
Technical installations, industrial plant and machinery	5						
Other tangible fixed assets	6						
Tangible fixed assets in progress	7						
Equity interests	8						
Other long-term investments	9						
TOTAL Lines 01 à 09	10						

(Rs. lacs)

Change in provision for regulated revaluation	Line	Opening balance	Disposals	Others	Year-end balance	For information - Difference transferred to capital
Concessions, patents & similar rights	11					
Business goodwill	12					
Lands	13	203.17			203.17	
Equity interests	14					
Fixed assets (1959 French law)	15	102.91			102.91	
TOTAL Lines 11 à 15	16	306.08	0,00	0,00	306.08	
Revaluation reserve (1976 French law)					203.17	
Special revaluation reserve (1959 French law)					102.91	
"Free revaluation" differences					0,00	
Other differences					0,00	
					306.08	

(in euros)

Change in provision for regulated revaluation	Line	Opening balance	Disposals	Others	Year-end balance	For information - Difference transferred to capital
Concessions, patents & similar rights	11					
Business goodwill	12					
Lands	13	300,282			300,282	
Equity interests	14					
Fixed assets (1959 French law)	15	152,103			152,103	
TOTAL Lines 11 à 15	16	452,385	0	0	452,385	
Revaluation reserve (1976 French law)					300,282	
Special revaluation reserve (1959 French law)					152,103	
"Free revaluation" differences					0	
Other differences					0	
					452,385	

12) BUSINESS GOODWILL

Leasehold DANNEMARIE	INR 0 lacs	Euros 0
26 Avenue de la Grande Armée PARIS	INR 92.83 lacs	Euros 137 204
TOTAL	INR 92.83 lacs	Euros 137 204

13) CAPITALIZED INTERESTS IN FIXED ASSETS

Interests are not included in the production cost of the own constructed fixed assets.

14) CAPITALIZED INTERESTS IN INVENTORIES

Interests are not included in the inventories valuation.

15) VALUATION OF TRANSFERABLE ITEMS

When the value of transferable items is lower than their actual balance sheet value, a depreciation is recognized.

For the fiscal year 2014, depreciations linked to transferable items amount to INR 417,41 lacs, Euros 616 925.

16) ACCRUED INCOME AND ACCRUED EXPENSE

On December 31, 2014, the accrued income and accrued expense included in the balance sheet are the following:

Accrued income	31/12/2014		31/12/2013	
	Rs. lacs	Euros	Rs. lacs	Euros
- Government – amounts to receive	0,00	0	0,00	0
- Clients – invoices to raise	52.85	78,111	68.10	100,648
- Suppliers – amounts to receive				
- Related company – accrued income				
- Interests on equity loan VAT				
- Royalties				
- Other accrued income	1.08	1,595	1.82	2,687
- Employees – amount due				
TOTAL	53.93	79,706	69.92	103,336

	31/12/2014		31/12/2013	
	Rs. lacs	Euros	Rs. lacs	Euros
Accrued expense				
- Accrued interest on debt				
- Bank – short-term accrued expense	58.63	86,650	198.02	292,665
- Purchase invoices not received	2,024.92	2,992,793	1,939.87	2,867,081
- Clients – credit notes to raise	95.74	141,498	121.65	179,796
- Accrued holiday to pay	2,712.72	4,009,341	2,894.88	4,278,570
- Social security – accrued expenses	8.44	12,478	7.70	11,379
- Accrued taxes to pay	273.51	404,245	274.93	406,334
- Related companies – accrued expenses				
- Other accrued expense	-	-	1.34	1 984
TOTAL	5,173.96	7,647 006	5,438.38	8,037,809

17) DEFERRED CHARGES AND DEFERRED INCOME

On December 31, 2014, the deferred charges and deferred income are the followings:

	DEFERRED CHARGES		DEFERRED INCOME	
	Rs. lacs	In thousands of euros	Rs. lacs	In thousands of euros
- Operating charges/income	161.71	239	0,00	0
- Financial charges/income		0	0,00	0
- Extraordinary charges/income	0,00	0	0,00	0
TOTAL	161.71	239	0,00	0

18) BREAKDOWN OF SHARE CAPITAL

The share capital is made of 446 400 fully paid shares with a par value of INR 0.01 lacs, Euros 16.

19) **BREAKDOWN OF REVENUES**

The turnover of the company is detailed as follows:

a) **Lines of business**

	2014		2013	
	Rs. lacs	In thousands of euros	Rs. lacs	In thousands of euros
Second-hand vehicles	338.93	501	135,55	200
Motor vehicles	42,387.35	62,648	40,156.88	59,351
U.M.E.	153.97	228	302.51	447
Spare parts and accessories	9,780.64	14,456	10,435.53	15,423
Automobiles parts	804.27	1,189	853.62	1,262
Motors				
Trading	8,926.08	13,193	11,611.08	17,161
Others	855.89	1,265	932.83	1,379
Non-core activities revenues	1 445.99	2,137	1,616.61	2,389
TOTAL	64 693.11	95,615	66,044.62	97,612

b) **Geographical market (destination country)**

	2014		2013	
	Rs. lacs	Thousands of euros	Rs. lacs	Thousands of euros
European countries	26,593.32	39,304	26,038.20	38,484
"French franc" zone	1,414.29	2,090	1,512.28	2,235
Other countries	6 ,030.63	8,913	7,847.82	11,599
TOTAL EXPORT	34,038.24	50,308	35,398.29	52,318
France	30,654.87	45,307	30,646.33	45,295
TOTAL	64,693.11	95,615	66,044.62	97,612

20) **CORPORATE INCOME TAX**

(Rs. lacs)

On December 31, 2014	Pre-tax Profit	Taxable profit		Tax due	Net Profit
		33,33%	19%		
Profit from ordinary activities	-15,489.64	0,00	0,00		-15,489.64
Extraordinary results	-7,170.39			0,00	-7,170.39
Tax credits				533.78	533.78
Additional contribut° 10%					
Employee profit-sharing					
CARRY BACK					
	-22,660.03	0,00	0,00	533.78	-22,126.25

(in thousands of euros)

On December 31, 2014	Pre-tax Profit	Taxable profit		Tax due	Net Profit
		33,33%	19%		
Profit from ordinary activities	-22,893	0	0		-22,893
Extraordinary results	-10,598			0	-10,598
Tax credits				789	789
Additional contribut° 10 %					
Employee profit-sharing					
CARRY BACK					
	-33,491	0	0	789	-32,702

21) FINANCIAL COMMITMENTS

On December 31, 2014, the commitments given are the followings:

	Rs. lacs	In thousands of euros
- Bills for collection	672.95	995
- Deposits and guarantees	0,00	0
- Other commitments given (Daily French law)		
- Leasing contracts		
- Long-term rentals	0,00	0
TOTAL	672.95	995

These commitments are related to:

- Management for 0
- Related companies for 0

22) DEBT SECURED BY COLLATERAL GUARANTEES

(Rs. Lacs/euros)	AMOUNTS
- Bank debts	0

23) IMPACT OF EXCEPTIONAL TAX ASSESSMENTS

The exceptional tax assessments accounted during the period are the followings:

	Rs. lacs	In thousands of euros
- Accounting result	-22,126.25	-32 702
- Corporate income tax	-533.78	-789
PRE-TAX RESULT	-22,660.03	-33 491
Change in regulated provisions:		
- Provisions for accelerated tax depreciation	0,00	0
- Provision for fluctuation in price	0,00	0
FISCAL RESULT WITHOUT EXCEPTIONAL TAX ASSESMENTS	-22,660.03	-33 491

24) DEFERRED AND CONTINGENT TAXATION

On December 31, 2014, the company has no deferred taxation liabilities.

The contingent taxation represents a deferred tax assets of INR 94,515.61 lacs, 139 692 thousands of euros.

a) Deferred taxation

Corporate income tax rate is 33 1/3% et social contribution rate is 3,3 % of the corporate income tax.

(Rs. lacs)

Origin of deferred taxation	Opening balance			Year-end balance		
	Amount	Deferred taxation		Amount	Amount	
		Assets	Dette		Assets	
Depreciation considered as deferred for tax	17,452.69	6,009.54		17, 452.69	6,009.54	
Losses carried forward	212, 421.28	73,143,84		231,658.97	79,767.90	
Research tax credit						
Charges for which tax result deduction is deferred						
- Paid holiday	1,080.36	372.00		1 046.98	360.51	
- solidarity contribution	90.64	31,21		93.28	32.12	
- DAEC	0,00	0,00		6,196.98	2,133.83	
- Provision for exchange rate losses						
- Provision CASA	0,00	0,00		0,00	0,00	
- Assets depreciation	20,500.30	7,058.94		17,964.38	6,185.73	
- Employees profit-sharing						
- Provision for discounted construction loans	48.27	16.62		35.86	12.35	
- Provision for liabilities and charges	3.38	1,16		0,00	0,00	
- Negative translation adjustments						
- Positive translation adjustments						
- Guarantee program						
- Depreciation on loans	46.01	15.84		38.55	13.27	
	251,642.92	86,649.72		274,487.69	94,515.25	

(in thousands of euros)

Origin of deferred taxation	Opening balance			Year-end balance		
	Amount	Deferred taxation		Amount	Deferred taxation	
		Assets	Liabilities		Assets	Liabilities
Depreciation considered as deferred for tax	25,795	8,882		25,795	8,882	
Losses carried forward	313,954	108,105		342,387	117,895	
Research tax credit						
Charges for which tax result deduction is deferred						
– Paid holiday	1,597	550		1,547	533	
– solidarity contribution	134	46		138	47	
– DAEC	0	0		9,159	3,154	
– Provision for exchange rate losses						
– Provision CASA	0	0		0	0	
– Assets depreciation	30 ,299	10,433		26 ,551	9,142	
– Employees profit-sharing						
– Provision for discounted construction loans	71	25		53	18	
– Provision for liabilities and charges	5	2		0	0	
– Negative translation adjustments						
– Positive translation adjustments						
– Guarantee program						
– Depreciation on loans	68	23		57	20	
	371,923	128,065		405,687	139,692	

b) Contingent taxation

(Rs. Lacs/euros)

33 1/3 % + 3,3 %

Origin of contingent taxation	Opening balance			Year-end balance		
	Amounts	Contingent taxation		Amounts	Contingent taxation	
		Assets	Liabilities		Assets	Liabilities
Long-term gains						
– taxed to 10 %						
– taxed to 15 %						
– taxed to 25 %						
– taxed to 18 %						
– taxed to 19 %						
Short-term gains with a taxation spread over several periods						
Long-term losses (tax deductible over the ten followings fiscal periods.)						
	0	0	0	0	0	0

25) TRANSLATION ADJUSTMENTS

On December 31, 2014, the translation adjustments are as follows:

Adjustments	Amounts		Difference covered by hedging transactions		Provision for exchange rate	
	Rs. lacs	In thousands of euros	Rs. lacs	In thousands of euros	Rs. lacs	In thousands of euros
Positive translation adjustments (unrealised losses)						
– on non-financial fixed assets						
– on financial fixed assets						
– on trade receivables						
– on financial debts						
– on short-term debts						
Negative translation adjustments (unrealised gains)						
– on non-financial fixed assets						
– on financial fixed assets						
– on trade receivables	1,598.81	2,363				
– on financial debts						
– on short-term debts	41.27	61				

A provision for exchange rate losses is accounted to cover the unrealised losses.

26) EXECUTIVE REMUNERATION

In 2014, the total remuneration and benefits in kind paid to executives totalled:

- Board of Directors	INR 0 lacs	Euros 0
- Management	INR 774.32 lacs	Euros 1 144 421

27) AUDITORS

The auditing fees for 2014 are the followings:

	Rs. lacs	Euros
Statutory auditing fees	31.06	45,900
Consolidation auditing fees	13.53	20,000
TOTAL	44.59	65,900

28) AVERAGE HEADCOUNT

The average headcount of the company during the period 2014 is:

	Employees	Lended or temp employees
Managerial grades	122	0
Technical and supervisory grades	153	2
Workers	196	53
Apprentices + short-term labour contracts	20	0
CASA employees	0	0
TOTAL	491	55

29) IDENTITY OF PARENT COMPANY CONSOLIDATING THE ACCOUNTS OF PEUGEOT MOTOCYCLES

The financial accounts are included in the consolidating accounts of the group PEUGEOT S.A., 75 Avenue de la Grande Armée 75016 PARIS.

Our company is included in the Group tax consolidation headed by PEUGEOT S.A. which pays the corporate income tax and other assimilated tax for the whole tax consolidated group. The company bears the tax charges for which it would have been liable if it had not been part of the tax consolidation group.

For the fiscal year 2014, PEUGEOT MOTOCYCLES generated a tax loss of INR 18,792.88 lacs, Euros 27.775.466.

30) LIST OF SUBSIDIARIES AND EQUITY INTERESTS

SUBSIDIARIES AND EQUITY INTERESTS	OWNER'S EQUITY		INTEREST HELD (%)	2014 RESULTS	
	Rs. lacs	In thousands of euros		Rs. lacs	In thousands of euros
A / Detailed information about subsidiaries and equity interests ;					
1 / Subsidiaries (over 50 % of the share-capital)					
- PMI	176.59	261	95	-18.27	-27
2 / Equity interests (10 to 50 % of the share-capital)					
- JQPM	6,497.39	9,603	50	550.75	814
B / General information about subsidiaries and equity interests					
1 / Subsidiaries not included in A :					
A / French					
B / Foreign PMD	368.75	545	100	45.33	67
2 / Equity interests not included in A :					
A / French					
B / Foreign					

A/ Information about subsidiaries and equity interests related to interests valued over 1% of the equity of PMTC.

B/ General information about other subsidiaries and equity interests.

PEUGEOT MOTOCYCLES SAS
 “Société par actions simplifiées” with share capital of INR 6.637,09 lacs, Euros 9 809 472
 Head office : rue du 17 Novembre 25350 BEAULIEU MANDEURE (Doubs)
 RCS Belfort : B 875 550 667
 Siret : 875 550 667 00013
 APE n° 3091Z
 VAT number : FR 71 875 550 667

LISTING OF SECURITIES HELD 31 DECEMBER 2014

Number of shares	Par value		COMPANIES	Gross Value		Amortisation Depreciation or Capitalised gains		Net Value	
	Rs. lacs	Euros		Rs. lacs	Euros	Rs. lacs	Euros	Rs. lacs	Euros
1	17.59	26 000	PEUGEOT MOTOCYCLES DEUTSCHLAND	21.51	31,799	0,00	0	21.51	31 799
15 675	0.01	16	PEUGEOT MOTOCYCLES ITALIA	306.80	453,448	156.62	231 483	150.18	221,965
1	4,625.04	6 835 705	JINAN QINGQI MOTORCYCLES	4,625.04	6,835,705	4,625.04	6,835,705	0,00	0
			TOTAL	4,953.36	7,320,951	4,781.66	7,067,188	171.70	253 764

Details on subsidiaries of : PEUGEOT MOTOCYCLES SAS

PMI - PEUGEOT MOTOCYCLES ITALIAE
PEUGEOT MOTOCYCLES ITALIA SPA
 Via Gallarate N° 199
 20151 MILANO
 Télécom Italia : (39) 2 30 70 36 16
Subsidiary of PEUGEOT MOTOCYCLES : 95 %
ACTIVITE
Import and distribution of motorized two-wheelers vehicles in Italy

Fiscal year	2013		2014	
Delivered volumes to the network	4.067		3.438	
Headcount on December 31	17		17	
Financial information :	2013		2014	
	Rs. Lacs	Thousands in euros	Rs. Lacs	Thousands in euros
Revenues	4,946.62	7,311	4,835.66	7,147
Cash flows from operation	42.63	63	49.39	73
Net result	-17.59	-26	-18.27	-27
Net equity	176.59	261	158.32	234
Investments	1.35	2	2.71	4
Dividends distributed during the year	0.00	0	0.00	0

**PMD - PEUGEOT MOTOCYCLES ALLEMAGNE
PEUGEOT MOTOCYCLES DEUTSCHLAND GmbH**

Kurhessenstrasse 13

D 64546 MORFELDEN WALLDORF

Deutsch Telecom : (49) 6105 20 93 0

Subsidiary of PEUGEOT MOTOCYCLES : 100 %

ACTIVITE

Import and distribution of motorized two-wheelers vehicles in Germany

Fiscal year			2013	2014
Delivered volumes to the network			10.700	10.722
Headcount on December 31			19	19
Financial information :				
			2013	
	Rs. Lacs	Thousands in euros	2014	
			Rs. Lacs	Thousands in euros
Revenues	10,751.17	15,890	12,132.79	17,932
Cash flow from operation				
Net result	66.98	99	45.33	67
Net equity	405.96	600	279.44	413
Investments	0.00	0	0.00	0
Dividends distributed during the year	202.98	300	135.32	200

FINANCIAL RESULTS OF THE COMPANY OVER THE LAST FIVE YEARS

NATURE OF THE INDICATIONS	2010	2011	2012	2013	2014
FINANCIAL POSITION AT BALANCE SHEET DATE (Rs. lacs)					
a/ Share capital	4,832.55	4,832.55	4,832.55	4,832.55	4,832.55
b/ Number of shares issued	302.03	302.03	302.03	302.03	302.03
OVERALL RESULTS OF CURRENT OPERATIONS (Rs. lacs)					
a/ Sales before tax	94,471.91	86,116.25	69,245.99	66,044.62	64,693.12
b/ Profit before tax, depreciation and provisions	-16,058.59	-19,493.53	-28,333.59	-22,752.70	-15,822.82
c/ Corporate income tax	198.34	395.10	632.26	303.75	533.78
d/ Profit after tax, depreciation and provisions	-9,391.65	-33,499.81	-29,340.49	-19,678.70	-22,126.25
e/ Distributed profit :					
- Dividends	0,00	0,00	0,00	0,00	0,00
- Compensations	0,00	0,00	0,00	0,00	0,00
OPERATION RESULTS PER SHARE (Rs. lacs)					
a/ Profit after tax but before depreciation and provisions	-0.04	-0.04	-0.06	-0.05	-0.03
b/ Profit after tax, depreciation and provisions	-0.02	-0.08	-0.07	-0.04	-0.05
c/ Dividends distributed per share					
- Net dividend	0,00	0,00	0,00	0,00	0,00
- Tax prepaid on dividends	0,00	0,00	0,00	0,00	0,00
WORKFORCE					
a/ Number of employees	803	783	630	502	490
b/ Total payroll	15,485.30	14,317.49	14,760.80	11,788.51	11,177.53
c/ Amount paid in relation to social benefits (Social security, Charities, etc...)	6,915.36	7,739.40	6,880.88	4,816.33	4,645.45
FINANCIAL POSITION AT BALANCE SHEET DATE (in euros)					
a/ Share capital	7,142,400	7,142,400	7,142,400	7,142,400	7,142,400
b/ Number of shares issued	446,400	446,400	446,400	446,400	446,400
OVERALL RESULTS OF CURRENT OPERATIONS (in euros)					
a/ Sales before tax	139,627,417	127,277,939	102,344,055	97,612,499	95,615,009
b/ Profit before tax, depreciation and provisions	-23,734,238	-28,811,016	-41,876,423	-33,627,987	-23,385,781
c/ Corporate income tax	293,139	583,950	934,466	448,937	788,916
d/ Profit after tax, depreciation and provisions	-13,880,654	-49,511,986	-43,364,609	-29,084,691	-32,702,109
e/ Distributed profit :					
- Dividends	0	0	0	0	0
- Compensations	0	0	0	0	0
OPERATION RESULTS PER SHARE (in euros)					
a/ Profit after tax but before depreciation and provisions	-53	-63	-92	-74	-51
b/ Profit after tax, depreciation and provisions	-31	-111	-97	-65	-73
c/ Dividends distributed per share					
- Net dividend	0	0	0	0	0
- Tax prepaid on dividends	0	0	0	0	0
WORKFORCE					
a/ Number of employees	803	783	630	502	490
b/ Total payroll	22,886,930	21,160,939	21,816,146	17,423,164	16,520,145
c/ Amount paid in relation to social benefits (Social security, Charities, etc...)	10,220,755	11,438,662	10,169,789	7,118,423	6,865,879

BOARD OF DIRECTORS

FREDERIC FABRE
Chairman

XAVIER DELPECH DE SAINT GUILHEM
Director

OLIVIER THRIERR
Director

BOARD OF STATUTORY AUDITORS

REGULAR AUDITORS

MASSIMO DI TERLIZZI
Chairman

MARA PALACINO
Auditor

DARIA FERRARIO
Auditor

ALTERNATE AUDITORS

LUCA ANGERETTI

ANDREA SAVINO

AUDITING COMPANY

Pursuant to Article 2409 bis et seq. of the Italian Civil Code,
the independent auditor in charge of auditing the Company
books

RECONTA ERNST & YOUNG S.p.A.

DIRECTORS' REPORT**PEUGEOT MOTOCYCLES ITALIA S.p.A.**

Registered office: Milan, Via Gallarate no. 199

Share Capital INR 178,62 lacs, Euros 264.000 fully paid in

Tax code/Milan Company Register no. 11991230159

VAT reg. no. 11991230159

R.E.A. (Register of Financial and Administrative Information)

Chamber of Commerce of Milan No. 1518893

A subsidiary of Peugeot S.A.

**ON MANAGEMENT ATTACHED
TO THE FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2014**

Dear Shareholders,

We hereby submit for your attention the financial statements for the year ended as at 31 December 2014, prepared in accordance with the legal provisions in force, interpreted and supplemented by the accounting standards issued by the National Council of Certified Public Accountants and the Italian Accounting Board (OIC), which show a loss of (INR 18.33 lacs), Euros 27.09k after depreciation for (INR 9.92 lacs), Euros 14.66k, accrued current taxes for (INR 78.06 lacs), Euros 115.37k and recognized deferred tax assets for (INR 35.20 lacs), Euros 52.02k.

Analysis of the market in 2014 and the results of your Company

The two-wheeler market in 2014 registered a total of 182,852 moped registrations and deliveries of two-wheelers, with a 1.5% decrease over the previous year.

Of which:

50cc vehicles

- The negative performance of 50cc vehicles continued with 26,727 registered units, -15.5% compared to 2013

Month	2013	2014	Change %
January	2,056	1,666	-18.97
February	1,918	1,574	-17.94
March	2,205	2,445	10.88
April	3,002	2,371	-21.02
May	3,469	2,524	-27.24
June	4,050	3,288	-18.81
July	4,517	3,955	-12.44
August	2,240	1,739	-22.37
September	2,990	2,601	-13.01
October	2,529	2,253	-10.91
November	1,431	1,218	-14.88
December	1,238	1,093	-11.71
Total	31,645	26,727	-15.54

vehicles > 50cc

This marked the first reversal of trend since 2009, with positive results for both scooters and motorcycles

- Scooters:** 101,528 units, in line with 2013 (+ 0.4%). This result is even higher if we consider that the figure for 2013 benefited from the significant contribution for means, circa 1,200, registered with the Italian Post Office (Piaggio Liberty), without which the actual growth would have been + 1.5%

Month	2013	2014	Change %
January	5,993	5,090	-15.07
February	4,941	5,298	7.23
March	7,614	10,717	40.75
April	11,715	12,804	9.30
May	14,489	12,450	-14.07
June	12,967	13,022	42
July	13,778	13,218	-4.06
August	6,233	5,155	-17.30
September	8,723	9,063	3.90
October	7,277	7,914	8.75
November	5,037	4,037	-19.85
December	2,372	2,760	16.36
Total	101,139	101,528	0.38

- Motorcycles:** 54,597 units, with a sharp increase over 2013 (+ 3.4%).

Month	2013	2014	Change %
January	3,382	3,544	4.79
February	3,830	4,432	15.72
March	6,348	7,323	15.36
April	6,827	7,487	9.67
May	7,536	7,087	-5.96
June	5,938	6,525	9.89
July	6,448	6,014	-6.73
August	2,400	2,082	-13.25
September	3,664	3,620	-1.20
October	3,065	3,181	3.78
November	1,782	1,718	-3.59
December	1,575	1,584	0.57
Total	52,795	54,597	3.41

Registrations of vehicles up to 50cc

The trend in registrations of vehicles up to 50cc is summarized in the table below.

	2006	2007	2008	2009	2010	2011	2012	2013	2014	Change 14/13
Total	116,844	134,470	123,110	96,761	85,921	71,427	48,807	31,645	26,727	-15.54%

TOP 20 MOPEDS REGISTERED IN 2014

The "Top 20 mopeds" by brand registered in 2014 are shown in the table below

Rank	Marca	Modello	Segmento	Totale Gen-Dic 2014
1	APRILIA	SCARABEO 50 2T	Scooter	1.944
2	PIAGGIO	LIBERTY 50 RST 4T	Scooter	1.712
3	PIAGGIO	LIBERTY 50 RST 2T	Scooter	1.314
4	PIAGGIO	VESPA PRIMAVERA 50	Scooter	1.084
5	HONDA	VISION 50	Scooter	1.066
6	PIAGGIO	VESPA PRIMAVERA 50 4T	Scooter	1.031
7	YAMAHA	AEROX	Scooter	910
8	APRILIA	SCARABEO 50 4T 4V	Scooter	787
9	BETA	RR 50 ENDURO	Scooter	553
10	PEUGEOT	KISBEE 50	Scooter	550
11	KYMCO	AGILITY 50 R16	Scooter	530
12	PIAGGIO	VESPA LX 50 4V 4T	Scooter	523
13	PIAGGIO	NRG POWER DD	Scooter	481
14	PIAGGIO	ZIP 50 2T	Scooter	476
15	SYM	SYMPHONY 50	Scooter	474
16	KYMCO	AGILITY 50 R16 2T	Scooter	464
17	KYMCO	AGILITY 50	Scooter	429
18	BETA	RR 50 MOTARD	Scooter	423
19	APRILIA	SR 50 R	Scooter	414
20	KYMCO	SUPER 8 50 2T	Scooter	383

Registrations of Scooters over 50cc

The trend in registrations of scooters over 50cc is summarized in the table below.

	2006	2007	2008	2009	2010	2011	2012	2013	2014	Change 14/13
Total	283,882	279,538	266,617	295,442	213,456	172,099	147,177	101,139	101,528	0.38%

Motorcycle registrations

The motorcycle registration trend is summarized in the table below.

	2006	2007	2008	2009	2010	2011	2012	2013	2014	Change 14/13
Total	161,105	156,421	137,050	109,345	93,608	83,005	59,348	52,795	54,597	3.41%

TOP 20 REGISTERED VEHICLES IN 2014

The “Top 20” vehicles by brand registered in 2014 are shown in the table below

Rank	Brand	Model	Segment	Total January-December 2014
1	HONDA ITALIA	SH 150	Scooter	8,457
2	HONDA ITALIA	SH 300	Scooter	6,498
3	HONDA ITALIA	SH 125	Scooter	5,633
4	PIAGGIO	BEVERLY 300	Scooter	4,876
5	KYMCO	AGILITY 125 R16	Scooter	3,669
6	YAMAHA	TMAX 500	Scooter	3,585
7	PIAGGIO	LIBERTY 125 3V	Scooter	3,299
8	YAMAHA	XMAX 400	Scooter	2,798
9	YAMAHA	XMAX 250	Scooter	2,520
10	HONDA	INTEGRA	Scooter	2,437
11	PIAGGIO	BEVERLY 350	Scooter	2,240
12	PIAGGIO	VESPA GTS 300 SUPER	Scooter	2,190
13	KYMCO	AGILITY 200I R16	Scooter	2,050
14	KYMCO	DOWNTOWN 300	Scooter	2,006
15	KYMCO	PEOPLE ONE 125I	Scooter	1,956
16	YAMAHA	XENTER 150	Scooter	1,929
17	PIAGGIO	VESPA PRIMAVERA 125	Scooter	1,741
18	HONDA	FORZA 300	Scooter	1,675
19	KYMCO	XCITING 400I	Scooter	1,649
20	PIAGGIO	LIBERTY 150 3V	Scooter	1,591

The “moped” market has dropped by more than 4,900 units compared with 2013; it follows that the two-wheeler sector has contracted both in terms of number of customers and, above all, in terms of generational change.

The economic scenario remains complex despite some positive factors such as the decline in oil prices (and, consequently, of fuel prices, or so it should be) and a more competitive euro on the international markets.

The high cost of insurance continues to be a significant barrier to scooter sales recovery (especially for 50cc).

Your Company’s market share has decreased slightly since 2013, primarily because of a limited range of products and the lack of a number of strategic best-sellers (e.g. LXR), and of the “age” of other products that have been on the market for 7/8 years, without having undergone any substantial changes (e.g. Geopolis).

The overall market share decreased from 3.4% in 2013 to 3.3% in 2014 (- 0.1 percentage points).

As for the 50cc products, your Company has registered very positive results, increasing its market share, in spite of the

great difficulties faced by this segment in continuous decline, from 4.7% in 2013 to 5% in 2014 (+ 0.3 percentage points).

As for the registered vehicle market, which, for the first time since 2009, has registered a slight growth, the Company has registered a slight decrease from 3.0% in 2013 to 2.9% in 2014 (-0.1 percentage point), as a result, other than the factors already mentioned above related to product range and the continuing difficulties faced by small and medium-sized enterprises, also of the much stronger promotional and communication campaigns implemented by the major brands and of the market launch by main competitors of some new models (e.g. J-300 Kawasaki, Tricity 125 Yamaha, X-Max 250 Yamaha).

Personnel

As of 31 December 2014, your Company employed 17 people (18 in 2013).

Your Company operates through its own network of dealers, which comprises 139 units, of which 14 were revoked/closed at the end of 2014 (10 at the end of 2013), distributed across Italy.

Costs, revenues and investments

Main economic data

	31/12/2014		31/12/2013		Change	
	Rs. lacs	Euros	Rs. lacs	Euros	Rs. lacs	Euros
Production value	4,846.18	7,147.77	5,451.66	8,057.43	(615.48)	(909,659)
Operating costs	4,819.76	7,123.49	5,464.82	8,076.88	(645.06)	(953,385)
Profit for the year	16.42	24.273	(13.16)	(19,453)	29.58	43,726
Financial management	8.11	11,982	3.49	5,162	4.62	6,820
Extraordinary management	0	0	29.12	43,043	(29.12)	(43,043)
Profit before taxes	24.53	36,255	19.45	28,752	5.08	7,503
Income taxes	42.86	63,347	36.71	54,527	6.15	8,820
Net profit:	(18.33)	(27,092)	(17.44)	(25,775)	(0.89)	(1,317)

Your Company's sales revenues in 2014 amounted to (INR 3.99 lacs), 5.9 million in euros for vehicles (89%) and (INR 0.32 lacs) Euros 0.47k for spare parts (11%).

With reference to the main cost items, it should be noted that, in 2014 your Company incurred costs for the purchase of goods for resale totalling approximately (INR 2,435.76 lacs), 3.6 million in euros.

Below are the main profitability indicators for the current year compared with 2013.

Indicatore	31/12/2014	31/12/2013
ROE Netto	-11.60%	-9.89%
ROE Lordo	15.52%	11.03%
ROI	-53.30%	-78.38%
ROS	-1.85%	-2.72%

Subsequent events

To date no events have occurred after 31 December 2014 such as to significantly alter the current financial position compared to that shown in the balance sheet at that date and to require adjustments or additional notes to the financial statements.

Business outlook

As regards the outlook for 2015, the two-wheeler market will continue to be affected, although to a lesser extent, by the general economic crisis, and a further slight contraction is expected. The trend in new registrations for January 2015 showed an overall increase of 2.6% compared to January 2014 thanks to the registrations of vehicles over 50cc; both motorcycles and scooters

registered a sales growth. Only "mopeds" are still showing signs of difficulty. In February, an increase was registered in the sales of motorcycles over 50cc, which was offset by the slight decline in the sales of scooters and 50cc vehicles. In the first two months of 2015, a total of 21,771 powered two wheelers were sold in Italy (new registrations plus 50cc), up 0.8% compared to the first two months of 2014, representing a first small injection of confidence in a market that has suffered greatly for years.

As for the 50cc segment, unfortunately a further slight decline in sales is expected. In fact, in the first two months only 2,674 "50cc" vehicles were sold, equal to -17.5%; this scenario, as already stated, suggests a still negative sales trend for 2015.

In this context, your Company, with its current line of products, the launch of the Gamma Django (end of 2014) and of the new Speedfight4 50 and the special series made for Peugeot Metropolis400i (GTConnect and Sport) and the introduction of the traditional bicycles (*in addition to the E-Bikes*), has set itself the following objectives:

- increasing its penetration in the Italian market;
- acquiring new and expanding market segments: 3R, neoretrò, E-bike;
- increasing its sales volumes;
- increasing its profitability and that of the network;
- further developing the distribution network;
- improving the quality of the sales network and the development of its activities (introducing the quality bonus).

Other information

Research & Development

Your Company, given the nature of its activity, does not carry out its own research and development.

Own shares and/or stakes and/or those of parents

Your Company does not own, nor has it purchased or sold during the year, either directly or indirectly, any treasury shares or shares held by its parent company.

Risk management

The main risks to which the Company is exposed are set out below:

Financial Risk

Given the nature of its activity, the Company does not manage complex financial risks and has not made use of financial derivatives.

In line with the decisions made by the PSA Group concerning the financial debt, the Company does not make recourse to the financial market on its own, but covers its needs by using financial instruments through its sole shareholder, using corporate credit lines and lines of credit with financial institutions and managing its liquidity through a system of centralized treasury.

Interest rate risk

The Company is exposed to an interest rate risk stemming from its account with GIE Trésorerie and its bank accounts; because the interest rates are variable, the Company is exposed to the risk that these will fluctuate.

Price risk

The Company is not exposed to price risks.

Credit risk

Credit risk is the company's exposure to potential losses resulting from the non-fulfilment of the trade obligations undertaken by the counterparties.

In order to limit this risk, the Company constantly monitors the positions of its individual customers, analysing their expected cash flows and the values recorded in order to take immediate recovery measures.

In addition, the Company has taken out a credit insurance policy to further limit this risk.

Impairment losses on receivables are calculated based on the risk of default by the counterparty, determined on the basis

of the information available on the latter's solvency, historical data and on the type of cover provided by the credit insurance policy. The book value of receivables is reduced indirectly by setting up a fund.

The single major positions, for which there is no reasonable chance of recovering the debt, whether in part or in full, are written down individually. The amount of impairment is determined on the basis of the information available on the solvency of the counterparty, historical data, an estimate of future recoverable flows and of the related collection date, as well as of the burden and cost of recovery.

The positions that are not written down individually are included in groups having similar characteristics, in terms of credit risk, and written down collectively on the basis of rising percentages according to the past due dates.

Liquidity risk

Liquidity risk is the risk that the financial resources available are not sufficient to meet the financial and commercial obligations within the preset terms and due dates.

More specifically, the Company manages this risk through the lines of corporate credit and manages its liquidity through a centralized treasury system that deals with the centralized management of treasury and finance.

Relationships with subsidiaries, affiliates, parent companies and companies controlled by the latter

Pursuant to Article 2428 (3) (2), a description is provided below of the main transactions carried out in 2014 with subsidiaries, affiliates, parent companies and companies controlled by the latter.

These transactions are carried out at market conditions.

Company	Nature of transaction
Peugeot Motocycles S.A.	Commercial
Peugeot AutomobiliItaliaS.p.A.	Commercial
Peugeot Milano S.p.A.	Commercial
Citroën Italia S.p.A.	Commercial
Psa Services S.r.l.	Administrative and financial
GIE Trésorerie	Financial
PSA Renting Italia S.p.A.	Commercial
BeritaliaS.r.l.	Commercial

COMMERCIAL AND OTHER RELATIONS (Rs. Lacs)										
COMPANY NAME	FINANCIAL YEAR 2014				FINANCIAL YEAR 2014					
	RECEIVABLES	PAYABLES	GUARANTEES	COMMITMENTS	COSTS			REVENUES		
					GOODS	SERVICES	OTHER	GOODS	SERVICES	OTHER
Peugeot Motocycles S.A.	8	1,474			2,340	122		0	71	
Peugeot Automobili Italia S.p.A		84				89		4	5	
Peugeot Milano S.p.A.					0.02	0				
Psa Services S.r.l.		1				40				
Psa Renting Italia S.p.A.		4				31				
Beri Italia S.r.l.		1			0.03	9			4	
Citroen Italia S.p.A.		0				0				
FINANCIAL RELATIONS										
COMPANY NAME	FINANCIAL YEAR 2014				FINANCIAL YEAR 2014					
	RECEIVABLES	PAYABLES	GUARANTEES	COMMITMENTS	CHARGES			INCOME		
GIE Tesorerie	0.22									

COMMERCIAL AND OTHER RELATIONS (Euros)										
COMPANY NAME	FINANCIAL YEAR 2014				FINANCIAL YEAR 2014					
	RECEIVABLES	PAYABLES	GUARANTEES	COMMITMENTS	COSTS			REVENUES		
					GOODS	SERVICES	OTHER	GOODS	SERVICES	OTHER
Peugeot Motocycles S.A.	12.144	2.178.329			3.458.499	180.478		500	105.210	
Peugeot Automobili Italia S.p.A		124.641				131.792		5.692	7.713	
Peugeot Milano S.p.A.					29	64				
Psa Services S.r.l.		1.247				58.695				
Psa Renting Italia S.p.A.		6.028				46.447				
Beri Italia S.r.l.		1.000			50	13.458			5.825	
Citroen Italia S.p.A.		53				243				
FINANCIAL RELATIONS										
COMPANY NAME	FINANCIAL YEAR 2014				FINANCIAL YEAR 2014					
	RECEIVABLES	PAYABLES	GUARANTEES	COMMITMENTS	CHARGES			INCOME		
GIE Tesorerie	325									

Branches

Pursuant to the last paragraph of Article 2428 of the Italian Civil Code, it should be noted that your Company does not have any branches.

Management and coordination activities

With reference to Article 2497-bis (5), whose object is the relationships with the parent company and with the other companies controlled by the latter, please refer to the above paragraph "Relationships with subsidiaries, affiliates, parent companies and with companies controlled by the latter" contained in this Annual Report.

The notes to the financial statements show the main economic and financial data relating to the parent company.

Proposed allocations of the operating results

We hereby propose to carry forward to the subsequent year the operating loss of (INR 18.33 lacs), Euros 27.09k shown in the financial statements as at 31 December 2014. We thank you for your confidence and invite you to approve the balance sheet submitted herewith.

For the Board of Directors

The Chairman
Frédéric Fabre

Date : 25th May, 2015

Place : Mandeure

AUDIT REPORT OF THE COMPANY

In accordance with Article.14 of Legislative Decree No.39 of January 27, 2010

To the shareholders of Peugeot Motocycles Italia S.p.A

1. We have audited the financial statements of Peugeot Motocycles S.p.A. as of December 31, 2014. These financial statements prepared in accordance with the Italian law governing financial statements are the responsibility of the Directors of Peugeot S.p.A. (the "Company"). Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with Auditing Standards issued by National Council of Chartered Accountant and Accounting Experts and recommended by Consob. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. In our opinion, the financial statements give a true and fair view of the financial position of Peugeot Motocycles S.p.A. as of December 31, 2014, and of the results of its operations for the year then ended in accordance with the Italian law governing financial statements.
4. The Directors of Peugeot Motocycles S.p.A. are responsible for the preparation of the Directors' report on operations in accordance with the applicable law. Our responsibility is to express an opinion on the consistency of the Directors' report on operations with the financial statements, as required by law. For this purpose, we have performed the procedures required under Auditing Standard n. 001 issued by the National Council of Chartered Accountants and Accounting Experts and recommended by Consob. In our opinion, the Directors' report on operations is consistent with the financial statements of Peugeot Motocycles S.p.A as of December 31, 2014.

For the opinion on the prior year's financial statements, the balances of which are presented for comparative purposes as required by law, reference should be made to our auditors' report issued on April 28, 2014.

Ernst & Young S.p.A

Massimiliano Vercellotti
(Partner)

Milan, 28th April 2015

This is a free translation into English of the statutory auditor's report on the financial statements issued in Italian and it is provided solely for the convenience of English-speaking users.

BALANCE SHEET

Financial statements at 31/12/2014

	2014		2013	
	Rs. Lacs	Euros	Rs. Lacs	Euros
Assets				
A) Accounts receivable from shareholders in respect of unpaid share capital				
B) Fixed assets				
<i>I. Intangible assets</i>				
1) Start-up and expansion costs				
2) Research, development and advertising costs				
3) Industrial patent and intellectual property rights				
4) Concessions, licenses, trademarks and similar right				
5) Goodwill				
6) Work-in-progress and advances				
7) Other intangible assets				
<i>II. Tangible assets</i>				
1) Land and buildings				
2) Plant and machinery				
3) Industrial and commercial equipment				
4) Other assets	38.56	56,995	43.94	64,947
5) Work-in-progress and advances	16.88	24,956	19.11	28,241
	55.45	81,950	63.05	93,188
<i>III. Financial assets</i>				
1) Shareholdings in:				
a) controlled undertakings				
b) affiliated undertakings				
c) controlling companies				
d) other companies	0.14	207	0.14	207
	0.14	207	0.14	207
2) Accounts Receivables				
a) from controlled undertakings				
– falling due within one year				
– falling due after more than one year				
b) from affiliated undertakings				
– falling due within one year				
– falling due after more than one year				
c) from controlling companies				
– falling due within one year				
– falling due after more than one year				
d) Other accounts receivable				
– falling due within one year				
– falling due after more than one year	0.69	1,023	0.69	1,023
	0.69	1,023	0.69	1,023

	2014		2013	
	Rs. Lacs	Euros	Rs. Lacs	Euros
3) Other securities				
4) Treasury shares (nominal amount)	0.83	1,230	0.83	1,023
Total fixed assets	56.28	83,181	63.88	94,418
C. Current assets				
<i>I. Stock</i>				
1) Raw materials, subsidiary materials and consumables				
2) Work in process and semi-finished products				
3) Work in progress on order				
4) Finished products and goods	49.64	73,362	61.74	91,245
5) Payments on account (advances)				
	<u>49.64</u>	<u>73,362</u>	<u>61.74</u>	<u>91,245</u>
<i>II. Accounts receivable</i>				
1) From customers				
– falling due within one year	3,018.16	4,460,769	3,482.16	5,146,557
– falling due after more than one year				
	<u>3,018.16</u>	<u>4,460,769</u>	<u>3,482.16</u>	<u>5,146,557</u>
2) From controlled undertakings				
– falling due within one year				
– falling due after more than one year				
	<u></u>	<u></u>	<u></u>	<u></u>
3) From affiliated undertakings				
– falling due within one year				
– falling due after more than one year				
	<u></u>	<u></u>	<u></u>	<u></u>
4) From controlling companies				
– falling due within one year	8.22	12,144	7.60	11,234
– falling due after more than one year				
	<u>8.22</u>	<u>12,144</u>	<u>7.60</u>	<u>11,234</u>
4-bis) Tax credits				
– falling due within one year	70.74	104,553	93.26	137,835
– falling due after more than one year				
	<u>70.74</u>	<u>104,553</u>	<u>93.26</u>	<u>137,835</u>
4-ter) Tax assets				
– falling due within one year	147.79	218,431	112.59	166,409
– falling due after more than one year				
	<u>147.79</u>	<u>218,431</u>	<u>112.59</u>	<u>166,409</u>
5) Other accounts receivable				
– falling due within one year	21.76	32,161	6.32	9,336
– falling due after more than one year				
	<u>21.76</u>	<u>32,161</u>	<u>6.32</u>	<u>9,336</u>
	3,266.66	4,828.05	3,701.93	5,471,371

	2014		2013	
	Rs. Lacs	Euros	Rs. Lacs	Euros
C) Employees' leaving indemnity	161.38	238,514	202.25	298,914
D) Accounts Payables				
1) Bonds				
– falling due within one year				
– falling due after more than one year				
2) Convertible bonds				
– falling due within one year				
– falling due after more than one year				
3) Shareholders' loans				
– falling due within one year				
– falling due after more than one year				
4) Accounts payable to banks				
– falling due within one year				
– falling due after more than one year				
5) Accounts payable to third party lenders				
– falling due within one year				
– falling due after more than one year				
6) Payments received on account (advances)				
– falling due within one year				
– falling due after more than one year				
7) Accounts payable to suppliers				
– falling due within one year	150.38	222,262	240.14	354,917
– falling due after more than one year				
	150.38	222,262	240.14	354,917
8) Accounts payable represented by negotiable instruments				
– falling due within one year				
– falling due after more than one year				
9) Accounts payable to controlled undertakings				
– falling due within one year				
– falling due after more than one year				
10) Accounts payable to affiliated undertakings				
– falling due within one year				
– falling due after more than one year				

	2014		2013	
	Rs. Lacs	Euros	Rs. Lacs	Euros
11) Accounts payable to controlling companies				
– falling due within one year	1,473.86	2,178,329	1,918.51	2,835,521
– falling due after more than one year				
	<u>1,473.86</u>	<u>2,178,329</u>	<u>1,918.51</u>	<u>2,835,521</u>
12) Taxes payable				
– falling due within one year	120.83	178,578	45.74	67,609
– falling due after more than one year				
	<u>120.83</u>	<u>178,578</u>	<u>45.74</u>	<u>67,609</u>
13) Accounts payable to social security institutions				
– falling due within one year	57.69	85,264	51.86	76,645
– falling due after more than one year				
	<u>57.69</u>	<u>85,264</u>	<u>51.86</u>	<u>76,645</u>
14) Other accounts payable				
– falling due within one year	1,259.75	1,861,887	1,309.62	1,935,589
– falling due after more than one year				
	<u>1,259.75</u>	<u>1,861,887</u>	<u>1,309.62</u>	<u>1,935,589</u>
<i>Total accounts payables</i>	<u>3,062.51</u>	<u>4,526,320</u>	<u>3,565.87</u>	<u>5,270,281</u>
E) Accrued liabilities and deferred income				
– loan interests				
– other accrued liabilities and deferred income	0.41	600	1.42	2,100
	<u>0.41</u>	<u>600</u>	<u>1.42</u>	<u>2,100</u>
Total shareholders' equity and liabilities	3,398.28	5,022,581	3,960.84	5,854,034

	31/12/2014		31/12/2013	
Memo accounts				
1) Risks				
Guarantees				
to other companies	0.04	52	0.04	52
	0.04	52	0.04	52
2) Engagements				
3) Third parties' assets at the company's assets				
4) Other memoranda accounts				
Total memo accounts	0.04	52	0.04	52

PROFIT AND LOSS ACCOUNT

	31/12/2014		31/12/2013	
	Rs. Lacs	Euros	Rs. Lacs	Euros
A) Revenues				
1) From sales and services	4,557.50	6,735,880	5,128.66	7,580,051
2) Changes in stocks of work in process, semi-finished and finished products				
3) Work in progress on order				
4) Capitalised internal work in progress				
5) Other revenues:				
– miscellaneous	278.69	411,892	322.99	477,380
	<u>278.69</u>	<u>411,892</u>	<u>322.99</u>	<u>477,380</u>
<i>Total revenues</i>	4,836.18	7,147,772	5,451.66	8,057,431
B) Expenses				
6) <i>Raw materials, subsidiary materials, consumables and goods</i>	2,419.69	3,576,252	3,109.41	4,595,642
7) <i>Services</i>	1,135.87	1,678,787	1,145.68	1,693,289
8) <i>Rent/lease</i>	96.98	143,330	116.91	172,792
9) <i>Personnel costs</i>				
a) salaries and wages	589.72	871,592	583.22	861,992
b) social contributions	176.30	260,569	184.01	271,967
c) employees' leaving indemnity	52.69	77,873	46.90	69,323
d) accruals for pension and similar costs				
e) other costs	0.22	320	0.99	1,472
	<u>819.05</u>	<u>1,210,354</u>	<u>815.14</u>	<u>1,204,754</u>
10) <i>Depreciation and value adjustments</i>				
a) depreciation of intangible assets				
b) depreciation of tangible assets	9.92	14,656	12.94	19,130
c) other value adjustments				
d) write down of accounts receivable recorded among current assets and liquid assets	159.94	236,381	72.70	107,442
	<u>169.85</u>	<u>251,037</u>	<u>85.64</u>	<u>126,572</u>
11) <i>Changes in raw materials, subsidiary materials, consumables and goods</i>	(0.35)	(517)	(12.93)	(19,117)
12) <i>Accruals to provisions for liabilities and charges</i>				
13) <i>Other accruals</i>	1.01	1,500	8.12	12,000
14) <i>Miscellaneous running costs</i>	177.78	262,756	196.86	290,952
<i>Total expenses</i>	4,819.76	7,123,499	5,464.82	8,076,884
Difference between revenues and expenses(A-B)	16.42	24,273	(13.16)	(19,453)
C) Financial income and costs				
15) <i>Income from shareholdings:</i>				
– in controlled undertakings				
– in affiliated undertakings				
– other income				

	31/12/2014		31/12/2013	
	Rs. Lacs	Euros	Rs. Lacs	Euros
16) Other financial income:				
a) from accounts receivable recorded among fixed assets				
– from controlled undertakings				
– from affiliated undertakings				
– from controlling companies				
– other financial income				
b) from securities recorded among fixed assets				
c) from securities recorded among current assets				
d) other income:				
– other income	8.11	11,982	3.49	5,162
	<u>8.11</u>	<u>11,982</u>	<u>3.49</u>	<u>5,162</u>
17) Interest and other financial costs:				
– from controlled undertakings				
– from affiliated undertakings				
– from controlling companies				
– others financial costs				
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
17-bis) Current and deferred exchange gains and losses				
Total financial income and costs	8.11	11,982	3.49	5,162
D) Value adjustments of financial assets				
18) Write-ups:				
a) of shareholdings				
b) of financial fixed assets				
c) of securities recorded among current assets				
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
19) Write downs:				
a) of shareholdings				
b) of financial fixed assets				
c) of securities recorded among current assets				
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total value adjustments to financial assets				
E) Extraordinary income and costs				
20) Income:				
– capital gains on disposals				
– other extraordinary income	0	0	29.12	43,043
	<u>0</u>	<u>0</u>	<u>29.12</u>	<u>43,043</u>

	31/12/2014		31/12/2013	
	Rs. Lacs	Euros	Rs. Lacs	Euros
21) Expenses:				
– losses on disposals				
– taxes of previous years				
– other extraordinary costs				
<i>Total extraordinary income and costs</i>	0	0	29,12	43.043
Result before taxes (A-B±C±D±E)	24.53	36,255	19.45	28,752
22) Taxes on the income for the year current and deferred				
a) Current taxes	78.06	115,369	56.22	83,099
b) Deferred taxes				
c) Advance taxes	(35.20)	(52,022)	(19.33)	(28,572)
		63,347	36.89	54,527
23) Profit (loss) of the year	(18.33)	27,092	(17.44)	(25,775)

Chairman of the Board of Directors
Frédéric Fabre

I. Tangible fixed assets

The movement of operational assets in 2014 is described in detail below:

Annex no. 1a/2014

(in Rs. Lacs)

Description	Historical cost as at 31/12/2013	Purchases	Transfers	31/12/2014
Plant and machinery	5	–	–	5
Other tangible assets Signs	192	4	–	196
Print vehicles	6	–	–	6
Cars	–	–	–	0
Office equipment	21	1	(2)	20
Furniture and Fixtures	55	–	–	55
Material and equipment	1	–	–	1
Assets under construction	19	1	(3)	17
TOTAL	298	6	(5)	299

(in euros)

Description	Historical cost as at 31/12/2013	Purchases	Transfers	31/12/2014
Plant and machinery	7,237	–	–	7,237
Other tangible assets Signs	283,109	6,087	–	289,196
Print vehicles	8,913	–	–	8,913
Cars	–	–	–	–
Office equipment	30,818	1,678	(3,184)	29,312
Furniture and Fixtures	80,631	–	–	80,631
Material and equipment	2,083	–	–	2,083
Assets under construction	28,241	1,488	(4,773)	24,956
TOTAL	441,032	9,253	(7,957)	442,328

Below is an analysis of accumulated depreciation:

Annex no. 1b/2014

(in Rs. Lacs)

Description	Fund as at 31/12/2013	Depreciation	Use of provisions	Fund as at 31/12/2014
Plant and machinery	5	–	–	5
Other tangible assets Signs	156	8	–	164
Print vehicles	6	–	–	6
Cars	–	–	–	–
Office equipment	19	1	(1)	18
Furniture and Fixtures	49	1	–	50
Material and equipment	1	–	–	1
TOTAL	235	10	(1)	244

(in euros)

Description	Fund as at 31/12/2013	Depreciation	Use of provisions	Fund as at 31/12/2014
Plant and machinery	7,237	–	–	7,237
Other tangible assets Signs	229,941	11,844	–	241,785
Print vehicles	8,913	–	–	8,913
Cars	–	–	–	–
Office equipment	27,475	1,189	(2,123)	26,541
Furniture and Fixtures	72,195	1,623	–	73,818
Material and equipment	2,083	–	–	2,083
TOTAL	347,844	14,656	(2,123)	360,377

The value of tangible assets, net of the respective funds, is therefore:

Annex no. 1c/2014

(in Rs. Lacs)

Description	Fixed assets	Sinking funds	Net value as at 31/12/2014
Plant and machinery	5	(5)	–
Other tangible assets	196	(164)	32
Print vehicles	6	(6)	–
Cars	–	–	–
Office equipment	20	(18)	2
Furniture and Fixtures	55	(50)	5
Material and equipment	1	(1)	–
Assets under construction	17	–	17
TOTAL	299	(244)	55

(in euros)

Description	Fixed assets	Sinking funds	Net value as at 31/12/2014
Plant and machinery	7,237	(7,237)	–
Other tangible assets	289,196	(241,785)	47,411
Print vehicles	8,913	(8,913)	–
Cars	–	–	–
Office equipment	29,312	(26,541)	2,771
Furniture and Fixtures	80,631	(73,818)	6,813
Material and equipment	2,083	(2,083)	–
Assets under construction	24,956	–	24,956
TOTAL	442,328	(360,377)	81,951

Attachments to the Balance Sheet*(in Rs. Lacs)***LIABILITIES****A) Net Equity**

Annex no. 2/2014

SUMMARY OF CHANGES IN NET EQUITY

	Share capital	Legal reserve	Profits (losses) brought forward	Operating results for the year	Total
At the close of the financial year 2011	179	16	31	8	234
Allocation of operating results:					
– Allocation of dividends (1 Euro per share)			-4	-8	-11
– Use to cover losses					
– Other uses		0.40		-0	–
Operating results for the year 2012				-29	-29
At the close of the financial year 2012	179	16	28	-29	194
Allocation of operating results:					
– Allocation of dividends (1 Euro per share)					
– Use to cover losses			-29	29	–
– Other uses					
Operating results for the year 2013				-17	-17
At the close of the financial year 2013	179	16	-1	-17	176
Allocation of operating results:					
– Allocation of dividends (1 Euro per share)					
– Use to cover losses			-17	17	–
– Other uses					
Operating results for the year 2014				-18	-18
At the close of the financial year 2014	179	16	-19	-18	158

Attachments to the Balance Sheet*(in euros)***LIABILITIES****A) Net Equity**

Annex no. 2/2014

SUMMARY OF CHANGES IN NET EQUITY

	Share capital	Legal reserve	Profits (losses) brought forward	Operating results for the year	Total
At the close of the financial year 2011	264,000	23,500	46,538	11,715	345,753
Allocation of operating results:					
– Allocation of dividends (1 Euro per share)			-5,371	-11,129	-16,500
– Use to cover losses					
– Other uses		586		-586	–
Operating results for the year 2012				-42,739	-42,739
At the close of the financial year 2012	264,000	24,086	41,167	-472,739	286,514
Allocation of operating results:					
– Allocation of dividends (1 Euro per share)					
– Use to cover losses			-42,739	42,739	–
– Other uses					
Operating results for the year 2013				-25,775	-25,775
At the close of the financial year 2013	264,000	24,086	-1,572	-25,775	260,739
Allocation of operating results:					
– Allocation of dividends (1 Euro per share)					
– Use to cover losses			-25,775	25,775	–
– Other uses					
Operating results for the year 2014				-27,092	-27,092
At the close of the financial year 2014	264,000	24,086	-27,347	-27,092	233,647

Company: PEUGEOT MOTOCYCLES ITALIA S.p.A.

Registered Office: Milan, Via Gallarate no. 199

Share Capital 178,62 INR in lakhs fully paid in Tax code / Milan Company Register no. 11991230159

VAT Reg. no. 11991230159

R.E.A. (Register of Financial and Administrative Information) Chamber of Commerce of Milan No. 1518893

A subsidiary of Peugeot S.A.

NOTES TO THE FINANCIAL STATEMENTS

FORM AND CONTENT OF THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2014

Dear Shareholders,

the financial statements submitted for your approval have been prepared in Euros without cents, in accordance with the legal provisions in force, interpreted and supplemented by the accounting standards issued by the National Council of Certified Public Accountants and by the Italian Accounting Board (O.I.C. as updated in 2014), and comprise the following: the balance sheet, compliant with the format required by Articles 2424 and 2424-bis of the Italian Civil Code, the income statement, compliant with the format required by Articles 2425 and 2425-bis of the Italian Civil Code, and the notes, compliant with Article 2427 of the Italian Civil Code, and are supplemented, for better disclosure, by the cash flow statement. The financial statements also comprise the annual report, as required by Article 2428 (1) of the Italian Civil Code.

The financial statements as at 31 December 2014, of which these notes form an integral part, correspond to the accounting records duly held.

With reference to the nature of the Company's activity, to the significant events that occurred during the year and to its relationships with related parties, with the parent company and with the other companies of the PSA Group, please refer also to what is set out in the Annual Report.

Valuation criteria, accounting standards and principles for the preparation of the financial statements

The criteria adopted in preparing the financial statements for the year ended as at 31/12/2014 do not deviate from those adopted to prepare the financial statements for the previous year, in particular, in the valuations and in the continuity of the same principles.

The evaluations have been made according to the principle of prudence and under the going concern assumption, taking into account the economic function of the assets or liabilities in question; The application of the prudence concept entailed the individual evaluation of the elements making up the single asset or liability items, so as to avoid compensation for losses that had to be recognized and profits that were not to be recognized because they had not been realized. In accordance with the accrual principle, the effect of the

transactions and other events was entered in the books and attributed to the financial year to which such transactions and events refer, and not to the year in which the relevant cash transfers physically took place (receipts and payments). The economic substance of the transactions is the predominant element of accounting and of the valuation and representation in the financial statements.

The notes provide all the additional information considered necessary to give a true and fair view of the economic and financial situation of the company.

In particular, the most significant valuation criteria that have been adopted in preparing the financial statements are the following:

Intangible fixed assets

Intangible assets are stated at purchase cost, including ancillary costs directly attributable, net of accumulated amortization; these are amortized systematically each year in relation to their remaining useful life; where required by law, intangible assets were recorded in the financial statements with the prior consent of the Board of Statutory Auditors.

Fixed assets that are judged to have become permanently impaired at the balance sheet date, reduced by depreciation and valuation adjustments, were recorded at the lower amount; the original value was reinstated if, in subsequent periods, the reasons for the write-down ceased to exist.

Tangible fixed assets

Tangible fixed assets are stated at purchase cost, including ancillary costs directly attributable and statutory revaluations, pursuant to law, net of accumulated depreciation. They are depreciated systematically each year over their remaining useful life.

The rates used are shown in a separate table in section B.II of the notes.

Financial fixed assets

Financial fixed assets are valued at cost and recorded at purchase or subscription cost, adjusted, where appropriate, for impairment losses.

Inventory

Inventory is valued at cost or net realizable value based on market prices, whichever is the lower: the cost configuration adopted for each category of goods is shown in item CI - Inventories.

Receivables

Receivables are stated at their estimated realizable value.

The adjustment of the nominal value of receivables at their estimated realizable value is obtained through a special provision for bad and doubtful debts, taking into account the general economic situation and that of the relevant market.

Cash and cash equivalents

Cash and cash equivalents consist of the company's cash at bank and the social funds at the balance sheet date.

Said cash is stated at nominal value.

Payables

These are entered at nominal value.

Accruals and payables

These have been calculated on an accrual basis according to the principle of matching costs and revenues. These measure income and charges brought forward or deferred from the account entry and/or documentary evidence; they disregard the date of payment or receipt of the respective income and charges, they are common to two or more financial years and can be distributed over time.

Provisions for risks and charges

Provisions for risks and charges are intended to cover losses or liabilities of a definite nature and whose existence is certain or probable, although the related amount or date of occurrence are not determined at the balance sheet date. Provisions reflect the best possible estimate based on the information available at the date of preparation of the financial statements.

The evaluation of such provisions was made in compliance with the general criteria of prudence and accrual accounting, and no provisions without economic justification were set up for generic risks.

Severance pay fund

The severance indemnities are accrued based on the length of service of the individual employees, in accordance with the laws and employment contract in force, and to an extent such as to cover the amount accrued in favour of the employees at year end.

Income tax

The income taxes for the year have been calculated based on projections of taxable income, applying the legal provisions in force, taking account of the increases and decreases in the economic-based income required by the tax regulations.

Taxes are allocated on an accrual basis; hence, they represent the following:

- provisions for taxes paid or to be paid for the financial year, determined according to current tax rates and regulations;
- the amount of deferred taxes or prepaid taxes in relation to the temporary differences that have arisen or have been cancelled in the financial year.
- adjustments to deferred tax balances to take account of the change in the expected actual average IRES tax rate for the coming years.

Deferred tax assets and deferred tax liabilities are recognized when there are temporary differences between the value of the assets and liabilities entered in the accounts and that attributed to the latter for tax purposes.

Deferred tax assets are not recognized, in accordance with the principle of prudence, unless there is reasonable certainty as to a taxable income in the year of reversal of the temporary differences entailing their future recovery.

Recognition of revenues and costs

Revenues and costs are recorded on an accrual basis.

Currency conversion criteria

In the conversion of the values expressed in foreign currencies account has been taken of the exchange rate applicable on the date of the related transaction. The difference arising from the valuation based on the exchange rate at year-end is recorded in a specific item of the income statement. The company has no loans in foreign currencies.

Suspense accounts

Commitments and guarantees are shown in the memorandum accounts at their contractual value.

MANAGEMENT REPORT FOR THE FINANCIAL YEAR 2014

1. Basis of the company

The PEUGEOT MOTOCYCLES DEUTSCHLAND GmbH (Peugeot Motocycles or PMD) is a subsidiary of PEUGEOT MOTOCYCLES S.A. (PMTG), Valentigney/France. The German subsidiary was set up on September 1, 1997 and sells two-wheeled cycles as well as parts and accessory products through a network of authorized dealers.

As at 31st December 2014, PMD employed a total workforce of 19 employees in three departments:

- a) Sales, marketing, finance & administration
- b) Customer service, parts & accessories
- c) Field service: The five regional managers live within their respective sales regions, where they serve approx. 500 dealers altogether.

Peugeot Motocycles operates the following website in Germany:

www.peugeot-scooters.de

From its base in Mörfelden-Walldorf, PMD can use the synergies with other companies of the PSA Group in the Rhine-Main region. We work together with PSA Peugeot Citroën Deutschland GmbH in the fields of finance, taxes and financial accounting.

The vehicles sold on the German market are built by PMTG in France as well as by our partner Qingqi and by the joint venture company with Qingqi in China. The scooters are transported by GEFCO Deutschland GmbH. The vehicles are delivered directly to the dealers from the central warehouse in France without interim storage by PMD.

As a rule, the prices at which PMD purchases the scooters are defined by the parent company once per year. The same applies to the selling prices for customers (recommended retail price - RRP) which are normally defined by headquarters for the entire year in consultation with the German subsidiary.

2. Overall economic and branch-conditioned framework

All in all, the German economy proved stable on average over the year 2014. According to the Federal Statistical Office, gross domestic product after adjustment for price changes was 1.5% higher than in the prior year. The German economy was able above all to profit from a high level of domestic demand. Unemployment totalled 5.2% in Germany in 2014.

Competitive pressure in the German market in which Peugeot Motocycles operates has been considerable in recent years, due to the large number of new products.

This market can be broken down into the following segments (refer to the below mentioned table of market shares as per December 2014):

- Motorized two-wheeled cycles < = 50 cc

According to the industry association Industrieverband Motorrad e.V (IVM), the sales of motorized cycles (altogether 34,199) are 17.3% less than in the prior year.

- Scooters > 50 cc for which licensing is mandatory

With a total of 28,271 vehicles sold, the market volume was 1.4% higher in 2014 than in the prior year.

Table: Market shares (main competitors) < = 50 and > 50 cc

Source: (Intra-Group evaluation of industry data "Panorama Marchés December 2014, Allemagne")

Scooters < = 50 cc					
Date: Sell-in; end of December 2014					
	2013		2014		Change in % point
	Market share	Ranking	Market share	Ranking	
Peugeot	22.5%	2	26.6%	1	+4.1
Vespa	18.2%	3	18.0%	2	-0.2
Kymco	12.8%	4	15.3%	3	+2.5
Piaggio	27.9%	1	9.8%	4	+0.6
Total	41,358		34,199		-17.3%

Scooters > 50 cc					
Date: Licences; end of December 2014					
	2013		2014		Change in % point
	Market share	Ranking	Market share	Ranking	
Piaggio	37.5%	1	34.6%	1	-2.9
Honda	12.6%	2	12.7%	2	+0.1
Other manufacturers	10.9%	3	10.0%	3	-0.9
Kymco	8.7%	4	8.9%	4	+0.2
Yamaha	4.2%	6	5.7%	5	+1.5
Peugeot	4.6%	5	5.6%	6	+1.0
Total	27,886		28,271		+1.4%

Business size

Table: Sales volume PMD 2008 to 2014

Source: PMD sales statistics (sell-in; as per December 2014)

	2008	2009	2010	2011	2012	2013	2014
Large/small mopeds	270	291	205	212	184	85	0
Scooters up to 50 cc	19,928	14,299	11,858	11,349	10,187	9,235	9,088
Light motor cycles from 51 to 500 cc	2,129	1,579	1,364	1,288	1,609	1,380	1,653
Speed-change vehicles	182	80	91	77	2	0	0
Total	22,505	16,249	13,518	12,926	11,982	10,700	10,741
Development y/y-1	+22.6%	-27.8%	-16.8%	-4.4%	-7.3%	-10.7%	+0.4%

At first, PMD grew rapidly after being founded in 1997. In recent years, however, the number of units sold has declined considerably. This decline in sales volume was halted for the first time in 2014. With a total of 10,741 new vehicles in the segments up to 500 cc, the prior year's value of 10,700 units was exceeded for the first time.

The brand Peugeot Scooters continues to rank **first** among the brand suppliers in the 50 cc segment in Germany.

Various brands and private labels, particularly for sale through DIY stores and supermarkets, are subsumed under the Rex brand. The market as a whole is shrinking, as this special sales channel for so-called "cheap scooters" is dwindling more and more. Most of the large brand manufacturers, on the other hand, have been able to increase their market share in this segment.

With regard to the light motor cycles (scooters) for which licensing is mandatory, Peugeot Scooters was able to boost its market share thanks to the new three-wheeled model "Metropolis" – this market has grown slightly overall as compared to the prior year.

In addition, 100 bicycles including e-bikes of the brand Peugeot Cycles (with total sales of (INR 39.02 lacs), Euros 57,667 – prior year: INR 33.67 lacs, Euros 49,760) were sold to the motorized two-wheeled cycle trade in 2014. The company Cycleurope is licensee here and responsible for producing the bicycle collection on behalf of the French parent.

Business generally developed favourably for the company in 2014.

3. Position of assets, finance and profit

Due to the slightly higher sales volume, sales revenue in the 2014 financial year was also higher than in 2013, rising 3.3% to (INR 11,366.88 lacs), 16.8 million in euros.

The financial year's profit was (INR 22.06 lacs), 32.6 thousands in euros higher than the prior year. A net profit of (INR 45.44 lacs), Euros 67,165.39 is reported.

The financial statements are reflected in the following key figures:

- EBIDTA: (INR 110.42 lacs), 163.2 thousands in euros (prior year: (INR 141.61 lacs), 209.3 thousands in euros)

- EBIT: (INR 107.24 lacs), 158.5 thousands in euros (prior year: (INR 136.61 lacs), 201.9 thousands in euros)
- The turnover rate calculated as the ratio of sales to trade receivables equals 8.08 (prior year: 4.87). Receivables management has improved considerably as a result.
- The return on sales, calculated as the ratio of sales to earnings from current operations, reached a value of 0.57% in 2014 and was thus identical with the prior year's value.

Total assets of PMD amounted to (INR 2,528.45 lacs), 3,737 thousands in euros in 2014 (prior year: INR 3,376.23 lacs), 4,990 thousands in euros. Shareholders' equity now totals (INR 278.96 lacs), 412.3 thousands in euros (prior year: (INR 368.81 lacs), 545.1 thousands in euros). The capital ratio, calculated as the ratio of shareholders' equity to total capital, has thus remained constant at 10.9% despite payment of a dividend.

At (INR 1,411.39 lacs), 2,086 thousands in euros, trade receivables are (INR 855.22 lacs), 1,264 thousands in euros lower than in the prior year; they now account for 55.4% of total assets (prior year: 67.1%).

Of the total assets, 63.1% comprise sums payable to affiliated companies (prior year: 70.0%). These have risen by (INR 1,594.75 lacs), 2,357 thousands in euros to (INR 1,607.47 lacs), 2,375.8 thousands in euros.

Our company's liquidity is assured through the provision of funds by the parent company.

The cashflow (net income for th year + depreciation) increased by (INR 20.23 lacs), 29.9 thousands in euros from (INR 28.41 lacs), 42 thousands in euros (prior year) to (INR 48.04 lacs), 71 thousands in euros. Also this development strengthens our liquidity position.

All in all the business development in 2014 is positive.

4. Workforce

On average, the company employed 18 men and women in the financial year 2014 (prior year: 19).

In the financial year 2014, the company provided and realized regular information and further training programmes, such as the following:

- Internal computer training courses
- Product training on new models

- Monthly team discussions
- Quarterly staff meetings

5. Risk management, opportunities and risks of future development

Both the motorcycle industry association Industrieverband Motorrad e.V. (IVM) and Peugeot Motocycles Deutschland GmbH expect the year 2015 to develop as follows:

- 50 cc segment: continuing (slight) decrease
- Scooters > 50 cc: same level as in 2014.

PMD increased its recommended retail prices slightly both in 2014 and again at the beginning of 2015, among other things to take account of higher production costs. Several new models to be introduced in 2015 (or already introduced in late 2014) will become a major source of sales for PMD, particularly the retro-style scooter Django in several engine and model versions and the new sport scooter Speedfight 4.

With these new, mostly strong-selling models, Peugeot Motocycles expects to continue to enlarge its share of the <= 50 cc market, as well as in the segment where licensing is mandatory.

Financial risks exist as a matter of principle due to the low capital base. Here, PMD is reliant on support from the parent company PMTC when necessary.

PMD's receivables management is designed and organized in such a way that there are no significant unsecured risks in this sector. With only a few exceptions, receivables from dealers are secured against risk of default through the COFACE insurance company. A standardized dunning process is not implemented, as the control system in combination with weekly direct debits ensures that PMD is always in a position to identify potential solvency problems among the dealers before they arise.

With regard to the future development of our business and company, we do not see any risks threatening the

company's survival, nor risks with a major impact on its position of assets, finance and profit.

6. Outlook 2015

Taking into account the first market results, we expect a sales volume of around 10,500 units for the year 2015 as a whole.

The prior year's forecast of higher sell-in figures as compared to 2013 has been achieved, although the actual rise was lower than expected (forecast 2014 = 10,950 units), due to the slightly greater decline in the 50 cc market and the delayed launch of our retro-style Django scooter.

The net profit before taxes is expected to reach around (INR 54.13 lacs), 80 thousands in euros with sales rising by roughly 10% to (INR 12,517.10 lacs), 18.5 million in euros as a result of the improved model mix and stronger focus on margins and discounts.

7. Events after the reporting period

In January 2015, a long-term strategic partnership agreement was signed between the brand Peugeot Scooters and the Indian corporation Mahindra & Mahindra. This has also resulted in a change in our shareholder relations. Mahindra & Mahindra now holds 51% of our share capital, while Automobiles Peugeot holds 49%. This new cooperation assures the required international expansion of our brand Peugeot Scooters (e.g. in India).

There were no other events of particular significance after the end of the financial year capable of impacting the company's position of assets, finance and profit now or in the future.

Mörfelden-Walldorf, 15th May 2015

Volker Klein

Xavier Delpech de Saint Guilhem

INDEPENDENT AUDITORS' REPORT

A. Audit engagement

Because of the shareholder meeting from 29th August 2014 the management of **PEUGEOT MOTOCYCLES DEUTSCHLAND GmbH**, Mörfelden-Walldorf (hereinafter short: "Company"), has assigned us to audit the annual financial statements for the year ended 31st December 2014 including the bookkeeping and the management report.

For the audit we have observed the applicable rules concerning our independence.

The enclosed General Engagement Terms for German Public Auditors and Public Audit Firms as of 1st January 2002 are valid for this contract, also in comparison with third parties. Additionally we refer to No. 9 of these terms which includes liability rulings and liability exclusions towards third parties and to further terms in the en-closure "Conditions of contract, liability and reservations of application".

We prepared this report in accordance with the German standard of auditing No. 450, which is published by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW).

B. Basic ascertainments

Opinion concerning the assessment through the legal representatives

We think the representation and the assessment of the situation of the company and its expected development through the management in the financial statements and the management reports are correct.

Course of business and situation of the company

...(Under this point excerpts of the management report follow.) ...

Expected development of the company

...(Under this point excerpts of the management report follow.) ...

C. Subject matter as well as manner and extent

Subject matter of the audit

Within the framework of the engagement given to us we audited the bookkeeping, the annual financial statements comprising the balance sheet, the income statement and the notes as well as the management report on observing the relevant legal requirements according to § [Article] 317 HGB ["Handelsgesetzbuch": "German Commercial Code"].

For our audit of the annual financial statements the criteria for assessment were the accounting rules of §§ [Articles] 242 up to 256a and 264 up to 288 HGB ["Handelsgesetzbuch": "German Commercial Code"] as well as the special rules of GmbHG ["Gesetz betreffend die Gesellschaften mit beschränkter Haftung": "German Limited Liability Companies Act"]. Additional accounting

terms in the articles of incorporation didn't exist. Audit criteria for the management report was § [Article] 289 HGB ["Handelsgesetzbuch": "German Commercial Code"].

The management is responsible for the bookkeeping, the internal control system referring to accounting, the annual financial statements, the management report as well as for the information given and the documents presented to us. Our responsibility is to assess these information and documents within the framework of our dutiful audit.

Manner and the extent of the audit

We conducted our audit in accordance with §§ [Articles] 316 et seq. HGB ["Handelsgesetzbuch": "German Commercial Code"] considering the German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW).

According to that the audit has to be planned and performed such that can be assessed with reasonable assurance whether the bookkeeping, the annual financial statements and the management report are free of material mistakes and breaches.

On this basis we structured our audit of the annual financial statements with the objective to recognize such mistakes and breaches against the legal requirements concerning accounting which have an essential effect on the presentation of the net assets, financial positions and results of operations accounting to § [Article] 264 (2) HGB ["Handelsgesetzbuch": "German Commercial Code"].

The foundation for our risk-based audit is the working out of an audit strategy. The strategy is based on the assessment of the economical and legal sphere of the company, its objectives, strategies and business risks. It will also be influenced by the size and complexity of the company and its effectiveness of the accounting-related internal control system. The findings we won out of this were mentioned by the choice and the extent of the auditing procedures (plausibility assessment) as well as by the case at issue – audit with regard to inventory proofs, recording of balance sheet items, valuation of balance sheet items and layout of balance sheet items in the annual financial statements. In the company's individual audit program we determined the priorities of our audit, manner and extent of the audit acts as well as the time audit process and the use of the employees. While doing so we observed the principles of materiality and of risk information.

In view of a manageable company size and clarity of it procedures we essentially carried out a case at issue audit. In doing so we set the following audit priorities or rather carried out worth mentioning audit acts:

- Analysis of the process of drawing up the annual financial statements
- Accounting and valuation of essential receivables

- Completeness and valuation of accruals
- Completeness and valuation of accounts payable

In addition we carried out the following standard audit acts:

- We convinced us of the correct balancing of the trade receivables and the trade payables through obtaining of confirmations of balances after coincidence choice criteria in spot checks.
- We applied for bank confirmations of lending institutions.
- We asked for attorney confirmations about pending legal disputes and received them.
- We led us report in writing about pending rights of appeal, controversial tax assessment notices and existing tax risks from the company's tax adviser.

It was the intention of our audit acts within the framework of auditing the management report to ascertain whether it is in accord with the annual financial statements and whether it provides a suitable view of the company's position as well as whether the chances and risks of the future development are described correctly. Within this framework the completeness had to be audited and as far as it concerns prognosticable statements – the plausibility of them. We assessed the statement in consideration of our findings, which we won during our audit of the financial statements.

All the information and proofs we asked for were given to us. The management confirmed us in writing the completeness of these information and proofs as well as the bookkeeping, the annual financial statements and the management reports.

D. Ascertainments regarding accounting

I. Due diligence of the accounting

1. Prior year financial statements

The prior year financial statements were adopted by the shareholders' meeting on 29th August 2014. The share-holders' meeting decided to distribute profit to the shareholder from the unappropriated profit brought forward (INR in lakhs 148,95) and from the net income for the year (INR in lakhs 23,39) in the amount of INR in lakhs 135,32. The rest of the profit shown on the balance sheet after appropriation to or transfer from reserves in the amount of INR in lakhs 37,02 will be brought forward to the new account.

The prior year financial statements were submitted to the Federal Gazette on 17th December 2014 and disclosed on 21st April 2015.

2. Bookkeeping and other audited documents

The organization of the bookkeeping, the internal control system referring to the accounting,

the data flow and the voucher system make it possible to record and book the business transactions completely, correctly, timely and orderly.

The information taken from other audited documents lead to a proper reproduction in bookkeeping, financial statements and management report.

According to our ascertainments the bookkeeping corresponds to the legal requirements.

3. Annual financial statements

For the first time the company fulfils the size criteria for a small corporation in the reporting year. Nevertheless the regulations for a medium-sized corporation have to be applied for the annual financial statements. The annual financial statements and the applied accounting and valuation principles for that correspond to the legal requirements.

Based on the prior year financial statements audited by us the available annual financial statements is correctly developed from the figures of the bookkeeping and from further audited documents.

The declarations in the notes are complete and correct.

According to our dutiful audit the company made proper use of the safeguard clause of § [Article] 286 (4) HGB ["Handelsgesetzbuch": "German Commercial Code"] and omitted mentioning the management's remuneration.

4. Management report

The management report is in accord with the annual financial statements and the findings gained from our audit; in total it gives a correct picture of the company's situation. Our audit according § [Article] 317 (2) sentence 2 HGB ["Handelsgesetzbuch": "German Commercial Code"] lead to the result, that the essential chances and risks of the future development are depicted correctly. The statements in accordance with § [Article] 289 (2) HGB ["Handelsgesetzbuch": "German Commercial Code"] are complete and correct.

II. Complete statement of the annual financial statements

1. Essential basis of valuation

Concerning the applied essential accounting and valuation principles as well as the significant factors for the evaluation of assets and liabilities in the reporting year we refer to the statements of the company in the notes (appendix 3).

- Receivables and other assets are balanced at nominal value. Receivables from the dealer network are – with few exceptions – insured against default risks by COFACE-insurance.
- In the reporting year the company didn't balance deferred taxes. Essential temporary differences between commercial balance sheet and tax balance sheet didn't exist.

2. Summarized assessment

According to our dutifully carried out audit – by acknowledging the explained essential accounting and valuation principles – we came to the assessment that the annual financial statements as a whole give a true and fair view of the net assets, financial positions and results of operations of the company considering the German principles of proper accounting.

E. Audit Opinion

For the annual financial statements and the management report we approved the following audit opinion:

“We have audited the annual financial statements, comprising the balance sheet, the income statement and the notes to the financial statements, together with the bookkeeping system, and the management report of the Peugeot Motocycles Deutschland GmbH, Mörfelden-Walldorf, for the business year from 1st January to 31st December 2014. The maintenance of the books and records and the preparation of the annual financial statements and management report in accordance with German commercial law are the responsibility of the Company's management. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system, and the management report based on our audit.

We conducted our audit of the annual financial statements in accordance with § [Article] 317 HGB [“Handelsgesetzbuch”: “German Commercial Code”] and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany]

(IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with [German] principles of proper accounting and in the management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records, the annual financial statements and the management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the annual financial statements and management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the annual financial statements comply with the legal requirements and give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with [German] principles of proper accounting. The management report is consistent with the annual financial statements and as a whole provides a suitable view of the Company's position and suitably presents the opportunities and risks of future development.”

Eschborn/Frankfurt am Main, 15th May 2015

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Jeanneaux
Wirtschaftsprüferin
[German Public Auditor]

Grottenrath
Wirtschaftsprüfer
[German Public Auditor]

ANNEX 1

BALANCE SHEET AS OF DECEMBER 31, 2014

	2014/12/31 €	2014/12/31 INR in lakhs	2013/12/31 €	2013/12/31 INR in lakhs
Assets				
A. <u>Fixed assets</u>				
I. Tangible assets				
Other equipment, factory and office equipment	6,623.83	4.48	11,339.79	7.67
II. Financial assets				
Participating interests	2,904.47	1.97	2,973.61	2.01
B. <u>Current assets</u>				
I. Inventories				
Merchandise	65,038.78	44.01	108,504.03	73.41
II. Receivables and other assets				
1. Trade receivables	2,086,046.19	1,411.00	3,350,044.79	2,266.64
2. Receivables from affiliated companies	1,497,997.00	1,013.54	1,335,655.55	903.70
– of which from shareholder:				
€ 1.244.59,00 [INR in lakhs 84,21]				
(prior year: € 1.036.893,03 [INR in lakhs 701,56])				
3. Other assets	46,259.78	31.30	17,114.03	11.58
	3,630,302.97	2,455.84	4,702,814.37	3,181.92
III. Cash on hand and bank balances	58,790.19	39.78	154,763.77	104.71
C. <u>Prepaid expenses and deferred charges</u>	3,667.00	2.48	9,353.40	6.33
	3,767,327.24	2,548.55	4,989,748.97	3,376.06

SHAREHOLDERS' EQUITY AND LIABILITIES

	2014/12/31	2014/12/31	2013/12/31	2013/12/31
	€	INR	€	INR
A. Shareholders' equity				
I. Subscribed capital	26,000.00	17.59	26,000.00	17.59
II. Capital reserves	264,390.05	178.89	264,390.05	178.89
III. Unappropriated profits brought forward	54,717.72	37.02	220,151.21	148.95
IV. Net income for the year	67,165.39	45.44	34,566.51	23.39
	412,273.16	278.94	545,107.77	368.82
B. Accruals				
1. Tax accruals	14,678.99	9.93	48,151.72	32.58
2. Other accruals	651,636.43	440.90	527,448.79	356.87
	666,315.42	450.83	575,600.51	389.45
C. Accounts payable				
1. Bank loans and overdrafts	–	–	3,474,328.20	2,350.73
– of which to affiliated companies: € 0,00 [INR in lakhs 0] (prior year: € 3.474.328,20 [INR in lakhs 2,350,73])				
2. Trade payables	44,451.66	30.08	29,743.33	20.12
3. Payables to affiliated companies	2,375,760.18	1,607.44	18,758.14	12.69
– of which to shareholders: € 2.375.760,18 [INR in lakhs 1,607,44] (prior year: € 0,00 [INR in lakhs 0])				
4. Other liabilities	268,526.82	181.69	346,211.02	234.25
– of which taxes: € 203.844,14 [INR in lakhs 137,92] (prior year: € 333.183,25 [INR in lakhs 225,43])				
	2,688,738.66	1,819.20	3,869,040.69	2,617.79
	3,767,327.24	2,548.97	4,989,748.97	3,376.06

ANNEX 2**INCOME STATEMENT FOR THE PERIOD JANUARY 1 THROUGH DECEMBER 31, 2014**

	2014/1/1 – 2014/12/31	2014/1/1 – 2014/12/31	2013/1/1 – 2013/12/31	2013/1/1 – 2013/12/31
	€	INR in lakhs	€	INR in lakhs
1. Sales	16,847,007.92	11,398.69	16,315,573.18	11,039.12
2. Other operating income	426,156.56	288.34	389,221.36	263.35
3. Cost of purchased services	13,618,975.54	9,214.60	12,743,010.50	8,621.92
4. Personnel expenses				
a) Wages and salaries	1,013,706.20	685.87	1,151,530.42	779.13
b) Social security	184,635.77	124.92	188,457.88	127.51
	<u>1,198,341.97</u>	<u>810.80</u>	<u>1,339,988.30</u>	<u>906.64</u>
5. Amortization and depreciation	4,715.96	3.19	7,408.44	5.01
6. Other operating expenses	2,289,814.84	1,549.29	2,408,806.68	1,629.80
7. Income from participating interests	17,505.08	11.84	17,620.06	11.92
8. Other interest and similar income	1,662.86	1.13	3,721.98	2.52
9. Interest and similar expenses	84,312.31	57.05	133,977.85	90.65
– of which to affiliated companies: € 82.919,13 [INR in lakhs 56,10] (prior year: € 130.337,80 [INR in lakhs 88,19])				
10. Net operating income	<u>96,171.80</u>	<u>65.07</u>	<u>92,944.81</u>	<u>62.89</u>
11. Taxes on income	26,200.39	17.73	54,660.75	36.98
12. Other Taxes	2,806.02	1.90	3,717.55	2.52
13. Net income for the year	<u><u>67,165.39</u></u>	<u><u>45.44</u></u>	<u><u>34,566.51</u></u>	<u><u>23.39</u></u>

FIXED ASSET-MOVEMENT-SCHEDULE FOR THE YEAR ENDED DECEMBER 31, 2014

	Acquisition cost		Amortization and depreciation			Net book value			
	January 1, 2014	Addition 2014	Disposals 2014	December 31, 2014	January 1, 2014	Addition 2014	Disposals 2014	December 31, 2014	December 31, 2013
Intangible assets (Only for information.)									
Concessions, industrial property and similar rights and assets and licenses in such rights and assets	€ 99,006.15	-	45,205.10	53,801.05	99,006.15	-	45,205.10	53,801.05	-
	INR in lakhs	66.99	30.59	36.40	66.99	-	30.59	36.40	-
I. Tangible assets									
Other equipment, factory and office equipment	€ 274,514.62	-	135,340.84	139,173.78	263,174.83	4,715.96	135,340.84	132,549.95	6,623.83
	INR in lakhs	185.74	91.57	94.16	178.06	3.19	91.57	89.68	4.48
II. Financial assets									
Participating interests	€ 2,973.61	-	69.14	2,904.47	-	-	-	-	2,973.61
	INR in lakhs	2.01	0.05	1.97	-	-	-	-	1.97
TOTAL	€ 376,494.38	-	180,615.08	195,879.30	362,180.98	4,715.96	180,545.94	186,351.00	14,313.40
	INR in lakhs	254.74	122.20	132.53	245.05	3.19	122.16	126.09	6.45
									9.68

NOTES FOR THE FINANCIAL YEAR 2014

1. General declarations

For the first time PEUGEOT Motocycles Deutschland GmbH fulfils the size criteria for a small corporation. Nevertheless the regulations for the medium-sized corporations have to be applied for the annual financial statements for the financial year. The available annual financial statements have been prepared in accordance with §§ 242 et seq. and §§ 264 et seq. of the German Commercial Code (HGB), as well as with the relevant regulations pursuant to the German Limited Liability Companies Act.

The financial year is identical to the calendar year.

The income statement has unchanged been prepared according to the nature of expense method.

To make the presentation clearer, we have reported the remaining term of receivables and accounts payable in the notes instead of in the balance sheet.

2. Accounting and valuation principles

As in the prior year, the following accounting and valuation principles were applied when preparing the annual financial statements.

2.1. Fixed assets

Tangible assets are balanced at acquisition cost less scheduled depreciation. They are amortized in accordance with their expected useful life.

Since the financial year 2008, minor-value assets with acquisition cost of between (INR 0.10 lacs), Euros 150.00 and (INR 0.68 lacs), Euros 1.000.00 have been capitalized and written off at 20% of their acquisition cost p.a. over a period of five years. Minor-value assets with acquisition cost of less than (INR 0.10 lacs), Euros 150.00 are expensed in the year of purchase.

In the case of financial assets, the profit participation rights are valued at the lower of acquisition cost or fair value.

2.2. Inventories

Merchandise are balanced at acquisition cost. Write-downs to the lower market value have been made where necessary.

2.3. Receivables, other assets and liquid funds

Receivables, other assets and liquid funds are balanced at face value. Default risks associated with trade accounts receivable have been duly taken into account through individual valuation allowances as at the balance sheet date.

2.4. Accruals

The accruals take account of all identifiable risks and uncertain liabilities; they are formed on the basis of anticipated requirements according to reasonable commercial judgement. There are no pension commitments and pre-retirement part-time working agreements.

2.5. Liabilities

Accounts payable are shown at their repayment value.

2.6. Currency translation

There are no accounts receivable and payable in foreign currency as at the balance sheet date. No transactions were undertaken in foreign currencies during the financial year.

3. Notes to the balance sheet

3.1. Fixed assets

Development of the individual asset items with indication of write-downs over the financial year can be seen from the enclosed schedule of fixed asset movements (appended to the Notes).

3.2. Receivables and other assets

As in the prior year, all receivables and other assets have a remaining term of less than one year.

Provided that they are not due from the shareholder, the receivables from affiliated companies are the result of VAT receivables from the dominant

enterprise for VAT purposes in the amount of (INR 171.18 lacs), 253 thousands in euros (prior year: (INR 198.92 lacs), 294 thousands in euros). Receivables from affiliated companies include trade receivables in the amount of (INR 16.92 lacs), 25 thousands in euros.

3.3. Accruals

Other accruals in the amount of (INR 441.14 lacs), 652 thousands in euros (prior year: (INR 356.57 lacs), 294 thousands in euros) primarily comprise the following:

- Volume and loyalty bonuses for the dealership: (INR 305.15 lacs), 451 thousands in euros (prior year: (INR 270.64 lacs), 400 thousands in euros)
- Discounts still to be granted: (INR 20.30 lacs), 30 thousands in euros (prior year: (INR 5.41 lacs), 8 thousands in euros)
- Allowances still to be granted towards promotional costs: (INR 14.21 lacs), 21 thousands in euros (prior year: (INR 16.24 lacs), 24 thousands in euros)
- Recycling costs, batteries: (INR 30.45 lacs), 45 thousands in euros (prior year: INR 0 lacs, Euros 0)
- Holidays not yet taken: (INR 5.41 lacs), 8 thousands in euros (prior year: (INR 8.12 lacs), 12 thousands in euros)
- Other personnel costs: (INR 22.33 lacs), 33 thousands in euros (prior year: INR 24,36 lacs, 36 thousands in euros)
- Unpaid invoices: INR 29,09 lacs, 43 thousands in lacs (prior year: (INR 20,30 lacs), 30 thousands in euros)

3.4. Liabilities

As in the prior year, all accounts payable have a remaining term of less than one year. The liabilities are not secured.

Accounts payable to affiliated companies include trade payables in the amount of (INR 782.15 lacs), 1,156 thousands in euros.

4. Notes to the income statement

4.1. Sales revenue

The sales (INR 11,398.68 lacs), 16,847 thousands in euros are essentially attributable to the sale of scooters to dealers (INR 9,858.06 lacs), 14,570 thousands in euros, as well as to the sale of spare parts (INR 935.74 lacs), 1,383 thousands in euros and bicycles (INR 39.24 lacs), 58 thousands in euros.

4.2. Other operating income

Other operating income in the amount of (INR 288.23 lacs), 426 thousands in euros primarily comprises guarantee costs charged to the parent company PEUGEOT Motocycles S.A. ("PMT") (INR 189.45 lacs, 280 thousands in euros) and income of grants for advertising expenses (INR 49.39 lacs, 73 thousands in euros).

4.3. Income/expenses relating to other periods

The result for the financial year 2014 includes income from reversing accruals in the amount of (INR 33.15 lacs), 49 thousands in euros.

5. Other declarations

5.1. Other financial commitments and contingent liabilities

The company has concluded leases and leasing arrangements. These commitments total (INR 232.34 lacs), 343.4 thousands in euros as at the balance sheet date. A bank guarantee in the amount of (INR 15.56 lacs), 23 thousands in euros exists to the benefit of the landlord. The advantage of leases and leasing arrangements lies in the optimization of liquidity. There are no identifiable significant risks.

5.2. Workforce

On average, the company employed 18 women and men in the financial year (prior year: 19).

5.3. Auditor's fee

The auditor's fee for the financial year amounts to (INR 11.84 lacs), 17.5 thousands in euros.

5.4. Management

The company's managing directors in the financial year 2014 were:

- Mr. Volker Klein (Diplom-Ingenieur (graduate in engineering science)), Oppenheim
- Mr. Xavier Delpech de Saint Guilhem (Finance Director, Peugeot Motocycles S.A.), Mandeure (France)

Concerning the remuneration of the management the option permitted by § 286 (4) of the German Commercial Code (HGB) is exercised.

5.5. Parent company

PMD is a wholly owned (100%) subsidiary of **Peugeot Motocycles S.A., Valentigney Man-deure/France**, and included in their (sub-) consolidated

financial statements. The company belongs to the group **Peugeot Citroën S.A., Paris/France**, which prepares the top-level consolidated financial statements.

These consolidated financial statements are available at the companies' head office.

Mörfelden-Walldorf, 15th May 2015

Volker Klein

Xavier Delpech de Saint Guilhem

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors present their Eighth Report together with the audited accounts of your Company for the year ended 31st March, 2015.

Financial Highlights and State of Company's Affairs

Particulars	(Rupees in lakhs)	
	For the year ended 31 st March, 2015	For the year ended 31 st March, 2014
Income	546.41	193.83
Profit before Exceptional Item and tax	463.79	165.68
Add: Exceptional Item	116.28	54.26
Profit before tax	580.07	219.94
Provision for taxation for the year.....	26.90	11.51
Short provision in respect of taxation relating to prior year.....	–	126.04
Profit for the year after taxation	553.17	82.39
Balance of Profit from earlier years	1405.06	1339.15
Profit available for appropriation.....	1958.23	1421.54
Appropriations:		
Special Reserve	110.63	16.48
Balance carried to Balance Sheet	1847.60	1405.06
Net Worth	11996.26	7909.44

No material changes and commitments have occurred after the closure of year under review till the date of this report which would affect the financial position of the Company.

Operations

The profit before tax for the year under review was Rs. 580.07 lakhs, as against a profit of Rs. 219.94 lakhs in the previous year.

During the year, the Company has made investments/disinvestments as under:

Investments:

- 30,00,000 Equity Shares in Mahindra Namaste Private Limited.
- 1,56,79,442 Equity Shares in Mahindra Susten Private Limited (earlier known as "Mahindra EPC Services Private Limited").
- 1,91,928 Equity Shares in Mahindra eMarket Limited (earlier known as "Mriyalguda Farm Solution Limited").

Disinvestments:

- 10,000 Equity Shares of Mahindra United Football Club Private Limited

Pursuant to the approval by the High Court of Judicature at Bombay to the Scheme of Amalgamation and Arrangement of Mahindra Engineering Services Limited ("MESL") with Tech Mahindra Limited ("TML"), the Company has been allotted 50,476 Equity Shares of Rs. 10 each of TML against 1,21,143 shares held in MESL. The shareholding of the Company in TML has gone up to 2,01,904 Equity Shares of Rs. 5 each post sub-division of Equity Share of face value of Rs. 10 each into 2 Equity Shares of face value of Rs. 5 each and issue of Bonus shares by TML in the ratio of 1:1.

Dividend

In order to conserve the resources of the Company, your Directors do not recommend dividend for the year under review.

Subsidiaries, Associates and Joint Ventures

Gateway Housing Finance Corporation Limited ceased to be a subsidiary of the Company and became an Associate of your Company with effect from 1st April, 2014, in view of the Companies (Specification of definition details) Rules, 2014.

Mahindra United Football Club Private Limited ("MUFCPL") ceased to be a subsidiary of the Company with effect from 17th December, 2014, consequent upon the sale of shareholding by the Company in MUFCPL.

During the year under review, consequent to acquisition by the Company of the shares of Mahindra eMarket Limited (earlier known as "Mriyalguda Farm Solution Limited"), Mahindra eMarket Limited became an Associate of the Company.

A Report on the performance and financial position of each of the subsidiaries, associates and joint venture companies included in the Consolidated Financial Statement is provided in Form AOC-1 and forms part of this Annual Report.

Consolidated Financial Statements

The Consolidated Financial Statements of the Company and its subsidiaries, prepared in accordance with the Companies Act, 2013 and applicable Accounting Standards form part of this Annual Report.

Share Capital

During the year under review, the Authorised Share Capital of your Company has increased from Rs. 90 crores to Rs. 160 crores by creation of additional 7,00,00,000 Equity Shares of Rs. 10 each.

Your Company has allotted 3,53,36,535 Equity Shares of Rs. 10 each aggregating to Rs. 3533.65 lakhs to Mahindra & Mahindra Limited for cash at par on rights basis.

Consequently, the paid-up share capital of the Company has gone up from Rs. 6125.00 lakhs to Rs. 9658.65 lakhs.

Board of Directors

Composition:

Sr. No.	Name of the Director	DIN	Independent/Non Independent
1.	Mr. Keshub Mahindra	00004489	Non Independent
2.	Mr. Anand Mahindra	00004695	Non Independent
3.	Mr. Bharat Doshi	00012541	Non Independent
4.	Mr. A. K. Nanda	00010029	Non Independent
5.	Mr. Zhooben Bhiwandiwalla	00110373	Non Independent
6.	Mr. Mario Nazareth	00013337	Non Independent
7.	Mr. Chandrasekar Kandasamy	01084215	Non Independent
8.	Mr. Haigreve Khaitan	00005290	Independent
9.	Mr. Noshir Dastur	00493177	Independent

Mr. Haigreve Khaitan and Mr. Noshir Dastur were appointed as Independent Directors of the Company on 18th February, 2015 for a period of five years and they shall not be liable to retire by rotation.

Mr. A. K. Nanda and Mr. Bharat Doshi retire by rotation and, being eligible, offer themselves for re-appointment.

Declaration by Independent Directors

The Company has received declarations from Mr. Haigreve Khaitan and Mr. Noshir Dastur, the Independent Directors of the Company, to the effect that they fulfill the criteria of independence as prescribed under section 149(6) of the Companies Act, 2013.

Number of Meetings of the Board

Your Board of Directors met five times in the Financial Year 2014-2015.

Directors' Responsibility Statement

Pursuant to section 134(5) of the Companies Act, 2013, your Directors, based on the representation received from the Operating Management, and after due enquiry, confirm that:

- in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at

31st March, 2015 and of the profit of the Company for the year ended on that date;

- proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- the annual accounts have been prepared on a going concern basis; and
- proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Evaluation of Performance

The Board of Directors has adopted a process for annual evaluation of its own performance and that of its committees and individual directors. Questionnaires/Feedback templates for annual evaluation, based on the criteria approved by the Board, were circulated to each Board member and responses were submitted to the Chairman of the Board for facilitating the formal annual evaluation.

Code of Conduct

Your Company has in place Code of Conduct for Corporate Governance ("Code") for its Directors. This Code enunciates the underlying principles governing the conduct of the Company's business and seeks to reiterate the fundamental precept that good governance must and would always be an integral part of the Company's ethos.

Your Company has, for the year under review, received declarations from members of the Board affirming compliance with the Code.

Key Managerial Personnel

Pursuant to section 203 of the Companies Act, 2013, read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the following have been appointed as the Key Managerial Personnel of your Company with effect from 2nd February, 2015:

- Mr. Ajay Choksey - Chief Executive Officer
- Mr. Swaminathan Mani - Chief Financial Officer
- Ms. Anita Halbe - Company Secretary

Committees of the Board

Audit Committee

The Audit Committee was re-constituted by the Board on 26th February, 2015 pursuant to the appointment of Independent Directors on the Board. The Audit Committee currently comprises of:

Mr. Noshir Dastur – Chairman
Mr. Haigreve Khaitan
Mr. Mario Nazareth

The Committee met twice during the year under review.

Nomination and Remuneration Committee

During the year under review, your Company has constituted a Nomination and Remuneration Committee. The Committee was re-constituted by the Board on 26th February, 2015 pursuant to the appointment of Independent Directors on the Board. The Nomination & Remuneration Committee currently comprises of:

Mr. Haigreve Khaitan – Chairman

Mr. Noshir Dastur

Mr. Bharat Doshi

The Committee met twice during the year under review.

Policy on Appointment of Directors and Senior Management and Policy for Remuneration of the Directors, Key Managerial Personnel and Other Employees

The Board of Directors has, on the recommendation of the Nomination and Remuneration Committee, approved a 'Policy on Appointment of Directors and Senior Management' and a 'Policy for Remuneration of the Directors, Key Managerial Personnel and other Employees'.

These policies are provided as Annexure I and form part of this Report.

Risk Management Policy

Your Company has, in place, a Risk Management Policy setting out the objectives and elements of risk management and identifying therein the elements of risk which in the opinion of Board may threaten the existence of the Company.

Policy for Prevention of Sexual Harassment

The Company is committed to adopt a policy for prevention of sexual harassment at workplace in accordance with the provisions of The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 ("the Act") and the Rules framed thereunder. During the year under review, no complaint was reported under the Act.

Corporate Social Responsibility (CSR)

The provisions relating to CSR enumerated under section 135 of the Companies Act, 2013, are not applicable to your Company during the year under review.

Statutory Auditors

Messrs Deloitte Haskins & Sells, Chartered Accountants, Vadodara (ICAI Registration Number 117364W) were appointed as Auditors of your Company at the 7th Annual General Meeting ("AGM") held on 8th August, 2014 from its conclusion till the conclusion of the 10th AGM of the Company to be held in the year 2017. In terms of section 139(1) of the Companies Act, 2013, such appointment is required to be ratified by members at every AGM.

As required under the provisions of section 139(1) of the Companies Act, 2013, the Company has received a written consent from Messrs Deloitte Haskins & Sells, Chartered

Accountants to their appointment and a Certificate to the effect that their appointment, if made, would be in accordance with the Companies Act, 2013, and that they satisfy the criteria provided in section 141 of the Companies Act, 2013.

The Members are requested to ratify the appointment of the Statutory Auditors as aforesaid and fix their remuneration.

The Auditors' Report does not contain any qualification, reservation or adverse remark.

Secretarial Auditors

Your Company has appointed Martinho Ferrao & Associates, Company Secretary (Certificate of Practice Number 5676) as Secretarial Auditor of the Company in accordance with section 204 of the Companies Act, 2013.

In terms of provisions of section 204(1) of the Companies Act, 2013, the Company has annexed with this Board's Report, a Secretarial Audit Report given by the Secretarial Auditor in the prescribed Form MR – 3 as Annexure II.

The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The particulars relating to the energy conservation, technology absorption and foreign exchange earnings and outgo, as required under section 134(3)(m) of the Companies Act, 2013, read with Rule 8(3) of the Companies (Account) Rules, 2014 are furnished in Annexure III to this Report.

Particulars of Contracts or Arrangements with Related Parties

The Related Party Transactions entered during the year were in the Ordinary Course of Business and on Arm's Length basis. No Material Related Party Transactions were entered during the year by your Company. Accordingly, the disclosure of Related Party Transactions to be provided under section 134(3)(h) of the Companies Act, 2013 in Form AOC – 2 is not applicable.

Extract of Annual Return

Pursuant to sections 134(3)(a) and 92(3) of the Companies Act, 2013, read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of Annual Return as at 31st March, 2015 in Form MGT 9 is attached herewith as Annexure IV and forms part of this Report.

Internal Financial Controls

The Company has laid down internal financial controls with reference to the Financial Statements and these controls are adequate.

RBI Guidelines

The Company has complied with all the applicable regulations of the Reserve Bank of India.

Public Deposits and Loans/Advances

The Company has not accepted any deposits from the public during the year under review.

The particulars of loans/advances which are required to be disclosed in the annual accounts of the Company pursuant to Clause 32 of the Listing Agreement executed by the parent company – Mahindra & Mahindra Limited with the Stock Exchanges, are furnished in Annexure V.

General

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions/ events on these items during the year under review:

- Issue of equity shares with differential rights as to dividend, voting or otherwise.
- Significant or material orders passed by the Regulators or Courts or Tribunals which impact the going concern status and the Company's operations in future.

- Voting rights which are not directly exercised by the employees in respect of shares for the subscription/ purchase of which loan was given by the Company (as there is no scheme pursuant to which such persons can beneficially hold shares as envisaged under section 67(3)(c) of the Companies Act, 2013).

For and on behalf of the Board

Keshub Mahindra
Chairman

Mumbai, 27th May, 2015

ANNEXURE I TO THE DIRECTORS' REPORT

POLICY ON APPOINTMENT OF DIRECTORS AND SENIOR MANAGEMENT

DEFINITIONS

The definitions of some of the key terms used in this Policy are given below.

“**Board**” means Board of Directors of the Company.

“**Company**” means Mahindra Holdings Limited.

“**Committee(s)**” means Committees of the Board for the time being in force.

“**Employee**” means employee of the Company whether employed in India or outside India including employees in the Senior Management Team of the Company.

“**Key Managerial Personnel**” (KMP) refers to key managerial personnel as defined under the Companies Act, 2013 and includes:

- (i) Managing Director (MD), or Chief Executive Officer (CEO); or Manager; or Whole time Director (WTD)
- (ii) Chief Financial Officer (CFO); and
- (iii) Company Secretary (CS).

“**Nomination and Remuneration Committee**” (NRC) means Nomination and Remuneration Committee of Board of Directors of the Company for the time being in force.

“**Senior Management**” means all members of management one level below the executive directors including the functional heads.

APPOINTMENT OF DIRECTORS

- The NRC shall review and assess Board composition and recommend the appointment of new Directors. In evaluating the suitability of individual Board member, the NRC shall take into account the following criteria regarding qualifications, positive attributes and independence of director:
 1. All Board appointments will be based on merit, in the context of the skills, experience, independence and knowledge, for the Board as a whole to be effective.
 2. Ability of the candidates to devote sufficient time and attention to his professional obligations as Independent Director for informed and balanced decision making.
 3. Adherence to the Code of Conduct and highest level of Corporate Governance in letter and in spirit by the Independent Directors.
- Based on recommendation of the NRC, the Board will evaluate the candidate(s) and decide on the selection of the appropriate member. The Board through the Chairman will interact with the new member to obtain his/her consent

for joining the Board. Upon receipt of the consent, the new Director will be co-opted by the Board in accordance with the applicable provisions of the Companies Act 2013 and Rules made thereunder.

REMOVAL OF DIRECTORS

If a Director is attracted with any disqualification as mentioned in any of the applicable Act, rules and regulations thereunder or due to non - adherence to the applicable policies of the Company, the NRC may recommend to the Board with reasons recorded in writing, removal of a Director subject to the compliance of the applicable statutory provisions.

SENIOR MANAGEMENT PERSONNEL

The NRC shall identify persons who are qualified to become directors and who may be appointed in senior management team in accordance with the criteria laid down above.

Senior Management personnel are appointed or promoted and removed/relieved with the authority of Chairman based on the business need and the suitability of the candidate. The details of the appointment made and the personnel removed one level below the Key Managerial Personnel during a quarter shall be presented to the Board.

For and on behalf of the Board

Keshub Mahindra
Chairman

Mumbai, 27th May, 2015

POLICY FOR REMUNERATION OF THE DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES

Purpose

This Policy sets out the approach to Compensation of Directors, Key Managerial Personnel and other employees in Mahindra Holdings Limited.

Policy Statement

We have a well-defined Compensation policy for Directors, Key Managerial Personnel and employees of the Company. The overall compensation philosophy which guides us is that we need to attract and retain high performers by compensating them at levels that are broadly comparable with the competitors while differentiating people on the basis of performance, potential and criticality for achieving competitive advantage in the business.

In order to effectively implement this, we have built our Compensation structure by benchmarking with relevant players across the industry we operate in.

Non-Executive including Independent Directors

The Nomination and Remuneration Committee (“Committee”) shall decide the basis for determining the compensation, both fixed and variable, to the Non-Executive Directors, including Independent Directors, whether as commission or otherwise. The Committee shall take into consideration various factors such as director’s participation in Board and Committee meetings during the year, other responsibilities undertaken, such as membership or Chairmanship of committees, time spent in carrying out their duties, role and functions as envisaged in Schedule IV of the Companies Act, 2013 and such other factors as the Committee may consider deem fit for determining the compensation. The Board shall determine the compensation to Non-Executive Directors within the overall limits specified in the Shareholders resolution.

Executive Directors

The remuneration to Executive Director(s) shall be recommended by the Committee to the Board. The remuneration shall consist of both fixed compensation and variable compensation and shall be paid as salary, commission, performance bonus, stock options (where applicable), perquisites and fringe benefits as approved by the Board and within the overall limits specified in the Shareholders resolution. While the fixed compensation is determined at the time of their appointment, the variable compensation will be determined annually by the Committee based on their performance.

Key Managerial Personnel (KMPs)

The terms of remuneration of the Chief Executive Officer (CEO), Chief Financial Officer (CFO) and Company Secretary shall be determined by the Board of Directors or by any Director as may be authorised by the Board from time to time. The remuneration shall be consistent with the competitive position of the salary for similar positions in the industry and their Qualifications, Experience, Roles and Responsibilities. Pursuant to the provisions of section 203 of the Companies Act, 2013 the Board shall approve the remuneration at the time of their appointment.

The remuneration to directors, KMPs and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals. The relationship of their remuneration to performance shall be clear and shall meet the appropriate performance benchmarks.

Employees

We shall benchmark the Compensation structure with relevant players across the industry we operate in depending upon the level in the organisation.

We shall have a CTC (Cost to Company) concept which includes a fixed component (Guaranteed Pay) and a variable component (Performance pay). The percentage of the variable component increases with increasing hierarchy levels, as we believe employees at higher positions have a far greater impact and influence on the overall business result. The CTC may be reviewed once a year. The compensation strategy for positioning of individuals takes into consideration the following elements:

- Performance
- Potential
- Criticality
- Longevity in grade

Remuneration for the new employees other than KMPs will be decided by any Director of the Company, depending upon the relevant job experience, last compensation and the skill-set of the selected candidate.

The Company may also grant Stock Options to the Employees and Directors (other than Independent Directors and Promoter) in accordance with the ESOP Scheme that may be formulated by the Company and subject to the compliance of the applicable statutes and regulations.

For and on behalf of the Board

Keshub Mahindra
Chairman

Mumbai, 27th May, 2015

ANNEXURE II TO THE DIRECTORS' REPORT

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2015

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

The Members,

Mahindra Holdings Limited

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Mahindra Holdings Limited** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the **Mahindra Holdings Limited's** books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year **ended on 31st March, 2015**, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by **Mahindra Holdings Limited** ("the Company") for the financial year ended on 31st March, 2015 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder; - **Not applicable**
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; **Not Applicable as the Company does not have any Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings**
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; **Applicable only with respect to shares of the Listed company(ies) held by the Company**
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992; **Applicable only to the extent of shares held by the Company in Listed company(ies)**
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; **Not applicable**
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; **Not applicable**
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **Not applicable**
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; - **Not applicable as the Company is not registered as Registrar to an issue and Share Transfer Agent during the financial year under review.**
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; - **Not applicable as the Company is not listed on any Stock Exchange and**
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; - **Not applicable as the Company has not bought back any of its securities during the financial year under review.**

(vi) we have also examined the compliances of the provisions of the following other laws applicable **specifically** to the Company:

1. Non Banking Financial (Non Deposit accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007
2. Prevention of Money Laundering Act, 2002

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India. **Not applicable for the period under review.**
- (ii) The Listing Agreements entered into by the Company with Stock Exchange(s) - **Not applicable as the Company is not listed on any Stock Exchange.**

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the company, its officers, agents and its authorised representatives during the conduct of Secretarial Audit we hereby report that in our opinion during the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that:

1. The Board of Directors of the Company is duly constituted with proper balance of Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
2. Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
3. Majority decision is carried through while the dissenting members' views; if any; are captured and recorded as part of the minutes.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period the Company has:

1. increased its Authorized Share Capital from Rs. 90 crores to Rs. 160 crores and subsequently on 2nd March, 2015, allotted 3,53,36,535 Equity shares of Rs. 10/- each on Right basis at par to its existing shareholder(s), Mahindra & Mahindra Limited.

For **Martinho Ferrao & Associates**
Company secretaries

Martinho Ferrao
Proprietor
FCS No. 6221
C P. No. 5676

Mumbai, 25th May, 2015

ANNEXURE III TO THE DIRECTORS' REPORT

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

(A) Conservation of energy

- (i) the steps taken or impact on conservation of energy – Not applicable in view of the nature of activities carried on by the Company.
- (ii) the steps taken by the company for utilizing alternate sources of energy - Not applicable in view of the nature of activities carried on by the Company.
- (iii) the capital investment on energy conservation equipment - Not applicable in view of the nature of activities carried on by the Company.

(B) Technology absorption

- (i) the efforts made towards technology absorption - Not applicable in view of the nature of activities carried on by the Company.
- (ii) the benefits derived like product improvement, cost reduction, product development or import substitution - Not applicable in view of the nature of activities carried on by the Company.
- (iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)-
 - (a) the details of technology imported;
 - (b) the year of import;
 - (c) whether the technology been fully absorbed;
 - (d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof; and
 - Not applicable in view of the nature of activities carried on by the Company.
- (iv) the expenditure incurred on Research and Development.
 - Not applicable in view of the nature of activities carried on by the Company.

(C) Foreign exchange earnings and Outgo

The Foreign Exchange earned in terms of actual inflows during the year: Nil

The Foreign Exchange outgo during the year in terms of actual outflows: Nil

For and on behalf of the Board

Keshub Mahindra
Chairman

Mumbai, 27th May, 2015

ANNEXURE IV TO THE DIRECTORS' REPORT

Form No. MGT-9
EXTRACT OF ANNUAL RETURN
as on the financial year ended on 31st March, 2015

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies
(Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

i)	CIN:-	U65993MH2007PLC175649
ii)	Registration Date	2 nd November, 2007
iii)	Name of the Company	Mahindra Holdings Limited
iv)	Category/Sub-Category of the Company	Company limited by shares/Indian Non-Government Company
v)	Address of the Registered office and contact details	Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400 018. Tel.: 022-2490 5968
vi)	Whether listed Company (Yes/No)	No
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	Not Applicable

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sr. No.	Name and Description of main product/services	NIC Code of the Product/service	% to total turnover of the company
1	Investments in group companies	6420	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and Address of the Company	CIN/GIN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1.	Mahindra & Mahindra Limited Address: Gateway Building, Apollo Bunder, Mumbai – 400001	L65990MH1945PLC004558	Holding Company	100.00	2(46)
2.	Mahindra Punjab Tractors Private Limited Address: Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai – 400018	U29253MH2009PTC196365	Subsidiary Company	100.00	2(87)(ii)
3.	Mahindra Integrated Business Solutions Private Limited Address: Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai – 400018	U74999MH2011PTC212468	Subsidiary Company	100.00	2(87)(ii)
4.	Mahindra Telecommunications Investment Private Limited Address: Gateway Building, Apollo Bunder, Mumbai – 400001	U63040MH1993PTC070642	Subsidiary Company	100.00	2(87)(ii)
5.	Mahindra Namaste Private Limited Address: Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai – 400018	U80302MH2010PTC198303	Subsidiary Company	100.00	2(87)(ii)

Sr. No.	Name and Address of the Company	CIN/GIN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
6.	Mahindra Susten Private Limited (earlier known as 'Mahindra EPC Services Private Limited') Address: Mahindra Towers, Dr. G. M. Bhosale Marg, P. K. Kurne Chowk, Worli, Mumbai – 400018	U74990MH2010PTC207854	Subsidiary Company	100.00	2(87)(ii)
7.	Mahindra Offgrid Services Private Limited* Address: Mahindra Towers, Dr. G. M. Bhosale Marg, P. K. Kurne Chowk, Worli, Mumbai – 400018	U40300MH2010PTC205946	Subsidiary Company	100.00	2(87)(ii)
8.	Brightsolar Renewable Energy Private Limited* Address: Mahindra Towers, Dr. G. M. Bhosale Marg, P. K. Kurne Chowk, Worli, Mumbai – 400018	U40108MH2013PTC250683	Subsidiary Company	100.00	2(87)(ii)
9.	Cleansolar Renewable Energy Private Limited* Address: Mahindra Towers, Dr. G. M. Bhosale Marg, P. K. Kurne Chowk, Worli, Mumbai – 400018	U40108MH2013PTC250684	Subsidiary Company	100.00	2(87)(ii)
10.	Mahindra Gujarat Tractor Limited Address: Vishwamitrinr Railway Overbridge, Vadodara – 390011	U34100GJ1978PLC003127	Associate Company	49.00	2(6)
11.	Mahindra Solar One Private Limited (Joint Venture) Address: Mahindra Towers, Dr. G. M. Bhosale Marg, P. K. Kurne Chowk, Worli, Mumbai – 400018	U40101MH2010PTC205236	Associate Company	26.00	2(6)
12.	Mahindra Automobile Distributor Private Limited Address: Gateway Building, Apollo Bunder, Mumbai – 400001	U34100MH2005PTC153702	Associate Company	21.00	2(6)
13.	Mahindra and Mahindra Contech Limited Address: Gateway Building, Apollo Bunder, Mumbai – 400001	U74140MH1992PLC066606	Associate Company	23.33	2(6)
14.	Mahindra eMarket Limited (earlier known as 'Mriyalguda Farm Solution Limited') Address: Mahindra Towers, Worli, Mumbai – 400018	U72900MH2000PLC129103	Associate Company	24.00	2(6)
15.	Gateway Housing Finance Corporation Limited Address: Gateway Building, Apollo Bunder, Mumbai – 400001	U65190MH1996PLC100436	Associate Company	50.00	2(6)

* a subsidiary of Mahindra Susten Private Limited (earlier known as 'Mahindra EPC Services Private Limited')

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	0	0	0	0.00	0	0	0	0.00	0.00
b) Central Govt.	0	0	0	0.00	0	0	0	0.00	0.00
c) State Govt.	0	0	0	0.00	0	0	0	0.00	0.00
d) Bodies Corp.	0	6,12,49,999	6,12,49,999	100.00	0	9,65,86,534	9,65,86,534	100.00	0.00
e) Banks/FI	0	0	0	0.00	0	0	0	0.00	0.00
f) Any Other....	0	0	0	0.00	0	0	0	0.00	0.00
Sub-total (A)(1):-	0	6,12,49,999	6,12,49,999	100.00	0	9,65,86,534	9,65,86,534	100.00	0.00
(2) Foreign									
a) NRIs – Individuals	0	0	0	0.00	0	0	0	0.00	0.00
b) Other – Individuals	0	0	0	0.00	0	0	0	0.00	0.00
c) Bodies Corp.	0	0	0	0.00	0	0	0	0.00	0.00
d) Banks/FI	0	0	0	0.00	0	0	0	0.00	0.00
e) Any Other....	0	0	0	0.00	0	0	0	0.00	0.00
Sub-total (A)(2):-	0	0	0	0.00	0	0	0	0.00	0.00
Total shareholding of Promoter (A) = (A)(1) + (A)(2)	0	6,12,49,999	6,12,49,999	100.00	0	9,65,86,534	9,65,86,534	100.00	0.00
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	0	0	0	0.00	0	0	0	0.00	0.00
b) Banks/FI	0	0	0	0.00	0	0	0	0.00	0.00
c) Central Govt.	0	0	0	0.00	0	0	0	0.00	0.00
d) State Govt(s)	0	0	0	0.00	0	0	0	0.00	0.00
e) Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
f) Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
g) FIs	0	0	0	0.00	0	0	0	0.00	0.00
h) Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
i) Others (specify)	0	0	0	0.00	0	0	0	0.00	0.00
Sub-total (B)(1):-	0	0	0	0.00	0	0	0	0.00	0.00
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	0	1	1	0.00	0	1	1	0.00	0.00
ii) Overseas	0	0	0	0.00	0	0	0	0.00	0.00
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	0	0	0	0.00	0	0	0	0.00	0.00

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	0	0	0	0.00	0	0	0	0.00	0.00
Sub-total (B)(2):-	0	1	1	0.00	0	1	1	0.00	0.00
Total Public Shareholding (B)=(B)(1)+(B)(2)	0	1	1	0.00	0	1	1	0.00	0.00
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0.00	0	0	0	0.00	0.00
Grand Total (A+B+C)	0	6,12,50,000	6,12,50,000	100.00	0	9,65,86,535	9,65,86,535	100.00	0.00

(ii) Shareholding of Promoters:

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% of change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	
1	Mahindra & Mahindra Limited	6,12,49,999	100.00	–	9,65,86,534	100.00	–	0.00
	Total	6,12,49,999	100.00	–	9,65,86,534	100.00	–	0.00

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sr. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
1	At the beginning of the year – 1 st April, 2014	6,12,49,999	100.00	–	–
2	Increase - 2 nd March, 2015 – Allotment of shares on Rights basis	3,53,36,535	100.00	9,65,86,534	100.00
3	At the end of the year – 31 st March, 2015	–	–	9,65,86,534	100.00

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
1.	Mahindra Intertrade Limited				
	At the beginning of the year – 1 st April, 2014	1	–	–	–
	Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):	Nil movement during the year			
	At the end of the year – 31 st March, 2015	–	–	1	–

(v) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Mahindra & Mahindra Limited jointly with Mr. Bharat Doshi				
	At the beginning of the year – 1 st April, 2014	1	–	–	–
	Date wise Increase/Decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):	Nil movement during the year			
	At the end of the year – 31 st March, 2015	–	–	1	–
2.	Mahindra & Mahindra Limited jointly with Mr. A. K. Nanda				
	At the beginning of the year – 1 st April, 2014	1	–	–	–
	Date wise Increase/Decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):	Nil movement during the year			
	At the end of the year – 31 st March, 2015	–	–	1	–

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

PARTICULARS	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year – 1st April, 2014	Nil			
i) Principal Amount				
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i + ii + iii)				
Change in Indebtedness during the financial year	Nil			
• Addition				
• Reduction				
Net change				
Indebtedness at the end of the financial year – 31st March, 2015	Nil			
i) Principal Amount				
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i + ii + iii)				

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL
A. Remuneration to Managing Director, Whole-Time Directors and/or Manager: Not applicable

Sr. No.	Particulars of Remuneration	Name of MD/WTD/Manager				Total Amount
		–	–	–	–	
1.	Gross Salary	Nil				
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961					
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961					

Sr. No.	Particulars of Remuneration	Name of MD/WTD/Manager				Total Amount
		-	-	-	-	
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961					
2.	Stock Option					
3.	Sweat Equity					
4.	Commission - As % of Profit - Others, specify...					
5.	Others, please specify					
	Total (A)					
	Ceiling as per the Act					-

B. Remuneration of other directors:

(Amount in Rs.)

Particulars of Remuneration	Name of Directors		Total Amount
	Mr. Haigreva Khaitan	Mr. Noshir Dastur	
1. Independent Directors			
• Fee for attending board/committee meetings	30,000	30,000	60,000
• Commission	33,700	33,700	67,400
• Others, please specify	-	-	-
Total (1)	63,700	63,700	1,27,400
2. Other Non-Executive Directors			
• Fee for attending board/committee meetings	-	-	-
• Commission	-	-	-
• Others, please specify	-	-	-
Total (2)	-	-	-
Total B = (1+2)	63,700	63,700	1,27,400
Overall Ceiling as per the Act (Being 3% of the net profit of the Company calculated as per section 198 of the Companies Act, 2013)			13,94,820

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

(Amount in Rs.)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel			Total
		CEO	CS	CFO	
1.	Gross Salary (Rs. p.a.)	-	-	-	-
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	-	-	-	-
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	-	-	-	-
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission - As % of Profit - Others, specify...	-	-	-	-
5.	Others, please specify	-	1,22,120	25,000	1,47,120
	Total	-	1,22,120	25,000	1,47,120

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty/Punishment/Compounding fees imposed	Authority [RD/NCLT/COURT]	Appeal made, if any (give Details)
Penalty					
Punishment			NIL		
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment			NIL		
Compounding					

For and on behalf of the Board

Keshub Mahindra
Chairman

Mumbai, 27th May, 2015

ANNEXURE V TO THE DIRECTORS' REPORT

Particulars of loans/advances etc., required to be disclosed in the annual accounts of the company pursuant to clause 32 of the listing agreement of the holding company, Mahindra & Mahindra Limited.

Loans and advances in nature of loans to subsidiaries:

Name of the Company	Balance as on 31 st March, 2015	Maximum outstanding during the year
Mahindra Punjab Tractor Private Limited	50,000	50,000

* *Except as indicated above, the Company has not made any loans and advances in the nature of loans to associates or loans and advances in the nature of loans where there is no repayment schedule or repayment beyond seven years or no interest or interest below what is prescribed under section 186 of the Companies Act, 2013.*

For and on behalf of the Board

Keshub Mahindra
Chairman

Mumbai, 27th May, 2015

Form AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures**Part "A" : Subsidiaries****(Rs. in lakhs)**

Sl. No.	Particulars	Mahindra Punjab Tractors Pvt. Ltd.	Mahindra Integrated Business Solutions Pvt. Ltd.	Mahindra EPC Services Pvt. Ltd.	Mahindra Namaste Pvt. Ltd.	Mahindra Telecommunications Investments Pvt. Ltd.	*Mahindra Offgrid Services Pvt.Ltd	*Brightsolar Renewable Energy Pvt.Ltd	*Cleansolar Renewable Energy Pvt.Ltd
1	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	31 st March, 2015	31 st March, 2015	31 st March, 2015	31 st March, 2015	31 st March, 2015	31 st March, 2015	31 st March, 2015	31 st March, 2015
2	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	Indian Subsidiary	Indian Subsidiary	Indian Subsidiary	Indian Subsidiary	Indian Subsidiary	Indian Subsidiary	Indian Subsidiary	Indian Subsidiary
3	Share Capital	1.00	150.00	4367.94	901.00	46.67	635.00	616.00	295.50
4	Reserves & Surplus	(1.55)	416.70	7359.98	(668.83)	576.85	(30.35)	(8.07)	1560.46
5	Total Assets	0.73	951.52	31608.60	355.77	625.62	2491.87	6.11	1857.65
6	Total Liabilities	0.73	951.52	31608.60	355.77	625.62	2491.87	6.11	1857.65
7	Investments	-	214.00	644.90	10.00	10.00	2472.35	599.04	1808.98
8	Turnover	-	1293.43	50764.29	112.43	316.67	12.61	14.97	14.43
9	Profit/(Loss) before taxation	(0.23)	245.01	2357.05	(374.59)	314.27	(27.33)	(6.61)	0.51
10	Provision for taxation	-	69.89	833.67	(8.04)	9.16	-	-	-
11	Profit/(Loss) after taxation	(0.23)	175.11	1523.38	(366.54)	305.11	(27.33)	(6.61)	0.51
12	Proposed Dividend	-	15.00	-	-	-	-	-	-
13	% of shareholding	100%	100%	100%	100%	100%	100%	100%	100%

* a subsidiary of Mahindra EPC Services Private Limited

Keshub Mahindra
Chairman
Ajay Choksey
Chief Executive Officer
Anita Halbe
Company Secretary

Anand G. Mahindra
Bharat Doshi
A. K. Nanda
M. A. Nazareth
Zhooben Bhiwandiwal
K. Chandrasekar
Noshir Dastur

} Directors

Swaminathan Mani
Chief Financial Officer

Place: Mumbai
Date : 27th May, 2015

Form AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/ associate companies/ joint ventures**Part "B" : Associate Companies****(Rs. in lakhs)**

Sl. No.	Particulars	Mahindra and Mahindra Contech Limited	Mahindra Automobile Distributor Private Limited	Mahindra Gujarat Tractors Private Limited	Mriyalguda Farm Solution Limited
1	Latest audited Balance Sheet Date	31 st March, 2015	31 st March, 2015	31 st March, 2015	31 st March, 2015
2	Share of associates companies held by the company on the year end	23.33%	21.00%	49.00%	24.00%
3	No of Equity Share held	35000	210000	7497970	191928
4	Amount of Investment in associate companies	169.79	220.01	74.98	1.19
5	Extent of Holding %	23.33%	21.00%	49.00%	24.00%
6	Description of how there is significant influence	-	-	-	-
7	Reason why the associate companies is not consolidated	NA	NA	NA	NA
8	Net worth attributable to shareholding as per latest audited Balance Sheet	633.75	898.29	352.98	(0.11)
9	Profit/(Loss) for the year	57.37	1,380.91	450.26	(0.40)
10	Considered in Consolidation	13.38	289.99	220.63	(0.10)
11	Not Considered in Consolidation	43.99	1090.92	229.63	(0.30)

Form AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures**Part "B" : Joint Ventures****(Rs. in lakhs)**

Sl. No.	Particulars	Mahindra Solar One Private Limited
1	Latest audited Balance Sheet Date	31 st March, 2015
2	Share of Joint Ventures held by the company on the year end	26%
3	No. of Equity Shares held	2781640
4	Amount of Investment in Joint Venture	2772.64
5	Extent of Holding %	26%
6	Description of how there is significant influence	-
7	Reason why the joint venture is not consolidated	NA
8	Net worth attributable to shareholding as per latest audited Balance Sheet	2774.77
9	Profit/(Loss) for the year	208.15
10	Considered in Consolidation	54.11
11	Not Considered in Consolidation	154.04

Keshub Mahindra
Chairman
Ajay Choksey
Chief Executive Officer
Anita Halbe
Company Secretary

Anand G. Mahindra
Bharat Doshi
A. K. Nanda
M. A. Nazareth
Zhooben Bhiwandiwala
K. Chandrasekar
Noshir Dastur

} Directors

Swaminathan Mani
Chief Financial Officer

Place : Mumbai
Date : 27th May, 2015

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MAHINDRA HOLDINGS LIMITED

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **Mahindra Holdings Limited** ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2015, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order"), issued by the Central Government of India in terms of Section 143(11) of the Act, 2015, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with in this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of the written representations received from the directors as on 31st March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164(2) of the Act.
 - (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i) The Company did not have any pending litigations which would impact its financial position in its financial statements in accordance with the generally accepted accounting practice;
 - ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **DELOITTE HASKINS & SELLS**

Chartered Accountants
(Firm's Registration No.117364W)

Shyamak R Tata

Partner
(Membership No.38320)

Mumbai: 27th May, 2015

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date on the accounts of **Mahindra Holdings Limited** ("the Company") for the year ended 31st March, 2015).

In our opinion and according to the information and explanations given to us the nature of the Company's business/ activities during the year, clauses (i) regarding fixed assets, (ii) regarding inventories, (iv) regarding internal control system (v) regarding acceptance of public deposit, (vi) regarding cost records, (ix) regarding default in repayment of any dues to FI, banks, etc., (xi) regarding use of term loans of paragraph 3 of the Order are not applicable to the Company. In respect of other clauses, we report as under:

(i) According to the information and explanations given to us, the Company has granted unsecured loan to a company covered in the Register maintained under Section 189 of the Companies Act, 2013. In respect of such loan:

- (a) The receipts of principal amounts and interest have been as per stipulations.
- (b) There is no overdue amount in excess of Rs. 1 lakh remaining outstanding as at the year-end.

(ii) According to the information and explanations given to us, in respect of statutory dues:

- (a) The Company has been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues applicable to it with the appropriate authorities.

(b) There are no dues of Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax and Cess which have not been deposited as on March 31, 2015 on account of any dispute.

(c) There are no amounts that are due to be transferred to the Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and Rules made thereunder.

(iii) The Company does not have accumulated losses at the end of the financial year and the Company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.

(iv) According to the information and explanations given to us, the Company has not given guarantees for loans taken by others from banks and financial institutions.

(v) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no significant fraud on the Company has been noticed or reported during the year.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No.117364W)

Shyamak R Tata
Partner
(Membership No.38320)

Mumbai: 27th May, 2015

BALANCE SHEET AS AT 31st MARCH, 2015

Particulars	Notes	As at 31 st March, 2015 Rupees lakhs	As at 31 st March, 2014 Rupees lakhs
A. EQUITY AND LIABILITIES:			
1. Shareholders' Funds:			
(a) Share Capital	1	9658.65	6125.00
(b) Reserves and Surplus	2	2337.61	1784.44
2. Current Liabilities:			
(a) Trade Payables	3	9.08	1.66
(b) Other Current Liabilities	4	0.59	0.15
Total		<u>12005.93</u>	<u>7911.25</u>
B. ASSETS:			
1. Non-Current Assets			
(a) Non-Current Investments	5	11840.30	7826.01
(b) Long Term Loans and Advances	6	29.22	28.10
2. Current Assets:			
(a) Current Investments	7	78.98	-
(b) Cash and Bank Balances	8	4.10	8.40
(c) Short Term Loans and Advances	9	0.50	-
(d) Other Current Assets	10	52.83	48.74
Total		<u>12005.93</u>	<u>7911.25</u>
See accompanying Notes forming part of the financial statements	1 – 23		

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Shyamak R Tata
Partner

Place : Mumbai
Date : 27th May, 2015

Keshub Mahindra
Anand G. Mahindra
Bharat Doshi
A. K. Nanda
M. A. Nazareth
Zhooben Bhiwandiwala
K. Chandrasekar
Noshir Dastur
Ajay Choksey
Swaminathan Mani
Anita Halbe

*Chairman**Directors*

Chief Executive Officer
Chief Financial Officer
Company Secretary

Place : Mumbai
Date : 27th May, 2015

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2015

Particulars	Notes	For the year ended 31 st March, 2015 Rupees lakhs	For the year ended 31 st March, 2014 Rupees lakhs
(I) Revenue from Operations.....	11	546.41	193.52
(II) Other Income.....	12	-	0.31
(III) Total Revenue (I + II).....		<u>546.41</u>	<u>193.83</u>
(IV) Expenses:			
Other expenses.....	13	82.62	28.15
(V) Total Expenses		<u>82.62</u>	<u>28.15</u>
(VI) Profit before Exceptional Item and Tax (III - V)		<u>463.79</u>	<u>165.68</u>
(VII) Exceptional Item	20	116.28	54.26
(VIII) Profit before tax (VI + VII).....		<u>580.07</u>	<u>219.94</u>
(IX) Tax Expense:			
Current Tax for the year.....		26.90	11.51
Short provision in respect of taxation relating to prior year.		-	126.04
		<u>26.90</u>	<u>137.55</u>
(X) Profit for the year (VIII - IX).....		<u>553.17</u>	<u>82.39</u>
(XI) Earnings Per equity Share:	21		
(Face Value Rs. 10 per share) (Rupees)			
Basic/Diluted		0.86	0.14

See accompanying Notes forming part of the financial statements 1 – 23

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Shyamak R Tata
Partner

Place : Mumbai
Date : 27th May, 2015

Keshub Mahindra
Anand G. Mahindra
Bharat Doshi
A. K. Nanda
M. A. Nazareth
Zhooben Bhiwandiwalla
K. Chandrasekar
Noshir Dastur
Ajay Choksey
Swaminathan Mani
Anita Halbe

Place : Mumbai
Date : 27th May, 2015

Chairman

Directors

Chief Executive Officer
Chief Financial Officer
Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2015

Particulars	For the year ended 31 st March, 2015 Rupees lakhs	For the year ended 31 st March, 2014 Rupees lakhs
A. Cash Flow from Operating Activities:		
Profit before tax	580.07	219.94
Adjustments for:		
Diminution in value of investments	2.19	-
Profit on sale of non-current investment	(13.64)	-
Exceptional item (Refer footnote No.2 below)	(116.28)	(54.26)
Operating Profit before Working capital changes	452.34	165.68
Changes in Working Capital:		
Adjustments for (increase)/decrease in operating assets:		
Short term loans and advances.....	(0.50)	-
Other current assets	(4.09)	(0.02)
Adjustments for increase/(decrease) in operating Liabilities:		
Trade Payables	7.42	(0.28)
Other current Liabilities	0.44	(0.02)
	3.27	(0.32)
Cash generated from operations	455.61	165.36
Income taxes paid (net of refunds)	(28.04)	(11.51)
NET CASH FLOW FROM OPERATING ACTIVITIES (A)	427.57	153.85
B. Cash Flow from Investing Activities:		
Purchase of investments		
- Subsidiaries	(3900.00)	(2270.00)
- Others	(1.19)	(171.29)
- Mutual Fund.....	(426.63)	(321.16)
Proceeds from sale of investments		
- Subsidiaries	14.64	-
- Others	-	164.54
- Mutual Fund.....	347.66	1081.85
NET CASH FLOW USED IN INVESTING ACTIVITIES (B)	(3965.52)	(1516.06)
C. Cash Flow from Financing Activities:		
Proceeds from issue of equity share capital.....	3533.65	1370.00
NET CASH FLOW FROM FINANCING ACTIVITIES (C)	3533.65	1370.00
NET INCREASE/(DECREASE) IN CASH AND CASH BALANCE (A+B+C)	(4.30)	7.79
Cash and cash balance at the beginning of the year	8.40	0.61
Cash and cash balance at the end of the year	4.10	8.40
Note: 1		
Cash and cash balances at the end of the year:		
Balances with Banks:		
In current account	4.10	8.40
Cash and Bank Balances (Note 8)	4.10	8.40
Note: 2		
This is a non-cash transaction refer note. 20		

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Shyamak R Tata
Partner

Place : Mumbai
Date : 27th May, 2015

Keshub Mahindra
Anand G. Mahindra
Bharat Doshi
A. K. Nanda
M. A. Nazareth
Zhooben Bhiwandiwala
K. Chandrasekar
Noshir Dastur
Ajay Choksey
Swaminathan Mani
Anita Halbe

Place : Mumbai
Date : 27th May, 2015

*Chairman**Directors*

Chief Executive Officer
Chief Financial Officer
Company Secretary

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2015

NOTE 1

SHARE CAPITAL:

Particulars	As at 31 st	As at 31 st
	March, 2015	March, 2014
	Rupees lakhs	Rupees lakhs
Authorised:		
16,00,00,000 (2014: 9,00,00,000) Ordinary (Equity) Shares of Rs. 10 each with voting rights.....	16000.00	9000.00
Total.....	16000.00	9000.00
Issued:		
9,65,86,535 (2014: 6,12,50,000) Ordinary (Equity) Shares of Rs. 10 each with voting rights	9658.65	6125.00
Total.....	9658.65	6125.00
Subscribed and fully paid-up:		
9,65,86,535 (2014: 6,12,50,000) Ordinary (Equity) Shares of Rs. 10 each with voting rights	9658.65	6125.00
Of the above : 9,65,86,535 (2014: 6,12,50,000) shares are held by Mahindra & Mahindra Limited (the holding Company) along with its subsidiary		
Total.....	9658.65	6125.00

(a) The equity shares of the Company, having par value of Rs. 10 per share, rank pari passu in all respects including voting rights and entitlement to dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

(b) Details of shares held by the holding company and its subsidiary:

Particulars	Equity shares with voting rights	
	Number of shares	Number of shares
As at 31 March, 2015		
Mahindra & Mahindra Ltd, the holding company *	9,65,86,534	
Mahindra Intertrade Ltd Subsidiary of the holding company		1
As at 31 March, 2014		
Mahindra & Mahindra Ltd, the holding company *	6,12,49,999	
Mahindra Intertrade Ltd Subsidiary of the holding company		1

(c) Details of shares held by each shareholder holding more than 5% shares:

Class of shares/ Name of shareholder	As at 31 March, 2015		As at 31 March, 2014	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Equity shares with voting rights				
Mahindra & Mahindra Limited*	9,65,86,534	99.99%	6,12,49,999	99.99%

*Includes 5 Shares held jointly with its nominees

(d) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

Particulars	Opening Balance	Fresh issue	Closing Balance
Equity shares with voting rights			
Year ended 31 March, 2015			
- Number of shares.....	6,12,50,000	3,53,36,535	9,65,86,535
- Amount (Rs).....	61,25,00,000	35,33,65,350	96,58,65,350
Year ended 31 March, 2014			
- Number of shares.....	4,75,50,000	1,37,00,000	6,12,50,000
- Amount (Rs).....	47,55,00,000	13,70,00,000	61,25,00,000

NOTE 2

RESERVES AND SURPLUS:

Particulars	As at 31 st	As at 31 st
	March, 2015	March, 2014
	Rupees lakhs	Rupees lakhs
Special Reserve (in terms of Section 45-IC of the Reserve Bank of India Act, 1934):		
Opening balance	379.38	362.90
Add: Transfer from Statement of Profit and Loss.....	110.63	16.48
Closing balance.....	490.01	379.38
Surplus in Statement of Profit and Loss		
Opening balance	1405.06	1339.15
Add: Profit for the Current Year	553.17	82.39
Less: Transfer to Special Reserve (in terms of Section 45-IC of the Reserve Bank of India Act, 1934).....	110.63	16.48
Closing balance.....	1847.60	1405.06
Total.....	2337.61	1784.44

NOTE 3

TRADE PAYABLES:

Particulars	As at 31 st	As at 31 st
	March, 2015	March, 2014
	Rupees lakhs	Rupees lakhs
Trade Payables		
(i) Total outstanding dues of micro enterprises and small enterprises (Refer footnote below)	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	9.08	1.66
Total.....	9.08	1.66

Footnote:

On the basis of information available with the Company, there are no Micro, Small and Medium Enterprises as specified in the Micro, Small and Medium Enterprises Development Act, 2006, to whom the Company owes dues which are outstanding for more than the stipulated period. This has been relied upon by the auditors.

NOTE 4

OTHER CURRENT LIABILITIES:

Particulars	As at 31 st	As at 31 st
	March, 2015	March, 2014
	Rupees lakhs	Rupees lakhs
Other payables:		
- Statutory obligations	0.59	0.15
Total.....	0.59	0.15

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2015

NOTE 5

NON-CURRENT INVESTMENTS:

		As at 31 st March, 2015		As at 31 st March, 2014	
No of shares	Face Value Per Unit Rupees	Rupees lakhs Quoted	Rupees lakhs Unquoted	Rupees lakhs Quoted	Rupees lakhs Unquoted
		Investments (At Cost, unless otherwise specified) :			
		a) Investment in Equity Instruments (Trade and fully paid-up unless otherwise specified):			
		i) In Subsidiary Companies:			
	10				
	10				1.00
	10		1.00		1.00
	10		150.00		150.00
	10		6400.00		2800.00
	10		900.00		600.00
	10		419.87		419.87
	10				2.50
			7870.87		3974.37
		ii) In Associate Companies:			
	10		74.98		74.98
	10		220.01		220.01
	10		169.79		169.79
	10		1.19		
			465.97		464.78
		iii) In Joint Venture Company:			
	10		2772.64		2772.64
			2772.64		2772.64
		iv) In Other Entities:			
	10		0.03		0.03
	10		15.03		15.03
	10		0.01		0.01
	5		0.01		0.01
	10		**		**
	10				419.34
	10		2.50		

NOTE 5

NON-CURRENT INVESTMENTS: (Contd.)

		As at 31 st March, 2015		As at 31 st March, 2014	
No of shares	Face Value Per Unit Rupees	Rupees lakhs Quoted	Rupees lakhs Unquoted	Rupees lakhs Quoted	Rupees lakhs Unquoted
10,003	10				
2,090	10	6.30	1.50		1.50
201,904	5			6.30	
		535.63			
		541.93	19.08	6.30	435.92
		b) Investment in Preference Shares (Trade and fully paid-up unless otherwise specified):			
		i) In Subsidiary:			
	100				
	100				171.00
					171.00
		ii) In other Entities:			
	100				
			171.00		
			171.00		
		c) In Trust Securities (Unquoted, Other than trade):			
			1.00		1.00
			1.00		1.00
		541.93	11300.56	6.30	7819.71
			(2.19)		
		541.93	11298.37	6.30	7819.71
		Total Non Current Investments (Net)			
			11840.30		7826.01
		Note: Previous year's shareholding are given in bracket.			
		* Investment reclassified from subsidiary to other entities.			
		** denotes amount less than Rs. 500			
		Aggregate Value of Quoted Investments		541.93	6.30
		Aggregate Market Value of Quoted Investments		1272.34	1.57
		Aggregate Market Value of Quoted Investments		11298.37	7819.71

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2015

NOTE 6

LONG TERM LOANS AND ADVANCES:

Particulars	As at 31 st March, 2015 Rupees lakhs	As at 31 st March, 2014 Rupees lakhs
Advance Income-tax (net of provision for tax) Unsecured, considered good.....	29.22	28.10
Total.....	29.22	28.10

NOTE 7

CURRENT INVESTMENTS:

Number of units	Face Value Per Unit Rupees	Particulars	As at 31 st	As at 31 st
			March, 2015 Rupees lakhs	March, 2014 Rupees lakhs
		Investment in Mutual Fund (Unquoted, fully paid, At Net Asset Value):		
78,738	100	(Nil) DWS Insta Cash Plus Fund Super Institutional -Daily dividend- Re-investment.....	78.98	-
			78.98	-
		Aggregate amount of Unquoted Investments.....	78.98	-

Note: Previous year's holding given in bracket.

NOTE 8

CASH AND BANK BALANCES:

Particulars	As at 31 st March, 2015 Rupees lakhs	As at 31 st March, 2014 Rupees lakhs
Balances with Banks:		
In current account.....	4.10	8.40
Total.....	4.10	8.40

NOTE 9

SHORT TERM LOANS AND ADVANCES:

Particulars	As at 31 st March, 2015 Rupees lakhs	As at 31 st March, 2014 Rupees lakhs
Loans and Advances to Related Parties (Refer Note. 19):		
Unsecured, considered good.....	0.50	-
Note: The loan of Rs. 50,000 is given for the purpose of working capital. The tenure of the loan is 1 year, interest @ 9% per annum.		
Total.....	0.50	-

NOTE 10

OTHER CURRENT ASSETS:

Particulars	As at 31 st March, 2015 Rupees lakhs	As at 31 st March, 2014 Rupees lakhs
(a) Deposit with Financial Institution:		
In fixed deposits with original maturity greater than 3 months.....	50.26	48.21
(b) Others:		
Interest accrued on fixed deposits.....	2.57	0.53
Total.....	52.83	48.74

NOTE 11

REVENUE FROM OPERATIONS:

Particulars	For the year ended 31 st March, 2015 Rupees lakhs	For the year ended 31 st March, 2014 Rupees lakhs
a) Dividend Income:		
i) from current investments		
others (Mutual Fund).....	12.21	11.18
ii) from long-term investments		
Subsidiaries.....	15.00	15.00
Others.....	501.03	161.48
b) Interest income comprises:		
Interest from fixed deposits.....	4.53	5.86
c) Profit on sale of Non-Current investment.....	13.64	-
Total.....	546.41	193.52

NOTE 12

OTHER INCOME:

Particulars	For the year ended 31 st March, 2015 Rupees lakhs	For the year ended 31 st March, 2014 Rupees lakhs
Excess provision written back.....	-	0.31
Total.....	-	0.31

NOTE 13

OTHER EXPENSES:

Particulars	For the year ended 31 st March, 2015 Rupees lakhs	For the year ended 31 st March, 2014 Rupees lakhs
Payment to statutory auditors:		
For audit fees.....	1.75	1.50
For other services.....	1.60	0.23
Service tax on the above.....	0.41	0.21
Legal & Professional Charges.....	5.27	0.22
Stamp duty & Registration Charges.....	70.03	25.87
Demat Charges.....	0.02	0.07
Provision for diminution in value of non- current investments.....	2.19	-
Professional Tax.....	0.03	0.03
Miscellaneous Expenses.....	1.32	0.02
Total.....	82.62	28.15

NOTE 14

Schedule to the Balance Sheet of a non - deposit taking non-banking financial company [as required in terms of paragraph 13 of Non-Banking Financial (Non - Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007]

Particulars	(Rs. in lakhs)		(Rs. in lakhs)	
	As at March 31, 2015	As at March 31, 2014	As at March 31, 2015	As at March 31, 2014
Liabilities side:				
(1) Loans and advances availed by the non-banking financial company inclusive of interest accrued thereon but not paid:	Amount Outstanding	Amount overdue	Amount Outstanding	Amount overdue
(a) Debentures:				
Secured.....	-	-	-	-
Unsecured..... (other than falling within the meaning of public deposits)	-	-	-	-
(b) Deferred Credits.....	-	-	-	-
(c) Term Loans.....	-	-	-	-
(d) Inter-corporate loans and borrowing.....	-	-	-	-
(e) Commercial Paper.....	-	-	-	-
(f) Other Loans (specify nature).....	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2015

Assets side:		
	Amount outstanding	Amount outstanding
(2) Break-up of Loans and Advances including bills receivables [other than those included in (4) below]		
(a) Secured	-	-
(b) Unsecured	0.50	-
	Amount outstanding	Amount outstanding
(3) Break up of Leased Assets and stock on hire and other assets counting towards AFC activities.		
(i) Lease assets including lease rentals under sundry debtors:		
(a) Financial lease	-	-
(b) Operating lease	-	-
(ii) Stock on hire including hire charges under sundry debtors:		
(a) Assets on hire.....	-	-
(b) Repossessed Assets.....	-	-
(iii) Other loans counting towards AFC activities		
(a) Loan where assets have been repossessed.....	-	-
(b) Loans other than (a) above.....	-	-
(4) Break-up of Investments:		
Current Investments:		
1. Quoted:		
(i) Shares:		
(a) Equity.....	-	-
(b) Preference.....	-	-
(ii) Debentures and Bonds..	-	-
(iii) Units of mutual funds....	-	-
(iv) Government Securities ..	-	-
(v) Others (please specify)...	-	-
2. Unquoted:		
(i) Shares:		
(a) Equity.....	-	-
(b) Preference.....	-	-
(ii) Debentures and Bonds..	-	-
(iii) Units of mutual funds....	78.98	-
(iv) Government Securities ..	-	-
(v) Others (please specify)...	-	-
Long Term Investments:		
1. Quoted:		
(i) Shares:		
(a) Equity.....	541.93	6.30
(b) Preference.....	-	-
(ii) Debentures and Bonds..	-	-
(iii) Units of mutual funds....	-	-
(iv) Government Securities ..	-	-
(v) Others (please specify)...	-	-
2. Unquoted:		
(i) Shares:		
(a) Equity.....	11126.37	7647.71
(b) Preference.....	171.00	171.00
(ii) Debentures and Bonds..	-	-
(iii) Units of mutual funds....	-	-
(iv) Government Securities ..	-	-
(v) Others (please specify)...	-	-
- Trust Securities.....	1.00	1.00

(5) Borrower group-wise classification of all leased assets, stock-on-hire and loans and advances:

(Rs. in lakhs)						
Category	As at March, 31 2015			As at March, 31 2014		
	Amount net of provisions			Amount net of provisions		
	Secured	Unsecured	Total	Secured	Unsecured	Total
1. Related Parties						
(a) Subsidiaries	-	-	-	-	-	-
(b) Companies in the same group	-	-	-	-	-	-
(c) Other related parties	-	-	-	-	-	-
2. Other than related parties	-	-	-	-	-	-
Total.....	-	-	-	-	-	-

(6) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):

(Rs. In lakhs)				
Category	As at March, 31 2015		As at March, 31 2014	
	Market Value/ Break up or fair value or NAV	Book Value (Net of Provisions)	Market Value/ Break up or fair value or NAV	Book Value (Net of Provisions)
1. Related Parties				
(a) Subsidiary Companies.....	7869.87	7869.87	4145.37	4145.37
(b) Associates Companies.....	464.78	464.78	464.78	464.78
(c) Joint Venture Company	2772.64	2772.64	2772.64	2772.64
(d) Other related parties	190.08	190.08	435.92	435.92
2. Other than related parties	1273.34	542.93	2.57	7.30
Total.....	12570.71	11840.30	7821.28	7826.01

Note: The book value is considered as fair value for the purpose of above calculation

(7) Other information:

Particulars		
1. Gross Non-Performing Assets		
(a) Related parties.....	-	-
(b) Other than related parties.....	-	-
2. Net Non-Performing Assets		
(a) Related parties.....	-	-
(b) Other than related parties.....	-	-
3. Assets acquired in satisfaction of debt.....	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2015

15. Significant accounting policies:

(a) Basis of accounting and preparation of financial statements

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act")/Companies Act, 1956 ("the 1956 Act"), as applicable. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of financial statement are consistent with those of the previous year.

(b) Use of estimates:

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known materialise.

(c) Cash Flow statement:

Cash flows are reported using the indirect method, whereby profit (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

(d) Revenue recognition:

- (i) Income is accounted on accrual basis.
- (ii) Dividend income is accounted for when the right to receive payment is established.

(e) Investments:

Long term investments are valued at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of investments. Current investments other than units of unquoted mutual fund are valued at cost or fair value whichever is lower, while units of unquoted mutual funds are valued at Net Asset Value declared by the mutual fund.

(f) Taxes on income:

Current tax is determined as the amount of tax payable in respect of taxable income for the year. Deferred tax is recognised, subject to consideration of prudence, on the timing differences, being the differences between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets arising on account of unabsorbed depreciation or carry forward of tax losses are recognised only to the extent that there is virtual certainly supported by convincing evidence that sufficient future tax income will be available against which such deferred tax assets can be realised.

Minimum Alternative Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax against which the MAT paid will be adjusted.

16. The Company has pledged as a co-obligant, to the lenders of Mahindra Solar One Private Limited, 14,18,636 (2014: 14,18,636) shares held by it in Mahindra Solar One Private Limited to secure loans obtained by Mahindra Solar One Private Limited.

17. The Company has issued a Letter of Comfort for Rs. 700 lakhs (2014: Rs. 700 lakhs) to Tata Capital Financial Services Pvt. Ltd for banking facility it has offered to Mahindra Solar One Pvt. Ltd.

18. Segment information:

The Company operates in a single reportable segment namely investing activity.

19. Related Party Transactions:

(a) List of Related Parties:

Holding Company: Mahindra & Mahindra Limited

(i) Related Parties where control exists:

Subsidiary Companies:

- Mahindra United Football Club Private Limited (upto 19th December, 2014)
- Mahindra Punjab Tractors Private Limited
- Mahindra Integrated Business Solutions Private Limited
- Mahindra Namaste Private Limited
- Mahindra Telecommunications Investments Private Limited
- Mahindra EPC Services Private Limited
- Mahindra Offgrid Services Private Limited – (Wholly owned subsidiary of Mahindra EPC Services Pvt. Ltd.)
- Cleansolar Renewable Energy Private Limited - (Wholly owned subsidiary of Mahindra Offgrid Services Pvt. Ltd.)
- Brightsolar Renewable Energy Private Limited - (Wholly owned subsidiary of Mahindra Offgrid Services Pvt. Ltd.)

(ii) Name of related parties where transactions have taken place during the year:

Associate Companies: Mahindra Automobile Distributor Private Limited
Mriyalguda Farm Solution Limited
Associate of Holding Company: Mahindra Engineering Services Limited (merged with Tech Mahindra Limited)

(b) Related Party Transactions are as under:

Nature of Transaction	(Rs. in lakhs)			
	Holding Company	Subsidiaries Companies	Associate Companies	Associate of Holding Company
(a) Investments - Subscribed:				
(a) Mahindra Namaste Private Limited.....	-	300.00	-	-
	(-)	(600.00)	(-)	(-)
(b) Mahindra EPC Services Private Limited.....	-	3600.00	-	-
	(-)	(1670.00)	(-)	(-)
(c) Mahindra Ugine Steel Company Limited (merged with Mahindra CIE Automotive Ltd).....	-	-	-	-
	(-)	(-)	(171.29)	(-)
(d) Mriyalguda Farm Solution Limited	-	-	1.19	-
	(-)	(-)	(-)	(-)
(b) Investments - Sales				
(a) Mahindra United Football Club Private Limited.....	-	14.64	-	-
	(-)	(-)	(-)	(-)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2015

Nature of Transaction	(Rs. in lakhs)			
	Holding Company	Subsidiaries Companies	Associate Companies	Associate of Holding Company
(c) Investments Balances:				
(a) Mahindra Namaste Private Limited.....	-	900.00	-	-
	(-)	(600.00)	(-)	(-)
(b) Mahindra EPC Services Private Limited.....	-	6400.00	-	-
	(-)	(2800.00)	(-)	(-)
(c) Mahindra and Mahindra Contech Limited.....	-	-	-	-
	(-)	(-)	(169.79)	(-)
(d) Mriyalguda Farm Solution Limited.....	-	-	1.19	-
	(-)	(-)	(-)	(-)
(d) Dividend Received:				
(a) Mahindra Integrated Business Solutions Private Limited.....	-	15.00	-	-
	(-)	(15.00)	(-)	(-)
(b) Mahindra Engineering Services Limited (merged with Tech Mahindra Ltd).....	-	-	-	18.03
	(-)	(-)	(-)	(14.49)
(c) Mahindra Automobile Distributor Private Limited.....	-	-	483.00	-
	(-)	(-)	(147.00)	(-)
(e) Loans and Advances:				
(a) Mahindra Punjab Tractor Private Limited.....	-	0.50	-	-
	(-)	(-)	(-)	(-)
(f) Receiving of services:				
(a) Mahindra & Mahindra Limited.....	4.80	-	-	-
	(-)	(-)	(-)	(-)
(g) Outstandings - Payable:				
(a) Mahindra & Mahindra Limited.....	4.37	-	-	-
	(-)	(-)	(-)	(-)
(h) Issue of shares:				
(a) Mahindra & Mahindra Limited.....	3533.65	-	-	-
	(1370.00)	(-)	(-)	(-)

Note: Previous year figures are given in brackets.

20. The scheme of arrangement (Scheme) between the Company's fellow subsidiary Mahindra Engineering Services Limited (MESL) with Tech Mahindra Limited (TML), an associate of the Holding Company, Mahindra and Mahindra Limited, was approved by the High Court of Bombay. The scheme is operative from the appointed date of 1st April, 2013 and has come into effect (effective date) from 8th December, 2014.

In accordance with AS 13 - Accounting for Investments, Rs. 116.28 lakhs, being the excess of fair value of TML shares received in terms of the scheme over the carrying cost of investments in MESL has been recorded as an exceptional item.

21. Earnings per share:

	2015	2014
Profit for the year (Rs. lakhs)		
(Amount used as numerator)	553.17	82.39
Weighted Average number of equity shares for Basic Earnings per share	6,41,54,373	5,77,59,315
Nominal Value per Equity Share (in Rs.)	10.00	10.00
Basic and Diluted Earnings per Equity Share (in Rs.)	0.86	0.14

22. Joint Ventures Disclosure:

Mahindra Solar One Private Limited (MSOPL) is a 26% Joint Venture of the Company. Mahindra Suryaprakash Private Limited (MSPP) and Mahindra Suryaurja Private Limited (MSUPL) are subsidiaries of MSOPL and audited

standalone financial statements for each of the entities are available. However, as the audited consolidated financial statements of MSOPL are not available, the disclosures in (ii) below have been made on the basis of unaudited consolidated accounts prepared by the management of MSOPL certified by them.

The information for 2013-2014 has been updated in line with the audited financial statements for the year.

(i) Jointly Controlled Entities are:

Name of the Entity	Country of Incorporation	% of Ownership Interest as at 31 st March	
		2015	2014
(a) Mahindra Solar One Private Limited	India	26.00%	26.00%
(b) Mahindra Suryaprakash Private Limited	India	18.17%	18.17%
(c) Mahindra Suryaurja Private Limited	India	26.00%	26.00%

(ii) The Company's share of each of the Assets, Liabilities, Income and Expenses (each without elimination of the effect of transaction between the Company and the Joint Ventures) with respect to its interest in these Jointly Controlled Entities are:

	2015 (Rs. in lakhs)	2014 (Rs. in lakhs)
I. ASSETS		
1. Tangible assets	7934.15	7849.02
2. Capital work-in-progress	81.57	406.07
3. Non-current investments	2093.39	2093.39
4. Long-term loans and advances	119.89	260.02
5. Trade receivables	-	104.14
6. Cash and cash equivalents.....	982.29	1089.13
7. Short-term loans and advances.....	15.35	23.68
8. Other current assets.....	117.92	117.85
II. LIABILITIES		
1. Long-term borrowing.....	5203.33	4567.27
2. Deferred Tax Liabilities	-	62.21
3. Other Long Term Liabilities	130.00	130.00
4. Long-term provisions.....	0.10	0.16
5. Short-term borrowings	139.47	137.80
6. Trade payables	106.87	45.43
7. Other current liabilities	896.62	2,186.15
8. Short-term provisions	0.18	0.58
III. INCOME.....		
	1402.50	1143.49
IV. EXPENDITURE		
1. Employee benefits expense.....	1.51	4.89
2. Finance costs	469.69	438.07
3. Depreciation expense.....	493.47	371.44
4. Other expenses	437.07	318.72
V. Other matters		
1. Contingent Liabilities	3.11	3.11
2. Capital Commitments.....	-	172.77

23. Previous year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosure.

Keshub Mahindra

Chairman

Anand G. Mahindra

Bharat Doshi

A. K. Nanda

M. A. Nazareth

Zhooben Bhiwandiwal

K. Chandrasekar

Noshir Dastur

Ajay Choksey

Swaminathan Mani

Anita Halbe

Directors

Chief Executive Officer

Chief Financial Officer

Company Secretary

Place : Mumbai

Date : 27th May, 2015

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors present their Sixth Report along with the Audited Accounts of your Company for Financial Year ended 31st March, 2015.

Financial Highlights and State of Company's Affairs

	For the year ended 31 st March, 2015	For the year ended 31 st March, 2014
Revenue	-	-
Loss before Interest and Taxation	22,472	31,488
Interest	74	-
Loss before Taxation	22,546	31,488
Loss for the year after Taxation	22,546	31,488
Balance of Loss from earlier year	1,32,661	1,01,173
Balance of loss carried forward	1,55,207	1,32,661
Net Worth	(55,207)	(32,661)

No material changes and commitments have occurred between the closure of the financial year to which the financial statements relate and the date of this report which would affect the financial position of the Company.

Operations

Your company has not commenced any commercial operation.

Dividend

In view of losses, Your Directors do not recommend dividend for the year under review.

Outlook for the Current Year

Your Company is exploring various business opportunities to start operations in future.

Board of Directors

Mr. Roshan Gandhi (DIN: 00010478), Director of the Company, retires by rotation at the forthcoming Annual General Meeting (AGM) and offers himself for re-appointment.

Number of Meetings

Your Board of Directors met Four times during the year under review i.e. on 22nd May, 2014, 8th September, 2014, 15th December, 2014 and 31st March, 2015.

Directors' Responsibility Statement

Pursuant to section 134(5) of the Companies Act, 2013, your Directors, based on the representation received, and after due enquiry, confirm that:

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed;
- (ii) they have, in the selection of the accounting policies, consulted the Statutory Auditors and these have been applied consistently and reasonable and prudent judgments and estimates have been made so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2015 and of the loss of the Company for the year ended on that date;
- (iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act,

2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

- (iv) the annual accounts have been prepared on a going concern basis; and
- (v) proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Risk Management Policy

The Company does not have any Risk Management Policy as the element of risks threatening the Company's existence is very minimal.

Policy on Prevention of Sexual Harassment

During the year under review, no complaints were received under the Sexual Harassment of Women at work place (Prevention, Prohibition and Redressal) Act, 2013.

Corporate Social Responsibility (CSR)

Provisions relating to CSR enumerated under Section 135 of the Companies Act, 2013 are not applicable to your Company and accordingly, your Company does not have a CSR policy.

Auditors

Messrs. B. K. Khare & Co., Chartered Accountants, Mumbai (Firm Registration No. 105102W) were appointed, as Auditors of your Company, at its 5th Annual General Meeting held on 30th September, 2014 from its conclusion till the conclusion of 10th Annual General Meeting. In terms of Section 139 (1) of the Companies Act, 2013, such appointment is required to be ratified by members at every Annual General Meeting.

As required under the provisions of sections 139 & 141 of the Companies Act, 2013, your Company has obtained a written consent from the above Auditors to the effect that their appointment, would be in conformity with the conditions and criteria specified therein.

The members are requested to ratify the appointment of Auditors so made at the forthcoming Annual General Meeting and fix their remuneration.

There were no qualifications, reservations or adverse remarks made by the Auditors in their Report.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The particulars relating to the Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo, as required under section 134(3)(m) of the Companies Act, 2013 read with the Companies Rule 8 (3) of the Companies (Accounts) Rules, 2014 are given as Annexure I to this Report and form part of this Report.

Particulars of Employees as required under Rule 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Being unlisted company, provisions of Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable to your Company.

Particulars of public deposits, loans, guarantees or investments

Your Company has not accepted any deposits from the public or its employees during the year under review. There were no deposits which are not in compliance with requirement of chapter V of the Companies Act, 2013

Your Company has not made any loans, investments and guarantees which are required to be disclosed in annual accounts of the Company pursuant to Section 186 of the Companies Act, 2013

There are no particulars to be furnished in respect of loans granted, securities provided and investments made during the year under review and particulars of loans/advances and investment, required to be disclosed in the annual accounts of the Company pursuant to Clause 32 of the Listing Agreement between the ultimate Parent Company, Mahindra and Mahindra Limited and the Stock Exchanges.

Particulars of Transactions with Related Parties

There are no material contracts or arrangements entered with related parties pursuant to section 188(1) of the Companies Act, 2013.

Extract of Annual Return

Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014 an extract of the Annual return as on 31st March, 2015 is attached herewith as Annexure II and forms part of this Report.

Internal Financial Controls

Pursuant to Rule 8 of the Companies (Accounts) Rules, 2014 based on the representation received and after due enquiry your directors confirm that they have laid down internal financial controls with reference to the Financial Statements and these controls are adequate.

GENERAL

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions/ events on these items during the year under review:

1. Issue of equity shares with differential rights as to dividend, voting or otherwise.
2. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and the Company's operations in future.
3. There were no Shares having voting rights not exercised directly by the employees and for the purchase of which or subscription to which loan was given by the Company.

Acknowledgements

Your Directors are pleased to take this opportunity to thank the bankers, customers, vendors, all the other stakeholders for their co-operation to the Company during the year under review.

For and on behalf of the Board

Roshan Gandhi
Director
(DIN: 00010478)

Narayan Shankar
Director
(DIN: 00109111)

Mumbai,
21st May, 2015

ANNEXURE I TO THE DIRECTORS' REPORT

PARTICULARS AS PER THE COMPANIES (ACCOUNTS) RULES, 2014 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31st MARCH, 2015.

A. CONSERVATION OF ENERGY

- (a) the steps taken or impact on conservation of energy: **Not applicable, as the Company has not commenced commercial operation.**
- (b) the steps taken by the company for utilizing alternate sources of energy: **Not applicable**
- (c) the capital investment on energy conservation equipments: **Not applicable**

B. TECHNOLOGY ABSORPTION

- i) the efforts made towards technology absorption: **Not applicable**
- ii) the benefits derived like product improvement, cost reduction, product development or import substitution: **Not applicable**
- iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year) – **Not applicable**
 - (a) the details of technology imported:
 - (b) the year of import
 - (c) whether the technology been fully absorbed:
 - (d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof:
- iv. the expenditure incurred on Research and Development: **Not applicable**

C. FOREIGN EXCHANGE EARNINGS AND OUTGO: *(in terms of actual inflow and outflow)*

Total Foreign Exchange Earned and Used:	(Rupees in Lakhs)	
	For the Financial Year Ended 31st March, 2015	For the Financial Year ended 31 st March, 2014
Total Foreign Exchange Earned	NIL	NIL
Total Foreign Exchange Used	NIL	NIL

For and on behalf of the Board

Roshan Gandhi Director (DIN: 00010478)	Narayan Shankar Director (DIN: 00109111)
---	---

Mumbai,
21st May, 2015

ANNEXURE II TO THE DIRECTORS' REPORT

Form No. MGT-9

**Extract of Annual Return
as on the financial year ended on 31st March, 2015**

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

1.	CIN	U29253MH2009PTC196365
2.	Registration Date	9 th October, 2009
3.	Name of the Company	Mahindra Punjab Tractors Private Limited
4.	Category/Sub-Category of the Company	Company limited by shares/Indian-Non government Company
5.	Address of Registered office and contact details	Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400 018. Tel No: 022 - 24905828
6.	Whether listed Company (Yes/No)	No
7.	Name, Address and Contact details of Registrar and Transfer Agent, if any	None

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sr. No	Name and Description of Main Product/Services	NIC Code of the Product	% to total turnover of the Company
1.	Manufacture of Tractors and other heavy machinery for use in agriculture	29211	Not applicable as the Company has not commenced any commercial operation.

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

Sr. No	Name and Address of the Company	CIN/GIN	Holding/ Subsidiary of the Company	% of shares held	Applicable Section
1.	Mahindra Holdings Limited Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400 018.	U65993MH2007PLC175649	Holding Company	100	2(46)
2.	Mahindra and Mahindra Limited Gateway Building, Apollo Bunder, Mumbai - 400 001.	L65990MHI945PL004558	Holding Company	–	2(46)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i. Category-wise Share Holding.

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1. Indian									
a. Individual/HUF	–	–	–	–	–	–	–	–	–
b. Central Govt.	–	–	–	–	–	–	–	–	–
c. State Govt.	–	–	–	–	–	–	–	–	–
d. Bodies Corp.	–	10,000	10,000	100	–	10,000	10,000	100	–
e. Bank/FI	–	–	–	–	–	–	–	–	–
f. Any Other	–	–	–	–	–	–	–	–	–
Sub-Total- A-(1)	–	10,000	10,000	100	–	10,000	10,000	100	–

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
2. Foreign									
a. NRI-Individuals	-	-	-	-	-	-	-	-	-
b. Other Individuals	-	-	-	-	-	-	-	-	-
c. Body Corporate	-	-	-	-	-	-	-	-	-
d. Bank/FI	-	-	-	-	-	-	-	-	-
e. Any Others	-	-	-	-	-	-	-	-	-
Sub Total- A (2)	-	-	-	-	-	-	-	-	-
Total Share Holder of Promoters (1+2)	-	10,000	10,000	100	-	10,000	10,000	100	-
B. Public Shareholding									
1. Institution									
a. Mutual Funds	-	-	-	-	-	-	-	-	-
b. Bank/FI	-	-	-	-	-	-	-	-	-
c. Cent. Govt.	-	-	-	-	-	-	-	-	-
d. State Govt.	-	-	-	-	-	-	-	-	-
e. Venture Capital	-	-	-	-	-	-	-	-	-
f. Insurance Co.	-	-	-	-	-	-	-	-	-
g. FIs	-	-	-	-	-	-	-	-	-
h. Foreign Portfolio Corporate	-	-	-	-	-	-	-	-	-
i. Foreign Venture Capital Fund	-	-	-	-	-	-	-	-	-
j. Others	-	-	-	-	-	-	-	-	-
Sub-Total-B (1)	-	-	-	-	-	-	-	-	-
2. Non- Institution									
a. Body Corp.	-	-	-	-	-	-	-	-	-
b. Individual	-	-	-	-	-	-	-	-	-
i. Individual shareholders holding nominal share capital upto ₹ 1 lakh	-	-	-	-	-	-	-	-	-
ii. Individual shareholders holding nominal share capital in excess of ₹ 1 Lakh	-	-	-	-	-	-	-	-	-
c. Others	-	-	-	-	-	-	-	-	-
(i) NRI (Rep)	-	-	-	-	-	-	-	-	-
(ii) NRI (Non-Rep)	-	-	-	-	-	-	-	-	-
(iii) Foreign National	-	-	-	-	-	-	-	-	-
(iv) OCB	-	-	-	-	-	-	-	-	-
(v) Trust	-	-	-	-	-	-	-	-	-
(vi) In Transit	-	-	-	-	-	-	-	-	-
Sub-Total-B (2)	-	-	-	-	-	-	-	-	-
Net Total (1+2)	-	-	-	-	-	-	-	-	-

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year	
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares		
C. Shares held by Custodian for GDRs & ADRs										
Promoter and Promoter Group	-	-	-	-	-	-	-	-	-	-
Public	-	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	-	10,000	10,000	100	-	10,000	10,000	100	-	-

Note: There is no change in the number of shares held by the promoter companies.

ii. Shareholding of Promoters:

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	
1	Mahindra Holdings Limited	9,999	100	0	9,999	100	0	0
2	Mr. Narayan Shankar * (Nominee of Mahindra Holdings Limited)	1	0	0	1	0	0	0
	Total	10,000	100	0	10,000	100	0	0

* Nominee for the purpose of compliance with the statutory provisions of the Companies Act with regard to minimum number of members.

iii. Change in Promoters' Shareholding (please specify, if there is no change) There is no change in the shareholding of the Promoter Group.

iv. Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	Top Ten Shareholders	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	-	-	-	-	-
2.	-	-	-	-	-
3.	-	-	-	-	-

v. Shareholding of Directors and Key Managerial Personnel:

Sr. No.	For Each of the Directors and KMP Name of the Director/KMP	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Mr. Narayan Shankar	1	0.00	1	0.00
2.	-	-	-	-	-
3.	-	-	-	-	-

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

PARTICULARS	SECURED LOANS EXCLUDING DEPOSITS	UNSECURED LOANS	DEPOSITS	(₹)
				TOTAL INDEBTEDNESS
Indebtedness at the beginning of the financial year 01.04.2014				
1) Principal Amount	Nil	Nil	Nil	Nil
2) Interest due but not paid	Nil	Nil	Nil	Nil
3) Interest accrued but not due	Nil	Nil	Nil	Nil
Total of (1+2+3)	Nil	Nil	Nil	Nil
Change in Indebtedness during the financial year				
+ Addition		Rs. 50,074/-		Rs. 50,074/-
- Reduction	Nil	Nil		Nil
Net change		Rs. 50,074/-		Rs. 50,074/-
Indebtedness at the end of the financial year-31.03.2015				
1) Principal Amount	Nil	Nil	Nil	Nil
2) Interest due but not paid	Nil	Nil	Nil	Nil
3) Interest accrued but not due	Nil	Nil	Nil	Nil
Total of (1+2+3)	Nil	Nil	Nil	Nil

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-Time Directors and/or Manager:

Sr. No	Particulars of Remuneration	Name of MD/WTD/Manager		Total Amount (₹ In Lacs)
1.	Gross Salary	-	-	-
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act	-	-	-
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission	-	-	-
	- As % of Profit	-	-	-
	- Others, specify	-	-	-
5.	Others, please specify Provident Fund & other Funds	-	-	-

Sr. No	Particulars of Remuneration	Name of MD/WTD/Manager		Total Amount (₹ In Lacs)
	Performance Bonus	-	-	-
	Total (A)	-	-	-
	Ceiling as per the Act	-		

B. Remuneration of other directors:

I. Independent Directors:-

Particulars of Remuneration	Name of Directors					Total Amount (₹ In Lacs)
Fee for attending board committee meetings	-	-	-	-	-	-
Commission	-	-	-	-	-	-
Others	-	-	-	-	-	-
Total (1)	-	-	-	-	-	-

II. Other Non-Executive Directors:-

Other Non-Executive Directors							Total Amount (₹ In Lacs)
Fee for attending board committee meetings	-	-	-	-	-	-	-
Commission	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-
Total (2)	-	-	-	-	-	-	-
Total B = (1+2)	-	-	-	-	-	-	-
Ceiling as per the Act	-						

C. Remuneration to Key Managerial Personnel Other Than MD/Manager/WTD

Sr. No	Particulars of Remuneration	Name of the KMP		Total Amount (₹ In Lacs)
1.	Gross Salary	-	-	-
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act	-	-	-
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission	-	-	-
	- As % of Profit	-	-	-
	- Others, specify	-	-	-
5.	Others, please specify Contribution to Provident Fund	-	-	-
	Performance Bonus	-	-	-
	Total (C)	-	-	-

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES: None

	Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/Compounding fees imposed	Authority [RD/NCLT/COURT]	Appeal made, if any (give details)
A. COMPANY						
Penalty	–	–	N.A	N.A	N.A	N.A
Punishment	–	–	N.A	N.A	N.A	N.A
Compounding	–	–	N.A	N.A	N.A	N.A
B. DIRECTORS						
Penalty	–	–	N.A	N.A	N.A	N.A
Punishment	–	–	N.A	N.A	N.A	N.A
Compounding	–	–	N.A	N.A	N.A	N.A
C. OTHER OFFICERS IN DEFAULT						
Penalty	–	–	N.A	N.A	N.A	N.A
Punishment	–	–	N.A	N.A	N.A	N.A
Compounding	–	–	N.A	N.A	N.A	N.A

For and on behalf of the Board

Roshan Gandhi
Director
(DIN: 00010478)

Narayan Shankar
Director
(DIN: 00109111)

Mumbai,
21st May, 2015

INDEPENDENT AUDITORS' REPORT

To the Members of **Mahindra Punjab Tractors Private Limited**

Report on the Financial Statements

1. We have audited the accompanying financial statements of **Mahindra Punjab Tractors Private Limited** ("the Company"), which comprise of the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these standalone financial statements based on our audit.
4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as

well as evaluating the overall presentation of the financial statements.

7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2015, and its loss and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

9. As per Clause 2(v) of the Companies (Auditor's Report) Order, 2015 issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (the "Order"), the Order is not applicable to the Company and accordingly, we have not furnished a statement on the matters specified in paragraphs 3 and 4 of the Order.
10. As required by Section 143(3) of the Act, we report that:
 - a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c. the Balance Sheet, the Statement of Profit and Loss and Cash Flow dealt with by this Report are in agreement with the books of account;
 - d. In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);
 - e. On the basis of written representations received from the directors as on March 31, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015, from being appointed as a director in terms of Section 164(2) of the Act.
 - f. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company does not have any pending litigations which would impact its financial position.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For B. K. Khare & Co.
Chartered Accountants
Firm's Registration No. 105102W

Padmini Khare Kaicker
Partner
Membership No. 044784

Place: Mumbai
Date: 21-05-2015

BALANCE SHEET AS AT 31ST MARCH, 2015

	Notes	2015	Amt (In ₹) 2014
I. EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS :			
(a) Share Capital.....	I	100,000.00	100,000.00
(b) Reserves and Surplus.....	II	(155,207.00)	(132,661.00)
		(55,207.00)	(32,661.00)
NON CURRENT LIABILITIES :			
(a) Long Term Borrowings.....		-	-
(b) Deferred Tax Liabilities.....		-	-
(c) Other Long Term Liabilities.....		-	-
(d) Long Term Provisions.....		-	-
		-	-
CURRENT LIABILITIES :			
(a) Short Term Borrowings.....	III	50,074.00	-
(b) Trade Payables.....	IV	78,481.00	56,009.00
(c) Other Current Liabilities.....		-	-
(d) Short Term Provisions.....		-	-
		128,555.00	56,009.00
Total.....		73,348.00	23,348.00
II. ASSETS :			
NON CURRENT ASSETS :			
(a) Fixed Assets			
Tangible Assets.....		-	-
Intangible Assets.....		-	-
Capital Work-in-Progress.....		-	-
Intangible Assets Under Development.....		-	-
(b) Non Current Investments.....		-	-
(c) Long Term Loans and Advances.....		-	-
(d) Other Non Current Assets		-	-
CURRENT ASSETS :			
(a) Current Investments.....		-	-
(b) Inventories.....		-	-
(c) Trade Receivables.....		-	-
(d) Cash and Cash Equivalents.....	V	73,348.00	23,348.00
(e) Short Term Loan and Advances.....		-	-
(f) Other Current Assets.....		-	-
		73,348.00	23,348.00
Total.....		73,348.00	23,348.00
Significant Accounting Policies		VIII	
See accompanying notes forming part of the financials statements			

For B. K. Khare & Co
Chartered Accountants
Firm Registration No. 105102W

Padmini Khare Kaicker
Partner
M. No. 44784

Mumbai
Date : 21-05-2015

For and on behalf of the Board of Directors
For MAHINDRA PUNJAB TRACTORS PRIVATE LIMITED

Narayan Shankar
Director

Roshan Gandhi
Director

STATEMENT OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2015

	Notes	2015	Amt (In ₹) 2014
Revenue from Operations (Gross)		-	-
Less : Excise Duty		-	-
Revenue from Operations (Net)		-	-
Other Income		-	-
Total Revenue		-	-
EXPENSES :			
Cost of Material Consumed		-	-
Purchases of Stock-in-Trade		-	-
Changes in Inventory of Finished Goods, Work-in-Progress, Stock-in-Trade and Manufactured Components		-	-
Excise Duty		-	-
Employee Benefit Expenses		-	-
Finance Cost	VI	74.00	-
Depreciation and Amortisation Expenses		-	-
Other Expenses	VII	22,472.00	31,488.00
		<u>22,546.00</u>	<u>31,488.00</u>
Less : Cost of Manufactured Products capitalised			
Total Expenses		22,546.00	31,488.00
Profit Before Exceptional Items and Tax		(22,546.00)	(31,488.00)
Add : Exceptional Items		-	-
Profit Before Tax		(22,546.00)	(31,488.00)
Less : Tax Expenses			
Current Tax (MAT)		-	-
Less : MAT Credit Entitlement		-	-
Deferred tax (Net)		-	-
Profit for the year		(22,546.00)	(31,488.00)
Add : Balance brought forward from previous year		(132,661.00)	(101,173.00)
Balance transferred to Balance Sheet		<u>(155,207.00)</u>	<u>(132,661.00)</u>
EARNINGS PER SHARE			
(Face value ₹ 10/- per share) (Rupees)			
Basic		(2.25)	(3.15)
Diluted		(2.25)	(3.15)
Significant Accounting Policies	VIII		
See accompanying notes forming part of the financials statements			

For B. K. Khare & Co
Chartered Accountants
Firm Registration No. 105102W

Padmini Khare Kaicker
Partner
M. No. 44784

Mumbai
Date : 21-05-2015

For and on behalf of the Board of Directors
For MAHINDRA PUNJAB TRACTORS PRIVATE LIMITED

Narayan Shankar
Director

Roshan Gandhi
Director

CASH FLOW STATEMENT FOR THE PERIOD FROM 1ST APRIL, 2014 TO 31ST MARCH, 2015

	2015	Amt (In ₹) 2014
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit/(Loss) before taxation	(22,546)	(31,488)
Adjustment for:		
Interest expense	74	
Operating Profit before Working Capital changes	(22,472)	(31,488)
Changes in:		
Trade and other receivables	-	-
Trade and other payables	22,472	19,128
	22,472	19,128
Cash Generated from Operations.....	-	(12,360)
NET CASH FROM OPERATING ACTIVITIES.....	-	(12,360)
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of fixed assets	-	-
Sale of fixed assets	-	-
Purchase of Investments.....	-	-
NET CASH USED IN INVESTING ACTIVITIES	-	-
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Issue of Share Capital	-	-
Borrowings taken during the year	50,000	
NET CASH USED IN FINANCING ACTIVITIES	50,000	-
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS.....	50,000	(12,360)
CASH AND CASH EQUIVALENTS		
Opening Balance.....	23,348	35,708
Closing Balance	73,348	23,348

For B. K. Khare & Co
Chartered Accountants
Firm Registration No. 105102W

Padmini Khare Kaicker
Partner
M. No. 44784

Mumbai
Date : 21-05-2015

For and on behalf of the Board of Directors
For MAHINDRA PUNJAB TRACTORS PRIVATE LIMITED

Narayan Shankar
Director

Roshan Gandhi
Director

NOTES TO ACCOUNTS FOR THE PERIOD FROM 1ST APRIL, 2014 TO 31ST MARCH, 2015

Particulars	Amt (In ₹)	
	2015	2014
Note I		
Share Capital		
Authorised		
10,000 Equity shares of ₹ 10 each	100,000	100,000
	<u>100,000</u>	<u>100,000</u>
Issued, Subscribed and Paid-up		
10,000 Equity Shares of ₹ 10 each fully paid	100,000	100,000
(All shares are held by Mahindra Holdings Ltd., holding company. Including shares held with nominee)		
Total	<u>100,000</u>	<u>100,000</u>
a) Reconciliation of the number of shares –	No. of shares	No. of shares
Number of equity shares outstanding at the beginning of the year:.....	10,000	10,000
Add : Fresh allotment of shares during the year:	–	–
	<u>10,000</u>	<u>10,000</u>
Less : Shares bought back during the year	–	–
Number of equity shares outstanding at the end of the year:	<u>10,000</u>	<u>10,000</u>
b) Number of equity shares held by holding company or ultimate holding company including shares held by its subsidiaries/ associates –		
Holding company: Mahindra Holding Ltd...	10,000	10,000
Percentage of holding (%)	100	100
c) Shareholders holding more than 5 percent shares:		
Mahindra Holdings Limited.....	10,000	10,000
Note II		
Reserves and Surplus		
Surplus/(Deficit) in Statement of Profit and Loss		
Opening balance	(132,661)	(101,173)
Add: Profit for the Year	(22,546)	(31,488)
Total	<u>(155,207)</u>	<u>(132,661)</u>
Note III		
Short Term Borrowings		
9% Loan taken from Mahindra Holdings Limited on 26th March-15	50,000	–
Accrued Interest on loan.....	74	–
Total	<u>50,074</u>	<u>–</u>
Note IV		
Current Liabilities		
Trade Payables		
Dues to Micro and Small Enterprises.....	–	–
Sundry Creditors – Others	78,481	56,009
Total	<u>78,481</u>	<u>56,009</u>

Particulars	Amt (In ₹)	
	2015	2014
Note V		
Cash & Cash Equivalents		
Cash	–	–
Balance with Schedule Bank	73,348	23,348
Total	<u>73,348</u>	<u>23,348</u>
Note VI		
Finance Cost		
Interest on loan taken from Mahindra Holdings Limited.....	74	–
Total	<u>74</u>	<u>–</u>
Note VII		
Other Expenses		
Audit Fees	11,236	11,236
Prof Fees.....	11,236	20,252
Bank Charges	–	–
Total	<u>22,472</u>	<u>31,488</u>

Notes VIII**Significant Accounting Policies:****a. Basis for preparation:**

The financial statements have been prepared in accordance with the Generally Accepted Accounting Principles India (GAAP) under the historical cost convention as a going concern and on accrual basis and in accordance with the provisions of the Companies Act, 2013 (the Act) and the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended).

Assets & Liabilities are classified as Current or Non-current as per the provisions of Schedule III to the Companies Act, 2013 and Company's Normal Operating Cycle. Based on the nature of business, the Company has ascertained its operating cycle as 12 months for the classification of assets & liabilities.

b. Revenue recognition:

All incomes and expenses are accounted on the accrual basis and provision is made for all known losses and liabilities.

c. Earnings Per share:

The Company reports basic and diluted Earnings Per Share (EPS) in accordance with Accounting Standard 20 on Earning Per Share.

Basic EPS is computed by dividing the net profit or loss for the period by the weighted average number of Equity Shares outstanding during the period.

d. Income Tax:

Income taxes are accounted for in accordance with the Accounting Standard 22 on "Accounting for Taxes on Income". Taxes comprises of current tax, deferred tax.

Current tax is determined as the amount of tax payable in respect of taxable income for the period using the applicable tax rates and tax laws.

Deferred tax assets and liabilities are recognised, subject to consideration of prudence, on timing differences, being the difference between taxable income and accounting income, that originate in one period and are capable of reversal in one or more subsequent periods and are measured

using tax rates enacted or substantively enacted as at the balance sheet date. Deferred tax assets arising from timing difference are recognised only to the extent that there is virtual certainty supported by convincing evidence that sufficient future tax income will be available against which such deferred tax assets can be realised and are reviewed for the appropriateness of their respective carrying values at each balance sheet date.

e. Preliminary Expenses:

Preliminary expenses are charged to the Statement of profit and loss account in the year of incurrence.

f. Provisions and contingent liabilities

Provisions are recognised in accounts in respect of present probable obligations, the amount of which can be reliably estimated. Contingent liabilities are disclosed in respect of possible obligations that arise from past events but their existence is confirmed only by the occurrence or non-occurrence of one or more certain future events not wholly within the control of the company.

Notes IX

Auditor's remuneration is as follows:

Particulars	Amount (in ₹)	
	2015	2014
Audit fees	10,000	10,000
Service tax.....	1,236	1,236
Total	11,236	11,236

Notes X

Related party Transactions:

List of Related Parties:

Holding Company	Mahindra Holdings Limited
Ultimate Holding Company	Mahindra & Mahindra Limited

Transactions with related parties:

Nature of Transaction	Amount (in ₹)
9% Loan taken from Mahindra Holdings Limited on 26th March-15	50,000
Accrued Interest thereon	74

Notes XI

Earnings per share :

Particulars	Unit	2015	2014
Net profit/(loss) after taxation (amount used as numerator)	₹	(22,546)	(31,488)
Weighted Average number of equity shares for Basic Earnings per share.....	Nos.	10000	10000
Nominal value of Equity Share	₹	10.00	10.00
Basic and diluted Earnings Per Equity share.....	₹	(2.25)	(3.15)

Notes XII

The Company was formed in the year 2009 with minimum capital of Rs. 1 lac. The company has not yet commenced operations but the management is exploring business opportunities. Net worth of the company is negative mainly on account of incurrence of compliance related expenditure. During the year, the holding company has given a financial support in the form of short term borrowing. The management will approach the shareholder for infusion of capital in the next year to maintain positive networth of the Company. Accordingly, the accounts are prepared on going concern basis.

Notes XIII

Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure as per revised Schedule VI.

As per our report of even date

For B. K. Khare & Co

Chartered Accountants

Firm Registration No. 105102W

Padmini Khare Kaicker

Partner

M. No. 44784

Mumbai

Date : 21-05-2015

For and on behalf of the Board of Directors

For MAHINDRA PUNJAB TRACTORS PRIVATE LIMITED

Narayan Shankar

Director

Roshan Gandhi

Director

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors present their Fourth Report along with the Audited Accounts of your Company for Financial Year ended 31st March, 2015.

Financial Highlights and State of Company's Affairs

	(Rs. in Lakhs)	
	For the year ended 31 st March, 2015	For the year ended 31 st March, 2014
Total Income.....	1,293.43	1,162.59
Profit before Interest, Depreciation and Taxation	269.10	230.62
Depreciation.....	24.09	9.58
Profit/(Loss) before exceptional item and tax.....	245.01	221.04
Provision for Taxation		
Current Tax.....	74.96	43.66
Deferred Tax.....	(5.06)	19.43
Profit after Taxation	175.11	157.95
Balance of Profit for prior years.....	259.65	119.25
Amount available for Appropriation	434.76	277.20
Appropriations		
Dividend on Equity Shares (Proposed)	15.00	15.00
Tax on Dividend (Proposed).....	3.05	2.55
Surplus carried to Balance Sheet.....	416.71	259.65
Net Worth	566.70	409.65

No material changes and commitments have occurred between the closure of financial year to which financial statements relate and the date of this report which would affect the financial position of the Company.

Operations

During the year under review, your Company recorded revenue from operations of Rs. 1,249.03 lakh as compared to Rs. 1,132.08 lakh in the previous year, registering an increase of 10%. Profit after tax improved from Rs. 157.95 lakh to Rs. 175.11 lakh, an increase of 11%. The year under review represents the fourth year of your Company. Your Company is in the Business Process Management (BPM) Industry and is providing services of Bill Passing (material, freight, imports and capital expenses) Payroll Processing & HRM services. The Company has already signed up clients other than Mahindra Group in Finance and Accounts Management, HR Management, Insurance Industry and Advisory.

Dividend

Your Directors are pleased to recommend a dividend of Rupee 1 per Equity Share i.e. 10%, amounting to Rs. 15 lakh on the paid-up equity share capital of the Company for the year ended on 31st March, 2015. The total equity dividend for the year under review, inclusive of tax on distributable profits, will absorb a sum of Rs. 18.05 lakh.

Share Capital

During the year under review, the authorised share capital of your Company stood at Rs. 2.00 crore. The issued, subscribed and paid-up share capital was Rs. 1.50 crore.

Board of Directors

Mr. Vinay Deshpande (DIN: 01904423) retires by rotation at the forthcoming Annual General Meeting and being eligible offers himself for re-appointment.

During the year under review, Mr. Sundaram Venkatraman (DIN: 00077193) resigned from the Board with effect from 1st October, 2014. The Board places on record its sincere appreciation of the guidance rendered by Mr. Venkatraman during his tenure as a Director of the Company.

Number of Meetings

Your Board of Directors met Four times during the year under review i.e. on 28th April, 2014, 26th August, 2014, 13th November, 2014 and 25th February, 2015.

Directors' Responsibility Statement

Pursuant to section 134(5) of the Companies Act, 2013, your Directors, based on the representation received, and after due enquiry, confirm that:

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed;
- (ii) they have, in the selection of the accounting policies, consulted the Statutory Auditors and these have been applied consistently and reasonable and prudent judgments and estimates have been made so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2015 and of the Profit of the Company for the year ended on that date;
- (iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

- (iv) the annual accounts have been prepared on a going concern basis; and
- (v) proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Risk Management Policy

Your Company has formulated Risk Management Policy including therein the elements of risks which in the opinion of Board may threaten the existence of the Company.

Your Board is hopeful that the implementation of the policy will be helpful to the Company in avoiding the risks and enabling the Company to manage the same, if confronted with.

Policy on Prevention of Sexual Harassment

During the year under review, no complaints were received under the Sexual Harassment of Women at work place (Prevention, Prohibition and Redressal) Act, 2013.

Auditors

Messrs. B. K. Khare & Co., Chartered Accountants, Mumbai (Firm Registration No. 105102W) were appointed, as Auditors of your Company, at its 3rd Annual General Meeting held on 26th August, 2014 from its conclusion till the conclusion of 8th Annual General Meeting. In terms of Section 139(1) of Companies Act, 2013, such appointment is required to be ratified by members at every Annual General Meeting.

As required under the provisions of section 139 of the Companies Act, 2013, your Company has obtained a written consent from the above Auditors to the effect that their appointment, if made, would be in conformity with the conditions and criteria specified therein.

The members are requested to ratify the appointment of Auditors at the forthcoming Annual General Meeting and fix their remuneration.

The Auditors' Report does not contain any qualification, reservation or adverse remark.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The particulars relating to the Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo, as required under section 134(3)(m) of the Companies Act, 2013 read with the Companies Rule 8(3) of the Companies (Accounts) Rules, 2014 are given as Annexure I to this Report.

Particulars of Employees as required under Rule 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Being unlisted company, provisions of Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable to your Company.

Particulars of public deposits, loans, guarantees or investments

Your Company has not accepted any deposits covered under Chapter V of the Companies Act, 2013, from the public, or its employees, during the year.

Particulars of investments made in mutual funds aggregating to Rs. 214 lakhs are given in Note No. IX to the financial

statements, pursuant to Section 186 of the Companies Act, 2013 and the same forms part of this Report.

Your Company has not made any loans/advances which are required to be disclosed in the annual accounts of the Company pursuant to section 186 of the Companies Act, 2013 and Clause 32 of the Listing Agreement between the parent Company, Mahindra and Mahindra Limited and stock exchanges.

Particulars of Transactions with Related Parties

Particulars of material contracts or arrangements with related parties are given in form AOC – 2 as Annexure II and the same forms part of this Report.

Extract of Annual Return

Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014 an extract of the Annual Return as on 31st March, 2015 in form MGT-9 is attached herewith as Annexure III and forms part of this Report.

Internal Financial Controls

Pursuant to Rule 8 of the Companies (Accounts) Rules, 2014 based on the representation received and after due enquiry your directors confirm that they have laid down internal financial controls with reference to the Financial Statements and these controls are adequate.

General

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions/events on these items during the year under review:

1. Issue of equity shares with differential rights as to dividend, voting or otherwise.
2. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and the Company's operations in future.
3. There were no Shares having voting rights not exercised directly by the employees and for the purchase of which or subscription to which loan was given by the Company.
4. Provisions relating to CSR enunciated under section 135 of the Companies Act, 2013 are not applicable to your Company and accordingly your Company does not have CSR policy.

Acknowledgements

Your Directors are pleased to take this opportunity to thank the bankers, customers, vendors, all the other stakeholders for their co-operation to the Company during the year under review.

For and on behalf of the Board

S. Durgashankar
Director
(DIN: 00044713)

Rajeshwar Tripathi
Director
(DIN: 06734734)

Mumbai,
29th April, 2015

ANNEXURE I TO THE DIRECTORS' REPORT

PARTICULARS AS PER THE COMPANIES (ACCOUNTS) RULES, 2014 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2015.

A. CONSERVATION OF ENERGY

- (a) the steps taken or impact on conservation of energy:- **Though the activities of the Company are not energy-intensive, necessary measures are taken to contain and bring about savings in power consumption through improved operational methods and better housekeeping**
- (b) the steps taken by the company for utilizing alternate sources of energy:- **Not Applicable**
- (c) the capital investment on energy conservation equipments:- **Not Applicable**

B. TECHNOLOGY ABSORPTION

- i) the efforts made towards technology absorption:- **Not Applicable**
- ii) the benefits derived like product improvement, cost reduction, product development or import substitution:- **Not Applicable**
- iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year):-
- (a) the details of technology imported:- **Not Applicable**
- (b) the year of import:- **Not Applicable**
- (c) whether the technology been fully absorbed:- **Not Applicable**
- (d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof:- **Not Applicable**
- iv) the expenditure incurred on Research and Development:- **Not Applicable**

C. FOREIGN EXCHANGE EARNINGS AND OUTGO: *(in terms of actual inflow and outflow)*

Total Foreign Exchange Earned and Used:

	(Rupees in Lakhs)	
	For the Financial Year ended 31st March, 2015	For the Financial Year ended 31 st March, 2014
Total Foreign Exchange Earned	NIL	NIL
Total Foreign Exchange Used	NIL	NIL

For and on behalf of the Board

S. Durgashankar

Director
(DIN: 00044713)

Rajeshwar Tripathi

Director
(DIN: 06734734)

Mumbai,
29th April, 2015

ANNEXURE II TO THE DIRECTORS' REPORT**FORM No. AOC-2**

(Pursuant to clause (h) of sub-section 134 of the Companies Act, 2013 and Rule 8(2) of the companies (Accounts) Rules, 2014)

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arm's length transaction under third proviso thereto.

1. Details of contracts or arrangements or transactions not at Arm's length basis - NIL**2. Details of Material contracts or arrangements or transactions at Arm's length basis**

Sr. No.	Names(s) of the Related Party & nature of relationship	Nature of contracts/ arrangements/ transactions *	Duration of contracts/ arrangements/ transactions	Salient terms of contracts or arrangements or the Transaction including the value, if any (Rs.)	Date of approval by the board, if any	Amount paid as advances, if any
1	Mahindra and Mahindra Limited (Ultimate Holding Company)	Shared Services Agreements	1 st April, 2014 to 31 st March, 2015	Services rendered Rs. 98,060,777	29.04.2015	No
2	Mahindra and Mahindra Limited (Ultimate Holding Company)	Availment of various services	1 st April, 2014 to 31 st March, 2015	Services availed Rs. 2,14,60,324	29.04.2015	No

* The threshold limits mentioned in Notification dated 14th August, 2014 issued by the Ministry of Corporate Affairs, New Delhi (G.S.R. 590(E)) are considered for identifying material contracts.

For and on behalf of the Board

S. Durgashankar

Director
(DIN: 00044713)

Rajeshwar Tripathi

Director
(DIN: 06734734)

Mumbai,
29th April, 2015

ANNEXURE III TO THE DIRECTORS' REPORT

Form No. MGT-9

**Extract of Annual Return
as on the financial year ended on 31st March, 2015**[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies
(Management and Administration) Rules, 2014]**I. REGISTRATION AND OTHER DETAILS:**

1	CIN	U74999MH2011PTC212468
2	Registration Date	18 th January, 2011
3	Name of the Company	Mahindra Integrated Business Solutions Private Limited
4	Category/Sub-Category of the Company	Company Limited by Shares/Indian Non-Government Company
5	Address of Registered office and contact details	Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400018 Tel. No: 022-24905828
6	Whether listed Company (Yes/No)	No
7	Name, Address and Contact details of Registrar and Transfer Agent, if any	None

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sr. No.	Name and Description of Main Product/Services	NIC Code of the Product	% to total turnover of the Company.
1.	Accounting, book-keeping and payroll services	74120	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

Sr. No.	Name and Address of the Company	CIN/GIN	Holding/ Subsidiary of the Company	% of shares held	Applicable Section
1.	Mahindra Holdings Limited Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400018	U65993MH2007PLC175649	Holding Company	100	2(46)
2.	Mahindra and Mahindra Limited Gateway Building, Apollo Bunder, Mumbai - 400001.	L65990MH1945PLC004558	Holding Company	–	2(46)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i. Category-wise Share Holding.

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1. Indian									
a. Individual/HUF	–	–	–	–	–	–	–	–	–
b. Central Govt.	–	–	–	–	–	–	–	–	–
c. State Govt.	–	–	–	–	–	–	–	–	–
d. Bodies Corp.	–	15,00,000	15,00,000	100	–	15,00,000	15,00,000	100	–
e. Bank/Fl	–	–	–	–	–	–	–	–	–
f. Any Other	–	–	–	–	–	–	–	–	–
Sub-Total-A(1)	–	15,00,000	15,00,000	100	–	15,00,000	15,00,000	100	–

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
2. Foreign									
a. NRI-Individuals	–	–	–	–	–	–	–	–	–
b. Other Individuals	–	–	–	–	–	–	–	–	–
c. Body Corporate	–	–	–	–	–	–	–	–	–
d. Bank/FI	–	–	–	–	–	–	–	–	–
e. Any Others	–	–	–	–	–	–	–	–	–
Sub-Total-A(2)	–	–	–	–	–	–	–	–	–
Total Share Holder of Promoters (1+2)	–	15,00,000	15,00,000	100	–	15,00,000	15,00,000	100	–
B. Public Shareholding									
1. Institution	–	–	–	–	–	–	–	–	–
a. Mutual Funds	–	–	–	–	–	–	–	–	–
b. Bank/FI	–	–	–	–	–	–	–	–	–
c. Cent. Govt.	–	–	–	–	–	–	–	–	–
d. State Govt.	–	–	–	–	–	–	–	–	–
e. Venture Capital	–	–	–	–	–	–	–	–	–
f. Insurance Co.	–	–	–	–	–	–	–	–	–
g. FIs	–	–	–	–	–	–	–	–	–
h. Foreign Portfolio Corporate	–	–	–	–	–	–	–	–	–
i. Foreign Venture Capital Fund	–	–	–	–	–	–	–	–	–
j. Others	–	–	–	–	–	–	–	–	–
Sub-Total-B(1)	–	–	–	–	–	–	–	–	–
2. Non-Institution	–	–	–	–	–	–	–	–	–
a. Body Corp.	–	–	–	–	–	–	–	–	–
b. Individual	–	–	–	–	–	–	–	–	–
i. Individual shareholders holding nominal share capital upto Rs. 1 lakh	–	–	–	–	–	–	–	–	–
ii. Individual shareholders holding nominal share capital in excess of Rs. 1 Lakh	–	–	–	–	–	–	–	–	–
c. Others	–	–	–	–	–	–	–	–	–
(i) NRI (Rep)	–	–	–	–	–	–	–	–	–
(ii) NRI (Non-Rep)	–	–	–	–	–	–	–	–	–
(iii) Foreign National	–	–	–	–	–	–	–	–	–
(iv) OCB	–	–	–	–	–	–	–	–	–
(v) Trust	–	–	–	–	–	–	–	–	–
(vi) In Transit	–	–	–	–	–	–	–	–	–
Sub-Total-B(2)	–	–	–	–	–	–	–	–	–
Net Total (1+2)	–	–	–	–	–	–	–	–	–

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
C. Shares held by Custodian for GDRs & ADRs									
Promoter and Promoter Group	-	-	-	-	-	-	-	-	-
Public	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	-	15,00,000	15,00,000	100	-	15,00,000	15,00,000	100	-

Note: There is no change in the number of shares held by the promoter companies.

ii. Shareholding of Promoters:

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	
1	Mahindra Holdings Limited	14,99,999	100	0	14,99,999	100	0	0
2	Mr. Narayan Shankar*	1	0	0	1	0	0	0
	Total	15,00,000	100	0	15,00,000	100	0	0

* Nominee of Mahindra Holdings Limited for the purpose of compliance with statutory provisions of Companies Act, with regard to minimum number of members.

iii. Change in Promoters' Shareholding (please specify, if there is no change) There is no change in the shareholding of the Promoter Group.

iv. Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	Top Ten Shareholders	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	-	-	-	-	-
2.	-	-	-	-	-
3.	-	-	-	-	-

v. Shareholding of Directors and Key Managerial Personnel:

Sr. No.	For Each of the Directors and KMP Name of the Director/KMP	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	-	-	-	-	-
2.	-	-	-	-	-
3.	-	-	-	-	-

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(Rs. in Crores)

Particulars	Secured Loans Excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year 01.04.2014	N.A	N.A	N.A	N.A
1) Principal Amount				
2) Interest due but not paid				
3) Interest accrued but not due				
Total of (1+2+3)				

Particulars	Secured Loans Excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
Change in Indebtedness during the financial year	N.A	N.A	N.A	N.A
+ Addition				
- Reduction				
Net change				
Indebtedness at the end of the financial year 31.03.2015	N.A	N.A	N.A	N.A
1) Principal Amount				
2) Interest due but not paid				
3) Interest accrued but not due				
Total of (1+2+3)	N.A	N.A	N.A	N.A

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-Time Directors and/or Manager:

Sr. No.	Particulars of Remuneration	Name of MD/WTD/Manager		Total Amount (Rs. in Lacs)
1.	Gross Salary	-	-	-
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act	-	-	-
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission - As % of Profit - Others, specify	-	-	-
5.	Others, please specify Provident Fund & other Funds	-	-	-

Sr. No.	Particulars of Remuneration	Name of MD/WTD/Manager		Total Amount (Rs. in Lacs)
	Performance Bonus	-	-	
	Total (A)			
	Ceiling as per the Act			

B. Remuneration of other directors:

I. Independent Directors:-

Particulars of Remuneration	Name of Directors					Total Amount (Rs. in Lacs)
Fee for attending board committee meetings	-	-	-	-	-	-
Commission	-	-	-	-	-	-
Others	-	-	-	-	-	-
Total (1)	-	-	-	-	-	-

II. Other Non-Executive Directors:-

Other Non-Executive Directors						Total Amount (Rs. in Lacs)
Fee for attending Board committee meetings	-	-	-	-	-	-
Commission	-	-	-	-	-	-
Others	-	-	-	-	-	-
Total (2)						-
Total B = (1+2)						-
Ceiling as per the Act						

C. Remuneration to Key Managerial Personnel Other Than MD/Manager/WTD

Sr. No.	Particulars of Remuneration	Name of the KMP		Total Amount (Rs. in Lacs)
1.	Gross Salary	-	-	-
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act	-	-	-
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission - As % of Profit - Others, specify	-	-	-
5.	Others, please specify Contribution to Provident Fund Performance Bonus	-	-	-
	Total (C)	-	-	-

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES (Under the Companies Act): None

	Type	Section of the Companies Act	Brief Description	Details of Penalty/Punishment/Compounding fees imposed	Authority (RD/NCLT/court)	Appeal made, if any (give details)
A. COMPANY						
Penalty	-	-	Not applicable	Not applicable	Not applicable	Not applicable
Punishment	-	-	Not applicable	Not applicable	Not applicable	Not applicable
Compounding	-	-	Not applicable	Not applicable	Not applicable	Not applicable
B. DIRECTORS						
Penalty	-	-	Not applicable	Not applicable	Not applicable	Not applicable
Punishment	-	-	Not applicable	Not applicable	Not applicable	Not applicable
Compounding	-	-	Not applicable	Not applicable	Not applicable	Not applicable
C. OTHER OFFICERS IN DEFAULT						
Penalty	-	-	Not applicable	Not applicable	Not applicable	Not applicable
Punishment	-	-	Not applicable	Not applicable	Not applicable	Not applicable
Compounding	-	-	Not applicable	Not applicable	Not applicable	Not applicable

For and on behalf of the Board

S. Durgashankar
Director
(DIN: 00044713)

Rajeshwar Tripathi
Director
(DIN: 06734734)

Mumbai,
29th April, 2015

INDEPENDENT AUDITOR'S REPORT

To the Members of
Mahindra Integrated Business Solutions Private Limited

Report on the Financial Statements

1. We have audited the accompanying financial statements of **Mahindra Integrated Business Solutions Private Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2015, and the Statements of Profit and Loss and Cash Flow for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit.
4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the

risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2015, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

9. As required by the Companies (Auditor's Report) Order, 2015, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (the "Order") and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
10. As required by Section 143(3) of the Act, we report that:
 - a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c. the Balance Sheet, the Statement of Profit and Loss and Cash Flow dealt with by this Report are in agreement with the books of account;
 - d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);

- e. On the basis of written representations received from the directors as on March 31, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015, from being appointed as a director in terms of Section 164(2) of the Act.
- f. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company does not have any pending litigations which would impact its financial position.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **B. K. Khare & Co.**
Chartered Accountants
FRN: 105102W

Padmini Khare Kaicker
Partner

Mumbai, Dated: 29th April 2015

M. No. 044784

Annexure to the Auditor's Report referred to in our report of even date:

- 1 (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
 - (b) The fixed assets of the Company have been physically verified by the Management during the year. No discrepancies were found on such verification.
- 2 (a) The Company does not carry any inventory and hence this clause is not applicable.
- 3 The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii), (iii)(a) and (iii)(b) of the said Order are not applicable to the Company.
- 4 In our opinion and according to the information and explanations given to us, the Company is having an adequate internal control system commensurate with the size and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods. On the basis of our examination of the books and records of the Company and according to the information and explanations given to us, we have neither come across, nor have we been informed of, any continuing failure to correct any major weaknesses in the aforesaid internal control system.
- 5 The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 and the Rules framed thereunder to the extent notified.
- 6 The Central Government of India has not prescribed the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company.
- 7 (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value, added tax, have generally been regularly deposited with the appropriate authorities though the delays in deposit have not been serious.
 - (b) According to the information and explanations given to us and records of the Company examined by us, there are no dues of income tax, sales tax, wealth tax, service -tax, duty of excise, duty of customs, value added tax, and cess which have not been deposited on account of any dispute.
 - (c) There are no amounts required to be transferred by the Company to the Investor Education and Protection Fund in accordance with the provisions of the Companies Act, 1956 and the rules made thereunder.
- 8 As the Company is registered for a period of less than five years, the provisions of clause 3(viii) of the Order are not applicable to the Company.
- 9 As the Company does not have any borrowings from any financial institution or bank nor has it issued any debentures as at the balance sheet date, the provisions of Clause 3(ix) of the Order are not applicable to the Company.
- 10 In our opinion, and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year. Accordingly, the provisions of Clause 3(x) of the Order are not applicable to the Company.
- 11 The Company has not raised any term loans during the year and accordingly the provisions of clause 3(xi) of the Order are not applicable to the Company.
- 12 During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.

For **B. K. Khare & Co.**
Chartered Accountants
FRN: 105102W

Padmini Khare Kaicker
Partner

Mumbai, Dated: 29th April 2015

M. No. 044784

BALANCE SHEET AS AT 31ST MARCH, 2015

Particulars	Note	31 st March, 2015	Rs. in Lakhs 31 st March, 2014
I. EQUITY AND LIABILITIES			
1 SHAREHOLDERS' FUNDS:			
(i) Share capital	I	150.00	150.00
(ii) Reserves and surplus	II	416.70	259.65
		566.70	409.65
2 Non-current Liabilities			
(i) Long term Provision	III	98.93	83.59
3 Current liabilities			
(i) Other current liabilities	IV	213.08	167.85
(ii) Short term provisions.....	V	72.81	112.69
		285.88	280.54
TOTAL		951.52	773.78
II. ASSETS			
1 Non-current assets			
(i) Fixed Assets			
(a) Tangible assets.....	VI	36.43	44.41
(b) Intangible assets.....	VI	2.47	2.85
		38.90	47.26
(ii) Long Term Loans & Advances.....	VII	94.99	116.24
(iii) Deferred tax assets	VIII	21.42	16.36
		155.30	179.86
2 Current assets			
(i) Investments	IX	214.00	142.69
(ii) Trade receivables	X	191.34	147.63
(iii) Cash and Bank balances.....	XI	362.65	289.99
(iv) Short term loans and advances	XII	14.28	1.57
(v) Other current assets	XIII	13.94	12.04
		796.21	593.92
TOTAL		951.52	773.78

The Notes referred to above form an integral part of the Balance Sheet.

This is the Balance Sheet referred in our report of even date.

For **B. K. KHARE & Co.**
Chartered Accountants
(FRN: 105102W)

Padmini Khare Kaicker
Partner
Membership No.44784

Mumbai, April 29, 2015

For and on behalf of the Board of Directors

S.Durgashankar
Director

Rajeshwar Tripathi
Director

Sanjay Joglekar
Director

Vinay Deshpande
Director

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2015

Particulars	Note	Year ended 31 st March, 2015	Rs. in Lakhs Year ended 31 st March, 2014
I. Income			
a) Revenue from operations	XIV	1,249.03	1,132.08
b) Other.....	XV	44.40	30.51
II. Total Income		1,293.43	1,162.59
III. Expenditure			
Employee benefits expense.....	XVI	815.98	737.52
Depreciation and amortisation expense.....		24.09	9.58
Other expenses	XVII	208.35	194.45
		1,048.42	941.55
IV. Profit before tax (II-III)		245.01	221.04
V. Less: Tax expense			
- Current tax		80.84	(43.66)
- Deferred tax		(5.06)	(19.43)
- Income tax liability of earlier year.....		(5.89)	-
VI. Profit (Loss) for the year (IV - V)		175.11	157.95
VII. Earnings per equity share:			
(1) Basic		11.67	10.53
(2) Diluted			

The Notes referred to above form an integral part of the Statement of the Profit & Loss

For **B. K. KHARE & Co.**
Chartered Accountants
(FRN: 105102W)

Padmini Khare Kaicker
Partner
Membership No.44784
Mumbai, April 29, 2015

For and on behalf of the Board of Directors

S.Durgashankar
Director

Sanjay Joglekar
Director

Rajeshwar Tripathi
Director

Vinay Deshpande
Director

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2015

Particulars	Rs. in Lakhs	
	31 st March, 2015 Amount	31 st March, 2014 Amount
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Profit before taxation	245.01	221.04
Adjustment for:		
Depreciation/Amortisation	24.09	9.58
Investment and Interest Income	(28.40)	(21.21)
Dividend Income	(12.08)	(9.31)
Operating Profit before Working Capital changes	228.61	200.11
Changes in:		
Trade and other receivables	(34.29)	(46.14)
Trade and other payables	(60.67)	(71.86)
Cash Generated from Operations	133.66	82.11
NET CASH FROM OPERATING ACTIVITIES	133.66	82.11
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(15.73)	(31.70)
Purchase of Investments	(111.46)	(110.75)
Interest received on liquidated investments	31.50	9.76
NET CASH USED IN INVESTING ACTIVITIES	(95.68)	(132.70)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Payment of Dividend	(15.00)	(15.00)
Payment of Dividend Tax	(2.55)	(2.43)
NET CASH USED IN FINANCING ACTIVITIES	(17.55)	(17.43)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	20.43	(68.02)
CASH AND CASH EQUIVALENTS		
Opening Cash Balance	14.91	10.46
Closing cash Balance	35.34	14.91
Cash & Cash Equivalents At the end of the year	20.43	4.45
Balances with Banks		
(i) In Current Account	35.34	10.46
(ii) In deposits accounts with less than 3 months maturity	-	-

The Notes referred to above form an integral part of the Statement of the Profit & Loss

For **B. K. KHARE & Co.**
Chartered Accountants
(FRN: 105102W)

Padmini Khare Kaicker
Partner
Membership No.44784
Mumbai, April 29, 2015

For and on behalf of the Board of Directors

S.Durgashankar
Director

Sanjay Joglekar
Director

Rajeshwar Tripathi
Director

Vinay Deshpande
Director

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015
**NOTE I
SHARE CAPITAL:**

Particulars	Rs. in Lakhs			
	31 st March, 2015		31 st March, 2014	
	Nos	INR	Nos	INR
Authorised Share Capital:				
Equity Shares of Rs.10 Each (20,00,000 Equity Shares of Rs.10 Each)	20.00	200.00	20.00	200.00
Total	20.00	200.00	20.00	200.00
Issued and Subscribed:				
Equity Share Capital:				
Opening Balance (shares of Rs.10 Each)	15.00	150.00	15.00	150.00
Add: Issued during the year (shares of Rs.10 Each)	-	-	-	-
Closing Balance (15,00,000 shares of Rs.10 Each)	15.00	150.00	15.00	150.00
Total Share Capital	15.00	150.00	15.00	150.00

Note:

- 1) Mahindra Holdings Limited along with its nominees hold 100% of the Equity share capital in Mahindra Integrated Business Solutions Pvt. Ltd.

**NOTE II
RESERVES AND SURPLUS:**

Particulars	Rs. in Lakhs	
	31 st March, 2015	31 st March, 2014
1 Surplus in statement of Profit & Loss :		
Opening balance of Profit & Loss Account	259.65	119.25
Add: Profit/(Loss) for the Current Year	175.11	157.95
Less: Proposed Dividends	15.00	15.00
Less: Income-tax on Proposed Dividends	3.05	2.55
Closing Balance of Profit and Loss Account	416.70	259.65

**NOTE VI
FIXED ASSETS:**

Description of Assets	Cost as at 1 st April, 2014	Additions during the year at cost	Deductions during the year	Cost as at 31 st March, 2015	Rs. in Lakhs			Accumulated Depreciation as at 31 st March, 2015	Net Balance 31 st March, 2015	Net Balance 31 st March, 2014
					Accumulated Depreciation as at 1 st April 2014	Depreciation for the year 2014-15	Deductions/ Adjustments			
1: Tangible Assets										
Computers	31.51	15.47	-	46.98	12.00	16.85	-	28.85	18.13	19.51
Car/Vehicles	31.55	-	-	31.55	6.66	6.59	-	13.25	18.30	24.90
TOTAL (A)	63.06	15.47	-	78.53	18.65	23.45	-	42.10	36.43	44.41
2: Intangible Assets										
Newgen Software	2.90	0.25	-	3.15	0.05	0.63	-	0.68	2.47	2.85
TOTAL (B)	2.90	0.25	-	3.15	0.05	0.63	-	0.68	2.47	2.85
TOTAL (A+B)	65.96	15.72	-	81.68	18.70	24.08	-	42.78	38.90	47.26
Total Assets as on 31/03/2014	56.43	9.53	-	65.96	9.12	9.58	-	18.70	47.26	47.31

**NOTE III
LONG TERM PROVISIONS:**

Particulars	Rs. in Lakhs	
	31 st March, 2015	31 st March, 2014
1 Employee benefits Payable		
- Provision for compensated absences	98.93	83.59
Total	98.93	83.59

**NOTE IV
OTHER CURRENT LIABILITIES:**

Particulars	Rs. in Lakhs	
	31 st March, 2015	31 st March, 2014
1 Trade payables**	117.72	92.67
2 Other Liabilities		
- Statutory Liabilities	91.72	72.29
- Others	3.64	2.89
Total	213.08	167.85

** Includes amount payable to M & M Corporate towards Leave Liability

**NOTE V
SHORT TERM PROVISIONS:**

Particulars	Rs. in Lakhs	
	31 st March, 2015	31 st March, 2014
1 Employee benefits		
- Provision for compensated absences	9.59	19.91
- Provision for Gratuity (Funded)	4.10	-
2 Provision for Expenses	41.06	75.23
3 Others		
- Proposed Dividend	15.00	15.00
- Provision for tax on Proposed Dividend	3.05	2.55
Total	72.81	112.69

**NOTE VII
LONG TERM LOANS & ADVANCES ASSETS**

Particulars	Rs. in Lakhs	
	31 st March, 2015	31 st March, 2014
1 TDS Receivable (Net of Provision for Tax)	94.99	116.24
Total	94.99	116.24

**NOTE VIII
DEFERRED TAX LIABILITY/ASSET**

Particulars	Rs. in Lakhs	
	31 st March, 2015	31 st March, 2014
1 Deferred Tax Liability		
On fiscal allowances on fixed assets	2.20	5.25
Others	-	-
	2.20	5.25
2 Deferred Tax Assets		
Provision for leave encashable at retirement/cessation	21.09	18.42
Others	2.53	3.19
	23.62	21.62
Net Deferred Tax Assets	21.42	16.36

**NOTE IX
CURRENT & NON-CURRENT INVESTMENTS:**

Particulars	Rs. in Lakhs			
	31 st March, 2015		31 st March, 2014	
	Non Current	Current	Non Current	Current
Investments (At Cost, unless otherwise specified):				
(a) Mutual Fund (including Dividend Reinvested) (Note IX-A)	-	214.00	-	142.69
	-	214.00	-	142.69
Less: Excess of cost over fair value of Long Term/ Current Investments (Net)	-	-	-	-
Total	-	214.00	-	142.69

**NOTE IX-A
MARKET VALUE OF MUTUAL FUNDS**

Particulars	NAV	FY 2014-15		FY 2013-14	
		No of Units	Amount	No of Units	Amount
Investment - UTI	1003.39	-	-	3,743.31	3,755,986
Investment - Kotak	1011.62	-	-	3,933.42	3,979,130
Investment - ICICI	100.07	-	-	45,061.85	4,509,168
Investment - HSBC	1000.56	-	-	2,023.36	2,024,494
Investment - Taurus Mutual Funds	1000.26	9,138.53	9,140,924	-	-
Investment - Principal Mutual Funds	1000.46	7,017.94	7,021,164	-	-
Investment - IDFC Mutual Funds	1000.32	5,235.93	5,237,598	-	-
Total	6116.67	21392.40	21,399,686	54761.95	14,268,778

**NOTE X
TRADE RECEIVABLE**

Particulars	Rs. in Lakhs	
	31 st March, 2015	31 st March, 2014
1 Unsecured, considered good		
a) outstanding for a period not exceeding than six months from the date they are due for payment	-	-
b) Others	191.34	147.63
Total	191.34	147.63
2 Unsecured, considered doubtful		
a) outstanding for a period exceeding than six months from the date they are due for payment	1.16	1.16
b) Others	-	-
Less: Provision for doubtful debts	(1.16)	(1.16)
Total	191.34	147.63

**NOTE XI
CASH & BANK BALANCES:**

Particulars	Rs. in Lakhs	
	31 st March, 2015	31 st March, 2014
1 Cash & Cash Equivalents		
a) On current account	35.34	14.91
2 Other Bank Balances		
a) Fixed Deposit with Banks (with maturity of greater than 3 months)	327.31	275.08
Total	362.65	289.99

**NOTE XII
SHORT-TERM LOANS & ADVANCES:**

Particulars	Rs. in Lakhs	
	31 st March, 2015	31 st March, 2014
1 Other loans and advances		
a) Unsecured, considered good	4.21	1.57
b) Unbilled revenue	10.07	-
Total	14.28	1.57

**NOTE XIII
OTHER CURRENT ASSETS:**

Particulars	Rs. in Lakhs	
	31 st March, 2015	31 st March, 2014
1 Others		
a) Prepaid Expenses	0.70	2.09
b) Accrued Interest on F.D	12.74	9.95
c) Security Deposits paid for Employee	0.50	-
Total	13.94	12.04

**NOTE XIV
REVENUE FROM OPERATIONS:**

Particulars	Rs. in Lakhs	
	31 st March, 2015	31 st March, 2014
Income from-		
a) Rendering services	1,238.97	1,131.68
b) Unbilled Income	10.07	-
c) Other Income	-	0.40
Total	1,249.03	1,132.08

**NOTE XV
OTHER INCOME:**

Particulars	Rs. in Lakhs	
	31 st March, 2015	31 st March, 2014
1 Dividend income:		
a) Dividend income from others	12.08	9.31
2 Interest income:		
a) Interest on Fixed Deposits with Bank	28.40	21.21
b) Other Income	3.91	–
Total	44.40	30.51

**NOTE XVI
EMPLOYEE BENEFIT EXPENSES:**

Particulars	Rs. in Lakhs	
	31 st March, 2015	31 st March, 2014
1 Salaries, wages, bonus, etc	721.74	672.75
2 Contribution to Provident & other funds	48.59	42.00
3 Gratuity expense	22.64	–
4 Leave encashable at retirement/ Cessation	9.32	1.61
5 Staff welfare	12.45	17.47
6 Training	1.24	3.69
Total	815.98	737.52

**NOTE XVII
OTHER EXPENSES:**

Particulars	Rs. in Lakhs	
	31 st March, 2015	31 st March, 2014
1 Office Rent	29.70	29.70
2 Rates and taxes	0.66	0.03
3 Insurance	3.15	1.21
4 Service Contracted	13.11	17.62
5 Postage, Telephone and Communication	2.23	2.37
6 Legal and Professional Charges	79.29	77.82
7 IT Expenses	33.75	33.45
8 Travelling & Conveyance Expenses	23.24	16.57
9 Doubtful Debts	–	1.16
10 Auditor's remuneration		
a) For Statutory Audit	2.50	2.50
b) For Tax Audit	0.50	0.50
11 Loss On Sale of Assets	0.07	–
12 Miscellaneous expenses	20.16	11.53
Total	208.35	194.45

NOTE XVIII

Mahindra BPO Services Private Limited was incorporated on 18th January 2011 and it started its operations from 1st May 2011. Mahindra BPO Services Private Limited was renamed as Mahindra Integrated Business Solutions Private Limited from 4th January, 2013. The Company is rendering back office accounting & payroll services. Currently though a captive service provider, it intends to extend the services to corporate sector at large.

NOTE XIX

Significant Accounting Policies:

- A) Basis of Accounting:
The financial statements have been prepared in accordance with the Generally Accepted Accounting Principles (IGAAP) under the historical cost convention as a going concern and on accrual basis and in accordance with the provisions of the Companies Act, 2013 and the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended).
- B) Operating Cycle:
Assets and Liabilities are classified as Current or Non – Current as per the provisions of the Revised Schedule VI notified under the Companies Act, 1956 and Company's normal operating cycle. Based on the nature of business and its activities, the Company has ascertained its operating cycle as twelve months for the purpose of Current & Non – Current classification of Assets & Liabilities.
- C) Fixed Assets:
(i) Fixed assets are carried at their original cost less accumulated depreciation. Financing costs that are attributable to the acquisition, construction or production of qualifying assets are included in the cost of that asset up to the date the asset is ready to use.
(ii) Depreciation on Assets is calculated on Straight Line Method (SLM) at the rates and in the manner prescribed in Schedule II to The Companies Act, 2013.
- D) Intangible Assets:
The Company has purchased a Software license for business, which will be amortized in next 5 years.
- E) Investments:
Investment held as long-term investments are stated at cost comprising of acquisition and incidental expenses less permanent diminution in value, if any. Current investments are valued at the lower of cost and fair value.
- F) Revenue Recognition:
(i) Sale of services is recognized when the services are rendered.
(ii) Revenues on time & material contracts are recognized as the related services are performed and revenues from the end of the last billing to the Balance sheet date is recognized as Unbilled revenues. The unbilled revenues primarily consists of cost which needs to be billed to client on cost plus margin basis where there is no uncertainty as to measurement or collectability of consideration.
(iii) Fee based income is accounted for on achieving specified milestones as per mutual agreement.
(iv) Further, revenue is recognised when there is no uncertainty as to the measurement or collectability of consideration.
- G) Employee Benefits:
Retirement benefit in respect of gratuity at retirement/cessation are provided for based on valuations as at the balance sheet date, made by independent actuaries.
- i) Defined Contribution Plan:
Company's contribution paid/payable during the year to Superannuation Fund, ESIC and Labour Fund are recognized in the Profit and Loss Account.
Contributions to Provident Fund are made to Regional Provident Fund Commissioner Trust administered by Central Government of India and are charged to Profit and Loss Account as incurred.
- ii) Defined Contribution Plan:
Company's liability towards gratuity, long term compensated absences, are determined by Independent Actuaries, using unit credit method. Past services are recognized on a straight line basis

over the average period until the benefits become vested. Actuarial gain & losses are recognized immediately in the statement of Profit & Loss as income or expenses. Obligation is measured at the present value of estimated future cash flows using a discounted rate that is determined by reference to the market yields at the Balance Sheet date on Government Bonds, where the currency and the terms of the Government Bonds are consistent with the currency and estimated terms of the defined benefit obligation.

NOTE XX
Taxes on Income:

Tax expense comprises of both current and deferred tax.

Provision for Current tax is measured at the amount computed under the Income Tax Act, 1961, or Book Profit computed under section 115JB, whichever is higher, and correspondingly set-off available under section 115JAA is credited to the Statement of Profit & Loss of the financial year.

MAT credit is recognised as an asset only when, and to the extent, there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognised as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of credit to the Statement of Profit and Loss and shown as MAT Credit Entitlement. The Company reviews the same at each Balance Sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent that there is no longer convincing evidence to the effect that Company will pay normal income tax during the specified period.

Deferred tax assets and liabilities are recognised for future tax consequences attributable to the timing differences between taxable income and accounting income that are capable of reversal in one or more subsequent periods and are measured using tax rates enacted or substantively enacted as at the Balance Sheet date. Deferred Tax assets are not recognised unless, in the management judgment, there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. The carrying amount of Deferred Tax is reviewed at each Balance Sheet date.

NOTE XXI
Audit Fees:

Statutory Audit Fee	2.50 lacs
Tax Audit Fee	0.50 lacs
Total Audit Fees	3.00 lacs

NOTE XXII
Employee Benefits:

Defined Benefit plans as per actuarial valuations on 31st March, 2015

Particulars	Rs in lakhs	
	Funded Plan	Gratuity
	2015	2014
I. Expenses recognized in the statement of Profit and Loss Account for the year ended 31 st March	22.64	Nil
II. Net Asset/(Liability) recognized in the Balance Sheet as at 31 st March		
1. Present value of defined obligation as on 31 st March	142.96	122.22
2. Fair value of the plan asset as at 31 st March	120.33	124.31
3. Net Asset/(Liability) as at 31 st March	22.64	2.09

NOTE XXIII
The components of Deferred Tax Liability and Assets as at 31st March, 2015 are as under:

Particulars	Rs in lakhs	
	2015	2014
Deferred Tax Liability:		
i) On fiscal allowances on fixed assets	2.20	5.25
Deferred Assets:		
ii) On Provision for Gratuity	2.15	
iii) On Leave encashment	21.09	18.42
iv) On Provision for Employee benefits & other expenses	0.38	3.19
Net Deferred Tax Asset	21.42	16.36

NOTE XXIV
Earnings per share:

Particulars	2015	2014
Amount used as numerator Balance of Profits (Rs. in lacs)	175.11	157.95
Average number of equity shares used in computing earnings per share (in lacs)	15.00	15.00
Basic Earnings per share	11.67	10.53

NOTE XXV
Related Party Disclosure:

Related Party where the control exists:

- I. Holding Company:
 - Mahindra Holdings Limited
- II. Ultimate Holding Company:
 - Mahindra and Mahindra Limited
- III. Associates:
 1. Mahindra First Choice Wheels limited
 2. Mahindra Shubhalabh Services Limited
 3. Mahindra Engineering Services Limited
 4. Mahindra Intertrade Limited
 5. Mahindra Steel Service Centre Limited
 6. Mahindra Ugine Steel Company Limited
 7. Bristlecone Limited
 8. Mahindra Automobile Distributor Private Limited
 9. Mahindra Trucks and Buses Limited
 10. Mahindra Lifespace Developers Limited
 11. Mahindra World City (Jaipur) Limited
 12. Mahindra World City Developers Limited
 13. Mahindra Vehicle Manufacturers Limited
 14. Mahindra CIE Automotive Limited
 15. Mahindra Logistics Limited
 16. Mahindra Heavy Engines Private Limited
 17. Mahindra Aerospace Private Limited
 18. Mahindra First Choice Services Limited
 19. Mahindra Two Wheelers Limited
 20. Defence Land Systems India Private Limited
 21. Mahindra Conveyor Systems Private Limited
 22. Mahindra Reva Electric Vehicles Private Limited
 23. Mahindra Emirates Vehicles Armoring FZ LLC
 24. Mahindra Aerostructures Private Limited
 25. Mahindra EPC Services Private Limited
 26. Mahindra & Mahindra Contech Limited
 27. Mumbai Mantra Media Limited
 28. Mahindra Ocean Blue Marine Private Limited
 29. Mahindra Retail Private Limited
 30. Mahindra Solar one Private Limited
 31. Mahindra Defence Naval Systems Private Limited
 32. Mahindra Gears & Transmission Private Limited
 33. NBS International Limited
 34. Mahindra Defence Systems Limited
 35. Mahindra Bebanco Developers Limited

MAHINDRA INTEGRATED BUSINESS SOLUTIONS PRIVATE LIMITED

36. Mahindra Telephonics Integrated Systems Limited
 37. Mahindra Univeg Private Limited
 38. Mahindra Investments (International) Private Limited

IV. The related party transactions are as under:

Sr. No.	Nature of Transactions	Rs in lakhs	
		Fellow Subsidiary 2015	Fellow Subsidiary 2014
1.	Sale:		
	Services	359.13	302.09
2.	Purchase:		
	Fixed Assets	-	-
	Services	3.65	-
3.	Outstanding:		
	Payable	0.83	-
	Receivable	42.63	30.72

V. The related party transactions are as under:

Sr. No.	Nature of Transactions	Rs in lakhs			
		Ultimate Holding Company		Ultimate Holding Company	
		2015	2014	2015	2014
1.	Dividend Paid	17.55	17.55	-	-
2.	Sale:				
	Services	-	-	980.61	874.90
3.	Purchase:				
	Fixed Assets	-	-	-	-
	Services	-	-	214.60	221.61
4.	Rent	-	-	33.37	33.37
5.	Others Transactions				
	Reimbursement from Parties	-	-	-	-
	Reimbursement made to parties	-	-	-	2.61
6.	Outstanding:				
	Payable	-	-	48.34	21.02
	Receivable	-	-	130.54	116.87

For **B. K. KHARE & Co.**
 Chartered Accountants
 (FRN: 105102W)

Padmini Khare Kaicker
 Partner
 Membership No.44784
 Mumbai, April 29, 2015

For and on behalf of the Board of Directors

S.Durgashankar
 Director

Sanjay Joglekar
 Director

Rajeshwar Tripathi
 Director

Vinay Deshpande
 Director

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors present their Twenty Second Annual Report together with the audited financial statements of the Company for the year ended 31st March, 2015.

FINANCIAL HIGHLIGHTS AND STATE OF COMPANY'S AFFAIRS

(Rs. in Lakhs)

	For the Year ended 31 st March, 2015	For the Year ended 31 st March, 2014
Income	316.67	17.11
Total Expenditure	2.40	1.94
Profit before Taxation	314.27	15.17
Provision for Tax:		
Current Tax	6.80	3.05
Earlier year tax	2.36	-
Deferred Tax	-	-
Profit after Taxation	305.11	12.12
Balance of Profit from earlier years	(21.59)	(33.71)
Balance Carried Forward	283.52	(21.59)
Net Worth	623.51	318.40

There have been no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the Report.

Operations

During the year under review, your Company earned Income of Rs. 316.67 Lakhs as compared to Rs. 17.11 Lakhs in the previous year. The Profit for the year was Rs. 305.11 Lakhs as against a Profit Rs. 12.12 Lakhs in the previous year.

The current year's Income and Profit largely arose from divestment of the bulk of the shareholding in the equity capital of AT&T Global Network Services India Private Limited.

Dividend

Your Board proposes to utilize the available profit for future business operations and have hence not declared a dividend for the year under review.

Board of Directors

Composition

Sl. No.	Name of the Director	Designation	Executive/ Non Executive	Independent/ Non Independent
1	Mr. Ulhas N Yargop (DIN: 00054530)	Chairman	Non Executive	Non Independent
2	Mr. Mario A Nazareth (DIN: 00013337)	Director	Non Executive	Non Independent
3	Mr. C Krishnadas (DIN: 00126027)	Director	Non Executive	Non Independent

Mr. C Krishnadas (DIN: 00126027), Director, retires by rotation and being eligible, offers himself for reappointment.

Your Board of Directors met 4 times during the year under review.

Directors' Responsibility Statement

Pursuant to section 134(3)(c) of the Companies Act, 2013, your Directors, based on the representation received, and after due enquiry, confirm that:

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed and there are no material departures in adoption of these standards;
- (ii) they have, in the selection of the accounting policies, consulted the Statutory Auditors and these have been applied consistently and reasonable and prudent judgments and estimates have been made so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2015 and of the Profit of the Company for the year ended on that date;
- (iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) the annual accounts have been prepared on a going concern basis.
- (v) Proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Code of Conduct

Your Company has adopted Code of Conduct for Corporate Governance (“the Code”) for its Directors. The Code enunciates the underlying principles governing the conduct of the Company’s business and seeks to reiterate the fundamental precept that good governance must and would always be an integral part of your Company’s ethos.

Your Company has, for the year under review, received declarations from members of the Board affirming compliance with the Code.

Auditors & Audit Report

M/s. B. K. Khare & Co., Chartered Accountants, (ICAI Registration Number 105102W) were appointed as statutory auditors, at the 21st Annual General Meeting held on 14th July, 2014, to hold office from the conclusion of 21st Annual General Meeting until the conclusion of 26th Annual General Meeting subject to the ratification of their appointment by shareholders at every Annual General Meeting.

As required under the provisions of section 139 of the Companies Act, 2013, your Company has obtained a written consent and certificate from the above Auditors to the effect that their continuation, if ratification made, would be in conformity with the conditions and criteria specified therein.

The members are requested to ratify the appointment of Auditors from the conclusion of the forth coming 22nd Annual General Meeting of the members of the Company until the conclusion of the 23rd Annual General Meeting of the members of the Company and fix their remuneration.

The Auditors’ Report does not contain any qualification, reservation or adverse remark.

Corporate Social Responsibility

The provisions relating to Corporate Social Responsibility enumerated under Section 135 of the Companies Act, 2013 are not applicable to your company during the year under review.

Risk Management Policy

Your Company has, in place, a Risk Management Policy which sets out the objectives and elements of risk management including identification of risks that may threaten the existence of the Company.

Particulars regarding Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The particulars relating to the Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo, as required under Section 134(3)(m) of the Companies Act, 2013 read with the Companies Rule 8 (3) of The Companies (Accounts) Rules, 2014 are given as Annexure I to this Report.

Particulars of loans, guarantees or investments

During the year under review, your Company has not granted loan, given guarantee or made investment in the securities of any body corporate as are covered under Section 186 of the Companies Act, 2013.

There were no loans/advances particulars in respect of which are required to be disclosed in the annual financial statements of the Company pursuant to Clause 32 of the Listing Agreement between the parent Company, Mahindra and Mahindra Limited and stock exchanges.

Internal Financial Control

Your Company has a system of internal control and monitoring procedures in place. Significant issues are reviewed by the Board.

Public Deposits and Loans/Advances

Your Company has not accepted deposits from the public or its employees during the year under review.

There were no deposits falling under Rule 2(i) (c) of the Companies (Acceptance of Deposits) Rules, 2014 at the beginning of the year, during the year and at the end of the year. There was no amount which qualified as deposit outstanding as on the date of balance sheet and not in compliance with the requirements of Chapter V of the Companies Act, 2013.

Particulars of Contracts/Arrangements/Transactions with Related Parties

All contracts/arrangements/transactions entered into by the Company with related parties during the year were in the ordinary course of business and on arm’s length basis. During the year under review, your Company had not entered into any contract/arrangement/transaction with related parties which could be considered material. Accordingly, there are no transactions to be reported in pursuance to section 134(3)(h) of the Companies Act, 2013.

Extract of Annual Return

Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014 an extract of the Annual return as on 31st March, 2015 is attached herewith as Annexure II and forms part of this report.

The Sexual Harassment of Women at workplace (Prevention, Prohibition, and Redressal) Act, 2013

Your Company is committed to a policy for prevention of sexual harassment at work place in accordance with The Sexual Harassment of Women at work place (Prevention, Prohibition and Redressal) Act, 2013 and the Rules framed thereunder. During the year under review, no complaint was reported under the said Act.

Details in respect of adequacy of Internal Financial Controls with reference to the Financial Statements

Your Company has a system of internal control and monitoring procedures in place with reference to financial statements, commensurate with the size, scale and complexity of its operations. No material weakness in the design or operation of any control was observed during the year under review.

General

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions/ events on these items during the year under review:

1. Issue of equity shares with differential rights as to dividend, voting or otherwise.
2. Change in the nature of business carried out by the Company.
3. No significant and/or material orders passed by the Regulators or Courts or Tribunals which would impact the going concern status of the Company and its future operations.
4. Voting Rights which are not directly exercised by the employees in respect of shares for the subscription of which loan was given by the company as there is no

scheme pursuant to which such persons can beneficially hold shares as envisaged under section 67(3)(c) of the Companies Act, 2013.

5. Particulars of employees, since the provisions of Section 197 (12) of the Companies Act, 2013 and the Rule 5 (2) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, are not applicable to an unlisted Company.

Acknowledgements

Your Directors are pleased to take this opportunity to thank all the other stakeholders for their co-operation to the Company during the year under review.

For and on behalf of the Board

Ulhas N. Yargop
Chairman

Mumbai, 21st May, 2015

ANNEXURE I TO THE DIRECTORS' REPORT

PARTICULARS AS PER THE COMPANIES (ACCOUNTS) RULES, 2014 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2015.

A. CONSERVATION OF ENERGY

- (a) the steps taken or impact on conservation of energy:

Not Applicable in view of your Company not being energy sensitive as well as the due to the nature of activities carried on by your Company.

- (b) the steps taken by the Company for utilizing alternate sources of energy:

The operations of the Company do not call for any steps to be taken for utilizing alternate sources of energy.

- (c) the capital investment on energy conservation equipments:

None

B. TECHNOLOGY ABSORPTION

- i) the efforts made towards technology absorption: Not Applicable in view of the nature of the activities carried on by the Company.

- ii) the benefits derived like product improvement, cost reduction, product development or import substitution: Not Applicable

- iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year) – Not Applicable

- (a) the details of technology imported:

- (b) the year of import

- (c) whether the technology been fully absorbed:

- (d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof:

- iv) the expenditure incurred on Research and Development: Not Applicable in view of the nature of the activities carried on by the Company.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO: *(in terms of actual inflow and outflow)*

Total Foreign Exchange Earned and Used:

(Rupees in Lakhs)

	For the Financial Year Ended 31st March, 2015	For the Financial Year ended 31st March, 2014
Total Foreign Exchange Earned	NIL	NIL
Total Foreign Exchange Used	NIL	NIL

For and on behalf of the Board

Ulhas N. Yargop
Chairman

Mumbai, 21st May, 2015

ANNEXURE II TO THE DIRECTORS' REPORT

Form No. MGT-9

Extract of Annual Return

as on the financial year ended on 31st March, 2015

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

1.	CIN	U63040MH1993PTC070642
2.	Registration Date	3rd February, 1993
3.	Name of the Company	Mahindra Telecommunications Investment Private Limited
4.	Category/Sub-Category of the Company	Company Limited by shares/Indian Non-Government company.
5.	Address of the Registered office and contact details	Gateway Building, Apollo Bunder, Mumbai - 400001. Tel No. 022 22021031 Fax No. 022 22875485
6.	Whether listed Company (Yes/No)	No
7.	Name, Address and Contact details of Registrar and Transfer Agent, if any	None

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sr. No.	Name and Description of Main Product/Services	NIC Code of the Product	% to total turnover of the Company.
1	Other financial services, activities, except insurance and pension funding activities n.e.c.	64990	100

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

Sr. No.	Name and Address of the Company	CIN/GIN	Holding/Subsidiary of the Company	% of shares held	Applicable Section
1.	Mahindra Holdings Limited Mahindra Towers, P. K. Kurne Chowk, Mumbai - 400018.	U65993MH2007PLC17564	Holding Company	100	2 (46i)
2.	Mahindra and Mahindra Limited Gateway Building, Apollo Bunder, Mumbai - 400001.	L65990MH1945PLC004558	Ultimate Holding Company	100	2 (46)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i. Category-wise Share Holding.

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1. Indian									
a. Individual/ HUF									
b. Central Govt.									
c. State Govt.									
d. Bodies Corp.	-	4,66,663	4,66,663	100	-	4,66,663	4,66,663	100	Nil
e. Bank/FI									
f. Any Other									
Sub-Total- A-(1)	-	4,66,663	4,66,663	100	-	4,66,663	4,66,663	100	Nil
2. Foreign									
a. NRI-Individuals	-	-	-	-	-	-	-	-	-
b. Other Individuals	-	-	-	-	-	-	-	-	-

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
c. Body Corporate	-	-	-	-	-	-	-	-	-
d. Bank/ FI	-	-	-	-	-	-	-	-	-
e. Any Others	-	-	-	-	-	-	-	-	-
Sub Total- A (2)	-	-	-	-	-	-	-	-	-
Total Share Holding of Promoters (A)=(A)(1) + (A)(2)	-	4,66,663	4,66,663	100	-	4,66,663	4,66,663	100	Nil
B. Public Shareholding									
1. Institution									
a. Mutual Funds	-	-	-	-	-	-	-	-	-
b. Bank/ FI	-	-	-	-	-	-	-	-	-
c. Cent. Govt.	-	-	-	-	-	-	-	-	-
d. State Govt.	-	-	-	-	-	-	-	-	-
e. Venture Capital	-	-	-	-	-	-	-	-	-
f. Insurance Co.	-	-	-	-	-	-	-	-	-
g. FIs	-	-	-	-	-	-	-	-	-
h. Foreign Venture Capital Fund	-	-	-	-	-	-	-	-	-
i. Others (Specify)	-	-	-	-	-	-	-	-	-
Sub-Total-B (1)	-	-	-	-	-	-	-	-	-
2. Non-Institution									
a. Body Corp.	-	-	-	-	-	-	-	-	-
b. Individual	-	-	-	-	-	-	-	-	-
i. Individual shareholders holding nominal share capital upto Rs. 1 lakh	-	-	-	-	-	-	-	-	-
ii. Individual shareholders holding nominal share capital in excess of Rs. 1 Lakh	-	-	-	-	-	-	-	-	-
c. Others	-	-	-	-	-	-	-	-	-
Sub-Total-B (2)	-	-	-	-	-	-	-	-	-
Total Public shareholding (B) = (B)(1)+(B)(2)	-	-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs & ADRs									
Grand Total (A+B+C)	-	4,66,663	4,66,663	100	-	4,66,663	4,66,663	100	Nil

ii. Shareholding of Promoters:

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	
1	Mahindra Holdings Limited	4,66,662	100	0	4,66,662	100	0	0
2	Mahindra Holdings Limited jointly with Mr. Narayan Shankar *	1	0	0	1	0	0	0
	Total	4,66,663	100	0	4,66,663	100	0	0

* Jointly held with Mahindra Holdings Limited for the purpose of compliance with the statutory provisions of Companies Act with regard to minimum number of members.

iii. Change in Promoters' Shareholding (please specify, if there is no change) There is no change in the shareholding of the Promoter Group.

iv. Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	Top Ten Shareholders	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	-	-	-	-	-
2.	-	-	-	-	-
3.	-	-	-	-	-

v. Shareholding of Directors and Key Managerial Personnel:

Sr. No.	For Each of the Directors and KMP Name of the Director/KMP	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	-	-	-	-	-
2.	-	-	-	-	-
3.	-	-	-	-	-

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment.

(Rs. In Crores)

Particulars	Secured Loans Excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year 01.04.2014				
1) Principal Amount	-	-	-	NIL
2) Interest due but not paid	-	-	-	NIL
3) Interest accrued but not due	-	-	-	NIL
Total of (1+2+3)	-	-	-	NIL
Change in Indebtedness during the financial year				
+ Addition	-	-	-	NIL
- Reduction	-	-	-	NIL
Net change	-	-	-	NIL
Indebtedness at the end of the financial year-31.03.2015				
1) Principal Amount	-	-	-	Nil
2) Interest due but not paid	-	-	-	Nil
3) Interest accrued but not due	-	-	-	Nil
Total of (1+2+3)	-	-	-	Nil

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-Time Directors and/or Manager:

Sr. No	Particulars of Remuneration	Name of MD/WTD/Manager		Total Amount (Rs. In Lakhs)
1.	Gross Salary	-	-	-
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act	-	-	-
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission - As % of Profit - Others, specify	-	-	-
5.	Others, please specify Provident Fund & other Funds	-	-	-
	Performance Bonus	-	-	-
	Total (A)	-	-	-
	Ceiling as per the Act	-		

B. Remuneration of other directors:

1. Independent Directors:-

Particulars of Remuneration	Name of Directors						Total Amount (Rs. In Lakhs)
Fee for attending board committee meetings	-	-	-	-	-	-	-
Commission	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-
Total (1)	-	-	-	-	-	-	-

2. Other Non-Executive Directors:-

Other Non-Executive Directors								Total Amount (Rs. In Lakhs)
Fee for attending board committee meetings	-	-	-	-	-	-	-	-
Commission	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-
Total (2)	-	-	-	-	-	-	-	-
Total B = (1+2)	-	-	-	-	-	-	-	-
Ceiling as per the Act	-							

C. Remuneration to Key Managerial Personnel Other Than MD/Manager/WTD

Sr. No.	Particulars of Remuneration	Name of the KMP		Total Amount (Rs. In Lakhs)
1.	Gross Salary	-	-	-
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act	-	-	-
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission	-	-	-
	- As % of Profit			
	- Others, specify			
5.	Others, please specify Contribution to Provident Fund	-	-	-
	Performance Bonus	-	-	-
	Total (C)	-	-	-

VII. PENALTIES/ PUNISHMENT/ COMPOUNDING OF OFFENCES (Under the Companies Act):

A. Company

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/Compounding fees imposed	Authority (RD/NCLT/ court)	Appeal made, if any (give details)
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

B. Directors

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/Compounding fees imposed	Authority (RD/NCLT/ court)	Appeal made, if any (give details)
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

C. Other Officers in Default

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/Compounding fees imposed	Authority (RD/NCLT/ court)	Appeal made, if any (give details)
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

For and on behalf of the Board

 Ulhas N. Yargop
 Chairman

 Mumbai, 21st May, 2015

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MAHINDRA TELECOMMUNICATIONS INVESTMENT PRIVATE LIMITED

Report on the Standalone Financial Statements

1. We have audited the accompanying standalone financial statements of **MAHINDRA TELECOMMUNICATIONS INVESTMENT PRIVATE LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss, the Cash Flow for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these standalone financial statements based on our audit.
4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making

those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2015, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

9. As required by the Companies (Auditor's Report) Order 2015, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
10. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);

- (e) On the basis of the written representations received from the directors as on 31st March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164(2) of the Act.
- (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note No. 15 to the financial statements;
 - ii. The Company does not have any long-term contracts including derivative contracts for which there were any material foreseeable losses that need provision.
 - iii. During the year, there were no amounts required to be transferred to the Investor Education and Protection Fund by the Company.

For **B. K. Khare & Co.**
Chartered Accountants
Firm's Registration Number 105102W

H. P. Mahajani
Partner
Membership No. 030168

Mumbai, 21st May, 2015

ANNEXURE TO THE AUDITOR'S REPORT REFERRED TO IN OUR REPORT OF EVEN DATE:

1. The Company has no fixed assets and therefore, the provisions of Clause 3(i) of the Companies (Auditor's Report), Order 2015 is not applicable.
2. The Company has no inventory and therefore, the provisions of Clause 3(ii) of the Companies (Auditor's Report) Order 2015 is not applicable to the company.
3. Based on the records examined by us and according to the information and explanations given to us, the Company has not granted any loans to parties covered in the Register maintained under section 189 of the Companies Act, 2013.
4. In our opinion and according to the information and explanations given to us, the Company is having an adequate internal control system commensurate with the size and the nature of its business, for the purchase of fixed assets and sale of services. The activities of the Company do not involve purchase of inventory and sale of goods. On the basis of examination of the books and records of the Company and according to the information and explanations given to us, we have neither come across nor have we been informed of any continuing failure to correct any major weaknesses in the aforesaid internal control system.
5. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public. Consequently, no order has been passed by the Company Law Board or National Company Law Commission or Reserve Bank of India or any court or any other tribunal on the Company.
6. In our opinion and according to the information and explanations given to us, Central Government has not specified maintenance of cost records under Sub-section (1) of Section 148 of the Act in case of the Company.
7. (a) Based on the records examined by us and information and explanations given to us, as there were no employees in the employment of the Company during the year, the Employees' Provident Fund and Miscellaneous Provisions Act, 1952 and Employees' State Insurance Act, 1948 are not applicable to the Company. The Company is generally regular in depositing undisputed statutory dues including Income Tax, Sales Tax, Wealth Tax and Service Tax, duties of custom, duties of excise, value added tax, cess and other applicable statutory dues with the appropriate authorities.
- (b) According to the information and explanations given to us, as on 31st March, 2015, there are no dues of Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess which have not been deposited on account of any dispute except the following dues towards Income Tax:

Sr. No.	Assessment Year	Amount	Forum where case is pending
1.	2007-08	3,37,364	Commissioner of Income Tax (Appeals)
2.	2008-09	3,75,064	Income Tax Appellate Tribunal
3.	2009-10	5,89,661	Commissioner of Income Tax (Appeals)
4.	2010-11	6,01,715	Commissioner of Income Tax (Appeals)
5.	2011-12	7,80,890	Commissioner of Income Tax (Appeals)
6.	2012-13	14,51,220	Commissioner of Income Tax (Appeals)

- (c) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
8. The Company does not have accumulated losses as at the end of the current year. The Company has not incurred cash losses in such financial year and in the immediately preceding financial year.
9. Based on the records examined by us and according to the information and explanations given to us, the Company has not taken any loans or advances from banks or financial institutions or has not issued any debentures and therefore clause (ix) of paragraph 3 of the Order is not applicable.
10. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
11. Based on the records examined by us and according to the information and explanations given to us, the Company has not taken any term loan and hence clause (xi) is not applicable.
12. During the course of our examination of the books and records of the Company, carried out in accordance with generally accepted accounting practices and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company were noticed or reported during the year, nor have we been informed of any such instances during the year.

For **B. K. Khare & Co.**
Chartered Accountants
Firm's Registration Number 105102W

H. P. Mahajani
Partner
Membership No. 030168

Mumbai, 21st May, 2015

BALANCE SHEET AS AT 31 MARCH 2015

	Notes	Rupees	As at 31 March 2015 Rupees	Rupees	As at 31 March 2014 Rupees
A EQUITY AND LIABILITIES					
1 Shareholders' Funds:					
(a) Share capital	2	4,666,630		4,666,630	
(b) Reserves & surplus.....	3	57,685,087		27,174,318	
			62,351,717		31,840,948
2 Current Liabilities:					
(a) Trade payables	4	196,668		179,746	
(b) Short-term provisions	5	13,471		289,980	
			210,139		469,726
			62,561,856		32,310,674
B ASSETS					
1 Non-Current Assets:					
(a) Non-current investments	6	–		26,000,000	
(b) Long-term loans and advances ...	7	955,250		724,104	
			955,250		26,724,104
2 Current Assets:					
(a) Current investments.....	8	1,000,000		–	
(b) Cash and cash equivalents.....	9	59,465,308		4,385,601	
(c) Short-term loans and advances...	7	40,661		1,163,614	
(d) Other current assets	10	1,100,637		37,355	
			61,606,606		5,586,570
			62,561,856		32,310,674

See accompanying notes forming part of the financial statements

In terms of our report attached

For **M/s. B K Khare & Co.**
Chartered Accountants
Firm Registration No.105102W

H. P. Mahajani
Partner
Member Registration No. 030168

Mumbai, 21st May, 2015

For and on behalf of the Board of Directors

Ulhas Yargop
C. Krishnadas
M. A. Nazareth
Directors

Mumbai, 21st May, 2015

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2015

	Notes	For the year ended 31 March 2015 Rupees	For the year ended 31 March 2014 Rupees	
INCOME:				
1	Revenue from Operations (gross)	11	849,687	1,430,000
	Less: Excise duty		—	—
	Revenue from Operations (net)		849,687	1,430,000
2	Other Incomes	12	30,817,547	281,413
3	Total Revenue (1+2)		31,667,234	1,711,413
4	Expenses:			
	(a) Other expenses	13	240,485	194,183
			240,485	194,183
5	Profit before taxation (3-4)		31,426,749	1,517,230
6	Tax expense:			
	(a) Current tax		680,146	304,637
	(b) Provision for earlier year tax		235,834	—
			915,980	304,637
7	Profit for the year (5-6)		30,510,769	1,212,593
8	Earnings per equity share [nominal value of share Rs. 10 (31 March 2015: Rs. 10)]			
	Basic:			
	Computed on the basis of total profit for the year		65.38	2.60
	Diluted:			
	Computed on the basis of total profit for the year		65.38	2.60
	See accompanying notes forming part of the financial statements	1		

In terms of our report attached

For **M/s. B K Khare & Co.**
Chartered Accountants
Firm Registration No.105102W

H. P. Mahajani
Partner
Member Registration No. 030168

Mumbai, 21st May, 2015

For and on behalf of the Board of Directors

Ulhas Yargop
C. Krishnadas
M. A. Nazareth
Directors

Mumbai, 21st May, 2015

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2015

	For the year ended 31 March 2015 Rupees	For the year ended 31 March 2014 Rupees
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Profit before taxation	31,426,749	1,517,230
Adjustments for:		
Gain on sale of long-term investment	(29,241,225)	–
Interest on bank deposits	(1,576,322)	(281,285)
	<u>(30,817,547)</u>	<u>(281,285)</u>
Operating Profit before Working capital changes.....	609,202	1,235,945
Changes in:		
Trade and other receivables	1,122,953	–
Trade and other payables	16,922	162,892
	<u>1,139,875</u>	<u>162,892</u>
Cash generated from operations.....	1,749,077	1,398,837
Income taxes paid (including Fringe benefit tax)	(1,423,635)	(325,856)
NET CASH FROM OPERATING ACTIVITIES.....	<u>325,442</u>	<u>1,072,981</u>
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Proceeds from sale of long-term investment	54,241,225	–
Interest received	513,040	269,037
NET CASH FROM INVESTING ACTIVITIES	<u>54,754,265</u>	<u>269,037</u>
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from the issue of share capital (including share premium).....	–	–
NET CASH FROM FINANCING ACTIVITIES	<u>–</u>	<u>–</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	55,079,707	1,342,018
CASH AND CASH EQUIVALENTS (see Note below)		
Opening balance	4,385,601	3,043,583
Closing balance.....	59,465,308	4,385,601
Note:		
Cash and cash equivalents includes:		
Cash on hand.....	714	705
Balances with Scheduled Banks:		
(I) on Current Accounts.....	404,858	150,614
(II) on Fixed Deposit Account	59,059,736	4,234,282
	<u>59,465,308</u>	<u>4,385,601</u>

In terms of our report attached

For **M/s. B K Khare & Co.**
Chartered Accountants
Firm Registration No.105102W

H. P. Mahajani
Partner
Member Registration No. 030168

Mumbai, 21st May, 2015

For and on behalf of the Board of Directors

Ulhas Yargop
C. Krishnadas
M. A. Nazareth
Directors

Mumbai, 21st May, 2015

NOTES TO ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2015

Note 1 Summary of Significant accounting policies:

a) Basis of preparation:

The financial statements of the company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The accounts have been prepared on the basis that the Company is regarded as a going concern, and to comply, in all material aspects, with the applicable accounting principles in India, the Accounting Standards referred to in sub-section (3C) of section 211 and relevant provisions of the Companies Act, 1956.

b) Revenue Recognition:

Fees and interest are recognized on time proportion basis.

c) Investments:

Investments are classified under Non-current and current categories.

'Non-current Investments' are carried at acquisition /amortized cost. A provision is made for diminution other than temporary on an individual basis.

'Current Investments' are carried at the lower of cost or fair value on an individual basis.

d) Taxes on Income:

Income taxes are accounted for in accordance with Accounting Standard 22 (AS 22) on "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India. Tax expense comprises both current and deferred tax.

Current tax is measured at the amount expected to be paid to/recovered from the tax authorities using the applicable tax rates.

Deferred tax assets and liabilities are recognised for future tax consequences attributable to timing differences between taxable income and accounting income that are capable of reversing in one or more subsequent periods and are measured using the relevant enacted tax rates. At each Balance Sheet date, the Company reassesses unrecognised deferred tax assets to the extent they have become reasonably certain or virtually certain of realisation, as the case may be.

Deferred tax assets are not recognised to the extent that there is no virtual certainty or reasonable certainty, as the case may be, supported by convincing evidence that sufficient future tax income will be available against which such deferred tax assets can be realised.

Note 2 Share capital:

	As at 31 March 2015		As at 31 March 2014	
	Nos	Rupees	Nos	Rupees
Authorised shares:				
Equity Shares of Rs. 10 each.....	1,000,000	10,000,000	1,000,000	10,000,000
	<u>1,000,000</u>	<u>10,000,000</u>	<u>1,000,000</u>	<u>10,000,000</u>
Issued, subscribed and fully paid-up shares:				
Equity Shares of Rs. 10 each.....	466,663	4,666,630	466,663	4,666,630
	<u>466,663</u>	<u>4,666,630</u>	<u>466,663</u>	<u>4,666,630</u>
a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period				
Equity:				
Opening Balance	466,663	4,666,630	466,663	4,666,630
Add: Issued during the year	-	-	-	-

Note 2 Share capital: (Contd.)

	As at 31 March 2015		As at 31 March 2014	
	Nos	Rupees	Nos	Rupees
Add: Additions due to Merger	-	-	-	-
Less: Deductions due to Merger	-	-	-	-
Closing Balance	466,663	4,666,630	466,663	4,666,630

b. Terms/rights attached to equity shares

The Company is having only one class of equity shares having face value of Rs. 10 each. 366,663 equity shares were issued during the financial year 2011-2012 at a premium of Rs.80/- each. Each holder of equity share is entitled to one vote per share.

In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive remaining assets of the Company, after the distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c. Details of shares held by the holding company

Particulars	As at	As at
	31 March 2015	31 March 2014
Mahindra Holdings Limited, the holding company, including 1 share jointly held with its nominee	466,663	466,663

d. Details of shareholders holding more than 5% shares in the company

Particulars	As at 31 March 2015		As at 31 March 2014	
	Nos	% holding	Nos	% holding
Mahindra Holdings Limited	466,662	99.9998%	466,662	99.9998%

As per records of the Company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

Company is 100% subsidiary of Mahindra Holdings Limited w.e.f. 29th September, 2011.

Note 3 Reserves and surplus:

	As at	As at
	31 March 2015	31 March 2014
	Rupees	Rupees
Surplus/(deficit) in the statement of profit and loss		
Balance as per last financial statements.....	(2,158,722)	(3,371,315)
Profit for the year.....	30,510,769	1,212,593
Net surplus in the statement of profit and loss..	<u>28,352,047</u>	<u>(2,158,722)</u>
Securities premium account		
	As at	As at
	31 March 2015	31 March 2014
	Rupees	Rupees
Balance as per last financial statement	29,333,040	29,333,040
Add: Securities premium credited on Share issue	-	-
Closing Balance.....	<u>29,333,040</u>	<u>29,333,040</u>
Total reserves and surplus	57,685,087	27,174,318

Note 4 Trade payables:

	Current	
	As at 31 March 2015 Rupees	As at 31 March 2014 Rupees
Trade Payables		
1 – Micro & Small Enterprises.....	–	–
2 – Other than Micro & Small Enterprises	196,668	179,746
	<u>196,668</u>	<u>179,746</u>

Note 5 Short-term provisions:

	Current	
	As at 31 March 2015 Rupees	As at 31 March 2014 Rupees
1 Provision for income tax	13,471	289,980
	<u>13,471</u>	<u>289,980</u>

Note 6 Non-current investments:

	As at 31 March 2015 Number of shares	As at 31 March 2015 Rupees	As at 31 March 2014 Number of shares	As at 31 March 2014 Rupees
	Investments (At Cost, unless otherwise specified):			
Unquoted Shares (Non- trade and fully paid-up unless otherwise specified):				
Investment in others:				
Rs. 10 per share in AT&T Global Network Ser. India P. Ltd.	–	–	2,600,000	26,000,000
				<u>26,000,000</u>

Note 7 Long-term/short-term loans and advances:

	Non-current		Current	
	As at 31 March 2015 Rupees	As at 31 March 2014 Rupees	As at 31 March 2015 Rupees	As at 31 March 2014 Rupees
Other loans and advances				
-Unsecured, Considered Good				
Advance income tax (net of provision for taxation)	955,250	724,104	–	–
AT&T (Amount accrued but not due).....	–	–	40,661	1,163,614
	<u>955,250</u>	<u>724,104</u>	<u>40,661</u>	<u>1,163,614</u>

Note 8 Current investments:

	As at 31 March 2015 Number of shares	As at 31 March 2015 Rupees	As at 31 March 2014 Number of shares	As at 31 March 2014 Rupees
	Investments (At Cost, unless otherwise specified):			
Unquoted Shares (Non-trade and fully paid-up unless otherwise specified):				
Investment in others:				
Rs. 10 per share in AT & T Global Network Ser. India P. Ltd.	100,000	1,000,000	–	–
		<u>1,000,000</u>		<u>–</u>

Note 9 Cash and cash equivalents:

	Current	
	As at 31 March 2015 Rupees	As at 31 March 2014 Rupees
Cash on hand	714	705
Other Bank Balances		
1 On current account.....	404,858	150,614
2 Deposits with original maturity for more than 3 months but less than 12 months maturities.....	59,059,736	4,234,282
	<u>59,465,308</u>	<u>4,385,601</u>

Note 10 Other current assets:

	Current	
	As at 31 March 2015 Rupees	As at 31 March 2014 Rupees
Others:		
Interest accrued but not due on term deposits.....	1,100,637	37,355
	<u>1,100,637</u>	<u>37,355</u>

Note 11 Revenue from Operations

	For the year ended 31 March 2015 Rupees	For the year ended 31 March 2014 Rupees
Call Option Fees	849,687	1,430,000
	<u>849,687</u>	<u>1,430,000</u>

Note 12 Other income:

	For the year ended 31 March 2015 Rupees	For the year ended 31 March 2014 Rupees
Interest income on:		
Bank deposits.....	1,576,322	281,285
Income Tax Refund.....	–	128
Gain on sale of long-term investment	29,241,225	–
	<u>30,817,547</u>	<u>281,413</u>

Note 13 Other expenses:

	For the year ended 31 March 2015 Rupees	For the year ended 31 March 2014 Rupees
Payment to Auditors (See details below)	53,090	179,746
Rates & taxes.....	5,941	–
Professional charges.....	162,037	12,359
General and miscellaneous expenses.....	19,417	2,078
	<u>240,485</u>	<u>194,183</u>

Payment to Auditors*:	For the year ended 31 March 2015	For the year ended 31 March 2014
	Rupees	Rupees
Audit Fees (As auditor).....	28,090	28,090
For Taxation Matters	25,000	151,656
* inclusive of service tax		
	<u>53,090</u>	<u>179,746</u>

Note 14 Computation of "Earnings Per Share"

The computation of the "Earnings per share" in line with Accounting Standard 20 is as under:

		For the year ended 31 March 2015	For the year ended 31 March 2014
A.	Net Profit after tax available for equity shareholders (Rs.)	30,510,769	1,212,593
B.	Nominal value per Share (Rs.)	10	10
C.	Weighted Average number of Equity Shares (No.)	466,663	466,663
D.	Basic & Diluted Earnings per share (Re.)	65.38	2.60

Note 15 Contingent Liability

	For the year ended 31 March 2015	For the year ended 31 March 2014
Income tax demands disputed from A.Y. 2008-09 to A.Y. 2012-13 for which the Company has preferred appeal before the Appellate Authorities	4,135,914	2,684,694
TOTAL	4,135,914	2,684,694

Note 16

As per Accounting Standard 18 "Related Party Disclosures" referred to in sub-section 3(C) of section 211 of the Companies Act, 1956, the details are as follows:

Related parties where control exists:

- i) Mahindra & Mahindra Limited: Ultimate Holding Company
- ii) Mahindra Holdings Limited: Holding Company

Transactions with related parties during the year

Nature of transactions	Enterprises controlling the Company	
	Ultimate Holding Company	Holding Company
Expenses	86,798	—
	(-)	(-)

Balance as on 31 March 2015

Nature of transactions	Enterprises controlling the Company	
	Ultimate Holding Company	Holding Company
Payables	79,073	—
	(-)	(-)

Note 17

No Companies have been identified under the Micro Small and Medium Enterprises Development Act, 2006 as on 31st March, 2015 and hence the disclosures as required by Notification No. G.S.R. 719 (E), dated 16th November, 2007 issued by the Ministry of Corporate Affairs is not applicable.

Note 18

Previous year's figures have been re-grouped/restated wherever necessary to conform to this year's classification.

For and on behalf of the Board of Directors

**Ulhas Yargop
C. Krishnadas
M. A. Nazareth**

Mumbai, 21st May, 2015

Directors

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors present their Fifth Report along with the Audited Accounts of your Company for Financial Year ended 31st March, 2015.

Financial Highlights and State of Company's Affairs

Particulars	(Rs. In Lakhs)	
	For the year ended 31 st March, 2015	For the year ended 31 st March, 2014
Total Income	112.43	23.45
Profit/(Loss) before Interest, Depreciation and Taxation	(322.24)	(239.83)
Less: Interest	–	0.99
Depreciation	52.35	18.36
Prior Period Expenses	–	36.03
Profit/(Loss) before Tax	(374.59)	(295.21)
Less: Income Tax thereon		
Current Tax	–	–
Deferred Tax	8.05	(2.84)
Short/(Excess) provision for current tax in respect of earlier years	–	–
Net Profit/(Loss)	(366.54)	(298.05)
Balance of Profit/(Loss) brought forward from last year	(302.28)	(4.23)
Balance of Profit/(Loss) carried forward	(668.82)	(302.28)
Net Worth	232.17	290.72

No material changes and commitments have occurred between the closure of the financial year to which the financial statements relate and the date of this report which would affect the financial position of the Company.

Operations

Your Company's Hyderabad center commenced operations in the current year. The Auto training center in Bengaluru has been set up and has commenced training. Your Company has now been an affiliated training partner of the National Skill Development Corporation (NSDC) for more than a year. During the year under review, more than 1000 students underwent training either in your company's campus or in their colleges. Your Board hopes to continue this upward trajectory in the next year.

Dividend

In view of the losses, your Directors do not recommend any dividend for the year under review.

Outlook for the Current year

The outlook for the current year is very positive. Your Company plans to implement skilling initiatives in partnership with many State Governments and Universities as an NSDC training partner. Your Company hopes to add new courses and sectors to widen the scale and scope of skilling.

Share Capital

During the year under review, the Authorised Share Capital of your Company was increased from Rs. 8 crore to Rs. 9.50 crore by creation of additional 15 lakh Equity Shares of the face value of Rs. 10 each.

Further Issue of Share Capital

Your Company, during the year, made an issue of 30 lakh equity shares of Rs.10 each on Rights basis and pursuant to the same the issued, subscribed and paid up share capital of your Company stood increased to Rs. 9.01 crore as on 31st March, 2015.

Board of Directors

Mr. Prince Augustin (DIN: 02336637) and Mr. Manoj Kumar (DIN: 02642859), Directors retire by rotation and being eligible, offer themselves for re-appointment.

Number of Meetings

Your Board of Directors met five times during the year under review i.e. on 17th April, 2014, 13th August, 2014, 19th August, 2014, 12th December, 2014 and 30th March, 2015.

Directors' Responsibility Statement

Pursuant to section 134(5) of the Companies Act, 2013, your Directors, based on the representation received, and after due enquiry, confirm that:

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed;
- (ii) they have, in the selection of the accounting policies, consulted the Statutory Auditors and these have been applied consistently and reasonable and prudent judgments and estimates have been made so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2015 and of the Loss of the Company for the year ended on that date;
- (iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) the annual accounts have been prepared on a going concern basis; and

- (v) proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Key Managerial Personnel

Ms. Bhavana Awatramani was appointed as a Company Secretary on 12th December, 2014 in accordance with provisions of Section 203 of Companies Act, 2013.

Risk Management Policy

Your Company has formulated Risk Management Policy including therein the elements of risks which in the opinion of Board may threaten the existence of the Company.

Your Board is hopeful that the implementation of the policy will be helpful to the Company in avoiding the risks and enabling the Company to manage the same, if confronted with.

Policy on Prevention of Sexual Harassment

During the year under review, no complaints were received under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

Corporate Social Responsibility (CSR)

Provisions relating to CSR enumerated under Section 135 of the Companies Act, 2013 are not applicable to your Company and accordingly, your Company does not have a CSR policy.

Auditors

Messrs. B. K. Khare & Co, Chartered Accountants, (ICAI registration Number 105102W) were appointed, as Auditors of your Company, at the 4th Annual General Meeting held on 19th August, 2014 from its conclusion till the conclusion of 9th Annual General Meeting. In terms of Section 139 (1) of Companies Act, 2013, such appointment is required to be ratified by the members at every Annual General Meeting.

As required under the provisions of section 139 and 141 of the Companies Act, 2013, your Company has obtained a written consent from the above Auditors to the effect that their appointment, would be in conformity with the conditions and criteria specified therein.

The members are requested to ratify the appointment of Auditors so made at the forthcoming Annual General Meeting and fix their remuneration.

There were no qualifications, reservations or adverse remarks made by the Auditors in their report.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The particulars relating to the Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo, as required under section 134(3)(m) of the Companies Act, 2013 read with the Companies Rule 8 (3) of the Companies (Accounts) Rules, 2014 are given as Annexure I to this Report.

Particulars of Employees as required under Rule 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Being unlisted company, provisions of Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable to your Company.

Particulars of public deposits, loans, guarantees or investments

Your Company has not accepted any deposits from the public or its employees during the year under review. There were no deposits which are not in compliance with requirements of chapter V of the Companies Act, 2013.

Your Company has not made any loans, investments and guarantees which are required to be disclosed in the annual accounts of the Company pursuant to Section 186 of the Companies Act, 2013.

Your Company has not made any loans/advances which are required to be disclosed in the annual accounts of the Company pursuant to Clause 32 of the Listing Agreement between the Parent Company, Mahindra and Mahindra Limited and the Stock Exchanges.

Particulars of Transactions with Related Parties

Particulars of material contracts or arrangements with related parties are given in the form AOC – 2 as Annexure II and the same forms part of this Report.

Extract of Annual Return

Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014 an extract of the Annual Return as on 31st March, 2015 in the form MGT-9 is attached herewith as Annexure III and forms part of this Report.

Internal Financial Controls

Pursuant to Rule 8 of the Companies (Accounts) Rules, 2014 based on the representation received and after due enquiry your directors confirm that they have laid down internal financial controls with reference to the Financial Statements and these controls are adequate.

General

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions/events on these items during the year under review:

1. Issue of equity shares with differential rights as to dividend, voting or otherwise.
2. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and the Company's operations in future.
3. There were no Shares having voting rights not exercised directly by the employees and for the purchase of which or subscription to which loan was given by the Company.

Acknowledgements

Your Directors are pleased to take this opportunity to thank the bankers, business associates, employers & students and all the other stakeholders for their co-operation to the Company during the year under review.

For and on behalf of the Board

S. Durgashankar
Director
(DIN: 00044713)

Sheetal Mehta
Director
(DIN: 06495637)

Mumbai, 27th April, 2015

ANNEXURE I TO THE DIRECTORS' REPORT

PARTICULARS AS PER THE COMPANIES (ACCOUNTS) RULES, 2014 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2015.

A. CONSERVATION OF ENERGY

- (a) the steps taken or impact on conservation of energy:
The operations of your Company are not energy intensive. Your Company has however taken adequate measures to reduce energy consumption.
- (b) the steps taken by the company for utilizing alternate sources of energy: **NIL**
- (c) the capital investment on energy conservation equipments: **Not applicable**

B. TECHNOLOGY ABSORPTION

- i) the efforts made towards technology absorption: **Not applicable**
- ii) the benefits derived like product improvement, cost reduction, product development or import substitution: **Not applicable**
- iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year) –
- (a) the details of technology imported: **Not applicable**
- (b) the year of import: **Not applicable**
- (c) whether the technology been fully absorbed: **Not applicable**
- (d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof: **Not applicable**
- iv. the expenditure incurred on Research and Development: **Nil**

C. FOREIGN EXCHANGE EARNINGS AND OUTGO: *(in terms of actual inflow and outflow)*

Total Foreign Exchange Earned and Used: Nil

	(Rupees in Lakhs)	
	For the Financial Year Ended 31st March, 2015	For the Financial Year ended 31 st March, 2014
Total Foreign Exchange Earned	NIL	NIL
Total Foreign Exchange Used	NIL	NIL

For and on behalf of the Board

S. Durgashankar
 Director
 (DIN: 00044713)

Sheetal Mehta
 Director
 (DIN: 06495637)

Mumbai, 27th April, 2015

ANNEXURE II TO THE DIRECTORS' REPORT

FORM NO. AOC -2

(Pursuant to clause (h) of subsection (3) of section 134 of the Act
and Rule 8(2) of the Companies (Accounts) Rules, 2014.

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arm's length transaction under third proviso thereto.

1. Details of contracts or arrangements or transactions not at Arm's length basis- Nil
2. Details of Material contracts or arrangements or transactions at Arm's length basis*

Sr. No.	Names(s) of Related Party & nature of relationship	Nature of Contracts/ arrangements/ transaction	Duration of the contracts/ arrangements/ transaction	Salient terms of the contracts or arrangements or transaction including the value, if any (Rs.)	Date of approval by the board	Amount paid as advances, if any
1.	Mahindra First Choice Services Limited. Fellow Subsidiary	Purchase of assets	2014 - 2015	Purchase of assets for Bangalore Auto Centre (Rs. 20,84,313)	N. A.	NIL
2.	Mahindra First Choice Services Limited. Fellow Subsidiary	Lease Rent	2014 - 2015	Payment of Lease rent for Bangalore Auto Centre (Rs. 2,68,215)	N. A.	NIL

* Pursuant to Notification dated 14th August, 2014 issued by the Ministry of Corporate Affairs, New Delhi (G.S.R. 590(E))

For and on behalf of the Board

S. Durgashankar
Director
(DIN: 00044713)

Sheetal Mehta
Director
(DIN: 06495637)

Mumbai, 27th April, 2015

ANNEXURE III TO THE DIRECTORS' REPORT

Form No. MGT-9

Extract of Annual Return

as on the financial year ended on 31st March, 2015

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

1	CIN	U80302MH2010PTC198303
2	Registration Date	2 nd January, 2010
3	Name of the Company	Mahindra Namaste Private Limited
4	Category/Sub-Category of the Company	Company limited by shares/Indian-Non Government
5	Address of Registered office and contact details	Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400018. Tel: 022-24905828
6	Whether listed Company (Yes/No)	No
7	Name, Address and Contact details of Registrar and Transfer Agent, if any	None

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sr. No	Name and Description of Main Product/Services	NIC Code of the Product	% to total turnover of the Company.
1.	Vocational Training & Courses	8030	100

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

Sr. No	Name and Address of the Company	CIN/GIN	Holding/ Subsidiary of the Company	% of shares held	Applicable Section
1.	Mahindra Holdings Limited Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400018.	U65993MH2007PLC175649	Holding Company	100	2(46)
2.	Mahindra and Mahindra Limited Gateway Building, Apollo Bunder, Mumbai - 400001.	L65990MH1945PLC004558	Holding Company	–	2(46)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i. Category-wise Share Holding:

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total	
A. Promoters									
1. Indian									
a. Individual/HUF	–	–	–	–	–	–	–	–	–
b. Central Govt.	–	–	–	–	–	–	–	–	–
c. State Govt.	–	–	–	–	–	–	–	–	–
d. Bodies Corp.	–	60,10,000	60,10,000	100	–	90,10,000	90,10,000	100	–
e. Bank/FI	–	–	–	–	–	–	–	–	–
f. Any Other	–	–	–	–	–	–	–	–	–
Sub-Total- A-(1)	–	60,10,000	60,10,000	100	–	90,10,000	90,10,000	100	–

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total	
2. Foreign									
a. NRI-Individuals	-	-	-	-	-	-	-	-	-
b. Other Individuals	-	-	-	-	-	-	-	-	-
c. Body Corporate	-	-	-	-	-	-	-	-	-
d. Bank/FI	-	-	-	-	-	-	-	-	-
e. Any Others	-	-	-	-	-	-	-	-	-
Sub Total- A (2)	-	-	-	-	-	-	-	-	-
Total Share Holder of Promoters (1+2)	-	60,10,000	60,10,000	100	-	90,10,000	90,10,000	100	-
B. Public Shareholding									
1. Institution									
a. Mutual Funds	-	-	-	-	-	-	-	-	-
b. Bank/FI	-	-	-	-	-	-	-	-	-
c. Cent. Govt.	-	-	-	-	-	-	-	-	-
d. State Govt.	-	-	-	-	-	-	-	-	-
e. Venture Capital	-	-	-	-	-	-	-	-	-
f. Insurance Co.	-	-	-	-	-	-	-	-	-
g. FIs	-	-	-	-	-	-	-	-	-
h. Foreign Portfolio Corporate	-	-	-	-	-	-	-	-	-
i. Foreign Venture Capital Fund	-	-	-	-	-	-	-	-	-
j. Others	-	-	-	-	-	-	-	-	-
Sub-Total-B (1)	-	-	-	-	-	-	-	-	-
2. Non- Institution									
a. Body Corp.	-	-	-	-	-	-	-	-	-
b. Individual	-	-	-	-	-	-	-	-	-
i. Individual shareholders holding nominal share capital upto ₹ 1 lakh	-	-	-	-	-	-	-	-	-
ii. Individual shareholders holding nominal share capital in excess of ₹ 1 Lakh	-	-	-	-	-	-	-	-	-
c. Others	-	-	-	-	-	-	-	-	-
(i) NRI (Rep)	-	-	-	-	-	-	-	-	-
(ii) NRI (Non-Rep)	-	-	-	-	-	-	-	-	-
(iii) Foreign National	-	-	-	-	-	-	-	-	-
(iv) OCB	-	-	-	-	-	-	-	-	-
(v) Trust	-	-	-	-	-	-	-	-	-
(vi) In Transit	-	-	-	-	-	-	-	-	-
Sub-Total-B (2)	-	-	-	-	-	-	-	-	-
Net Total (1+2)	-	-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs & ADRs									
Promoter and Promoter Group	-	-	-	-	-	-	-	-	-
Public	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	-	60,10,000	60,10,000	100	-	90,10,000	90,10,000	100	-

ii. Shareholding of Promoters:

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	
1	Mahindra Holdings Limited	60,09,999	100	0	90,09,999	100	0	-
2	Mahindra Holdings Limited Jointly with V. S. Parthasarathy*	1	0	0	1	0	0	-
	Total	60,10,000	100	0	90,10,000	100	0	-

* Jointly held with Mahindra Holdings Limited for the purpose of compliance with statutory provisions of Companies Act with regard to minimum number of members.

iii. Change in Promoters' Shareholding (please specify, if there is no change):

Particular	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No of shares	% of total shares of the Company	No of shares	% of total shares of the Company
At the beginning of the year (Mahindra Holdings Limited)	60,10,000	100	60,10,000	100
Increase :- On 13 th August, 2014 – Allotment by the Company	10,00,000	-	70,10,000	-
Increase :- On 17 th October, 2014 – Allotment by the Company	20,00,000	-	90,10,000	-
At the end of the year	-	-	90,10,000	100

iv. Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	Top Ten Shareholders	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	-	-	-	-	-
2.	-	-	-	-	-
3.	-	-	-	-	-

v. Shareholding of Directors and Key Managerial Personnel:

Sr. No.	For Each of the Directors and KMP Name of the Director/KMP	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	-	-	-	-	-
2.	-	-	-	-	-
3.	-	-	-	-	-

V. INDEBTEDNESS: NIL

Indebtedness of the Company including interest outstanding/accrued but not due for payment

PARTICULARS	SECURED LOANS EXCLUDING DEPOSITS	UNSECURED LOANS	DEPOSITS	(₹ In Crores)
				TOTAL INDEBTEDNESS
Indebtedness at the beginning of the financial year 01.04.2014				
1) Principal Amount	N.A.	N.A.	N.A.	N.A.
2) Interest due but not paid	N.A.	N.A.	N.A.	N.A.
3) Interest accrued but not due	N.A.	N.A.	N.A.	N.A.
Total of (1+2+3)				
Change in Indebtedness during the financial year				
+ Addition	N.A.	N.A.	N.A.	N.A.
- Reduction	N.A.	N.A.	N.A.	N.A.
Net change	N.A.	N.A.	N.A.	N.A.
Indebtedness at the end of the financial year-31.03.2015				
1) Principal Amount	N.A.	N.A.	N.A.	N.A.
2) Interest due but not paid	N.A.	N.A.	N.A.	N.A.
3) Interest accrued but not due	N.A.	N.A.	N.A.	N.A.
Total of (1+2+3)	N.A.	N.A.	N.A.	N.A.

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL: NIL

A. Remuneration to Managing Director, Whole-Time Directors and/or Manager:

Sr. No	Particulars of Remuneration	Name of MD/WTD/Manager		Total Amount (₹ In Lacs)
1.	Gross Salary	-	-	-
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act	-	-	-
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission	-	-	-
	- As % of Profit	-	-	-
	- Others, specify	-	-	-
5.	Others, please specify Provident Fund & other Funds	-	-	-
6.	Performance Bonus	-	-	-
	Total (A)	-	-	-

B. Remuneration of other directors:

I. Independent Directors:-

Particulars of Remuneration	Name of Directors					Total Amount (₹ In Lacs)
Fee for attending board committee meetings	-	-	-	-	-	-
Commission	-	-	-	-	-	-
Others	-	-	-	-	-	-
Total (1)	-	-	-	-	-	-

II. Other Non-Executive Directors:-

Other Non-Executive Directors								Total Amount
Fee for attending board committee meetings	-	-	-	-	-	-	-	-
Commission	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-
Total (2)	-	-	-	-	-	-	-	-
Total (B) = (1+2)	-	-	-	-	-	-	-	-

C. Remuneration to Key Managerial Personnel Other Than MD/Manager/WTD

Sr. No	Particulars of Remuneration	Name of the KMP	Total Amount (₹ In Lacs)
		Ms. Bhavana Awatramani Company Secretary	
1.	Gross Salary (Consultant Fee)	-	-
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act	-	-
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	-	-
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	-	-
2.	Stock Option	-	-
3.	Sweat Equity	-	-
4.	Commission	-	-
	- As % of Profit	-	-
	- Others, specify	-	-
5.	Others, Professional fees	0.91	0.91
	Performance Bonus	-	-
	Total (C)	0.91	0.91

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES (Under the Companies Act): None

	Type	Section of the Companies Act	Brief Description	Details of Penalty/Punishment/Compounding fees imposed	Authority [RD/NCLT/COURT]	Appeal made, if any (give Details)
A. COMPANY						
Penalty	-	-	N.A.	N.A.	N.A.	N.A.
Punishment	-	-	N.A.	N.A.	N.A.	N.A.
Compounding	-	-	N.A.	N.A.	N.A.	N.A.
B. DIRECTORS						
Penalty	-	-	N.A.	N.A.	N.A.	N.A.
Punishment	-	-	N.A.	N.A.	N.A.	N.A.
Compounding	-	-	N.A.	N.A.	N.A.	N.A.
C. OTHER OFFICERS IN DEFAULT						
Penalty	-	-	N.A.	N.A.	N.A.	N.A.
Punishment	-	-	N.A.	N.A.	N.A.	N.A.
Compounding	-	-	N.A.	N.A.	N.A.	N.A.

For and on behalf of the Board

S. Durgashankar
Director
(DIN: 00044713)

Sheetal Mehta
Director
(DIN: 06495637)

Mumbai, 27th April, 2015

INDEPENDENT AUDITOR'S REPORT

To the Members of Mahindra Namaste Private Limited

Report on the Financial Statements

1. We have audited the accompanying financial statements of **Mahindra Namaste Private Limited** ("the Company"), which comprise the Balance Sheet as at **March 31, 2015**, and the Statements of Profit and Loss and Cash Flow for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit.
4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in

order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2015, and its loss and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

9. As required by the Companies (Auditor's Report) Order, 2015, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
10. As required by Section 143(3) of the Act, we report that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c. The Balance Sheet, the Statement of Profit and Loss and Cash Flow dealt with by this Report are in agreement with the books of account.
 - d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);
 - e. On the basis of written representations received from the directors as on March 31, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015, from being appointed as a director in terms of Section 164(2) of the Act.
 - f. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of

the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company does not have any pending litigations which would impact its financial position.
- ii. The Company did not have any long-term contracts including derivate contracts for which there were any material foreseeable losses.
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For B. K. Khare & Co.
Chartered Accountants
Firm's Registration Number 105102W

Himanshu Chapsey
Partner
Membership No. 105731

Place: Mumbai
Date: 27 April 2015

ANNEXURE TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 9 of the Independent Auditors' Report of even date to the members of Mahindra Namaste Private Limited on the financial statements as of and for the year ended 31 March 2015

- i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
(b) The fixed assets of the Company have been physically verified by the Management during the year and no material discrepancies have been noticed on such verification. In our opinion, the frequency of verification is reasonable.
 - ii. The Company is in the business of rendering services, and consequently, does not hold any inventory. Therefore, the provisions of Clause 3(ii) of the said Order are not applicable to the Company.
 - iii. The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii)(a) and 3(iii)(b) of the said Order are not applicable to the Company.
 - iv. In our opinion, and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of fixed assets and for the sale of services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across, nor have been informed of, any continuing failure to correct major weaknesses in the aforesaid internal control system. The activities of the Company do not involve purchase of inventory and the sale of goods.
 - v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the rules framed there under to the extent notified.
 - vi. The Central Government of India has not prescribed the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company.
 - vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues in respect of Employees Provident Fund, Employee's State Insurance, income tax, cess and other statutory dues with the appropriate authorities.
(b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income-tax, sales-tax, wealth-tax, service-tax, duty of customs, and duty of excise or value added tax or cess which have not been deposited on account of any dispute.
(c) There are no amounts required to be transferred by the Company to the Investor Education and Protection Fund in accordance with the provisions of the Companies Act, 1956 and the rules made thereunder.
- viii. The Company has been registered for a period less than five years. Accordingly, the provisions of Clause 3(viii) of the Order are not applicable to the Company.
 - ix. As the Company does not have any borrowings from any financial institution or bank nor has it issued any debentures as at the balance sheet date, the provisions of Clause 3(ix) of the Order are not applicable to the Company.
 - x. In our opinion, and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year. Accordingly, the provisions of Clause 3(x) of the Order are not applicable to the Company.
 - xi. The Company has not raised any term loans. Accordingly, the provisions of Clause 3(xi) of the Order are not applicable to the Company.
 - xii. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.

For B. K. Khare & Co.
Chartered Accountants
Firm's Registration Number 105102W

Himanshu Chapsey
Partner
Membership No. 105731

Place: Mumbai
Date: 27 April 2015

BALANCE SHEET AS AT 31ST MARCH 2015

	Notes	As at 31 st March 2015	Amt (In ₹) As at 31 st March 2014
I. EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS:			
(a) Share Capital	2	90,100,000	60,100,000
(b) Reserves and Surplus	3	(66,882,801)	(30,228,390)
		<u>23,217,199</u>	<u>29,871,610</u>
NON CURRENT LIABILITIES:			
(a) Deferred Tax Liabilities	19	-	284,428
(b) Other Long Term Liabilities		389,504	431,400
(c) Long Term Provisions		237,983	151,530
		<u>627,487</u>	<u>867,358</u>
CURRENT LIABILITIES:			
(a) Trade Payables		51,180	22,000
(b) Other Current Liabilities	4	11,436,639	2,521,563
(c) Short Term Provisions	5	244,855	93,168
		<u>11,732,674</u>	<u>2,636,731</u>
Total		<u><u>35,577,359</u></u>	<u><u>33,375,699</u></u>
II. ASSETS :			
NON CURRENT ASSETS:			
(a) Fixed Assets			
Tangible Assets	6	13,400,738	14,204,068
Intangible Assets	6	461,886	700,000
(b) Deferred Tax Asset	19	520,244	-
(c) Long Term Loans and Advances	7	2,297,852	1,139,872
(d) Other Non Current Assets	8	2,230,000	4,323,000
		<u>18,910,720</u>	<u>20,366,940</u>
CURRENT ASSETS:			
(a) Current Investments	9	1,000,000	-
(b) Trade Receivables		-	84,500
(c) Cash and Cash Equivalents	10	15,311,874	12,404,677
(d) Short Term Loan and Advances	11	255,795	290,688
(e) Other Current Assets	12	98,971	228,894
		<u>16,666,640</u>	<u>13,008,759</u>
Total		<u><u>35,577,359</u></u>	<u><u>33,375,699</u></u>
Significant Accounting Policies	1		
See accompanying notes forming part of the financial statements			

For **B. K. Khare & Co**
Chartered Accountants
Firm Registration No. 105102W

Himanshu Chapsey
Partner
Membership No. 105731

Mumbai
Date: 27 April 2015

For and on behalf of the Board of Directors

FOR MAHINDRA NAMASTE PRIVATE LIMITED

S. Durgashankar
Director

Sheetal Mehta
Director

Mumbai
Date: 27 April 2015

STATEMENT OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2015

		Amt (In ₹)	
		For the year ended	For the year ended
	Notes	31 March 2015	31 March 2014
REVENUE:			
Revenue from Operations	13	10,722,300	1,998,082
Other Income	14	521,040	346,610
Total Revenue		<u>11,243,340</u>	<u>2,344,692</u>
EXPENSES:			
Employee Benefit Expenses	15	14,385,199	7,982,836
Finance Cost	16	-	99,381
Depreciation and Amortisation Expenses	6	5,234,618	1,835,921
Other Expenses	17	29,082,607	18,344,672
Total Expenses		<u>48,702,424</u>	<u>28,262,810</u>
Loss for the year		(37,459,083)	(25,918,118)
Prior Period expenses		-	(3,602,547)
Loss Before Tax		<u>(37,459,083)</u>	<u>(29,520,665)</u>
Less : Tax Expenses			
Deferred tax credit/(charge)(Net)	19	804,672	(284,428)
Loss for the year after tax		<u>(36,654,411)</u>	<u>(29,805,093)</u>
EARNINGS PER SHARE	22		
(Face value Rs 10/- per share) (Rupees)			
Basic.....		(4.58)	(7.47)
Diluted		(4.58)	(7.47)
Significant Accounting Policies	1		
See accompanying notes to the financial statements			

For **B. K. Khare & Co**
Chartered Accountants
Firm Registration No. 105102W

Himanshu Chapsey
Partner
Membership No. 105731

Mumbai
Date: 27 April 2015

For and on behalf of the Board of Directors

FOR **MAHINDRA NAMASTE PRIVATE LIMITED**

S. Durgashankar
Director

Sheetal Mehta
Director

Mumbai
Date: 27 April 2015

CASH FLOW STATEMENT FOR THE PERIOD ENDED 31ST MARCH, 2015

	For the year ended 31 March 2015	Amt (In ₹) For the year ended 31 March 2014
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit/(Loss) before taxation	(36,654,411)	(29,805,093)
Depreciation	5,234,618	1,835,921
Interest on OD	-	99,381
Loss on sale/scrap of fixed assets	1,793,386	
Interest Income/Profit on Mutual Funds	(519,200)	(331,624)
Operating Profit before Working Capital changes	<u>(30,145,608)</u>	<u>(28,201,415)</u>
Changes in working capital:		
<i>Adjustment for (increase)/decrease in operating assets</i>		
(Increase)/decrease in loans and advances.....	664,091	(6,066,954)
<i>Adjustment for increase/(decrease) in operating liabilities</i>		
Increase/(decrease) in liabilities	8,856,072	3,147,323
Cash Generated from Operations	<u>(20,625,445)</u>	<u>(31,121,046)</u>
NET CASH FROM OPERATING ACTIVITIES	<u>(20,625,445)</u>	<u>(31,121,046)</u>
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets.....	(6,212,269)	(16,739,989)
Sale of Fixed Assets.....	225,711	-
Interest Received	519,200	331,624
Investments	(1,000,000)	-
NET CASH USED IN INVESTING ACTIVITIES.....	<u>(6,467,358)</u>	<u>(16,408,365)</u>
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Issue of Share Capital.....	30,000,000	60,000,000
Borrowings taken.....	-	3,889,053
Borrowings repaid.....	-	(3,889,053)
Interest paid on OD.....	-	(99,381)
NET CASH USED IN FINANCING ACTIVITIES.....	<u>30,000,000</u>	<u>59,900,619</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	<u>2,907,197</u>	<u>12,371,208</u>
CASH AND CASH EQUIVALENTS		
Opening Balance	<u>12,404,677</u>	<u>33,469</u>
Closing Balance	<u>15,311,874</u>	<u>12,404,677</u>

For **B. K. Khare & Co**
Chartered Accountants
Firm Registration No. 105102W

Himanshu Chapsey
Partner
Membership No. 105731

Mumbai
Date: 27 April 2015

For and on behalf of the Board of Directors

FOR **MAHINDRA NAMASTE PRIVATE LIMITED**

S. Durgashankar
Director

Sheetal Mehta
Director

Mumbai
Date: 27 April 2015

Notes to the Financial Statements as at and for the year ended 31st March 2015

Note No. 1: Statement of Significant Accounting Policies

a. Basis of preparation:

The financial statements of the Company have been prepared in accordance with the historical cost convention and on accrual basis in accordance with generally acceptable accounting principles in India. These financial statements have been prepared to comply in all material aspects with the Accounting Standards specified under Section 133 of the Companies Act, 2013 ("the Act") read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended) and other relevant provisions of the Companies Act 2013.

All Assets and Liabilities have been classified as current or non-current as per the Company's operating cycle and other criteria set out in Schedule III to the Companies Act, 2013. Based on the nature of products/services and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current-non-current classification of assets and liabilities.

b. Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

c. Revenue recognition:

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Fees, net of discounts and the portion attributable to placement of students are recognised in the income statement over the period over which service is rendered (course duration).

The portion of fees attributable to placement to be provided by the Company to students are recognized on the completion of the company's obligation.

d. Tangible Fixed Assets:

Fixed assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises the purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for intended use.

e. Depreciation:

Depreciation is provided on a Straight Line Basis over the estimated useful lives of the assets which in certain cases are lower than those prescribed under Schedule II of the Companies Act, 2013. The useful lives of assets used by the Company are as follows:

Asset Class	Useful life
Leasehold Improvements	3 Years
Computers	3 Years
Furniture & Fixtures	8 Years
Office Equipment	5 Years
Motor Cycles	10 Years
Motor Vehicles	5 Years

f. Intangible Assets:

Intangible assets are stated at acquisition cost less accumulated amortisation. Amortisation is calculated by reference to their costs on the straight-line basis over the expected future period, for which the assets are expected to generate economic benefit.

g. Operating Leases:

Leases in terms of which the substantial risks and rewards of ownership remain with the lessor are classified as operating leases. Payments made under operating leases are recognized in profit or loss on a straight-line basis over the term of the lease.

h. Employee Benefits:

Provident fund:

The Company's contribution to provident fund, a defined contribution scheme, paid/payable during the year, is debited to the Statement of Profit and Loss.

Superannuation and other funds/schemes:

Company's contributions paid/payable during the year to officer's superannuation fund, employees' pension scheme, employees' state insurance scheme and labour welfare fund, where applicable, are recognised in the Statement of Profit and Loss.

Gratuity and compensated absences:

In respect of gratuity, the employee benefit cost is accounted for, based on an independent actuarial valuation obtained as at the Balance Sheet date. Actuarial gains and losses are recognized in the Statement of Profit and Loss.

Amount to be recognized in Balance Sheet

	As at	
	31 st March, 2015	31 st March, 2014
Present value of Funded Obligations	–	–
Fair Value of Plan Assets	–	–
Present Value of Unfunded Obligations	239,299	–
Unrecognized Past Service Cost	–	–
Amount not Recognized as an Asset (limit in Para 59(b))	–	–
Net Liability	239,299	–
Amounts in Balance Sheet		
Liability	239,299	–
Assets	–	–
Net Liability is bifurcated as follows:		
Current	1,316	–
Non Current	237,983	–
Net Liability	239,299	–

Expense to be recognized in Statement of Profit & Loss

	Year Ended	
	31 st March, 2015	31 st March, 2014
Current Service Cost	0	0
Interest on Defined Benefit Obligation	0	0
Expected Return on Plan Assets	0	0
Net Actuarial Losses / Gains Recognized in Year	0	0
Past Service Cost	0	0
Losses / Gains on "Curtailements & Settlements"	0	0
Losses / Gains on "Acquisition / Divestiture"	0	0
Effect of the Limit in Para 59 (b)	0	0
Total, Included in "Employee Benefit Expense"	87,769	1,51,530
Actual Return on Plan Assets	0	0

Notes to the Financial Statements as at and for the year ended 31st March 2015
Reconciliation of Benefit Obligation & Plan Assets for the Period

	Year Ended	
	31 st March, 2015	31 st March, 2014
Change in Defined Benefit Obligation	0	0
Opening Defined Benefit Obligation	0	0
Current Service Cost	0	0
Interest Cost	0	0
Actuarial Losses / Gains	0	0
Past Service Cost	0	0
Actuarial Losses / Gains due to Curtailment	0	0
Liabilities Extinguished on Settlements	0	0
Liabilities Assumed on Acquisition / (Settled on Divestiture)	0	0
Exchange Difference on Foreign Plans	0	0
Benefits Paid	0	0
Closing Defined Benefit Obligation	239,299	0
Change in Fair Value of Assets	0	0
Opening Fair Value of Plan Assets	0	0
Expected Return on Plan Assets	0	0
Actuarial Losses / Gains	0	0
Assets Distributed on Settlements	0	0
Contributions by Employer	0	0
Assets Acquired on Acquisition / (Distributed on Divestiture)	0	0
Exchange Difference on Foreign Plans	0	0
Benefits Paid	0	0
Closing Fair Value of Plan Assets	0	0
Expected Employer's Contribution Next Year	1,316	0

Provision for compensated absences benefit is recorded on the basis of management estimate.

i. Income Tax:

Income taxes are accounted for in accordance with the Accounting Standard 22 on "Accounting for Taxes on Income". Taxes comprise of current tax and deferred tax.

Current tax is determined as the amount of tax payable in respect of taxable income for the period using the applicable tax rates and tax laws.

Deferred tax assets and liabilities are recognised, subject to consideration of prudence, on timing differences, being the difference between taxable incomes and accounting income, that originate in one period and are capable of reversal in one or more subsequent periods and are measured using tax rates enacted or substantively enacted as at the balance sheet date.

j. Earnings Per share:

The Company reports basic and diluted Earnings Per Share (EPS) in accordance with Accounting Standard 20 on Earnings Per Share.

Basic EPS is computed by dividing the net profit or loss for the period by the weighted average number of Equity Shares outstanding during the year.

k. Grants:

Grants are recognized when there is reasonable assurance that the Company will comply with the conditions attached to them and the grants/subsidy will be received.

The portion of the grant whose primary condition is that the Company should purchase, construct or otherwise acquire capital assets is adjusted to the carrying value of the assets.

Grants in the nature of equity contribution are taken directly to Reserves within Shareholders' Funds. Other grants are taken to the Statement of Profit and Loss.

Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

Particulars	Amt (In ₹)	
	As at 31 st March, 2015	As at 31 st March, 2014
Note 2		
Share Capital		
Authorised		
90,50,000 Equity shares of Rs.10 each	95,000,000.00	80,000,000.00
	<u>95,000,000.00</u>	<u>80,000,000.00</u>
Issued, Subscribed and Paid - up		
90,10,000 Equity Shares of Rs.10 each fully paid	90,100,000.00	60,100,000.00
(All shares are held by Mahindra Holdings Limited, holding company. Including shares held with nominee, if any)		
Total	<u>90,100,000.00</u>	<u>60,100,000.00</u>

Notes:

- 90,10,000 (Previous period 60,10,000) shares are held by Mahindra Holdings Limited, the Holding Company, including shares held with nominee, if any.
- Number of Shares held by each shareholder holding more than 5% shares in the company are as follows:

Particulars	Number of shares as at	
	31 st March, 2015	31 st March, 2014
Equity Shares:		
Mahindra Holdings Limited	9,010,000	60,10,000

Reconciliation of the number of shares outstanding at the beginning and at the end of the year

Particulars	As at 31 st March, 2015	As at 31 st March, 2015	As at 31 st March, 2014	As at 31 st March, 2014
	No. of Shares	Amount	No. of Shares	Amount
No of shares outstanding at the beginning of the year	6,010,000	60,100,000	10,000	100,000
Add: additional shares issued during the year	3,000,000	30,000,000	6,000,000	60,000,000
No of shares outstanding at the end of the year	9,010,000	90,100,000	6,010,000	60,100,000
		As at 31st March, 2015		As at 31st March, 2014

Note 3.
Reserves & Surplus

Opening balance of Profit & Loss Account	(30,228,390)	(423,297)
Less: Loss for the Current Year	<u>(36,654,411)</u>	<u>(29,805,093)</u>
Total	<u>(66,882,801)</u>	<u>(30,228,390)</u>

Note 4.
Other Current Liabilities

Statutory contributions payable (PF, ESIC, Ptax)	96,304	416,563
TDS Payable	281,325	5,000
Grant Received-BLR Auto Center	4,175,094	-
Scholarships refundable	122,000	-
Scholarships received in advance	6,760,600	2,100,000
Gratuity Payable-current	1,316	-
Total	<u>11,436,639</u>	<u>2,521,563</u>

Note 5.
Short Term Provisions

Provision for Expenses	87,969	59,404
Provision for leave encashment	156,886	33,764
Total	<u>244,855</u>	<u>93,168</u>

Notes to the Financial Statements as at and for the year ended 31st March 2015

Note 6 - Fixed Assets - Tangible and Intangible

	SLM Rate	Gross Block				Depreciation				Net Block	
		As on 01/04/2014	Additions	Deductions	As on 31/03/2015	As on 01/04/2014	Additions	Deductions	As on 31/03/2015	As on 31/03/2015	As on 31/03/2014
Tangible Assets											
Leasehold Improvements	33.33%	3,217,906	1,583,928	2,134,404	2,667,430	275,099	1,575,452	992,838	857,713	1,809,717	2,942,807
Computers	33.33%	2,746,093	2,282,773	-	5,028,866	438,099	1,372,844	-	1,810,943	3,217,923	2,307,994
Furniture & Fixtures	12.50%	4,376,624	1,584,709	841,254	5,120,079	391,093	631,747	174,441	848,399	4,271,679	3,985,531
Office Equipments	20.00%	3,615,957	410,859	314,440	3,712,376	271,949	741,658	103,723	909,884	2,802,492	3,344,008
Motor Cars	20.00%	1,662,047	-	-	1,662,047	146,050	314,043	-	460,093	1,201,954	1,515,997
Motor Cycles	10.00%	121,362	-	-	121,362	13,630	10,760	-	24,390	96,972	107,732
		15,739,989	5,862,269	3,290,098	18,312,160	1,535,920	4,646,504	1,271,001	4,911,422	13,400,738	14,204,069
Intangible Assets											
Content	50%	1,000,000	350,000	-	1,350,000	300,000	588,114	-	888,114	461,886	700,000
		1,000,000	350,000	-	1,350,000	300,000	588,114	-	888,114	461,886	700,000
Total		16,739,989	6,212,269	3,290,098	19,662,160	1,835,920	5,234,618	1,271,001	5,799,536	13,862,624	14,904,069
Last Years Figures		-	16,739,989	-	16,739,989	-	1,835,920	-	1,835,920	14,904,069	-

Particulars	As at 31 st March, 2015	As at 31 st March, 2014	Particulars	As at 31 st March, 2015	As at 31 st March, 2014
Note 7.					
Long Term Loans and Advances					
Capital Advances	2,297,852	1,139,872	Interest Accrued on Fixed Deposits	9,654	39,821
Total	2,297,852	1,139,872	Tax Deducted at Source	34,475	33,073
			Security Deposit	-	156,000
Note 8.					
Non Current Assets					
Lease Deposits	2,230,000	4,323,000	Other Current Assets	54,842	-
Total	2,230,000	4,323,000	Total	98,971	228,894
Note 9.					
Current Investments					
Taurus Liquid Fund - Super Institutional Growth Fund	1,000,000	-	Note 12.		
Valued at Cost (664.75 units @ 1504.3361)			Other Current Assets		
NAV as on 31st March 2015 -1512.387			Interest Accrued on Fixed Deposits	9,654	39,821
Total	1,000,000	-	Tax Deducted at Source	34,475	33,073
			Security Deposit	-	156,000
Note 10.					
Cash & Cash Equivalents					
Cash	-	-	Other Current Assets	54,842	-
Balance with Schedule Bank	13,311,874	2,404,677	Total	98,971	228,894
Fixed Deposit with Bank	2,000,000	10,000,000	Note 13.		
Total	15,311,874	12,404,677	Revenue		
			Income from Training	10,047,300	1,998,082
Note 11.					
Short Term Loans & Advances					
Provident Fund Arrears Recoverable	-	165,561	Management Fee	675,000	-
Advances to Staff	27,787	12,722	Total	10,722,300	1,998,082
Prepaid Expenses	105,612	112,405	Note 14.		
Other Advances	122,397	-	Other Income		
Total	255,795	290,688	Interest income	304,935	331,624
			Profit on sale/redemption of Mutual Fund	214,265	-
Note 15.					
Employee Benefit Expenses					
			Miscellaneous Income/Write Off	335	14,986
			Interest on Income Tax Refund	1,505	-
			Total	521,040	346,610
			Note 15.		
			Employee Benefit Expenses		
			Salaries	13,382,492	7,448,230
			Contribution to PF & other benefits	820,726	392,696
			Staff Welfare	177,481	120,540
			Professional Tax	4,500	21,370
			Total	14,385,199	7,982,836
			Note 16.		
			Finance Costs		
			Interest on Borrowings	-	99,381
			Total	-	99,381

Notes to the Financial Statements as at and for the year ended 31st March 2015

Particulars	For the year	For the year
	ended 31st March 2015	ended 31st March 2014
Note 17.		
Other Expenses		
Legal & Professional Expenses	6,129,710	4,501,598
Rent	6,576,441	5,038,606
Marketing/Sales Promotion	3,037,751	2,227,971
Communication Expenses	1,004,826	363,959
Travel & Conveyance	3,368,011	2,645,937
Printing & Stationery	293,616	387,819
Electricity & Power	794,440	306,741
Repairs & Maintenance	420,959	253,972
Brokerage & Commission	-	544,500
Insurance	52,536	24,351
Statutory Audit Fees	56,180	56,180
Payment for Shared services	1,205,007	1,042,872
Manpower Contract Expenses	3,635,262	-
Loss on sale/scrap of Fixed Assets	1,793,386	-
Write Off of Bad Debts	343,500	-
Other Expenses	370,983	950,168
Total	29,082,607	18,344,672

Note 18. Related party transactions:

The ultimate holding company of the Company is Mahindra & Mahindra Limited. Transactions and balances with related parties have been set out below:

Name of Related Party	Nature of Relationship	Type of Transaction	Year ended 31 March, 2015	Year ended 31 March, 2014
Mahindra Holdings Ltd	Holding Company	Issue of Share Capital	300,00,000	600,00,000
Naandi Foundation	Entity having significant influence	Reimbursement of Expenses	12,05,007	37,72,603
Naandi Foundation	Entity having significant influence	Scholarship for students	118,50,000	21,00,000
Naandi Foundation	Entity having significant influence	Sale of Assets	42,108	Nil
Naandi Foundation	Entity having significant influence	Balance at the end of the year	42,108	Nil
Naandi Foundation	Entity having significant influence	Grant for BLR Auto Center	108,00,000	Nil
Mahindra First Choice Services Limited	Fellow Subsidiary	Sale of Assets	20,84,313	Nil
Mahindra First Choice Services Limited	Fellow Subsidiary	Lease Rent Paid	2,68,215	Nil
Mahindra First Choice Services Limited	Fellow Subsidiary	Balance at the end of the year	12,734	Nil

Note 19. Deferred Tax:

The components of Deferred Tax liability and assets as on 31st March 2015 are presented below:

	As at 31 st March, 2015	As at 31 st March, 2014
Deferred Tax Liability		
Difference between tax depreciation and depreciation/amortization charged for financial reporting	-	3,44,546
Deferred Tax Asset		
Difference between tax depreciation and depreciation/amortization charged for financial reporting	6,82,251	-
Provision for Employee Benefits	1,22,421	(60,119)
Deferred Tax Liability (Net)		2,84,428
Deferred Tax Asset	8,04,672	

Note 20. Prior Period Expenses:

The following expenses are the details of the prior period expenses pertaining to the year ended 31st March 2014:

Type of Expenditure	2015	2014
1. Manpower Costs	Nil	29,55,000
2. Travel	Nil	4,70,553
3. Other Expenses	Nil	1,76,994
Total	Nil	36,02,547

Note 21. Auditor's Remuneration:

Particulars	2015 Amount (in Rs.)	2014 Amount (in Rs.)
Audit fees	50,000	50,000
Service tax thereon	6,180	6,180
Total	56,180	56,180

Note 22. Earnings per share:

Particulars	Unit	2015	2014
Net profit / (loss) after taxation (amount used as numerator)	Rs.	(366,54,411)	(298,05,093)
Weighted Average Number of equity shares for Basic Earnings per share	Nos.	79,96,301	39,88,082
Nominal value of Equity Shares	Rs.	10.00	10.00
Basic and Diluted Earnings Per Equity share	Rs.	(4.58)	(7.47)

Note 23. Segment reporting

The Company has a single reportable business segment viz. providing training services for the purpose of Accounting Standard 17 on Segment Reporting.

For **B. K. Khare & Co**
Chartered Accountants
Firm Registration No. 105102W

Himanshu Chapsey
Partner
Membership No. 105731

Mumbai
Date: 27 April 2015

For and on behalf of the Board of Directors

FOR MAHINDRA NAMASTE PRIVATE LIMITED

S. Durgashankar
Director

Sheetal Mehta
Director

Mumbai
Date: 27 April 2015

DIRECTORS' REPORT

Your directors present their Fifth Report together with the audited financial statements of your Company for the year ended 31st March 2015.

FINANCIAL HIGHLIGHTS AND STATE OF COMPANY'S AFFAIRS

	(Rs. in cr.)	
	For the year ended 31st March 2015	For the period ended 31 st March 2014
Income		
Revenue from Operations(Gross)	503.91	112.83
Less: Excise Duty	-	-
Revenue from Operations (Net)	503.91	112.83
Other Income	3.73	12.11
Total Income	507.64	124.94
Expenses		
Cost of Raw Material and Components Consumed	403.62	76.20
(Increase)/decrease in inventories	(0.34)	(0.04)
Employee Benefit Expenses	24.11	16.67
Other Expenses	55.35	33.04
Depreciation and Amortization Expenses.....	1.33	0.37
Finance Costs	-	0.21
Total Expenses	484.07	126.45
Profit/(Loss) before Tax	23.57	(1.51)
Provision for Tax	8.34	(0.60)
Profit/(Loss) for the year from Continuing Operations	15.23	(0.91)
Balance of Profit from earlier years	38.05	38.96
Balance Carried Forward	53.28	38.05
Any amount carry forward to reserve	-	-
Networth	117.28	66.05

No material changes and commitments have occurred after the closure of the year under review till the date of this report which would affect the financial position of the Company

OPERATIONS

During the current year, the Company saw a tremendous growth in its operations with the turnover registering an almost 400 % increase from Rs. 125 crs in FY14 to Rs. 508 crs in FY15 due to sizable increase in the scale of projects executed. The Company posted a Profit After Tax of Rs. 15 crs in FY15. With a view to reflect the Company's changing focus from solar to providing sustainable solutions, the Company rebranded itself as "Mahindra Susten" which also matched with the increased government focus on renewable energy and a renewed momentum towards the adoption of clean sources of energy. The government focus to increase access to electricity and reduce dependence on imported fuel for the country's energy security is the key driver. Although the Solar PV installations during the year at 1,112 MW have been only 17% higher than that of FY14, there are several policy announcements that have been made and the coming quarters have a positive outlook.

Both the Central and State government agencies, in particular MNRE (Ministry of New & Renewable Energy) have taken proactive steps to create a concrete roadmap to meet the 100 GW Solar by the year 2022 target.

Although the sentiments are positive, the industry continued to face growing pressure on revenues and margins on account of intensifying competition. The renewed targets and the Make in India campaign have incentivized the entry of several local and international players across the value chain.

The Company's focus on innovation, operational excellence and customer satisfaction have ensured it continues to set new performance benchmarks for all its projects, establishing itself as one of the leading players in the solar EPC space.

The Company was awarded Utility Solar EPC Company of the Year for FY14 by Bridge to India. Apart from retaining its pole position in utility scale solar EPC, the Company also continues its focus on scaling up the non-solar businesses with an aim to become the most admirable green solutions company in India.

DIVIDEND

Your Directors have not recommended dividend with a view to conserve resources for the future growth of your Company.

SUBSIDIARIES**Mahindra Offgrid Services Private Limited (Offgrid)**

The Offgrid is exploring various opportunities in the renewable energy space. During the year under review, Offgrid has made investments in its two wholly owned subsidiaries viz., Brightsolar Renewable Energy Private Limited, which is setting up a 10 MW AC solar power project at Anantapur District in the state of Andhra Pradesh and Cleansolar Renewable Energy Private Limited, which is setting up a 30 MW AC solar power project at Ranga Reddy District in the state of Telangana.

Brightsolar Renewable Energy Private Limited (Brightsolar)

During the year the Brightsolar has entered into a power purchase agreement with Southern Power Distribution Company of Andhra Pradesh Limited for setting up of 10 MW AC solar power plant at Anantapur District in the state of Andhra Pradesh. The Company is in the process of acquiring land and

tying up sources of project financing. Other project execution related activities are being carried on.

Cleansolar Renewable Energy Private Limited (Cleansolar)

During the year the Cleansolar has entered into a power purchase agreement with Southern Power Distribution Company of Telangana Limited for setting up of 30 MW AC solar power plant at Ranga Reddy District in the state of Telangana. The Company is in the process of acquiring land and tying up sources of project financing. Other project execution related activities are being carried on.

SHARE CAPITAL

The authorized share capital of your Company has increased from rupees Forty crore to rupees One hundred crore during the year under review.

During the year under review, your Company allotted 1,56,79,442 equity shares to Mahindra Holdings Limited at a premium of Rs. 12.96/- per share on Rights basis.

The paid-up share capital of your Company as on 31st March 2015 stood at Rs. 43,67,94,420 divided into 4,36,79,442 equity shares of face value Rs. 10/- each.

BOARD OF DIRECTORS**Composition:**

Sr. No.	Name of the Director	DIN	Executive/ Non Executive	Independent/ Non Independent
1	Mr. K. Chandrasekar	01084215	Non Executive	Non Independent
2	Mr AKT Chari	00746153	Non Executive	Independent
3	Mr. Noshir Dastur	00493177	Non Executive	Independent
4	Mr Satish Kamat	01536698	Non Executive	Non Independent
5	Mr. Ranjan Pant	00005410	Non Executive	Non Independent
6	Ms. Anita Arjundas	00243215	Non Executive	Non Independent

Mr. Ranjan Pant was appointed as Additional Director of the Company with effect from 30th March, 2015. The Company has received notice from a member, signifying its intention to propose Mr. Ranjan Pant as candidate for the office of Director at the forthcoming Annual General Meeting.

Ms. Anita Arjundas was appointed as Additional Director of the Company with effect from 27th April, 2015. The Company has received notice from a member, signifying its intention to propose Ms. Anita Arjundas as candidate for the office of Director at the forthcoming Annual General Meeting.

Mr. A K T Chari and Mr. Noshir Dastur who are in the opinion of the Board, persons with integrity and possess relevant expertise and experience, and who have given declarations to the effect that they meet the criteria of independence as laid down under Section 149 of the Companies Act, 2013, have been appointed as independent directors with effect from 30th March, 2015, pursuant to Section 149 the Companies Act, 2013, for a period of 3 years and they would not be liable to retire by rotation. The Company has received notice from a member, signifying its intention to propose Mr. AKT Chari and Mr Noshir Dastur as candidate for the office of Independent Directors at the forthcoming Annual General Meeting.

Mr. Satish Kamat retires by rotation at the forthcoming Annual General Meeting, and being eligible, has offered himself for re-appointment.

NUMBER OF BOARD MEETING

The Board met Eight times during the year under review, i.e. on 25th April, 2014, 3rd June, 2014, 19th June, 2014, 16th August, 2014, 7th October, 2014, 26th November, 2014, 28th January, 2015 and 30th March, 2015.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to section 134(5) of the Companies Act, 2013, your directors, based on representation from the operating management, and after due enquiry, confirm that:

- in the preparation of the annual financial statements for the year ended 31st March 2015 the applicable accounting standards have been followed;
- they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year on 31st March 2015 and of the profit of the Company for the financial year ended on that date;

- (c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) they have prepared the annual accounts on a going concern basis; and
- (e) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

EVALUATION OF PERFORMANCE:

The Board of Directors has adopted a process for annual evaluation of its own performance and that of its committees and individual directors. Questionnaires/Feedback templates for annual evaluation, based on the criteria approved by the Board, were circulated to each Board member and responses were submitted to the Chairman of the Board for facilitating the formal annual evaluation.

KEY MANAGERIAL PERSONNEL

Pursuant to Section 203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, Key Managerial Personnel of your Company are as below:

- Mr. Basant Jain appointed as Chief Executive Officer with effect from 31st March 2014
- Mr. Roshan Gandhi appointed as Chief Financial Officer with effect from 31st March 2014
- Mr. Mohammed Slatewala appointed as Company Secretary with effect from 1st December 2014

COMMITTEES OF THE BOARD

Audit Committee

The Composition of Audit Committee is follows: -

Director	Designation
Mr. A K T Chari	Member
Mr. Noshir Dastur	Member
Mr. K Chandrasekar	Member

Pursuant to Section 177 of the Companies Act, 2013 read with Companies (Meetings of Board and its Powers) Rules, 2014, the Audit Committee was re-constituted for induction of Mr. Noshir Dastur as its members with effect from 30th March 2015.

The Audit Committee met thrice during year under review, i.e. on 25th April 2014, 26th November 2014 and 30th March 2015.

Nomination and Remuneration Committee

The composition of Nomination and Remuneration Committee is follows: -

Director	Designation
Mr. A K T Chari	Member
Mr. Noshir Dastur	Member
Mr. K Chandrasekar	Member

Pursuant to Section 178 of the Companies Act, 2013 read with Companies (Meetings of Board and its Powers) Rules, 2014, the Nomination and Remuneration Committee was re-constituted for induction of Mr. Noshir Dastur as its members with effect from 30th March 2015.

The Nomination and Remuneration Committee met once during year under review, i.e. on 30th March, 2015

Corporate Social Responsibility Committee

The composition of Corporate Social Responsibility Committee is follows: -

Director	Designation
Mr. A K T Chari	Member
Mr. Satish Kamat	Member
Mr. K Chandrasekar	Member

The Corporate Social Responsibility Committee met once during year under review, i.e. on 30th March, 2015.

Executives Stock Option Scheme Committee (ESOPS)

The composition of ESOPS Committee is follows: -

Director	Designation
Mr K Chandrasekar	Member
Mr. Satish Kamat	Member

There was no meeting of ESOPS Committee held during the year.

POLICY FOR REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES AND CRITERIA FOR APPOINTMENT/REMOVAL OF DIRECTORS AND SENIOR MANAGEMENT PERSONNEL

In line with the principles of transparency and consistency and upon recommendation of the Nomination and Remuneration Committee, your Board has approved

- Policy on the appointment/removal of directors and senior management personnel, together with the criteria for determining qualifications, positive attributes and independence of directors,
- Policy on and on the remuneration of directors, key managerial personnel and other employees.

These policies are provided as Annexure I and form part of this report.

RISK MANAGEMENT POLICY

The Board has formulated a Risk Management Policy for the Company which identifies elements of risk if any which may threaten the existence of the Company. Implementation of the Risk Management Policy is expected to be helpful in managing the risks associated with the business of the Company.

VIGIL MECHANISM

The Vigil Mechanism as envisaged in the Companies Act, 2013 and the Rules prescribed is implemented through the Company's Whistleblower Policy to enable the Directors and

employees of the Company to report genuine concerns, to provide for adequate safeguards against victimization of persons who use such mechanism and make provision for direct access to the Chairman of the Audit Committee.

STATUTORY AUDITORS

At the Fourth Annual General Meeting, M/s. B. K. Khare & Co., Chartered Accountants, (ICAI registration Number - 105102W) were appointed as the statutory auditors of your Company to hold office from the conclusion of the fourth Annual General Meeting till the conclusion of Fifth Annual General Meeting.

M/s. B. K. Khare & Co., Chartered Accountants have given a written consent to act as Statutory Auditor of your Company, if appointed, and have also confirmed that the said appointment would be in conformity with the provisions of Sections 139 and 141 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014.

The members are requested to appoint statutory auditors of the Company at the ensuing Annual General Meeting and fix their remuneration.

The Auditors' Report does not contain any qualification, reservation or adverse remark.

COST AUDITORS:

The Board of Directors of your Company have upon the recommendation of the Audit Committee appointed M/s. Shilpa & Co., Cost Accountants, to audit the cost accounts of the Company for the financial year ended 31st March, 2015.

M/s. Shilpa & Co., Cost Accountants are eligible for appointment as Cost Auditors and are an independent firm of Cost Accountants and have an arm's length relationship with your Company.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars relating to the energy conservation, technology absorption and foreign exchange earnings and outgo, as required under Section 134(3)(m) of the Companies Act, 2013 read with the Companies Rule 8(3) of The Companies (Accounts) Rules, 2014 are provided in Annexure II and form part of this report.

PARTICULARS OF EMPLOYEES AS REQUIRED UNDER RULE 5(2) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

Being unlisted company, provisions of Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable to your Company.

CORPORATE SOCIAL RESPONSIBILITY

Your Board has approved a Corporate Social Responsibility policy in accordance with the relevant provisions of Companies Act, 2013. Report on Corporate Social Responsibility containing particulars specified in Annexure to the Companies (Corporate Social Responsibility Policy) Rules, 2014 is given in Annexure III and forms part of this report.

PARTICULARS OF PUBLIC DEPOSITS, LOANS, GUARANTEES OR INVESTMENTS

Your Company has not accepted any deposits from the public, or its employees, during the year. There were no other deposits falling under Rule 2(1)(c) of the Companies (Acceptance of Deposits) Rules, 2014 at the beginning of the year, during the year and at the end of the year. There are no deposits which are not in compliance with the requirement of Chapter V of the Companies Act, 2013

Particulars of loans given and investments made pursuant to Section 186 of the Companies Act, 2013 are given under Note No 10 of the financial statement and the same form part of this Report.

Particulars of guarantees provided pursuant to Section 186 of the Companies Act, 2013 is given in Annexure IV and forms part of this report.

Your Company has not made any loans/advances which are required to be disclosed in the annual accounts of the Company pursuant to Clause 32 of the Listing Agreement between the parent Company, Mahindra and Mahindra Limited and stock exchanges.

PARTICULARS OF TRANSACTIONS WITH RELATED PARTIES

There are no contracts or arrangements with related parties of the Company referred to under Section 188(1) of the Companies Act, 2013 which are required to disclose in the report.

EXTRACT OF ANNUAL RETURN

Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return as on 31st March 2015 in form MGT-9 is annexed as Annexure V and forms part of this report.

EXECUTIVES STOCK OPTION SCHEME

During the year under review, the Company has not granted any Stock Options to the employees under the Executive Stock Option Scheme. Details of the shares vested, exercised and issued under the aforesaid Scheme, as also the disclosures in compliance with Rule 12(9) of the Companies (Share Capital and Debentures) Rules 2014 are set out in Annexure VI to this Report.

INTERNAL FINANCIAL CONTROLS

Pursuant to Rule 8 of the Companies (Accounts) Rules, 2014, based on the representation received and after due enquiry, your directors confirm that they have laid down internal financial controls with reference to the Financial Statements and these controls are adequate.

THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

During the year under review, no complaints were received under the Sexual Harassment of Women at work place

(Prevention, Prohibition and Redressal) Act, 2013, for prevention of sexual harassment.

GENERAL

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions/ events on these items during the year under review:

- Issue of equity shares with differential rights as to dividend, voting or otherwise.
- No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and the Company's operations in future.
- There were no Shares having voting rights not exercised directly by the employees and for the purchase of which or subscription to which loan was given by the Company.

ACKNOWLEDGEMENT

Your Directors would like to place on record their sincere thanks for the cooperation and support received from your Company's bankers, stakeholders, business associates and various agencies of the Central and State Governments.

For and on behalf of the Board

Director

Satish Kamat
(DIN – 01536698)

Director

AKT Chari
(DIN – 00746153)

Mumbai, 27th April 2015

ANNEXURE I TO THE DIRECTORS' REPORT

A. POLICY ON APPOINTMENT OF DIRECTORS AND SENIOR MANAGEMENT

DEFINITIONS

The definitions of some of the key terms used in this Policy are given below.

“**Board**” means Board of Directors of the Company.

“**Company**” means Mahindra EPC Services Private Limited.

“**Employee**” means employee of the Company including employees in the Senior Management Team of the Company.

“**Key Managerial Personnel**” (KMP) refers to key managerial personnel as defined under the Companies Act, 2013 and includes:

- (i) Chief Executive Officer (CEO);
- (ii) Chief Financial Officer (CFO); and
- (iii) Company Secretary (CS).

“**Nomination and Remuneration Committee**” (NRC) means Nomination and Remuneration Committee of Board of Directors of the Company for the time being in force.

“**Senior Management**” means personnel of the Company who are members of its Core Management Team excluding Board of Directors comprising of all members of management including the functional heads.

I. APPOINTMENT OF DIRECTORS

- The NRC reviews and assesses Board composition and recommends the appointment of new Directors. In evaluating the suitability of individual Board member, the NRC shall take into account the following criteria regarding qualifications, positive attributes and independence of director:
 - All Board appointments will be based on merit, in the context of the skills, experience, independence and knowledge, for the Board as a whole to be effective.
 - Ability of the candidates to devote sufficient time and attention to his professional obligations as Independent Director for informed and balanced decision making.
 - Adherence to the Code of Conduct and highest level of Corporate Governance in letter and in spirit by the Independent Directors.
- Based on recommendation of the NRC, the Board will evaluate the candidate(s) and decide on the selection of the appropriate member. The Board through the Chairman will interact with the new member to obtain his/her consent for joining the Board. Upon receipt of the consent, the new Director will be co-opted by the

Board in accordance with the applicable provisions of the Companies Act 2013 and Rules made thereunder.

REMOVAL OF DIRECTORS

If a Director is attracted with any disqualification as mentioned in any of the applicable Act, rules and regulations thereunder or due to non - adherence to the applicable policies of the company, the GNRC may recommend to the Board with reasons recorded in writing, removal of a Director subject to the compliance of the applicable statutory provisions.

SENIOR MANAGEMENT PERSONNEL

Senior Management personnel are appointed or promoted and removed/relieved with the authority of CEO based on the business need and the suitability of the candidate. The details of the appointment made and the personnel removed one level below the Key Managerial Personnel during a quarter shall be presented to the Board.

II. SUCCESSION PLANNING:

Board:

The successors for the Independent Directors shall be identified by the NRC at least one quarter before expiry of the scheduled term. In case of separation of Independent Directors due to resignation or otherwise, successor will be appointed at the earliest but not later than the immediate next Board meeting or three months from the date of such vacancy, whichever is later.

The NRC will accord due consideration for the expertise and other criteria required for the successor.

The Board may also decide not to fill the vacancy caused at its discretion.

Senior Management Personnel:

A good succession-planning program aims to identify high growth individuals, train them and feed the pipelines with new talent. It will ensure replacements for key job incumbents in KMPs and senior management positions in the organization.

We have a process of identifying Hi-pots and critical positions. Successors are mapped for these positions at the following levels:

1. Ready now
2. Ready in 1 to 2 years
3. Ready in 2 to 5 years
4. Ready in more than 5 year

in order to ensure talent readiness as per a ladder approach.

B. Remuneration Policy for Directors, Key Managerial Personnel and Employees.

Overall Intent of Compensation Policy

At Mahindra EPC Services Private Limited (MEPC) we want our employees to understand and appreciate their

role in providing value to the business. On its part, the organization recognizes that its success depends upon the skills, competencies and performance of its employees. We also believe that the way in which we compensate, reward and recognize as well as promote our employees is a crucial factor in achieving our business and financial objectives. Towards achievement of these objectives, we promote an entrepreneurial, team-based performance and result oriented culture.

Objectives of the Compensation Policy-

- To attract, motivate and retain employees by compensating them competitively, based on periodic comparison with other companies in relevant industries.
- To provide an overall package of remuneration and benefits which addresses the normal requirements of employees and their families.
- To align levels of compensation with the expected output of employees in terms of role responsibility, skills and experience.
- To link elements of compensation with performance of each individual as well as the business.

Compensation Strategy

- We will regularly track market trends in terms of compensation levels and practices in relevant industries through participation in structured surveys and informal consultation with a select group of comparable organizations. This information will be used to internally review our compensation policies and levels.
- Our package of remuneration and benefits will be designed to provide a degree of flexibility to individual officers to structure key benefits in a way that best suits individual personal and family requirements.

- Recognizing the need for long-term security, the compensation will include all statutory and other retirement benefits.
- Broad bands of compensation levels will be equitably defined for each grade to reflect levels of responsibility and provide a template when recruiting new employees.
- A pre-determined portion of remuneration will be linked directly to the annual performance of each individual and the business. This proportion will vary for each grade in keeping with the levels of responsibility.

Employees and Key Management Personnel

The company has a comprehensive HR policy manual which covers remuneration, employee benefits, special employee benefits, reimbursements, administrative policies etc.

Policy for Non-Executive Directors including Independent Directors:

The Nomination and Remuneration Committee shall decide the basis for determining the compensation, both fixed and variable, to the Non-Executive Directors including Independent Directors whether as commission or otherwise. The Committee shall take into consideration various factors such as director's participation in Board and Committee meetings during the year, other responsibilities undertaken, such as membership or chairmanship of committees, time spent in carrying out their duties, role and functions as envisaged in Companies Act 2013 and such other factors as the committee may consider deem fit for determining the compensation. The Board shall determine the compensation to Non-Executive Directors within the overall limits specified in the shareholders resolution.

For and on behalf of the Board

Director

Satish Kamat
(DIN – 01536698)

Director

AKT Chari
(DIN – 00746153)

Mumbai, 27th April 2015

ANNEXURE II TO THE DIRECTORS' REPORT**PARTICULARS AS PER THE COMPANIES (ACCOUNTS) RULES, 2014 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2015.****A. CONSERVATION OF ENERGY**

- (i) the steps taken or impact on conservation of energy:
The operations of your Company are not energy – intensive.
However adequate measures have been initiated to reduce energy consumption.
- (ii) the steps taken by the company for utilizing alternate sources of energy: Nil
- (iii) the capital investment on energy conservation equipments: Nil

B. TECHNOLOGY ABSORPTION

- i) the efforts made towards technology absorption - None
- ii) the benefits derived like product improvement, cost reduction, product development or import substitution: Not applicable
- iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year) – Not applicable
- (a) the details of technology imported:
- (b) the year of import
- (c) whether the technology been fully absorbed:
- (d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof:
- iv. The expenditure incurred on Research and Development: Nil

C. FOREIGN EXCHANGE EARNINGS AND OUTGO: (in terms of actual inflow and outflow)**(Rupees in Lakhs)**

Total Foreign Exchange Earned and Outgo:	For the Financial Year ended 31st March, 2015	For the Financial Year ended 31 st March, 2014
Total Foreign Exchange Earned	–	–
Total Foreign Exchange Outgo	27311.16	5203.23

For and on behalf of the Board

Director
Satish Kamat
(DIN – 01536698)

Director
AKT Chari
(DIN – 00746153)

Mumbai, 27th April 2015

ANNEXURE III TO THE DIRECTORS' REPORT

FORMAT FOR THE ANNUAL REPORT ON CSR ACTIVITIES TO BE INCLUDED IN THE BOARD'S REPORT

- (1) Mahindra EPC Services Private Limited (MEPC) is a subsidiary of Mahindra & Mahindra Limited. The CSR vision of MEPC is to serve and give back to the communities within which it works. From April 2014, in line with Companies Act, 2013, MEPC pledges 2% of average net profits made during the three immediately preceding financial years specifically towards CSR initiatives.

Web-link to the CSR policy - <http://www.mahindrasusten.com/csr.html>.

- (2) The Composition of the CSR Committee.

The CSR Committee of the Board comprises of the following Board members:

Director	Designation
Mr. A K T Chari	Independent Director
Mr. Satish Kamat	Director
Mr. K Chandrasekar	Director

- (3) Average net profit of the company for last three financial years. Rs 1855.41 Lacs
- (4) Prescribed CSR Expenditure (two per cent. of the amount as in item 3 above) Rs 37.11 Lacs
- (5) Details of CSR spent during the financial year.
- (a) Total amount to be spent for the financial year; Rs 37.11 Lacs
- (b) Amount unspent, if any; Nil
- (c) Manner in which the amount spent during the financial year is detailed below

S. No.	Particulars	
1	CSR project or activity identified	Education
2	Sector in which the project is covered	Education
3	Projects or programme (1) Local area or other Specify the state and district where projects or programs was undertaken	Nanhi Kali Program across India
4	Amount outlay (budget project or programme wise	Rs. 38 Lacs
5	Amount spent on the project or programme Sub Heads; (2) Direct expenditure on projects or programmes Overheads	Rs. 38 Lacs -
6	Cumulative expenditure up to the reporting period	Rs. 38 Lacs
7	Amount Spent direct or through implementing agency	Through KC Mahindra Education Trust

6. In case the company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report: Not Applicable

7. The implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the company

The implementation and monitoring of CSR Policy is in compliance with CSR objectives and Policy of the Company.

Satish Kamat
(DIN – 01536698)

AKT Chari
(DIN – 00746153)

ANNEXURE – IV TO THE DIRECTORS’ REPORT
PARTICULARS OF GUARANTEES PROVIDED PURSUANT TO
SECTION 186 OF THE COMPANIES ACT, 2013

Details of guarantee/Security provided:-

Sr. No.	Name of Company	Amount in lacs	Type
1	Cleansolar Renewable Energy Private Limited	600	Performance Bank Guarantee
2	Cleansolar Renewable Energy Private Limited	290	Bid Bond Bank Guarantee
3	Brightsolar Renewable Energy Private Limited	250	Performance Bank Guarantee

For and on behalf of the Board

Director
Satish Kamat
(DIN – 01536698)

Director
AKT Chari
(DIN – 00746153)

Mumbai, 27th April 2015

ANNEXURE V TO THE DIRECTORS' REPORT**FORM NO. MGT-9****Extract of Annual Return****As on the financial year ended on 31st March, 2015**

*[Pursuant to section 92(3) of the Companies Act, 2013
And rule 12(1) of the Companies (Management and Administration) Rules, 2014]*

I. REGISTRATION AND OTHER DETAILS:

1.	CIN	U74990MH2010PTC207854
2.	Registration Date	19/09/2010
3.	Name of the Company	Mahindra EPC Services Private Limited
4.	Category/Sub-Category of the Company	Public Limited Company
5.	Address of Registered office and contact details	Mahindra Towers, P K Kurne Chowk, Worli, Mumbai 400018. Tel : 022-24906683
6.	Whether listed Company (Yes/No)	No
7.	Name, Address and Contact details of Registrar and Transfer Agent, if any	Not applicable

I. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sr. No	Name and Description of Main Product/ Services	NIC Code of the Product	% to total turnover of the Company.
1	Engineering, procurement and construction	42201	97.78

II. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

Sr. No	Name and Address of the Company	CIN/GIN	Holding/ Subsidiary of the Company	% of shares held	Applicable Section
1.	Mahindra Holdings Limited Address : Mahindra Towers, P.K. Kurne Chowk, Worli, Mumbai -400018	U65993MH2007PLC175649	Holding Company	100	2(87)(i) and(ii)
2.	Mahindra Offgrid Services Private Limited Address : Mahindra Towers, P.K. Kurne Chowk, Worli, Mumbai -400018	U40300MH2010PTC205946	Subsidiary Company	100	2(87)(i) and(ii)
3.	Cleansolar Renewable Energy Private Limited Address : Mahindra Towers, P.K. KurneChowk, Worli, Mumbai -400018	U40108MH2013PTC250684	Subsidiary Company	100	2(87)(i) and(ii)
4.	Brightsolar Renewable Energy Private Limited Address : Mahindra Towers, P.K. KurneChowk, Worli, Mumbai -400018	U40108MH2013PTC250683	Subsidiary Company	100	2(87)(i) and(ii)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i. Category-wise Share Holding.

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1. Indian	-	-	-	-	-	-	-	-	-
a. Individual/ HUF	-	-	-	-	-	-	-	-	-
b. Central Govt.	-	-	-	-	-	-	-	-	-
c. State Govt.	-	-	-	-	-	-	-	-	-
d. Bodies Corp.	-	2,80,00,000	2,80,00,000	100%	-	4,36,79,442	4,36,79,442	100%	-
e. Bank/ FI	-	-	-	-	-	-	-	-	-
f. Any Other	-	-	-	-	-	-	-	-	-
Sub-Total- A-(1)	-	-	-	-	-	-	-	-	-
2. Foreign	-	-	-	-	-	-	-	-	-
a. NRI-Individuals	-	-	-	-	-	-	-	-	-
b. Other Individuals	-	-	-	-	-	-	-	-	-
c. Body Corporate	-	-	-	-	-	-	-	-	-
d. Bank/ FI	-	-	-	-	-	-	-	-	-
e. Any Others	-	-	-	-	-	-	-	-	-
Sub Total- A (2)	-	-	-	-	-	-	-	-	-
Total Share Holder of Promoters (1+2)	-	2,80,00,000	2,80,00,000	100%	-	4,36,79,442	4,36,79,442	100%	-
B. Public Shareholding									
1. Institution	-	-	-	-	-	-	-	-	-
a. Mutual Funds	-	-	-	-	-	-	-	-	-
b. Bank/ FI	-	-	-	-	-	-	-	-	-
c. Cent. Govt.	-	-	-	-	-	-	-	-	-
d. State Govt.	-	-	-	-	-	-	-	-	-
e. Venture Capital	-	-	-	-	-	-	-	-	-
f. Insurance Co.	-	-	-	-	-	-	-	-	-
g. FIs	-	-	-	-	-	-	-	-	-
h. Foreign Portfolio	-	-	-	-	-	-	-	-	-
i. Foreign Venture Capital Fund	-	-	-	-	-	-	-	-	-
j. Others	-	-	-	-	-	-	-	-	-
Sub-Total-B (1)	-	-	-	-	-	-	-	-	-
2. Non- Institution	-	-	-	-	-	-	-	-	-
a. Body Corp.									
b. Individual									
i. Individual shareholders holding nominal share capital upto ₹ 1 lakh	-	-	-	-	-	-	-	-	-
ii. Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	-	-	-	-	-	-	-	-	-

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
c. Others									
(i) NRI (Rep)	-	-	-	-	-	-	-	-	-
(ii) NRI (Non-Rep)	-	-	-	-	-	-	-	-	-
(iii) Foreign National	-	-	-	-	-	-	-	-	-
(iv) OCB	-	-	-	-	-	-	-	-	-
(v) Trust	-	-	-	-	-	-	-	-	-
(vi) In Transit	-	-	-	-	-	-	-	-	-
Sub-Total-B (2)	-	-	-	-	-	-	-	-	-
Net Total (1+2)	-	-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs & ADRs									
Promoter and Promoter Group	-	-	-	-	-	-	-	-	-
Public	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)		2,80,00,000	2,80,00,000	100%	-	4,36,79,442	4,36,79,442	100%	-

ii. Shareholding of Promoters:

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	
1	Mahindra Holdings Limited	2,79,99,999	100	-	4,36,79,441	100	-	Nil
2	Mahindra Holdings Limited Jointly with Mr Narayan Shankar	1	-	-	1	-	-	Nil

The joint shareholder with Mahindra Holdings Limited is an employee of Mahindra Group of Companies and his name has been added for complying with the statutory provisions

iii. Change in Promoters' Shareholding:

Name of Promoter: Mahindra Holdings Limited	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
At the beginning of the year	2,80,00,000	100%	2,80,00,000	100%
Increase :- Allotment of Equity shares on Rights basis to Mahindra Holdings Limited on 30th March, 2015	1,56,79,442	-	4,36,79,442	100%
At the end of the year	-	-	4,36,79,441	100%

iv. Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	Top Ten Shareholders	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
-		-	-	-	-

v. Shareholding of Directors and Key Managerial Personnel:

Sr. No.	For Each of the Directors and KMP Name of the Director/KMP	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	-	-	-	-	-
2.	-	-	-	-	-
3.	-	-	-	-	-

V. INDEBTEDNESS - Nil

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(₹ In Crores)

PARTICULARS	SECURED LOANS EXCLUDING DEPOSITS	UNSECURED LOANS	DEPOSITS	TOTAL INDEBTEDNESS
Indebtedness at the beginning of the financial year 01.04.2014	-	-	-	-
1) Principal Amount	-	-	-	-
2) Interest due but not paid	-	-	-	-
3) Interest accrued but not due	-	-	-	-
Total of (1+2+3)	-	-	-	-
Change in Indebtedness during the financial year	-	-	-	-
+ Addition	-	-	-	-
- Reduction	-	-	-	-
Net change	-	-	-	-
Indebtedness at the end of the financial year-31.03.2015	-	-	-	-
1) Principal Amount	-	-	-	-
2) Interest due but not paid	-	-	-	-
3) Interest accrued but not due	-	-	-	-
Total of (1+2+3)	-	-	-	-

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-Time Directors and/or Manager: Not Applicable

Sr. No.	Particulars of Remuneration	Name of MD/WTD/Manager		Total Amount (₹ In Lacs)
1.	Gross Salary	-	-	-
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act	-	-	-
	(b) Value of perquisites u/s 17(2) Income Tax Act,	-	-	-
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission - As % of Profit - Others, specify	-	-	-
5.	Others, please specify Provident Fund & other Funds	-	-	-

Sr. No.	Particulars of Remuneration	Name of MD/WTD/Manager		Total Amount (₹ In Lacs)
	Performance Bonus	-	-	
	Total (A)			
	Ceiling as per the Act	5% of the net profits of the Company		

B. Remuneration of other directors:

I. Independent Directors :-

Particulars of Remuneration	Amount (₹ In Lacs)
	AKT Chari
Fee for attending board committee meetings	0.50
Commission	-
Others	-
Total (1)	0.50

II. Other Non-Executive Directors :-

Other Non-Executive Directors	AKT Chari	Total Amount (₹ In Lacs)
Fee for attending board committee meetings	1.40	1.40
Commission	5.00	5.00
Others	-	-
Total (2)	6.40	6.40

C. Remuneration to Key Managerial Personnel Other Than MD / Manager/ WTD

Sr. No.	Particulars of Remuneration	Basant Jain CEO	Roshan Gandhi CFO	M Slatewala CS	Total
1	Gross Salary				-
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act	76,84,753	22,79,050	-	99,94,753
	(b) Value of perquisites u/s 17(2)	39,600	-	-	39,600
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	-	-	-	
2.	Stock Option	2,96,040	-	-	2,96,040
3.	Sweat Equity	-	-	-	
4.	Commission - As % of Profit - Others, specify	-	-	-	
5.	Others Contribution to Provident Fund	2,64,000	-	-	2,64,000
6.	Performance Bonus	17,49,300	-	-	17,49,300
7.	Professional Fees	-	-	60,000	-
	Total (C)	1,00,33,693	22,79,050	60,000	1,23,43,693

VII. PENALTIES/ PUNISHMENT/ COMPOUNDING OF OFFENCES (Under the Companies Act): Nil

	Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority (RD/NCLT/court)	Appeal made, if any (give details)
Penalty	-	-	-	-	-	-
Punishment	-	-	-	-	-	-
Compounding	-	-	-	-	-	-
OTHER OFFICERS IN DEFAULT						
Penalty	-	-	-	-	-	-
Punishment	-	-	-	-	-	-
Compounding	-	-	-	-	-	-

For and on behalf of the Board

Director
Satish Kamat
 (DIN – 01536698)

Director
AKT Chari
 (DIN – 00746153)

Mumbai, 27th April 2015

ANNEXURE VI TO THE DIRECTORS' REPORT

DISCLOSURE PURSUIT TO EMPLOYEE STOCK OPTION AND EMPLOYEE STOCK PURCHASE SCHEMES

The Board of Directors, shall, inter alia, disclose in the Directors Report for the year, the following details of the Employees Stock Option Scheme:

- (a) Options granted - NIL
- (b) Options vested -2,76,207
- (c) Options exercised - NIL
- (d) The total number of shares arising as a result of exercise of option - NIL
- (e) Options lapsed – 3,10,563
- (f) The exercise price – Rs. 17 per share
- (g) Variation of terms of options - NIL
- (h) Money realized by exercise of options - NIL
- (i) Total number of options in force – 7,61,156
- (j) Employee wise details of options granted to - No grant during the current year
 - (i) Key Managerial Personnel - NIL
 - (ii) any other employee who receives a grant of options in any one year of option amounting to five percent or more of options granted during that year - NIL
 - (iii) identified employees who were granted option, during any one year, equal to or exceeding one percent of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant - NIL

For and on behalf of the Board

Director
Satish Kamat
(DIN – 01536698)

Director
AKT Chari
(DIN – 00746153)

Mumbai, 27th April 2015

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MAHINDRA EPC SERVICES PRIVATE LIMITED

Report on the Financial Statements

1. We have audited the accompanying financial statements of **Mahindra EPC Services Private Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2015, and the related Statements of Profit and Loss and Cash Flow for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit.
4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial

reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2015, and of its profit and its cash flows for the year ended on that date.

Emphasis of matter

9. We draw attention to Note No. 32 of the financial statements and for the reasons detailed therein trade receivables amounting to Rs. 42,203,283 and interest accrued thereon (net of tax) of Rs. 22,772,627 have been considered realisable by the management. We have relied on the management representation in this regard.

Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

10. As required by the Companies (Auditor's Report) Order, 2015, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
11. As required by Section 143(3) of the Act, we report that:
 - a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c. the Balance Sheet, the Statement of Profit and Loss and Cash Flow dealt with by this Report are in agreement with the books of account;
 - d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);
 - e. on the basis of written representations received from the directors as on March 31, 2015, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015, from being appointed as a director in terms of Section 164(2) of the Act.
 - f. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014

(as amended), in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company has no pending litigations as on the date of financial statements.
- ii. The Company did not have any long-term contracts including derivate contracts for which there were any material foreseeable losses.
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For B. K. Khare & Co.

Chartered Accountants

Firm's Registration Number 105102W

Himanshu Chapsey

Partner

Membership Number: 105731

Mumbai, April 27, 2015

ANNEXURE TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 10 of the our report of even date to the members of **Mahindra EPC Services Private Limited** on the financial statements as at and for the year ended March 31, 2015

- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation, of fixed assets.
- (b) The Company has a phased programme for physical verification of its fixed assets designed to cover all the items over a period of two years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No physical verification was carried out by the management during the year. Accordingly, the discrepancies, if any, could not be ascertained and therefore, we are unable to comment on the impact thereof on the books of account.
- ii. (a) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
- iii. The Company has granted an unsecured loan, to its wholly owned subsidiary company covered in the register maintained under Section 189 of the Act.
 - (a) The said loan is repayable on demand with a maximum term of 6 months. Interest is payable on redemption. The Company has not demanded repayment for the same upto March 31, 2015.
 - (b) In view of our comments in (a) above, there are no overdue amounts in respect of the principal and interest on the loan.
- iv. In our opinion, and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets. The internal control system with respect to sale of goods and services needs to be strengthened. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across, nor have been informed of, any continuing failure to correct major weaknesses in the aforesaid internal control system.
- v. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits under the provisions of Sections 73 to 76 of the Act and the rules framed there under.
- vi. The Central Government of India has not specified the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company.
- vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues, including provident fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, duty of customs, value added tax, cess and other material statutory dues, as applicable, with the appropriate authorities. According to the information and explanations given to us, there were no undisputed amounts in respect of the above were outstanding, as on March 31, 2015 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income-tax, sales-tax, wealth-tax, service-tax, duty of customs, and duty of excise or value added tax or cess which have not been deposited on account of any dispute.
- (c) There are no amounts required to be transferred by the Company to the Investor Education and Protection Fund in accordance with the provisions of the Companies Act, 1956 and the rules made thereunder.
- viii. As the Company is registered for a period less than five years, the provisions of para 3(viii) of the Order are not applicable to the Company.
- ix. The Company did not have any borrowings from any financial institution or bank nor has it issued any debentures during the year and hence the provisions of para 3(ix) of the order are not applicable to the Company.
- x. In our opinion, and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
- xi. To the best of our knowledge and belief and according to the information and explanations given to us the Company has not raised any term loan during the year. Accordingly the provisions of the para 3(xi) are not applicable to the Company.
- xii. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.

For B K Khare & Co

Chartered Accountants

Firm Registration Number: 105102W

Himanshu Chapsey

Partner

Membership Number 105731

Mumbai, April 27, 2015

BALANCE SHEET AS AT 31ST MARCH, 2015

	Note No.	2014-2015 Rupees	2013-14 Rupees
I. Equity and Liabilities			
(1) Shareholder's Funds			
Share Capital.....	3	436,794,420	280,000,000
Reserves and Surplus.....	4	735,998,470	380,454,747
(2) Non-Current Liabilities			
Long term provisions.....	5	16,191,598	6,391,888
(3) Current Liabilities			
Trade payables.....	6	1,045,223,624	165,519,976
Other current liabilities.....	7	818,698,490	31,883,419
Short-term provisions.....	8	107,953,143	58,866,370
Total		3,160,859,745	923,116,400
II. Assets			
(1) Non-current assets			
Fixed assets			
	9		
(i) Tangible assets.....		76,462,170	39,543,311
(ii) Intangible assets.....		9,977,011	2,166,121
(iii) Capital work-in-progress.....		16,734,271	4,324,510
(iv) Intangible assets under development.....		-	10,975,751
(2) Non-current investments	10	64,490,100	550,000
(3) Deferred tax assets (net)	28	34,091,118	26,247,998
(4) Non-current assets			
Other non – current assets.....	11	120,000	120,000
(5) Current assets			
Current investments.....	12	-	55,434,850
Inventories.....	13	252,065,991	217,111,484
Trade receivables.....	14	1,532,312,528	266,194,339
Cash and cash equivalents.....	15	47,187,112	48,349,770
Short-term loans and advances.....	16	1,100,361,885	182,432,256
Other current assets.....	17	27,057,559	69,666,010
Total		3,160,859,745	923,116,400

Per our report attached

For B. K. Khare & Co.

Chartered Accountants

Firm Registration No. 105102W

For and on behalf of the Board

A K T Chari

Director

Noshir Dastur

Director

Satish Kamat

Director

Himanshu Chapsey

Partner

M. No. 105731

Place : Mumbai

Date : 27th April, 2015**Basant Jain**

Chief Executive Officer

Roshan Gandhi

Chief Financial Officer

Mohammed Slatewala

Company Secretary

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2015

	Note No.	2014-15 Rupees	2013-14 Rupees
Revenues			
Revenue from operations	18	5,039,122,421	1,128,301,628
Other Income	19	37,306,649	121,077,774
Total Revenues		5,076,429,070	1,249,379,402
Expenses			
Cost of materials consumed	20	4,023,781,411	755,121,589
Purchase of traded goods		12,469,791	6,906,528
(Increase)/decrease in inventory	21	(3,367,688)	(433,877)
Employee benefit expenses	22	241,074,865	166,729,754
Financial costs	23	-	2,105,479
Depreciation and amortization expenses		13,263,988	3,738,495
Other expenses	24	553,501,005	330,435,345
Total Expenses		4,840,723,372	1,264,603,313
(Loss)/Profit before tax		235,705,698	(15,223,910)
Tax expense:			
(1) Current tax	27	91,210,663	-
(2) Deferred tax		(7,843,120)	(8,582,997)
(3) Short provision of Current Tax for earlier period		-	2,541,929
(Loss) /Profit for the year		152,338,155	(9,182,842)
Earning per equity share			
Basic & Diluted (Rupees)	26	5.42	(0.37)
(Face value Rs. 10/- per share)			

Per our report attached
For B. K. Khare & Co.
Chartered Accountants
 Firm Registration No. 105102W

Himanshu Chapsey
Partner
M. No. 105731
 Place : Mumbai
 Date : 27th April, 2015

For and on behalf of the Board

A K T Chari
Director

Basant Jain
Chief Executive Officer

Noshir Dastur
Director

Roshan Gandhi
Chief Financial Officer

Satish Kamat
Director

Mohammed Slatewala
Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2015

	2014-15		2013-14	
	Rupees	Rupees	Rupees	Rupees
A. CASH FLOW FROM OPERATING ACTIVITIES:				
Net profit before Tax		235,705,698		(15,223,911)
Adjustments for:				
Depreciation/Amortization	13,263,988		3,738,495	
Interest Income	(4,673,284)		(9,960,932)	
Interest expense	-	8,590,704	2,105,479	(4,116,958)
Operating Profit Before Working Capital Changes		244,296,402		(19,340,869)
Adjustments for:				
Increase/(decrease) in trade payables	879,703,647		(2,697,449,684)	
Increase/(decrease) in other current liabilities	786,815,071		(10,106,497)	
Increase/(decrease) in short term provisions	49,086,773		5,052,204	
Increase/(decrease) in Long-term provisions	9,799,710		1,378,279	
Increase/(decrease) in Non Current Assets	-		(120,000)	
Decrease/(Increase) in Current Investments	55,434,850		196,954,007	
Decrease/(Increase) in inventories	(34,954,507)		(58,604,063)	
Decrease/(Increase) in trade and other receivables	(1,266,118,189)		2,145,797,387	
Decrease/(Increase) in short term loans and advances ...	(849,810,873)		(35,456,371)	
Decrease/(Increase) in other current assets	42,608,451		(54,996,755)	
		(327,435,067)		(507,551,492)
Cash used for Operations		(83,138,665)		(526,892,360)
Income taxes paid (net of refunds)		(73,829,419)		(71,269,357)
NET CASH USED IN OPERATING ACTIVITIES		(156,968,084)		(598,161,718)
B. CASH FLOW FROM INVESTING ACTIVITIES:				
Purchase of Fixed Assets		(59,427,746)		(38,373,882)
Purchase of investments		(149,440,100)		(50,500,000)
Interest Received		4,673,284		9,960,932
NET CASH USED IN INVESTING ACTIVITIES		(204,194,562)		(78,912,950)
C. CASH FLOW FROM FINANCING ACTIVITIES:				
Proceeds from issuance of Share Capital		359,999,988		167,000,000
Proceeds from short term borrowings -				
Inter Corporate Deposit		-		100,000,000
Repayment of short term borrowings -				
Inter Corporate Deposit		-		(100,000,000)
Interest expense		-		(2,105,479)
NET CASH FROM FINANCING ACTIVITIES		359,999,988		164,894,521
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(1,162,658)		(512,180,147)
CASH AND CASH EQUIVALENTS				
Opening Balance		48,349,770		560,529,917
Closing Balance		47,187,112		48,349,770
Cash & Cash Equivalents include:				
Cash and Cheques on hand		-		-
Balances with Scheduled Banks:				
(i) On Current Account	24,942,089		14,249,748	
(ii) On Fixed Deposit Account	22,245,023		34,100,022	
		47,187,112		48,349,770
		47,187,112		48,349,770

Per our report attached
For B. K. Khare & Co.
Chartered Accountants
Firm Registration No. 105102W

Himanshu Chapsey
Partner
M. No. 105731
Place : Mumbai
Date : 27th April, 2015

For and on behalf of the Board

A K T Chari
Director

Basant Jain
Chief Executive Officer

Noshir Dastur
Director

Roshan Gandhi
Chief Financial Officer

Satish Kamat
Director

Mohammed Slatewala
Company Secretary

NOTES ON ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2015

1. Nature of Operations

Mahindra EPC Services Private Limited ('the Company'), a subsidiary of Mahindra Holdings Limited, is engaged in Engineering, Procurement and Construction of power plants in renewable energy and water management sector and related operations and maintenance activity.

2. Significant Accounting Policies

a) Basis of Preparation of Financial Statements

The financial statements of the Company have been prepared in accordance with the historical cost convention and on accrual basis in accordance with generally acceptable accounting principles in India. These financial statements have been prepared to comply in all material aspects with the Accounting Standards specified under Section 133 of the Companies Act, 2013 ("the Act") read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended) and other relevant provisions of the Companies Act 2013.

All Assets and Liabilities have been classified as current or non-current as per the Company's operating cycle and other criteria set out in Schedule III to the Companies Act, 2013. Based on the nature of products/services and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current-non-current classification of assets and liabilities.

b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles in India (Indian GAAP) requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent liabilities on the date of the financial statements. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of financial statements, which in management's opinion are prudent and reasonable. Actual results may differ from the estimates used in preparing the accompanying financial statements. Any revision to accounting estimates is recognised prospectively in current and future periods.

c) Tangible and Intangible Assets

(i) Tangible Fixed Assets

Tangible fixed assets are carried at cost of acquisition less accumulated depreciation. Cost includes all incidental expenses related to acquisition and installation. Borrowing costs relating to acquisition of fixed asset, which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.

When an asset is scrapped or otherwise disposed off, the cost and related depreciation are removed from the books of account and resultant profit (including capital profit) or loss, if any, is reflected in the Statement of Profit and Loss. Depreciation on assets is calculated on Straight Line Method at the rates and in the manner prescribed in Schedule II to the Companies Act, 2013.

(ii) Intangible Assets

Intangible assets are initially measured at cost and amortised on a straight line basis over their estimated useful lives not exceeding ten years.

Software are equally amortised over their estimated useful lives of three years from the year in which they are put to use.

(iii) Impairment

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the Company makes a reasonable estimate of the value in use.

d) Inventories

Inventories are stated at lower of cost and net realisable value.

Cost of raw materials includes all costs of purchase, conversion and other direct attributable costs incurred for bringing the items to their present location and condition and is determined using the weighted average cost method.

The cost of contracts work in progress comprises costs directly attributable to the specific contracts and related overheads.

Land considered as stock-in-trade is valued at lower of cost or net realizable value. Cost comprises of all cost attributable to the acquisition of land.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

e) Foreign Exchange Transactions

Transactions in foreign currencies are initially recorded at the exchange rates prevailing on the date of transaction. Monetary items are translated at the year-end rates. The exchange difference between the rate prevailing on the date of transaction and on the date of settlement as also on translation of monetary items at the end of the year is recognized as income or expense, as the case may be.

The Company uses foreign currency forward contracts to hedge its risk associated with the foreign currency fluctuations relating to firm commitments. In respect of forward exchange contracts covered under AS 11, "The effect of changes in foreign exchange rates", any premium or discount rising at the inception of a forward exchange contract is recognized as income or expense over the life of the contract. Any profit or loss arising on cancellation or renewal of such forward exchange contract is recognised as income or expense for the year.

Pursuant to the announcement made by the Institute of Chartered Accountants of India (ICAI) regarding "Accounting for Derivatives", provision for losses in respect of forward exchange contracts classified as derivatives is made on mark to market valuation of such contracts. Gains on mark to market valuation, if any, on such derivatives are not recognised in financial statements.

f) Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

(i) EPC Contracts

Revenue from fixed price EPC contracts is recognized on percentage of completion method measured on the basis of stage of completion determined on the basis of certifications done internally or by external consultants or customers as well as on the basis of billing schedule agreed.

(ii) Sales of goods

Revenue from sale of goods is recognized on transfer of all significant risks and rewards of ownership to the buyer. Sales are stated net of trade discount, duties and sales tax.

(iii) Service Income

Service income is recognised as per the terms of the contract when the related services are rendered. It is stated net of service tax.

(iv) Interest income

Interest income is recognized on time proportion basis.

(v) Dividend Income

Dividend income is recognized when the right to receive dividend is established.

g) Investments

Investments are classified under Non-current and Current categories.

'Non-current Investments' are carried at acquisition/amortized cost. A provision is made for diminution, other than temporary, on an individual basis.

'Current Investments' are carried at the lower of cost or fair value on an individual basis.

NOTES ON ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2015

h) Employee Benefits:

(i) Short term employee benefit

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. These benefits include short term compensated absences such as paid annual leave. The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees is recognized as an expense during the period. Benefits such as salaries and wages, etc. and the expected cost of the bonus/ex-gratia are recognized in the period in which the employee renders the related service. Provision for short term compensated absences is made on arithmetic basis.

(ii) Post employment employee benefits

a) Defined Contribution schemes

The Company's contributions to the Provident Fund and Employee's State Insurance Fund are charged to the Statement of Profit and Loss of the year when the contributions to the respective funds are due.

b) Defined benefits plans

The Company provides for gratuity, a defined benefit plan (the "Gratuity Plan") covering eligible employees in accordance with the Payment of Gratuity Act, 1972. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/ gains are recognised in the Statement of Profit and Loss in the year in which they arise.

i) Taxes on Income

Current tax is determined as the amount of tax payable in respect of taxable income for the year. Deferred tax is recognised, subject to consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets arising on account of unabsorbed depreciation or carry forward of tax losses are recognised only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realized.

At each balance sheet date the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

j) Provisions and Contingent Liabilities

(i) The Company provides for warranty obligation on substantial completion of contracts based on technical evaluation.

(ii) Contingent liabilities are disclosed by way of note to the financial statements, after careful evaluation by the management of the facts and legal aspects of the matter involved.

k) Cash and Cash Equivalents

Cash and cash equivalents for the purpose of Cash Flow Statements include cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

l) Earnings Per Share

Basic and diluted earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

Note no. 3: Share Capital

	31st March, 2015	31st March, 2014
	Rupees	Rupees
Authorized:		
5,00,00,000 (31st March, 2014: 4,00,00,000) Equity Shares of Rs. 10 each	500,000,000	400,000,000
Total	500,000,000	400,000,000
Issued and Subscribed:		
43,679,442 (31st March, 2014: 280,00,000) Equity Shares of Rs. 10 each, fully paid up.....	436,794,420	280,000,000
Total	436,794,420	280,000,000

a. Reconciliation of the shares outstanding at the beginning and at the end of the year:

	31st March, 2015		31st March, 2014	
Equity Shares:	No. of Shares	Rupees	No. of Shares	Rupees
At the beginning of the period	28,000,000	280,000,000	11,300,000	113,000,000
Issued during the period	15,679,442	156,794,420	16,700,000	167,000,000
Outstanding at the end of the period.....	43,679,442	436,794,420	28,000,000	280,000,000

b. Terms/rights attached to equity shares:

The company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share.

c. Shares held by holding Company:

Entire equity Shares of the Company are held by Mahindra Holdings Limited, the Holding Company.

d. Details of shareholders holding more than 5% shares in the company:

	31st March, 2015		31st March, 2014	
Equity Shares:	No. of Shares	% holding	No. of Shares	% holding
Mahindra Holdings Limited*	43,679,442	100%	28,000,000	100%

* This includes 1 nominee share held by an individual on behalf of the holding company.

Note no. 4: Reserves and Surplus:

	31st March, 2015	31st March, 2014
	Rupees	Rupees
Share Premium		
Opening balance	-	-
Add: Premium on shares issued during the year ...	203,205,568	-
Closing balance	203,205,568	-
Surplus in the Statement of Profit and Loss		
Balance as per the last financial statement	380,454,747	389,637,590
(Loss)/ Profit for the year	152,338,155	(9,182,843)
Closing balance	532,792,902	380,454,747
	735,998,470	380,454,747

NOTES ON ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2015

Note no. 5: Long-term Provisions:

	31st March, 2015 Rupees	31st March, 2014 Rupees
Provision for employee benefits:		
Provision for gratuity.....	7,069,005	3,634,975
Leave encashment.....	9,122,593	2,756,913
Total	16,191,598	6,391,888

Note no. 6: Trade payables:

	31st March, 2015 Rupees	31st March, 2014 Rupees
Trade payables		
Other than Micro and Small Enterprises	1,045,223,624	165,519,976
Total	1,045,223,624	165,519,976

Note no. 7: Other current liabilities:

	31st March, 2015 Rupees	31st March, 2014 Rupees
Advance From Customers.....	756,420,339	1,881,075
Salary and reimbursements	40,334,062	18,151,012
Provided Fund and other funds payable.....	1,856,201	1,442,562
Payable to statutory authorities (including TDS, VAT, Service tax etc.)	19,687,888	5,407,981
Payables for capital expenditure.....	-	4,600,789
Other liabilities	400,000	400,000
Total	818,698,490	31,883,419

Note no. 8: Short term provisions:

	31st March, 2015 Rupees	31st March, 2014 Rupees
Provision for employee benefits:		
Provision for gratuity.....	61,531	11,295
Leave encashment.....	774,160	172,109
Provision for Warranties	107,117,452	58,682,966
Total	107,953,143	58,866,370

Note no. 9: Fixed Assets

Description of Assets	Gross block (At Cost)				Depreciation/Amortization				Net Block	
	As at 31st March, 2014 Rupees	Additions/ adjustments Rupees	Deductions/ adjustments Rupees	As at 31st March, 2015 Rupees	As at 31st March, 2014 Rupees	For the year Rupees	Deductions and Adjustments of Depreciation/ Amortization Rupees	As at 31st March, 2015 Rupees	As at 31st March, 2015 Rupees	As at 31st March, 2014 Rupees
1. Tangible Assets:										
Plant and Machinery	26,446,770	3,880,340		30,327,110	1,249,223	2,160,199		3,409,422	26,917,688	25,197,547
Office Equipment.....	5,999,406	25,320,283		31,319,688	480,761	2,059,501		2,540,262	28,779,426	5,518,645
Computers	9,689,601	10,414,070		20,103,671	1,889,745	3,784,426		5,674,171	14,429,500	7,799,856
Furniture & Fixture.....	681,324	2,002,903		2,684,227	51,080	128,300		179,380	2,504,847	630,244
Vehicles	688,088	3,982,297	688,088	3,982,297	291,069	164,032	303,513	151,588	3,830,709	397,019
Total	43,505,188	45,599,893	688,088	88,416,993	3,961,877	8,296,459	303,513	11,954,823	76,462,170	39,543,311
2. Intangible Assets:										
Software	3,842,984	12,778,419		16,621,403	1,676,863	4,967,529		6,644,392	9,977,011	2,166,121
Total	3,842,984	12,778,419	-	16,621,403	1,676,863	4,967,529	-	6,644,392	9,977,011	2,166,121
Total	47,348,172	58,378,312	688,088	105,038,396	5,638,740	13,263,988	303,513	18,599,215	86,439,181	41,709,432
Previous year total	24,278,756	23,102,863	33,447	47,348,172	1,904,450	3,738,495	4,205	5,638,740	41,709,432	22,374,306

Note no. 10: Non-current Investments

	31st March, 2015 Rupees	31st March, 2014 Rupees
(valued at cost unless stated otherwise):		
i) Unquoted Trade Investment - In subsidiary		
63,50,000 equity shares (31 March, 2014 Rs. 5,00,000) of Rs. 10/- each of Mahindra Offgrid Services Pvt Ltd.....	63,500,000	500,000
ii) Unquoted Non Trade Equity investments		
2,000 equity shares (31 March, 2014 Rs.50,000/-) of Rs. 25/- each of The Zoroastrian Co-operative Bank Ltd.....	50,000	50,000
iii) Unquoted Non Trade Equity investments		
94,010 Convertible Preference Shares (31 March,2014 Rs. Nil) of Rs. 10/- each of Renew Solar Energy (TN) Private Ltd.....	940,100	-
Total	64,490,100	550,000

Note no. 11: Non - Current assets

	31st March, 2015 Rupees	31st March, 2014 Rupees
Deposit account with maturity of more than 12 months as at Balance Sheet Date.....	120,000	120,000
Total	120,000	120,000

Note no. 12: Current Investments

	31st March, 2015 Rupees	31st March, 2014 Rupees
(value or cost):		
Investments In Mutual Funds-Unquoted		
Investments In Mutual Funds	-	55,434,850
Total	-	55,434,850

NOTES ON ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2015

Note no. 13: Inventories

	31st March, 2015 Rupees	31st March, 2014 Rupees
(valued at lower of cost and net realisable value):		
Materials	-	1,758,054
Finished Goods	-	433,877
Land held as stock in trade	248,264,426	214,919,553
Work in Progress	3,801,565	-
Total	252,065,991	217,111,484

Note no. 14: Trade Receivable

Unsecured, considered good:

Outstanding for period exceeding more than six months from the date they are due for payment	138,794,829	64,868,624
Others.....	1,393,517,699	201,325,715
Considered Doubtful.....	-	-
Total	1,532,312,528	266,194,339

Note no. 15: Cash and cash equivalents

Balances with schedule banks:

(i) in Current account.....	24,942,089	14,249,748
(ii) in Deposit account with maturity of less than 12 months as at Balance Sheet Date (held as margin money and with government authorities)	22,245,023	34,100,022
Total	47,187,112	48,349,770

Note no. 16: Short-term loans and advances

Unsecured, considered good

Inter Corporate Deposits	185,500,000	100,000,000
Advances to suppliers	879,861,061	32,108,913
Security deposits	5,505,000	2,595,899
Balance with Government Authorities.....	67,000	-
Earnest Money Deposits	1,756,700	-
Service tax/VAT receivable	5,577,323	8,251,399
Advance income tax (net of provisions)	22,094,801	39,476,045
Total	1,100,361,885	182,432,256

Note no. 17: Other current assets

Unsecured, considered good		
Interest accrued on Bank Fixed Deposits	2,213,871	870,359
Interest receivable from customers.....	24,843,688	68,795,651
Total	27,057,559	69,666,010

Note no. 18: Revenue from Operations

	2014-15 Rupees	2013-14 Rupees
Revenue from EPC Contracts.....	4,963,494,892	1,073,999,041
Sale of Finished Goods.....	14,827,244	8,752,446
Operations & Maintenance Services.....	60,800,285	45,550,141
Total	5,039,122,421	1,128,301,628

Note no. 19: Other Income

Interest income on

Bank deposits	4,673,284	9,960,932
Inter corporate deposits	3,930,439	3,721,028
Others.....	14,820,355	89,287,039

Dividend income on

Equity	7,500	7,524
Liquid Mutual Funds.....	4,633,472	13,067,624
Insurance Claims.....	-	3,927,098
Other Income	4,446,125	1,106,529
Gain on foreign exchange transaction	4,795,474	-
Total	37,306,649	121,077,774

Note no. 20: Cost of Raw Material and Components Consumed

Inventory at the beginning of the year	216,677,607	158,507,421
Add: Purchases	4,055,368,230	813,291,775
	4,272,045,837	971,799,196
Less: Inventory at the end of the year		
Raw Material Inventory	-	1,758,054
Land held as stock in trade	248,264,426	214,919,553
Total	4,023,781,411	755,121,589

Note no. 21: (Increase)/Decrease in inventories/WIP

Inventory at the end of the year		
Work-in-progress.....	3,801,565	-
Finished Goods	-	433,877
Less:		
Inventory at the beginning of the year		
Work-in-progress.....	-	-
Finished Goods	433,877	-
Total	(3,367,688)	(433,877)

Note no. 22: Employee benefit expenses

Salaries, wages and bonus.....	219,451,683	152,890,440
Contribution to provident and other fund.....	12,621,485	9,378,707
Staff welfare expenses.....	9,001,697	4,460,606
Total	241,074,865	166,729,754

NOTES ON ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2015
Note no. 23: Finance Cost

	2014-15 Rupees	2013-14 Rupees
Interest on inter corporate deposits	-	2,105,479
Total	-	2,105,479

Note no. 24: Other Expenses

	2014-15 Rupees	2013-14 Rupees
Rent	22,043,801	16,827,460
Rates & Taxes	4,000	191,820
Insurance	522,359	376,327
Subcontracting, hire and service charges....	341,327,976	163,645,341
Operations and Maintenance.....	33,688,108	17,750,198
Repairs and Maintenance	4,144,124	-
Advertisement & Sales promotion	6,753,326	4,401,174
Travelling & Conveyance.....	24,319,075	23,338,547
Communication expenses.....	2,924,349	3,171,113
Printing & Stationary.....	1,129,378	1,192,138
Loss on foreign exchange transaction (Net) ...	-	30,021,734
Legal and professional fees.....	24,964,666	11,836,255
Payment to auditor [Refer Note no 26]	787,500	857,500
Software Expenses	2,078,456	-
Warranty Expenses (Net) [Refer Note 30]....	57,383,221	8,381,756
Bad Debts	-	227,443
Bank Charges.....	8,767,242	13,373,674
Penalty to supplier.....	-	17,320,199
Miscellaneous expenses	22,663,424	17,522,666
Total	553,501,005	330,435,345

Note no. 25: Payment to Auditors include:
(net of services tax)

As Auditor	600,000	500,000
For Taxation Matters	175,000	175,000
For Certification.....	-	132,500
For Other Services.....	12,500	50,000
For Reimbursement of Expenses.....	-	-
Total	787,500	857,500

Note no. 26: Earning per share (EPS)

Profit/(Loss) after tax	152,338,155	(9,182,843)
Weighted average number of equity shares used in computing basic earning per share	28,085,915	24,550,411
Basic and Diluted earning per share (Rs.) ...	5.42	(0.37)

(Face Value of Rs. 10 per Share)

Note no. 27:
The components of Deferred Tax liability and assets

	2014-15 Rupees	2013-14 Rupees
Deferred Tax Liability:		
(i) On depreciation and amortization	8,105,679	3,854,660
	8,105,679	3,854,660
Deferred Tax Asset:		
(i) Provision for employee benefits	5,787,575	2,132,688
(ii) Provision for warranty	36,409,222	19,039,682
(iii) Business Loss.....	-	8,930,288
	42,196,797	30,102,658
Deferred Tax Asset (Net)	34,091,118	26,247,998

Deferred tax asset in respect of business loss and unabsorbed depreciation is recognised in view of sufficient taxable income in future on account of higher volumes of contracts (including orders negotiated) due to improved business conditions.

Note no. 28: List of Related parties

Holding company:

Mahindra Holdings limited
(100 % subsidiary of Mahindra & Mahindra Limited)
Mahindra & Mahindra Limited (Ultimate holding company)

Subsidiary Company:

Mahindra Offgrid Services Private Limited

Subsidiaries of Subsidiary Company:

Brightsolar Renewable Energy Private Limited
Cleansolar Renewable Energy Private Limited

Fellow subsidiaries:

NBS International Limited.
Mahindra Consulting Engineers Limited.
Mahindra World City (Jaipur) Limited
Mahindra Holidays & Resorts India Limited
Mahindra Logistics Limited
Mahindra Retail Private Limited
Mahindra Integrated Business Solutions Private Limited
Mahindra Defence Systems Limited

Associates of Ultimate Holding Company:

Mahindra Solar One Private Limited
Mahindra Suryaprakash Private Limited
Tech Mahindra Limited

NOTES ON ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2015**Transaction with related parties:**

Sr. No.	Nature of transaction	Holding company	Subsidiary company	Subsidiary of Subsidiary Company	Fellow Subsidiary	Associates of Ultimate Holding Company
1	Issue of equity shares	359,999,988 (167,000,000)	- (-)	- (-)	- (-)	- (-)
2	Sales - Goods	136,566,219 (98,689,255)	- (-)	- (-)	- (611,061)	125,259,415 (180,786,100)
3	Purchase - Goods	- (-)	1,257,571 (-)	- (-)	- (555,084)	- (-)
4	Interest Income	- (-)	2,016,740 (-)	- (-)	1,913,699 (3,721,028)	14,609,642 (76,439,612)
5	Reimbursement received from parties	97,414 (3,044,498)	- (-)	2,392,136 (-)	328,304 (213,698)	1,075,595 (486,226)
6	Reimbursement paid to parties	5,236,797 (3,014,848)	- (-)	- (-)	187,000 (663,068)	- (-)
7	Rendering of services	134,025 (4,205,073)	- (-)	1,576,812 (-)	- (-)	37,822,850 (43,210,346)
8	Receiving of services	12,510,532 (16,366,335)	- (-)	- (-)	11,160,430 (14,801,844)	- (-)
9	Interest Expenses	- (-)	- (-)	- (-)	- (-)	- (-)
10	ICD given	- (-)	185,500,000 (-)	- (-)	- (250,000,000)	- (-)
11	ICD given refunded	- (-)	- (-)	- (-)	100,000,000 (200,000,000)	- (-)
12	ICD taken	- (-)	- (-)	- (-)	- (-)	- (-)
13	Investment in Equity Shares	- (-)	63,000,000 (400,000)	- (-)	- (-)	- (-)
14	Outstanding					
	Receivable	22,435,801 (25,121,761)	- (-)	- (-)	380,632 (213,698)	104,364,898 (140,098,910)
	Payable	47,001,846 (32,776,696)	1,252,245 (-)	- (-)	202,136 (1,670,013)	346,700 (-)
15	ICD - Repaid	- (-)	- (-)	- (-)	- (-)	- (-)
16	ICD - Receivable	- (-)	185,500,000 (-)	- (-)	- (100,000,000)	- (-)
17	ICD - Interest Received	- (-)	1,815,066 (-)	- (-)	- (-)	- (-)
18	Purchase of Fixed Asset	- (-)	- (-)	- (-)	3,982,297 (-)	- (-)
19	Guarentee Given	- (-)	- (-)	114,000,000 (-)	- (-)	- (-)

Previous year's figures are given in brackets.

NOTES ON ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2015

Note no. 29:

Micro, Small and Medium enterprises have been identified on the basis of the information to the extent provided by the suppliers.

Total outstanding dues of the Micro and Small enterprises as on 31st March, 2015 is Rs. Nil.

Note no. 30:

Provision for warranty relates to provision made in respect of EPC Contracts, the estimated cost of which is accrued on corresponding revenue recognition.

The movement in the above provision is as follows:

	31st March, 2015 Rupees	31st March, 2014 Rupees
Balance as on 1st April, 2014.....	58,682,966	53,814,166
Add: Provision made during the year.....	57,383,221	11,913,478
Less: Reversed during the year.....	-	4,815,110
Less: Utilised during the year.....	8,948,735	2,229,568
Balance as on 31st March, 2015	107,117,452	58,682,966

Note no. 31: Segment Information

The company operates only in one business segment viz. Engineering, Procurement and Construction Contracts.

The Companies operations only in India, hence there is no reportable geographical segment.

Note no. 32:

In respect of dues from a client of Rs. 422,03,283, the Company has accrued interest income of Rs. 227,72,627 as per the terms of the Contract with the client. Based on discussions with the client and their future plans, the Company is confident of recovery of these dues.

Note no. 33:

Disclosure regarding income from Engineering, Procurement and Construction Contracts:

i) The amount of contract revenue recognised as revenue during the year..	4,963,494,892	1,073,999,041
ii) The aggregate amount of cost incurred and recognised profits upto the close of the year	4,365,109,387	917,513,937
iii) The amount of advances received	756,420,339	655,740
iv) Amount due from customer.....	1,532,312,528	234,030,226
v) Amount due to customer	-	-

Note no. 34: Operating Lease

- Operating lease rental charges recognized in the profit & loss account for the year are Rs. 2,20,49,801/- (2014: Rs. 2,01,73,443/-)
- The total of future minimum lease payments under non cancellable operating leases for each of the following period are as under

	31st March, 2015 Rupees	31st March, 2014 Rupees
Not later than one year	22,281,787	16,498,553
One year to Five years.....	55,519,568	251,767
Total	77,801,355	16,750,320

Note no. 35:

Details of consumption and purchases

	31st March, 2015 Rupees		31st March, 2014 Rupees
a) Value of Imports on C.I.F Basis:			
Raw Material	2,729,764,043		499,181,121
Capital goods	-		-
Total	2,729,764,043		499,181,121
b) Expenditure in foreign currencies:			
Professional fees	-		1,675,583
Interest to supplier.....	-		2,693,842
Penalty to supplier.....	-		14,967,890
Staff Training.....	-		98,885
Travelling Expenditure	949,871		1,465,196
Software	402,271		240,875
Total	1,352,142		21,142,271
c) Consumption of components and spare parts			
	31st March, 2015		31st March, 2014
	Rupees	%	Rupees
Imported.....	2,729,764,043	68%	499,181,121
Indigenous	1,294,017,368	32%	255,940,468
Total	4,023,781,411	100%	755,121,589
d) Particulars of consumption of raw materials:			
	31st March, 2015 Rupees		31st March, 2014 Rupees
Modules	2,395,302,382		442,831,544
Invertors	216,144,400		87,722,766
Others (includes for trade)	1,412,334,629		224,567,279
Total	4,023,781,411		755,121,589
e) Purchase of traded goods:			
Solar Lantern	-		3,076,851
Solar Home Lighting System.....	-		2,435,885
Solar Inverter	12,469,791		1,354,193
Solar Street Light.....	-		39,599
Total	12,469,791		6,906,528
f) Sale of traded goods:			
Solar Lantern	-		4,055,845
Solar Home Lighting System.....	-		2,995,980
Solar Inverter	14,827,244		1,635,299
Solar Street Light.....	-		65,322
Total	14,827,244		8,752,446

NOTES ON ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2015

Note no. 36:

Derivative instruments and unhedged foreign currency exposure:

	31st March, 2015 Rupees	31st March, 2014 Rupees
a) Derivatives outstanding as at the balance sheet date		
(2014: Nil)	-	-
	31st March, 2015 Rupees	31st March, 2014 Rupees
a) Particulars of unhedged foreign currency exposure as at balance sheet date Liabilities in (contracted rates net of advance)		
USD Nil (2014: USD 9,47,035)	-	54,720,618
Euro 1,730,068 (2014: Euro 81,500)	117,056,381	5,868,000

Note no. 37:

Contingent liabilities and commitments

	31st March, 2015 Rupees	31st March, 2014 Rupees
Estimated amount of contracts remaining to be executed on capital account and not provided for.....	29,384,558	29,384,558
Outstanding Bank Guarantees	1,193,541,159	658,673,637
Total	1,222,925,717	688,058,195

Note no. 38:

The company has given inter corporate deposit of Rs. 18,55,00,000/-, payable on demand @ 9% p.a. rate of interest to its 100% subsidiary company Mahindra Offgrid Services Private Limited.

Note no. 39:

Disclosures as required under Accounting Standard 15 on "Employee Benefits" Revised

1) Defined benefit plan - Gratuity (Unfunded)

	31st March, 2015 Rupees	31st March, 2014 Rupees
a) Amount recognized in Balance Sheet		
Present value of Unfunded Obligations	6,978,617	3,646,270
Unrecognised past service cost	-	-
Amount not recognised as an asset (limit in Para 59(b))	-	-
Net Liability	6,978,617	3,646,270
Amounts in Balance Sheet		
Liability	6,978,617	3,646,270
Net Liability is bifurcated as follows:		
Current	76,546	11,295
Non current	6,902,071	3,634,975
Net liability	6,978,617	3,646,270

b) Expense recognized in Statement of Profit and Loss

	31st March, 2015 Rupees	31st March, 2014 Rupees
Current Service Cost	2,203,282	2,017,157
Interest on Defined benefit obligation	514,264	272,785
Expected return on plan assets	-	-
Net Actuarial losses/(gains) recognized in year	614,801	(18,064)
Past service cost	-	-
Losses/(Gains) on "Curtailements & Settlements"	-	-
Losses/(Gains) on "Acquisition/Divesture"	-	-
Effect of the Limit in para 59(b)	-	-
Total, included in "Employee benefit Expense"	3,332,347	2,271,878

c) Reconciliation of benefit obligation and plan assets for the period

	31st March, 2015 Rupees	31st March, 2014 Rupees
Change in Defined Benefit Obligation		
Opening defined benefit obligation	3,646,270	1,374,392
Current service cost	2,203,282	2,017,157
Interest cost	514,264	272,785
Actuarial Losses/(Gain)	614,801	(18,064)
Past service cost	-	-
Actuarial Losses/(Gain) due to curtailment	-	-
Liabilities extinguished on settlements	-	-
Liabilities assumed on acquisition/(settled on divestiture)	-	-
Exchange difference on foreign plans	-	-
Benefits paid	-	-
Closing defined benefit obligation	6,978,617	3,646,270

Change in Fair Value of Assets

	31st March, 2015 Rupees	31st March, 2014 Rupees
Opening fair Value of Plan Assets	-	-
Expected return on plan assets	-	-
Actuarial Losses/(Gain)	-	-
Assets distributed on settlements	-	-
Contributions by Employer	-	-
Assets acquired on acquisition/ (distributed on divestiture)	-	-
Exchange difference on foreign plans	-	-
Benefits paid	-	-
Closing Fair Value of Plan Assets	-	-

d) Assumptions:

	31st March, 2015 Rupees	31st March, 2014 Rupees
Discount Rate (p.a.)	7.95%	8.80%
Salary Escalation Rate (p.a.)	8.00%	8.00%

The discount rate is based on the prevailing market yields of Indian government securities as at the balance sheet date for the estimated term of the obligations.

The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.

e) The above figures does not include liability towards employees transferred from group companies amounting to Rs. 1,51,919/-

2) Leave Encashment (Unfunded)

	31st March, 2015 Rupees	31st March, 2014 Rupees
Present value of unfunded obligations	9,735,383	2,929,022
Expense recognised in the Statement of Profit and Loss	6,806,361	(434,771)
Discount rate (p.a.)	7.95%	8.80%
Salary escalation rate (p.a.)	8.00%	8.00%

The discount rate is based on the prevailing market yields of Indian government securities as at the balance sheet date for the estimated term of the obligations.

The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors

Liability for Gratuity and Leave encashment for the current year are based on actuarial valuation.

The liability for the last year was based on arithmetic basis, hence previous year comparative figures are not stated.

The above figures does not include liability towards employees transferred from group companies amounting to Rs. 1,61,370/-

Note no.40:

Previous year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosure.

For and on behalf of the Board

A K T Chari
Director

Noshir Dastur
Director

Satish Kamat
Director

Basant Jain
Chief Executive Officer

Roshan Gandhi
Chief Financial Officer

Mohammed Statewala
Company Secretary

Place : Mumbai

Date : 27th April, 2015

Form AOC-I

**(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)
Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures**

Part "A": Subsidiaries

		Rs. in INR		
Sr. No.	Sr. No. ---> Name of the subsidiary ---->	1 Mahindra Offgrid Services Private Limited	2 Brightsolar Renewable Energy Private Limited	3 Cleansolar Renewable Energy Private Limited
	Particulars ↓			
1	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	31 March 2015	31 March 2015	31 March 2015
2	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	INR	INR	INR
3	Share capital	63,500,000	61,600,000	29,550,000
4	Reserves & surplus	(3,035,131)	(807,521)	156,046,325
5	Total assets	249,187,281	61,102,897	185,765,151
6	Total Liabilities	249,187,281	61,102,897	185,765,151
7	Investments	247,235,000	59,904,881	180,898,229
8	Turnover	1,260,881	1,497,182	1,443,270
9	Profit/(loss) before taxation	(2,733,252)	(661,276)	51,456
10	Provision for taxation	-	-	-
11	Profit/(loss) after taxation	(2,733,252)	(661,276)	51,456
12	Proposed Dividend	-	-	-
13	% of shareholding	100%	100%	100%
Names of subsidiaries which are yet to commence operations - Nil				
Names of subsidiaries which have been liquidated or sold during the year - Nil				

Part "B": Associates and Joint Ventures

Nil

For and on behalf of the Board

A K T Chari
Director

Noshir Dastur
Director

Satish Kamat
Director

Basant Jain
Chief Executive Officer

Roshan Gandhi
Chief Financial Officer

Mohammed Statewala
Company Secretary

Place : Mumbai

Date : 27th April, 2015

DIRECTORS' REPORT

Your directors present their Fifth Report together with the audited financial statements of your Company for the year ended 31st March 2015.

FINANCIAL HIGHLIGHTS AND STATE OF COMPANY'S AFFAIRS

	(Rs. in Lakhs)	
	For the year ended 31st March 2015	For the period ended 31st March 2014
Income	-	-
Revenue from Operations (Gross)	-	-
Less: Excise Duty	-	-
Revenue from Operations (Net)	12.58	-
Other Income	0.03	-
Total Income	12.61	-
Expenses		
Cost of Raw Material and Components Consumed	10.94	-
(Increase)/decrease in inventories	-	-
Employee Benefit Expenses	-	-
Other Expenses	8.84	1.81
Depreciation and Amortisation Expenses	-	-
Finance Costs	20.16	-
Total Expenses	39.94	1.81
Loss before Tax	(27.33)	(1.81)
Provision for Tax	-	-
Loss for the year from Continuing Operations	(27.33)	(1.81)
Balance of Profit from earlier years	(3.02)	(1.21)
Balance Carried Forward	(30.35)	(3.02)
Any amount carry forward to reserve	-	-
Networth	604.65	1.98

No material changes and commitments have occurred after the closure of the year under review till the date of this report which would affect the financial position of the Company.

OPERATIONS

The company is exploring various opportunities in the renewable energy space. During the year under review the company has made investments in its two wholly owned subsidiaries viz., Brightsolar Renewable Energy Private Limited, which is setting up a 10 MW AC solar power project at Anantapur District in the state of Andhra Pradesh and Cleansolar Renewable Energy Private Limited, which is setting up a 30 MW AC solar power project at Ranga Reddy District in the state of Telangana.

DIVIDEND

Your Directors do not recommend any dividend for the year under review.

SUBSIDIARIES**Brightsolar Renewable Energy Private Limited (Brightsolar)**

During the year the Brightsolar has entered into a power purchase agreement with Southern Power Distribution Company of Andhra Pradesh Limited for setting up of 10 MW AC solar power plant at Anantapur District in the state of Andhra Pradesh. The Company is in the process of acquiring land and tying up sources of project financing. Other project execution related activities are being carried on.

Cleansolar Renewable Energy Private Limited (Cleansolar)

During the year the Cleansolar has entered into a power purchase agreement with Southern Power Distribution Company of Telangana Limited for setting up of 30 MW AC solar power plant at Ranga Reddy District in the state of Telangana. The Company is in the process of acquiring land and tying up sources of project financing. Other project execution related activities are being carried on.

SHARE CAPITAL

The authorized share capital of your Company has been increased from rupees sixty lakhs to rupees Seven Crore during the year under review.

During the year under review, your Company allotted 63,00,000 equity shares face value of Rs. 10/- each to Mahindra EPC Services Private Limited at par on rights basis.

The paid-up share capital of your Company as on 31st March 2015 stood at Rs. 6,35,00,000/- divided into 63,50,000 equity shares face value of Rs 10/- each.

BOARD OF DIRECTORS

Mr. Roshan Gandhi was appointed as an Additional Director on the Board with effect from 22nd October, 2014. He shall hold office upto the date of the ensuing Annual General Meeting. The Company has received the notices in writing from a member proposing his candidature for the office of Director, liable to retire by rotation.

Mr. Parag Shah (DIN – 00374944) has resigned from the directorship of your Company with effect from 22nd October, 2014.

NUMBER OF MEETINGS:

The Board met Seven times during the year under review, i.e. on 25th April, 2014, 7th August 2014, 22nd October, 2014, 18th November 2014, 26th November 2014, 30th January, 2015 and 16th March, 2015.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to section 134(5) of the Companies Act, 2013, your directors, based on representation from the operating management, and after due enquiry, confirm that:

- (a) in the preparation of the annual financial statements for the year ended 31st March 2015 the applicable accounting standards have been followed;
- (b) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year on 31st March 2015 and of the loss of the Company for the financial year ended on that date;
- (c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) they have prepared the annual accounts on a going concern basis; and
- (e) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

KEY MANAGERIAL PERSON

Mr. Brijesh Rathod (ACS – 37930) was appointed as Company Secretary of your Company with effect from 1st December, 2014 at the Board meeting held on 26th November 2014.

RISK MANAGEMENT POLICY

The Board has formulated a Risk Management Policy for the Company which identifies elements of risk if any which may threaten the existence of the Company. Implementation of the Risk Management Policy is expected to be helpful in managing the risks associated with the business of the Company.

STATUTORY AUDITORS

At the fourth Annual General Meeting, M/s. B. K. Khare & Co., Chartered Accountants, (ICAI registration Number 105102W) were appointed as the statutory auditors of your Company to hold office from the conclusion of the fourth Annual General Meeting till the conclusion of ninth Annual General Meeting.

M/s. B. K. Khare & Co., Chartered Accountants, (ICAI registration Number 105102W) have given a written consent to act as Auditors of your Company, if appointment is ratified, and have also confirmed that the said ratification of appointment would be in conformity with the provisions of Sections 139 and 141 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014.

The members are requested to ratify the appointment of statutory auditors of the Company at the ensuing Annual General Meeting and to fix their remuneration.

The Auditors' Report does not contain any qualification, reservation or adverse remark.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars relating to the energy conservation, technology absorption and foreign exchange earnings and outgo, as required under Section 134(3)(m) of the Companies Act, 2013 read with the Companies Rule 8(3) of The Companies (Accounts) Rules, 2014 are provided in Annexure I and form part of this report.

PARTICULARS OF EMPLOYEES AS REQUIRED UNDER RULE 5(2) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

Being unlisted company, provisions of Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable to your Company.

CORPORATE SOCIAL RESPONSIBILITY (CSR) INITIATIVES

The provisions relating to CSR enumerated under Section 135 of the Companies Act, 2013 are not applicable to your Company.

PARTICULARS OF PUBLIC DEPOSITS, LOANS, GUARANTEES OR INVESTMENTS

Your Company has not accepted any deposits from the public, or its employees, during the year. There were no other deposits falling under Rule 2(1)(c) of the Companies (Acceptance of Deposits) Rules, 2014 at the beginning of the year, during the

year and at the end of the year. There are no deposits which are not in compliance with the requirement of Chapter V of the Companies Act, 2013

Particulars of loans given, investments made, and guarantees and securities provided pursuant to Section 186 of the Companies Act, 2013 are given under note no. 8 of the financial statement and the same form part of this Report.

Your Company has not made any loans/advances which are required to be disclosed in the annual accounts of the Company pursuant to Clause 32 of the Listing Agreement between the parent Company, Mahindra and Mahindra Limited and stock exchanges.

PARTICULARS OF TRANSACTIONS WITH RELATED PARTIES

Particulars of contracts or arrangements with related parties of the Company referred to under Section 188(1) of the Companies Act, 2013 are given in Form AOC – 2 as Annexure II and the same forms part of this report.

EXTRACT OF ANNUAL RETURN

Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return as on 31st March 2015 in form MGT-9 is annexed as Annexure III and forms part of this report.

INTERNAL FINANCIAL CONTROLS

Pursuant to Rule 8 of the Companies (Accounts) Rules, 2014, based on the representation received and after due enquiry, your directors confirm that they have laid down internal financial controls with reference to the Financial Statements and these controls are adequate.

THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

During the year under review, no complaints were received under the Sexual Harassment of Women at work place

(Prevention, Prohibition and Redressal) Act, 2013, for prevention of sexual harassment.

GENERAL

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions/ events on these items during the year under review:

- Issue of equity shares with differential rights as to dividend, voting or otherwise.
- No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and the Company's operations in future.
- There were no Shares having voting rights not exercised directly by the employees and for the purchase of which or subscription to which loan was given by the Company.

ACKNOWLEDGEMENT

Your Directors would like to place on record their sincere thanks for the cooperation and support received from your Company's bankers, stakeholders, business associates and various agencies of the Central and State Governments.

For and on behalf of the Board

Basant Kumar
Director
(DIN – 00220395)

Roshan Gandhi
Director
(DIN – 00010478)

Place : Mumbai

Date : 27th April, 2015.

ANNEXURE I TO THE DIRECTORS' REPORT

PARTICULARS AS PER THE COMPANIES (ACCOUNTS) RULES, 2014 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2015.

A. CONSERVATION OF ENERGY

- (i) the steps taken or impact on conservation of energy: Nil
- (ii) the steps taken by the company for utilizing alternate sources of energy: Nil
- (iii) the capital investment on energy conservation equipment: Nil

B. TECHNOLOGY ABSORPTION

- i) The efforts made towards technology absorption: Nil
- ii) The benefits derived like product improvement, cost reduction, product development or import substitution: Not Applicable
- iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year) – Not Applicable
 - (a) the details of technology imported:
 - (b) the year of import

(c) whether the technology been fully absorbed:

(d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof:

iv) the expenditure incurred on Research and Development : Nil

C. FOREIGN EXCHANGE EARNINGS AND OUTGO: (in terms of actual inflow and outflow)

There were no Foreign Exchange earnings and outgo during the year under review.

For and on behalf of the Board

Basant Kumar
Director
(DIN – 00220395)

Roshan Gandhi
Director
(DIN – 00010478)

Place : Mumbai

Date : 27th April, 2015.

ANNEXURE II TO THE DIRECTORS' REPORT**FORM NO. AOC -2**

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014.

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arm's length transaction under third proviso thereto.

- 1. Details of contracts or arrangements or transactions not at Arm's length basis - NIL**
- 2. Details of Material contracts or arrangements or transactions at Arm's length basis**

Sr no	Particulars	Details
a)	Name (s) of the related party & nature of relationship	Mahindra EPC Services Private Limited (Holding Company)
b)	Nature of Contracts/ arrangements/transaction	Ongoing Arrangement
c)	Duration of the contracts/ arrangements/transaction	NA
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	NA

Sr no	Particulars	Details
e)	Amount	32.78 Lacs
f)	Date of approval by the Board	27/04/2015

Note:

Contracts/transactions/arrangements for sale of goods for an amount exceeding 10% of turnover of the Company or Rs. One hundred crore, whichever is lower is considered as material for the purpose of this disclosure.

For and on behalf of the Board

Basant Kumar
Director
(DIN – 00220395)

Roshan Gandhi
Director
(DIN – 00010478)

Place : Mumbai
Date : 27th April, 2015.

ANNEXURE III TO THE DIRECTORS' REPORT

Form No. MGT-9

Extract of Annual Return

As on the financial year ended on 31st March, 2015

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

1.	CIN	U40300MH2010PTC205946
2.	Registration Date	26/07/2010
3.	Name of the Company	Mahindra Offgrid Services Private Limited
4.	Category/Sub-Category of the Company	Public Limited Company
5.	Address of Registered office and contact details	Mahindra Towers, P K Kurne Chowk, Worli, Mumbai 400018. Tel : 022-24906683
6.	Whether listed Company (Yes/No)	No
7.	Name, Address and Contact details of Registrar and Transfer Agent, if any	NA

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company:-

Sr. No	Name and Description of Main Product/Services	NIC Code of the Product	% to total turnover of the Company.
1	Trade in electric equipments	46593	99.74%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

Sr. No	Name and Address of the Company	CIN/GIN	Holding/ Subsidiary of the Company	% of shares held	Applicable Section
1.	Mahindra EPC Services Private Limited Address : Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai -4000018	U74990MH2010PTC207854	Holding Company	100	2(87)(i) and(ii)
2.	Cleansolar Renewable Energy Private Limited Address : Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai -4000018	U40108MH2013PTC250684	Subsidiary Company	100	2(87)(i) and(ii)
3.	Brightsolar Renewable Energy Private Limited Address : Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai -4000018	U40108MH2013PTC250683	Subsidiary Company	100	2(87)(i) and(ii)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**i. Category-wise Share Holding.**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1. Indian									
a. Individual/HUF									
b. Central Govt.									

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
c. State Govt.									
d. Bodies Corp.	–	50,000	50,000	100%	–	63,50,000	63,50,000	100%	–
e. Bank/FI									
f. Any Other									
Sub-Total- A-(1)	–	50,000	50,000	100%	–	63,50,000	63,50,000	100%	–
2. Foreign	–								
a. NRI-Individuals	–	–	–	–	–	–	–	–	–
b. Other Individuals	–	–	–	–	–	–	–	–	–
c. Body Corporate	–	–	–	–	–	–	–	–	–
d. Bank/FI	–	–	–	–	–	–	–	–	–
e. Any Others	–	–	–	–	–	–	–	–	–
Sub Total- A (2)	–	–	–	–	–	–	–	–	–
Total Share Holder of Promoters (1+2)	–	50,000	50,000	100%	–	63,50,000	63,50,000	100%	–
B. Public Shareholding									
1. Institution	–	–	–	–	–	–	–	–	–
a. Mutual Funds	–	–	–	–	–	–	–	–	–
b. Bank/FI	–	–	–	–	–	–	–	–	–
c. Cent. Govt.	–	–	–	–	–	–	–	–	–
d. State Govt.	–	–	–	–	–	–	–	–	–
e. Venture Capital	–	–	–	–	–	–	–	–	–
f. Insurance Co.	–	–	–	–	–	–	–	–	–
g. FIs	–	–	–	–	–	–	–	–	–
h. Foreign Portfolio Corporate	–	–	–	–	–	–	–	–	–
i. Foreign Venture Capital Fund	–	–	–	–	–	–	–	–	–
j. Others	–	–	–	–	–	–	–	–	–
Sub-Total-B (1)	–	–	–	–	–	–	–	–	–
2. Non-Institution	–	–	–	–	–	–	–	–	–
a. Body Corp.	–	–	–	–	–	–	–	–	–
b. Individual	–	–	–	–	–	–	–	–	–
i. Individual shareholders holding nominal share capital upto ₹ 1 lakh	–	–	–	–	–	–	–	–	–
ii. Individual shareholders holding nominal share capital in excess of ₹ 1Lakh	–	–	–	–	–	–	–	–	–

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
c. Others									
i. NRI (Rep)	–	–	–	–	–	–	–	–	–
ii. NRI (Non-Rep)	–	–	–	–	–	–	–	–	–
iii. Foreign National	–	–	–	–	–	–	–	–	–
iv. OCB	–	–	–	–	–	–	–	–	–
v. Trust	–	–	–	–	–	–	–	–	–
vi. In Transit	–	–	–	–	–	–	–	–	–
Sub-Total-B (2)	–	–	–	–	–	–	–	–	–
Net Total (1+2)	–	–	–	–	–	–	–	–	–
C. Shares held by Custodian for GDRs & ADRs									
Promoter and Promoter Group	–	–	–	–	–	–	–	–	–
Public	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	–	50,000	50,000	100%	–	63,50,000	63,50,000	100%	–

ii. Shareholding of Promoters:

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	
1	Mahindra EPC Services Private Limited	45,000	90%	–	63,45,000	99.92%	–	–
2	Mahindra EPC Services Private Limited Jointly with Mr. Roshan Gandhi*	5,000	10%	–	5,000	0.08%	–	–

* The joint shareholder with Mahindra EPC Services Private Limited is employee of Mahindra Group of Companies and his name has been added for complying with the statutory provisions.

iii. Change in Promoters' Shareholding –

Top Ten Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
At the beginning of the year	50,000	100%	50,000	100%
Increase :- On 26/11/2014 – Allotment of Equity shares on Rights basis	63,00,000	–	63,50,000	–
At the end of the year	–	–	63,50,000	100%

iv. Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	Top Ten Shareholders	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Nil	Nil	Nil	Nil	Nil

v. Shareholding of Directors and Key Managerial Personnel:

Sr. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Shareholding at the end of the year	
	Name of the Director/KMP	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Nil	Nil	Nil	Nil	Nil

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(₹ In Lacs)

Particulars	Secured Loans Excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year 01.04.2014	–	–	–	–
1) Principal Amount	–	–	–	–
2) Interest due but not paid	–	–	–	–
3) Interest accrued but not due	–	–	–	–
Total of (1+2+3)	–	–	–	–
Change in Indebtedness during the financial year	–	–	–	–
+ Addition	–	1885	–	1885
– Reduction	–	–30	–	–30
Net change	–	1855	–	1855
Indebtedness at the end of the financial year-31.03.2015	–	–	–	–
1) Principal Amount	–	1855	–	1855
2) Interest due but not paid	–	–	–	–
3) Interest accrued but not due	–	20.17	–	20.17
Total of (1+2+3)	–	1875.17	–	1875.17

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-Time Directors and/or Manager: Not applicable

Sr. No	Particulars of Remuneration	Name of MD/WTD/Manager		Total Amount (₹ In Lacs)
1.	Gross Salary	–	–	–
	a) Salary as per provisions contained in section 17(1) of the Income Tax Act	–	–	–
	b) Value of perquisites u/s 17(2) Income Tax Act, 1961	–	–	–
	c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	–	–	–
2.	Stock Option	–	–	–
3.	Sweat Equity	–	–	–
4.	Commission – As % of Profit – Others, specify	–	–	–
5.	Others, please specify Provident Fund & other Funds	–	–	–

Sr. No	Particulars of Remuneration	Name of MD/WTD/Manager		Total Amount (₹ In Lacs)
	Performance Bonus	–	–	–
	Total (A)	–	–	–
	Ceiling as per the Act	5% of the net profits of the Company		

B. Remuneration of other directors: Not Applicable

I. Independent Directors : Not Applicable

Particulars of Remuneration	Name of Directors					Total Amount (₹ In Lacs)
Fee for attending board committee meetings	–	–	–	–	–	–

Particulars of Remuneration	Name of Directors					Total Amount (₹ In Lacs)
Commission	-	-	-	-	-	-
Others	-	-	-	-	-	-
Total (1)	-	-	-	-	-	-

II. Other Non-Executive Directors : Nil

Other Non-Executive Directors						Total Amount (₹ In Lacs)
Fee for attending board committee meetings	-	-	-	-	-	-
Commission	-	-	-	-	-	-
Others	-	-	-	-	-	-
Total (2)						
Total B = (1+2)						

C. Remuneration to Key Managerial Personnel Other Than MD/Manager/WTD

Sr. No	Particulars of Remuneration	Brijesh Rathod Amount (₹ In Lacs)
1.	Gross Salary	
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act	-
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	-
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	-
2.	Stock Option	-
3.	Sweat Equity	-
4.	Commission – As % of Profit – Others, specify	-
5.	Others (Professional fees)	1
6.	Performance Bonus	-
	Total (C)	1

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES (Under the Companies Act): Nil

	Type	Section of the Companies Act	Brief Description	Details of Penalty/Punishment/Compounding fees imposed	Authority (RD/NCLT/court)	Appeal made, if any (give details)
Penalty	-	-	-	-	-	-
Punishment	-	-	-	-	-	-
Compounding	-	-	-	-	-	-
OTHER OFFICERS IN DEFAULT						
Penalty	-	-	-	-	-	-
Punishment	-	-	-	-	-	-
Compounding	-	-	-	-	-	-

For and on behalf of the Board

Basant Kumar
 Director (DIN – 00220395)

Roshan Gandhi
 Director (DIN – 00010478)

 Mumbai, 27th April 2015

INDEPENDENT AUDITORS' REPORT

To the Members of Mahindra Offgrid Services Private Limited

Report on the Financial Statements

1. We have audited the accompanying financial statements of **Mahindra Offgrid Services Private Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2015, the related Statements of Profit and Loss and Cash Flow for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit.
4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial

statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2015, and of its loss and cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

9. As required by the Companies (Auditor's Report) Order, 2015, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
10. As required by Section 143(3) of the Act, we report that:
 - a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c. the Balance Sheet, the Statement of Profit and Loss and Cash Flow dealt with by this Report are in agreement with the books of account;
 - d. in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);

- e. on the basis of written representations received from the directors as on March 31, 2015 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015, from being appointed as a director in terms of Section 164(2) of the Act.
- f. with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company does not have any pending litigations which would impact its financial position;
 - ii. The Company did not have any long-term contracts including derivative contracts for which

- there were any material foreseeable losses;
- iii. There were no amounts which required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2015.

For **For B. K. Khare & Co.**
Chartered Accountants
Firm Registration Number 105102W

Himanshu Chapsey
Partner
Membership Number: 105731

Place: Mumbai
Date: 27th April 2015

ANNEXURE TO AUDITORS' REPORT

Referred to in paragraph 9 of our report of even date to the members of Mahindra Offgrid Services Private Limited on the financial statements as at and for the year ended March 31, 2015

1. The Company did not have any fixed assets during the year. Therefore, provisions of para 3(i) of the Order are not applicable.
2. The Company engaged in some trading activity during the year and as per the information and explanations given to us did not have any inventory during the year. Hence the provisions of para 3(ii) of the Order are not applicable to the Company.
3. According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms and other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of para 3(iii) of the Order are not applicable.
4. In our opinion, and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and for the sale of goods. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across, nor have been informed of, any continuing failure to correct major weaknesses in the aforesaid internal control system.
5. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits under the provisions of Sections 73 to 76 of the Act and the rules framed there under.
6. The Central Government of India has not prescribed the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company.
7. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues, including income tax, sales tax, wealth tax, service tax, customs duty, excise duty and other material statutory dues, as applicable, with the appropriate authorities. The Company did not have any employees during the year and hence the provisions of Provident fund and Employee State Insurance are not applicable. According to the information and explanations given to us, there were no undisputed amounts in respect of the above were outstanding, as on March 31, 2015 for a period of more than six months from the date they became payable.
 - (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income-tax, sales-tax, wealth-tax, service-tax, customs duty, and excise duty which have not been deposited on account of any dispute.
 - (c) There were no amounts which were required to be deposited in the Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder.
8. As the Company is registered for a period less than five years, the provisions of para 3(viii) of the Order are not applicable to the Company.
9. The Company did not have any borrowings from any financial institution or bank nor has it issued any debentures during the year and hence the provisions of para 3(ix) of the order are not applicable to the Company.
10. In our opinion, and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
11. To the best of our knowledge and belief and according to the information and explanations given to us the Company has not raised any term loan during the year. Accordingly the provisions of the para 3(xi) are not applicable to the Company.
12. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.

For **B. K. Khare & Co.**
Chartered Accountants
Firm Registration Number 105102W

Himanshu Chapsey
Partner
Membership Number: 105731

Place: Mumbai
Date: 27th April 2015

BALANCE SHEET AS AT 31ST MARCH, 2015

Particulars	Note	As at 31 st March, 2015 Rupees	As at 31 st March, 2014 Rupees
I. EQUITY AND LIABILITIES			
(1) Shareholders' funds			
(a) Share capital.....	3	63,500,000	500,000
(b) Reserves and surplus.....	4	(3,035,131)	(301,879)
		<u>60,464,869</u>	<u>198,121</u>
(2) Current liabilities			
(a) Short-term borrowings	5	185,500,000	–
(b) Trade payables	6	1,150,720	32,130
(c) Other current liabilities	7	2,071,692	19,553
		<u>188,722,412</u>	<u>51,683</u>
TOTAL		<u><u>249,187,281</u></u>	<u><u>249,804</u></u>
II. ASSETS			
(1) Non-current assets			
(a) Non-current investment.....	8	247,235,000	200,000
(b) Long-term loans and advances.....	9	331	–
		<u>247,235,331</u>	<u>200,000</u>
(2) Current assets			
(a) Trade receivables	10	1,257,871	300
(b) Cash and cash equivalents	11	694,079	23,662
(c) Other current assets.....	12	–	25,842
		<u>1,951,950</u>	<u>49,804</u>
TOTAL		<u><u>249,187,281</u></u>	<u><u>249,804</u></u>

See accompanying notes forming part of the financial statements

In terms of our report attached.

For and on behalf of the Board of Directors

For B K Khare & Co.
Chartered Accountants
Firm Registration No. 105102W

Himanshu Chapsey
Partner
M. No. 105731

Basant Jain
Director

Roshan Gandhi
Director

Brijesh Rathod
Company Secretary

Place: Mumbai
Date: 27th April, 2015

Place: Mumbai
Date: 27th April, 2015

STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED 31ST MARCH, 2015

Particulars	Note	For the year ended 31 st March, 2015 Rupees	For the period ended 31 st March, 2014 Rupees
I. Revenue from Operations	13	1,257,571	-
II. Other income	14	3,310	-
III. Total Revenue (I + II)		1,260,881	-
IV. Expenses			
(a) Purchases of stock-in-trade.....	15	1,093,540	-
(c) Finance cost	16	2,016,740	-
(d) Other expenses.....	17	883,853	180,699
IV. Total expenses.....		3,994,133	180,699
V Loss before tax (III - IV)		(2,733,252)	(180,699)
VI. Tax expense:			
(a) Current tax expense		-	-
(b) Deferred tax charge.....		-	-
		-	-
VII Loss for the year (V - VI)		(2,733,252)	(180,699)
V. Earnings per share (Face value of Rs. 10/- each):			
Basic and Diluted		(1.23)	(3.61)

See accompanying notes forming part of the financial statements

In terms of our report attached.

For and on behalf of the Board of Directors

For B K Khare & Co.
Chartered Accountants
Firm Registration No. 105102W

Himanshu Chapsey
Partner
M. No. 105731

Basant Jain
Director

Roshan Gandhi
Director

Brijesh Rathod
Company Secretary

Place: Mumbai
Date: 27th April, 2015

Place: Mumbai
Date: 27th April, 2015

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2015

Particulars	For the period ended 31st March, 2015		For the period ended 31st March, 2014	
	Rupees	Rupees	Rupees	Rupees
A. Cash flow from operating activities				
Profit/(Loss) before extraordinary items and tax		(2,733,252)		(180,699)
		<u>(2,733,252)</u>		<u>(180,699)</u>
Operating profit/(loss) before working capital changes				
Increase/(decrease) in other current liabilities	3,170,729		(124,630)	
(Increase) in other current assets	<u>(1,231,729)</u>		<u>(25,842)</u>	
		<u>1,939,000</u>		<u>(150,472)</u>
Cash flow from extraordinary items		-		-
Cash generated from operations		<u>(794,252)</u>		<u>(331,171)</u>
Net income tax (paid)/refunds		331		
Net cash flow from/(used in) operating activities (A)		<u><u>(794,583)</u></u>		<u><u>(331,171)</u></u>
B. Cash flow from investing activities				
Purchase of investments		(247,035,000)		(200,000)
Net cash flow from/(used in) investing activities (B)		<u>(247,035,000)</u>		<u>(200,000)</u>
C. Cash flow from financing activities				
Proceeds from ICDs taken		185,500,000		-
Proceeds from issuance of Share Capital		63,000,000		400,000
Net cash flow from/(used in) financing activities (C)		<u>248,500,000</u>		<u>400,000</u>
Net increase/(decrease) in Cash and cash equivalents (A+B+C)		<u>670,417</u>		<u>(131,171)</u>
Cash and cash equivalents at the beginning of the year		<u>23,662</u>		<u>154,833</u>
Cash and cash equivalents at the end of the year		<u><u>694,079</u></u>		<u><u>23,662</u></u>
Reconciliation of Cash and cash equivalents with the Balance Sheet:				
Cash and cash equivalents (Refer Note 11)				
- Balances held as margin money or security against borrowings, guarantees and other commitments		694,079		23,662
Cash and cash equivalents at the end of the year *		<u><u>694,079</u></u>		<u><u>23,662</u></u>

See accompanying notes forming part of the financial statements

In terms of our report attached.

For and on behalf of the Board of Directors

For B K Khare & Co.

Chartered Accountants

Firm Registration No. 105102W

Himanshu Chapsey

Partner

M. No. 105731

Place: Mumbai

Date: 27th April, 2015

Basant Kumar

Director

Place: Mumbai

Date: 27th April, 2015

Roshan Gandhi

Director

Brijesh Rathod

Company Secretary

NOTES ON ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2015

1. Company Information

Mahindra Offgrid Services Private Limited ('the Company') was incorporated in India on 26th July, 2010, having registered office at Mahindra Towers, Dr. G. M. Bhosale Marg, P. K., Kurne Chowk, Worli, Mumbai – 400 018 Maharashtra, INDIA to carry on business as a producer and distributor of electrical energy in the off grid sector using renewable energy technology and provide related services.

The holding company is Mahindra EPC Services Private Limited.

2. Significant Accounting Policies

a) Basis of Preparation of Financial Statements

The financial statements of the Company have been prepared in accordance with the historical cost convention and on accrual basis in accordance with generally acceptable accounting principles in India. These financial statements have been prepared to comply in all material aspects with the Accounting Standards specified under Section 133 of the Companies Act, 2013("the Act") read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended) and other relevant provisions of the Companies Act 2013.

All Assets and Liabilities have been classified as current or non-current as per the Company's operating cycle and other criteria set out in Schedule III to the Companies Act, 2013. Based on the nature of products/services and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current-non-current classification of assets and liabilities.

b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles in India (Indian GAAP) requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent liabilities on the date of the financial statements. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of financial statements, which in management's opinion are prudent and reasonable. Actual results may differ from the estimates used in preparing the accompanying financial statements. Any revision to accounting estimates is recognised prospectively in current and future periods.

c) Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

- Sales of products and services are recognized when the products are dispatched or services rendered.
- Interest income is recognized on time proportion basis at the contracted rates.

d) Provisions and Contingent Liabilities

Contingent liabilities are disclosed by way of note to the financial statements, after careful evaluation by the management of the facts and legal aspects of the matter involved.

e) Taxes on Income

Current tax is determined as the amount of tax payable in respect of taxable income for the year. Deferred tax is recognised, subject to consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets arising on account of unabsorbed depreciation or carry forward of tax losses are recognised only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised.

f) Investments

Investments are classified under Non-current and Current categories.

'Non-current Investments' are carried at acquisition /amortized cost. A provision is made for diminution, other than temporary, on an individual basis.

'Current Investments' are carried at the lower of cost or fair value on an individual basis.

g) Cash and Cash Equivalents

Cash and cash equivalents for the purpose of Cash Flow Statements include cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

h) Earnings Per Share

Basic and diluted earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

Particulars	31st March, 2015 Rupees	31st March, 2014 Rupees
Note 3 : Share capital		
Authorised:		
7,00,000 (Previous Year 6,00,000 equity shares of 10/- each) Equity Shares of Rs. 10 each	7,00,000	6,00,000
Total	7,00,000	6,00,000
Issued and Subscribed:		
63,50,000 (Previous Year 50,000 equity shares of 10/- each) Equity Shares of Rs. 10 each, fully paid up	63,50,000	50,000
Total	63,50,000	50,000

a. Reconciliation of the shares outstanding at the beginning and at the end of the year:

Equity shares:	31st March, 2015		31st March, 2014	
	No. of Shares	Rupees	No. of Shares	Rupees
At the beginning of the year	50,000	500,000	10,000	100,000
Issued during the year	6,300,000	63,000,000	40,000	400,000
Outstanding at end of the year	6,350,000	63,500,000	50,000	500,000

b. Terms/rights attached to equity shares:

The company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share.

c. Details of shareholders holding more than 5% shares in the company:

Equity Shares:	31st March, 2015		31st March, 2014	
	No. of Shares	% holding	No. of Shares	% holding
Mahindra EPC Services Private Limited (Holding Company)*	6,350,000	100%	50,000	100%
Total	6,350,000	100%	50,000	100%

* This includes 1 nominee share held by an individual on behalf of the holding company.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015
Note 4 : Reserves and surplus

Particulars	31st March, 2015 Rupees	31st March, 2014 Rupees
Opening balance	(301,879)	(121,180)
Add: Profit / (Loss) for the year	(2,733,252)	(180,699)
Closing balance	(3,035,131)	(301,879)
Total	(3,035,131)	(301,879)

Note 5 : Short-term borrowings

Particulars	31st March, 2015 Rupees	31st March, 2014 Rupees
(c) Unsecured Loans		
From Related parties		
Inter Corporate Deposits	185,500,000	-
Total	185,500,000	-

Terms & Conditions

Inter Corporate Deposit has been given at the rate of 9% p.a.

Note 6 : Trade payables

Particulars	31st March, 2015 Rupees	31st March, 2014 Rupees
Trade payables:		
Other than micro and small enterprises	1,150,720	32,130
Total	1,150,720	32,130

Note 7 : Other current liabilities

Particulars	31st March, 2015 Rupees	31st March, 2014 Rupees
Payable to related party (Refer note 18)		
Other payables	-	19,553
(i) Statutory remittances	203,582	-
(ii) Others	53,044	-
Interest on Inter Corporate Deposits	1,815,066	-
Total	2,071,692	19,553

Note 8 : Non-current investments

Particulars	31st March, 2015 Rupees	31st March, 2014 Rupees
Investments (At cost):		
A. Unquoted, Trade		
In Subsidiaries:		
(A) 61,59,999 shares of Rs. 10 each fully paid up in Brightsolar Renewable Energy Private Limited	61,600,000	100,000
(B) 29,54,499 shares of Rs. 10 each fully paid up in Cleansolar Renewable Energy Private Limited	185,635,000	100,000
Total	247,235,000	200,000

Note 9 : Short-term loans and advances

Particulars	31st March, 2015 Rupees	31st March, 2014 Rupees
(a) Advance income tax	331	-
Total	331	-

Note 10 : Trade receivables

Particulars	31st March, 2015 Rupees	31st March, 2014 Rupees
Trade receivables outstanding for more than six months	1,257,571	-
Others	300	300
Total	1,257,871	300

Note 11 : Cash and cash equivalents

Particulars	31st March, 2015 Rupees	31st March, 2014 Rupees
(i) In current accounts	694,079	23,662
Total	694,079	23,662

Note 12 : Other current assets

Particulars	31st March, 2015 Rupees	31st March, 2014 Rupees
Other current assets	-	25,842
Total	-	25,842

Note 13 : Revenue from operations

Particulars	For the year ended 31st March 2015 Rupees	For the period ended 31st March 2014 Rupees
Sale of Products		
Traded goods	1,257,571	-
Total - Sale of products	1,257,571	-

Note 14 : Other income

Particulars	For the year ended 31st March 2015 Rupees	For the period ended 31st March 2014 Rupees
Interest Received on ICD	3,310	-
Total - Sale of products	3,310	-

Note 15 : Purchase of Stock in trade

Particulars	For the year ended 31st March 2015 Rupees	For the period ended 31st March 2014 Rupees
Purchase of Stock in trade	1,093,540.00	-
Total	1,093,540.00	-

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015
Note 16 : Finance costs

Particulars	For the	For the	Particulars	For the	For the
	year ended 31st March 2015	period ended 31st March 2014		year ended 31st March 2015	period ended 31st March 2014
	Rupees	Rupees		Rupees	Rupees
Interest on short term borrowing	2,016,740	–	Auditors' remuneration [Refer Note 13]	28,090	16,854
			Miscellaneous Expenses	4	4
Total	2,016,740	–	Total	883,853	180,699

Note 17 : Other expenses

Particulars	For the	For the	Particulars	For the	For the
	year ended 31st March 2015	period ended 31st March 2014		year ended 31st March 2015	period ended 31st March 2014
	Rupees	Rupees		Rupees	Rupees
Rates & taxes	2,500	2,500	(i) Payments to the auditors comprise (net of service tax input credit, where applicable):		
Registration and Documentation Charges	707,236	112,200	(a) To statutory auditors		
Bank Charges	295	1,320	For audit	28,090	16,854
Legal and professional Charges	145,728	32,007	For other services	–	–
Printing and Stationery	–	15,814	Reimbursement of expenses	–	–
			Total	28,090	16,854

Note 18 : Related Party Disclosures:

Names of related party	Nature of relationship
1. Mahindra Holdings Limited	Parent Holding Company
2. Mahindra EPC Services Private Limited	Holding Company
3. Brightsolar Renewable Energy Private Limited	Subsidiary Company
4. Cleansolar Renewable Energy Private Limited	Subsidiary Company

Transaction with related parties

Sr.No.	Party Name	Nature of Relationship	Nature of transactions	Amount	
				2014-2015	2013-2014
1	Mahindra EPC Services Private Limited	Holding Company	Issue of equity shares	63,000,000	400,000
2	Mahindra EPC Services Private Limited	Holding Company	Sale of Solar Home Lighting System	1,257,571	–
3	Mahindra EPC Services Private Limited	Holding Company	Interest payable on ICD taken	2,016,740	–
4	Mahindra EPC Services Private Limited	Holding Company	Inter Corporate Deposit (ICD) taken	185,500,000	–
5	Brightsolar Renewable Energy Private Limited	Subsidiary Company	Reimbursement of expenses received	–	123,655
6	Brightsolar Renewable Energy Private Limited	Subsidiary Company	Interest received	3,330	–
7	Brightsolar Renewable Energy Private Limited	Subsidiary Company	Inter Corporate Deposit (ICD) given	1,507,500	–
8	Brightsolar Renewable Energy Private Limited	Subsidiary Company	Inter Corporate Deposit (ICD) given Repayment	1,507,500	–
9	Cleansolar Renewable Energy Private Limited	Subsidiary Company	Reimbursement of expenses received	–	67,654
Receivables					
1	Brightsolar Renewable Energy Private Limited	Subsidiary Company	Reimbursement of expenses	–	25,842
2	Mahindra EPC Services Private Limited	Holding Company	Sale of Solar Home Lighting System	1,257,571	–
3	Mahindra EPC Services Private Limited	Holding Company	Interest payable on ICD taken	1,815,066	–
4	Mahindra EPC Services Private Limited	Holding Company	Inter Corporate Deposit (ICD) taken	185,500,000	–

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

Note 19:

The Company does not have any dues outstanding to Micro, Small and Medium Enterprises as mentioned in the Micro, Small and Medium Enterprises Development Act 2006.

Note 20:

In view of the net loss for the period, provision for tax is not required and there are no deferred tax assets or liabilities to be recognised.

Note 21:

The company has incurred losses and net worth of the company is eroded by more than 50%. However, having regard to expected capital infusion and future business plans, the accounts are prepared on going concern basis.

Note 22:

Segment Information

The company operates only in one business segment viz. Engineering, Procurement and Construction Contracts relating to solar power projects.

The Companies operations only in India, hence there is no reportable geographical segment.

Note 23:

Additional disclosure requirement relating to purchase, sales and foreign currency transactions are not applicable.

Note 24:

Previous year's figures have been regrouped/restated wherever necessary.

For and on behalf of the Board of Directors

Basant Jain
Director

Roshan Gandhi
Director

Brijesh Rathod
Company Secretary

Place: Mumbai

Date: 27th April, 2015

DIRECTORS' REPORT

Your directors present their Second Report together with the audited financial statements of your Company for the year ended 31st March 2015.

FINANCIAL HIGHLIGHTS AND STATE OF COMPANY'S AFFAIRS

(Rs. in Lakhs)

	For the year ended 31st March 2015	For the period ended 31 st March 2014
Income	-	-
Revenue from Operations (Gross)	-	-
Less: Excise Duty	-	-
Revenue from Operations (Net)	-	-
Other Income	14.97	-
Total Income	14.97	-
Expenses	-	-
Cost of Raw Material and Components Consumed	-	-
(Increase)/decrease in inventories	-	-
Employee Benefit Expenses	-	-
Other Expenses	21.55	1.46
Depreciation and Amortisation Expenses	-	-
Finance Costs	0.03	-
Total Expenses	21.58	1.46
Loss before Tax	(6.61)	(1.46)
Provision for Tax	-	-
Loss for the year from Continuing Operations	(6.61)	(1.46)
Balance of Loss from earlier year	(1.46)	-
Balance Carried Forward	(8.07)	(1.46)
Any amount carry forward to reserve	-	-
Networth	607.92	(0.46)

No material changes and commitments have occurred after the closure of the year under review till the date of this report which would affect the financial position of the Company.

OPERATIONS

During the year the Company has entered into a power purchase agreement with Southern Power Distribution Company of Andhra Pradesh Limited for setting up of 10 MW AC solar power plant at Anantapur, District in the state of Andhra Pradesh. The Company is in the process of acquiring land and tying up sources of project financing. Other project execution related activities are being carried on.

DIVIDEND

Your Directors do not recommend any dividend for the year under review.

SHARE CAPITAL

The authorized share capital of your Company has been increased from rupees Forty lakhs to rupees Seven Crore during the year under review.

During the year under review, your Company has allotted 61,50,000 equity shares of the face value of Rs. 10/- each at par to Mahindra Offgrid Services Private Limited.

The paid-up share capital of your Company as on 31st March 2015 stood at Rs. 6,16,00,000/- divided into 61,60,000 equity shares face value of Rs. 10/- each.

BOARD OF DIRECTORS

Mr. Roshan Gandhi was appointed as an Additional Director on the Board with effect from 22nd October, 2014. He shall hold office upto the date of the ensuing Annual General Meeting. The Company has received the notices in writing from a member proposing his candidature for the office of Director, liable to retire by rotation.

Mr. Parag Shah (DIN – 00374944) has resigned from the directorship of your Company with effect from 22nd October, 2014.

NUMBER OF BOARD MEETINGS:

The Board met seven times during the year under review, i.e. on 25th April, 2014, 7th August 2014, 22nd October, 2014,

18th November, 2014, 26th November 2014, 9th January, 2015 and 16th March, 2015.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to section 134(5) of the Companies Act, 2013, your directors, based on representation from the operating management, and after due enquiry, confirm that:

- (a) in the preparation of the annual financial statements for the year ended 31st March 2015 the applicable accounting standards have been followed;
- (b) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year on 31st March 2015 and of the loss of the Company for the financial year ended on that date;
- (c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) they have prepared the annual accounts on a going concern basis; and
- (e) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

KEY MANAGERIAL PERSON

Mr. Brijesh Rathod (ACS – 37930) was appointed as Company Secretary of your Company with effect from 1st January, 2015 at the Board meeting held on 26th November 2014

RISK MANAGEMENT POLICY

The Board has formulated a Risk Management Policy for the Company which identifies elements of risk if any which may threaten the existence of the Company. Implementation of the Risk Management Policy is expected to be helpful in managing the risks associated with the business of the Company.

STATUTORY AUDITORS

At the first Annual General Meeting, M/s. B. K. Khare & Co., Chartered Accountants, (ICAI registration Number 105102W) were appointed as the statutory auditors of your Company to hold office from the conclusion of the first Annual General Meeting till the conclusion of sixth Annual General Meeting.

M/s. B. K. Khare & Co., Chartered Accountants, (ICAI registration Number 105102W) have given a written consent to act as Auditors of your Company, if appointment is ratified, and have also confirmed that the said ratification of appointment would be in conformity with the provisions of Sections 139 and 141 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014.

The members are requested to ratify the appointment of statutory auditors of the Company at the ensuing Annual General Meeting and to fix their remuneration.

The Auditors' Report does not contain any qualification, reservation or adverse remark.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars relating to the energy conservation, technology absorption and foreign exchange earnings and outgo, as required under Section 134(3)(m) of the Companies Act, 2013 read with the Companies Rule 8(3) of The Companies (Accounts) Rules, 2014 are provided in Annexure I and form part of this report.

PARTICULARS OF EMPLOYEES AS REQUIRED UNDER RULE 5(2) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

Being unlisted company, provisions of Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable to your Company.

CORPORATE SOCIAL RESPONSIBILITY (CSR) INITIATIVES

The provisions relating to CSR enumerated under Section 135 of the Companies Act, 2013 are not applicable to your Company.

PARTICULARS OF PUBLIC DEPOSITS, LOANS, GUARANTEES OR INVESTMENTS

Your Company has not accepted any deposits from the public, or its employees, during the year. There were no other deposits falling under Rule 2(1)(c) of the Companies (Acceptance of Deposits) Rules, 2014 at the beginning of the year, during the year and at the end of the year. There are no deposits which are not in compliance with the requirement of Chapter V of the Companies Act, 2013

Your Company has not made any loans, investments and guarantees which are required to be disclosed in the annual accounts of the Company pursuant to Section 186 of the Companies Act, 2013

Your Company has not made any loans/advances which are required to be disclosed in the annual accounts of the Company pursuant to Clause 32 of the Listing Agreement between the parent Company, Mahindra and Mahindra Limited and stock exchanges.

PARTICULARS OF TRANSACTIONS WITH RELATED PARTIES

Particulars of contracts or arrangements with related parties of the Company referred to under Section 188(1) of the Companies Act, 2013 are given in Form AOC – 2 as Annexure II and the same forms part of this report.

EXTRACT OF ANNUAL RETURN

Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return as on 31st March 2015 in form MGT-9 is annexed as Annexure III and forms part of this report.

INTERNAL FINANCIAL CONTROLS

Pursuant to Rule 8 of the Companies (Accounts) Rules, 2014, based on the representation received and after due enquiry, your directors confirm that they have laid down internal financial controls with reference to the Financial Statements and these controls are adequate.

THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

During the year under review, no complaints were received under the Sexual Harassment of Women at work place (Prevention, Prohibition and Redressal) Act, 2013, for prevention of sexual harassment.

GENERAL

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions/ events on these items during the year under review:

- Issue of equity shares with differential rights as to dividend, voting or otherwise.
- No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and the Company's operations in future.
- There were no Shares having voting rights not exercised directly by the employees and for the purchase of which or subscription to which loan was given by the Company.

ACKNOWLEDGEMENT

Your Directors would like to place on record their sincere thanks for the cooperation and support received from your Company's bankers, stakeholders, business associates and various agencies of the Central and State Governments.

For and on behalf of the Board

Basant Kumar Jain Director (DIN – 00220395)	Roshan Gandhi Director (DIN – 00010478)
--	--

Place : Mumbai

Date : 27th April, 2015.

ANNEXURE I TO THE DIRECTORS' REPORT

PARTICULARS AS PER THE COMPANIES (ACCOUNTS) RULES, 2014 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2015.

A. CONSERVATION OF ENERGY

- (i) the steps taken or impact on conservation of energy: Nil
- (ii) the steps taken by the company for utilizing alternate sources of energy: Nil
- (iii) the capital investment on energy conservation equipment: Nil

B. TECHNOLOGY ABSORPTION

- i) The efforts made towards technology absorption: Nil.
- ii) The benefits derived like product improvement, cost reduction, product development or import substitution: Not applicable
- iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year) – Not applicable
 - (a) the details of technology imported:
 - (b) the year of import
 - (c) whether the technology been fully absorbed:
 - (d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof:
- iv) the expenditure incurred on Research and Development : Nil

C. FOREIGN EXCHANGE EARNINGS AND OUTGO: (in terms of actual inflow and outflow)

There were no Foreign Exchange earnings and outgo during the year under review.

For and on behalf of the Board

Basant Kumar Jain
Director
(DIN – 00220395)

Roshan Gandhi
Director
(DIN – 00010478)

Place : Mumbai

Date : 27th April, 2015.

ANNEXURE II TO THE DIRECTORS' REPORT**FORM NO. AOC -2**

**(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2)
of the Companies (Accounts) Rules, 2014.**

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arm's length transaction under third proviso thereto.

1. Details of contracts or arrangements or transactions not at Arm's length basis - NIL**2. Details of Material contracts or arrangements or transactions at Arm's length basis –**

SL. No.	Particulars	Details
a)	Name (s) of the related party & nature of relationship	Mahindra EPC Services Private Limited (Holding Company)
b)	Nature of contracts/arrangements/transaction	Ongoing Arrangement
c)	Duration of the contracts/arrangements/transaction	NA
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	NA
e)	Amount	17.51 Lacs
f)	Date of approval by the Board	27/04/2015
g)	Amount paid as advances, if any	Nil

Note:

Arrangements for rendering of services for an amount exceeding 10% of turnover of the Company or Rs. fifty crore, whichever is lower is considered as material for the purpose of this disclosure.

For and on behalf of the Board

Basant Kumar Jain
Director
(DIN – 00220395)

Roshan Gandhi
Director
(DIN – 00010478)

Place : Mumbai

Date : 27th April, 2015.

ANNEXURE III TO THE DIRECTORS' REPORT

Form No. MGT-9

Extract of Annual Return

As on the financial year ended on 31st March, 2015

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies
(Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

1.	CIN	U40108MH2013PTC250683
2.	Registration Date	3/12/2013
3.	Name of the Company	Brightsolar Renewable Energy Private Limited
4.	Category/Sub-Category of the Company	Public Limited Company
5.	Address of Registered office and contact details	Mahindra Towers, P K Kurne Chowk, Worli, Mumbai 400018. Tel : 022-24906683
6.	Whether listed Company (Yes/No)	No
7.	Name, Address and Contact details of Registrar and Transfer Agent, if any	NA

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company:-

Sr. No	Name and Description of Main Product/Services	NIC Code of the Product	% to total turnover of the Company.
1	Electric power generation using solar energy	35105	0%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

Sr. No	Name and Address of the Company	CIN	Holding/ Subsidiary of the Company	% of shares held	Applicable Section
1.	Mahindra Offgrid Services Private Limited Address : Mahindra Towers, P. K. KurneChowk, Worli, Mumbai -400018	U40300MH2010PTC205946	Holding Company	100	2(87) (i) and(ii)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i. Category-wise Share Holding.

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1. Indian									
a. Individual/HUF									
b. Central Govt.									
c. State Govt.									
d. Bodies Corp.	–	10,000	10,000	100%	–	61,60,000	61,60,000	100%	–
e. Bank/FI									
f. Any Other									

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
Sub-Total- A-(1)	-	10,000	10,000	100%	-	61,60,000	61,60,000	100%	-
2. Foreign	-	-	-	-	-	-	-	-	-
a. NRI-Individuals	-	-	-	-	-	-	-	-	-
b. Other Individuals	-	-	-	-	-	-	-	-	-
c. Body Corporate	-	-	-	-	-	-	-	-	-
d. Bank/FI	-	-	-	-	-	-	-	-	-
e. Any Others	-	-	-	-	-	-	-	-	-
Sub Total- A (2)	-	-	-	-	-	-	-	-	-
Total Share Holder of Promoters (1+2)	-	10,000	10,000	100%	-	61,60,000	61,60,000	100%	-
B. Public Shareholding									
1. Institution	-	-	-	-	-	-	-	-	-
a. Mutual Funds	-	-	-	-	-	-	-	-	-
b. Bank/FI	-	-	-	-	-	-	-	-	-
c. Cent. Govt.	-	-	-	-	-	-	-	-	-
d. State Govt.	-	-	-	-	-	-	-	-	-
e. Venture Capital	-	-	-	-	-	-	-	-	-
f. Insurance Co.	-	-	-	-	-	-	-	-	-
g. FIs	-	-	-	-	-	-	-	-	-
h. Foreign Portfolio Corporate	-	-	-	-	-	-	-	-	-
i. Foreign Venture Capital Fund	-	-	-	-	-	-	-	-	-
j. Others	-	-	-	-	-	-	-	-	-
Sub-Total-B (1)	-	-	-	-	-	-	-	-	-
2. Non-Institution	-	-	-	-	-	-	-	-	-
a. Body Corp.	-	-	-	-	-	-	-	-	-
b. Individual	-	-	-	-	-	-	-	-	-
i. Individual shareholders holding nominal share capital upto ₹ 1 lakh	-	-	-	-	-	-	-	-	-
ii. Individual shareholders holding nominal share capital in excess of ₹ 1 Lakh	-	-	-	-	-	-	-	-	-

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
c. Others									
i. NRI (Rep)	–	–	–	–	–	–	–	–	–
ii. NRI (Non-Rep)	–	–	–	–	–	–	–	–	–
iii. Foreign National	–	–	–	–	–	–	–	–	–
iv. OCB	–	–	–	–	–	–	–	–	–
v. Trust	–	–	–	–	–	–	–	–	–
vi. In Transit	–	–	–	–	–	–	–	–	–
Sub-Total-B (2)	–	–	–	–	–	–	–	–	–
Net Total (1+2)	–	–	–	–	–	–	–	–	–
C. Shares held by Custodian for GDRs & ADRs									
Promoter and Promoter Group	–	–	–	–	–	–	–	–	–
Public	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	–	10,000	10,000	100 %	–	61,60,000	61,60,000	100 %	–

ii. Shareholding of Promoters:

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	
1	Mahindra Offgrid Services Private Limited	9999	100%	–	61,59,999	100%	–	–
2	Mahindra Offgrid Services Private Limited Jointly with Roshan Gandhi*	1	–	–	1	–	–	–

* The joint shareholder with Mahindra Offgrid Services Private Limited is employee of Mahindra Group of Companies and his name has been added for complying with the statutory provisions.

iii. Change in Promoters' Shareholding –

Particular	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No of shares	% of total shares of the Company	No of shares	% of total shares of the Company
At the beginning of the year	10,000	100%	10,000	100%
Increase :- On 26/11/2014 – Allotment of Equity shares on Rights basis	61,50,000	–	61,60,000	–
At the end of the year	–	–	61,60,000	100%

iv. Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	Top Ten Shareholders	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Nil	Nil	Nil	Nil	Nil

v. Shareholding of Directors and Key Managerial Personnel:

Sr. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Shareholding at the end of the year	
	Name of the Director/KMP	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Nil	Nil	Nil	Nil	Nil

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(₹ In Lacs)

Particulars	Secured Loans Excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year 01.04.2014	-	-	-	-
1) Principal Amount	-	-	-	-
2) Interest due but not paid	-	-	-	-
3) Interest accrued but not due	-	-	-	-
Total of (1+2+3)	-	-	-	-
Change in Indebtedness during the financial year	-	-	-	-
+ Addition	-	15.08	-	15.08
- Reduction	-	-15.08	-	-15.08
Net change	-	-	-	-
Indebtedness at the end of the financial year-31.03.2015	-	-	-	-
1) Principal Amount	-	-	-	-
2) Interest due but not paid	-	-	-	-
3) Interest accrued but not due	-	-	-	-
Total of (1+2+3)	-	0	-	0

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**A. Remuneration to Managing Director, Whole-Time Directors and/or Manager: Not applicable**

Sr. No	Particulars of Remuneration	Name of MD/WTD/Manager		Total Amount (₹ In Lacs)
1.	Gross Salary	-	-	-
	a) Salary as per provisions contained in section 17(1) of the Income Tax Act	-	-	-
	b) Value of perquisites u/s 17(2) Income Tax Act, 1961	-	-	-
	c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission – As % of Profit – Others, specify	-	-	-
5.	Others, please specify Provident Fund & other Funds	-	-	-

Sr. No	Particulars of Remuneration	Name of MD/WTD/Manager	Total Amount (₹ In Lacs)
	Performance Bonus	-	-
	Total (A)		
	Ceiling as per the Act	5% of the net profits of the Company	

B. Remuneration of other directors:**I. Independent Directors : Not Applicable**

Particulars of Remuneration	Name of Directors	Total Amount (₹ In Lacs)
Fee for attending board committee meetings	-	-
Commission	-	-

Particulars of Remuneration	Name of Directors						Total Amount (₹ In Lacs)
Others	-	-	-	-	-	-	-
Total (1)	-	-	-	-	-	-	-

II. Other Non-Executive Directors : Nil

Other Non-Executive Directors							Total Amount (₹ In Lacs)
Fee for attending board committee meetings	-	-	-	-	-	-	-
Commission	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-
Total (2)							
Total B = (1+2)							

C. Remuneration to Key Managerial Personnel Other Than MD/Manager/WTD

Sr. No	Particulars of Remuneration	Mr. Brijesh Rathod (Company Secretary)
1.	Gross Salary	0
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act	0
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	0
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	0
2.	Stock Option	0
3.	Sweat Equity	0
4.	Commission – As % of Profit – Others, specify	0
5.	Others (Professional Fees)	15,000
	Performance Bonus	0
	Total (C)	15,000

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES (Under the Companies Act): None

	Type	Section of the Companies Act	Brief Description	Details of Penalty/Punishment/Compounding fees imposed	Authority [RD/NCLT/ COURT]	Appeal made, if any (give Details)
Penalty	-	-	-	-	-	-
Punishment	-	-	-	-	-	-
Compounding	-	-	-	-	-	-
OTHER OFFICERS IN DEFAULT						
Penalty	-	-	-	-	-	-
Punishment	-	-	-	-	-	-
Compounding	-	-	-	-	-	-

For and on behalf of the Board

Basant Kumar Jain
Director (DIN – 00220395)

Roshan Gandhi
Director (DIN – 00010478)

Place : Mumbai
Date : 27th April, 2015.

INDEPENDENT AUDITORS' REPORT

To the Members of Brightsolar Renewable Services Private Limited

Report on the Financial Statements

1. We have audited the accompanying financial statements of **Brightsolar Renewable Services Private Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2015, and the Statements of Profit and Loss and Cash Flow for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit.
4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment

of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2015, and its loss and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

9. As required by the Companies (Auditor's Report) Order, 2015, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
10. As required by Section 143(3) of the Act, we report that:
 - a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c. the Balance Sheet, the Statement of Profit and Loss and Cash Flow dealt with by this Report are in agreement with the books of account;
 - d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);

- e. on the basis of written representations received from the directors as on March 31, 2015 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015, from being appointed as a director in terms of Section 164(2) of the Act.
- f. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company does not have any pending litigations which would impact its financial position;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. There were no amounts which required to be transferred to the Investor Education and Protection Fund by the Company during the year ended 31st March 2015.

For **For B. K. Khare & Co.**
Chartered Accountants
Firm Registration Number 105102W

Himanshu Chapsey
Partner
Membership Number: 105731

Place: Mumbai
Date: April 27, 2015

ANNEXURE TO AUDITORS' REPORT

Referred to in paragraph 9 of our report of even date to the members of Brightsolar Renewable Energy Private Limited on the financial statements as of and for the year ended March 31, 2015.

1. The Company did not have any fixed assets during the year. Therefore, provisions of para 3(i) of the Order are not applicable.
2. The Company did not have any inventory during the year. Accordingly, the provisions of para 3(ii) are also not applicable at present to the Company.
3. According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms and other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of para 3(iii) of the Order are not applicable.
4. The Company did not have any operations during the year and hence did not have any inventory or any sale of goods or services. In our opinion, and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of fixed assets. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across, nor have been informed of, any continuing failure to correct major weaknesses in the aforesaid internal control system.
5. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits under the provisions of Sections 73 to 76 of the Act and the rules framed there under.
6. The Central Government of India has not prescribed the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company.
7. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues, including income tax, sales tax, wealth tax, service tax, customs duty, excise duty and other material statutory dues, as applicable, with the appropriate authorities. The Company did not have any employees during the year and hence the provisions of Provident fund and Employee State Insurance are not applicable. According to the information and explanations given to us, there were no undisputed amounts in respect of the above were outstanding, as on March 31, 2015 for a period of more than six months from the date they became payable.
 - (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income-tax, sales-tax, wealth-tax, service-tax, customs duty, and excise duty which have not been deposited on account of any dispute.
 - (c) There were no amounts which were required to be deposited in the Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder.
8. As the Company is registered for a period less than five years, the provisions of para 3(viii) of the Order are not applicable to the Company.
9. The Company did not have any borrowings from any financial institution or bank nor has it issued any debentures during the year and hence the provisions of para 3(ix) of the Order are not applicable to the Company.
10. In our opinion, and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
11. To the best of our knowledge and belief and according to the information and explanations given to us the Company has not raised any term loan during the year. Accordingly the provisions of the para 3(xi) are not applicable to the Company.
12. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.

For **For B. K. Khare & Co.**
Chartered Accountants
Firm Registration Number 105102W

Himanshu Chapsey
Partner
Membership Number: 105731

Place: Mumbai
Date: April 27, 2015

BALANCE SHEET AS AT 31ST MARCH, 2015

Particulars	Note	As at 31st March, 2015 Rupees	As at 31st March, 2014 Rupees
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	3	61,600,000	100,000
(b) Reserves and Surplus	4	(807,521)	(146,245)
(2) Current Liabilities			
(a) Other current liabilities	5	177,258	48,096
(b) Trade payables	6	133,160	-
Total		61,102,897	1,851
II. ASSETS			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible assets		-	-
(ii) Capital work-in-progress		755,777	-
(2) Current assets:			
(a) Current Investement	7	59,904,881	-
(b) Cash and cash equivalents	8	33,008	1,851
(c) Short-term loans and advances	9	409,230	-
Total		60,347,120	1,851
Total		61,102,897	1,851

See accompanying notes forming part of the financial statements

In terms of our report attached

For B K Khare & Co.
Chartered Accountants
Firm's Registration Number 105102W

For and on behalf of the Board of Directors

Himanshu Chapsey
Partner
M. No. 105731

Basant Kumar Jain
Director

Roshan Gandhi
Director

Brijesh Rathod
Company Secretary

Place : Mumbai
Date : 27th April, 2015

Place : Mumbai
Date : 27th April, 2015

STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED 31ST MARCH, 2015

	Note	For the year ended 31st March, 2015	For the period ended 31st March, 2014
		Rupees	Rupees
I. Other income.....	10	1,497,182	–
II. Total Revenue (I+II)		1,497,182	–
I. Expenses:			
i Finance costs.....	11	3,310	–
ii Other expenses.....	12	2,155,149	146,245
I. Total Expenses		(661,276)	146,245
II. Loss before tax (III-IV)		(661,276)	(146,245)
III. Tax expense:			
(a) Current tax expense		–	–
(b) Deferred tax charge.....		–	–
		–	–
IV. Loss for the year (V-VI).....		(661,276)	(146,245)
V. Earnings per share (Face value of Rs. 10/- each):			
Basic & Diluted.....		(0.29)	(14.62)

See accompanying notes forming part of the financial statements

In terms of our report attached

For B K Khare & Co.
Chartered Accountants
Firm's Registration Number 105102W

For and on behalf of the Board of Directors

Himanshu Chapsey
Partner
M. No. 105731

Basant Kumar Jain
Director

Roshan Gandhi
Director

Brijesh Rathod
Company Secretary

Place : Mumbai
Date : 27th April, 2015

Place : Mumbai
Date : 27th April, 2015

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2015

Particulars	For the period ended 31st March, 2015		For the period ended 31st March, 2014	
	Rupees	Rupees	Rupees	Rupees
A. CASH FLOW FROM OPERATING ACTIVITIES				
Profit/(Loss) before extraordinary items and tax.....		(661,276)		(146,245)
		<u>(661,276)</u>		<u>(146,245)</u>
Operating profit/(loss) before working capital changes.....				
Other non-current assets				
Current Investments				
Other current liabilities	262,322		48,096	
		<u>262,322</u>		<u>48,096</u>
Cash flow from extraordinary items.....				
Cash generated from operations.....		(398,954)		(98,149)
Net income tax (paid)/refunds		(409,230)		
NET CASH FLOW FROM/(USED IN) OPERATING ACTIVITIES (A).....		<u>(808,185)</u>		<u>(98,149)</u>
B. CASH FLOW FROM INVESTING ACTIVITIES				
Capital expenditure on fixed assets, including capital advances		(755,777)		
Investment in Mutual Fund Unit	(59,904,881)			
NET CASH FLOW FROM/(USED IN) INVESTING ACTIVITIES (B).....		<u>(60,660,658)</u>		<u>-</u>
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from issue of equity shares.....	61,500,000		100,000	
(Repayments)/Proceeds from short-term borrowings				
NET CASH FLOW FROM/(USED IN) FINANCING ACTIVITIES (C).....		<u>61,500,000</u>		<u>100,000</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C).....		31,157		1,851
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR.....		1,851		
Effect of exchange differences on restatement of foreign currency Cash and cash equivalents				
Cash and cash equivalents at the end of the year....		<u>33,008</u>		<u>1,851</u>
Reconciliation of Cash and cash equivalents with the Balance Sheet:				
Cash and cash equivalents (Refer Note 8)				
Balances held as margin money or security against borrowings, guarantees and other commitments ...		33,008		1,851
Cash and cash equivalents at the end of the year *		<u>33,008</u>		<u>1,851</u>

In terms of our report attached

For B K Khare & Co.
Chartered Accountants
Firm's Registration Number 105102W

Himanshu Chapsey
Partner
M. No. 105731

Place : Mumbai
Date : 27th April, 2015

For and on behalf of the Board of Directors

Basant Kumar Jain
Director

Roshan Gandhi
Director

Brijesh Rathod
Company Secretary

Place : Mumbai
Date : 27th April, 2015

Notes on Accounts for the year ended 31st March, 2015

1. Company Information

Brightsolar Renewable Services Private Limited ('the Company') was incorporated in India on 3rd December, 2013, having registered office at Mahindra Towers, Dr. G. M. Bhosale Marg, P. K., Kurne Chowk, Worli, Mumbai – 400018 Maharashtra, INDIA to carry on business as a producer and distributor of solar power by using solar cells, photo voltaic cells, wafers, photo voltaic solar modules, photo voltaic solar system/sub system, tracked or fixed tilt, concentrated solar power and to provide related services. The holding company is Mahindra Offgrid Services Private Limited.

2. Significant Accounting Policies

(a) Basis of Preparation of Financial Statements

The financial statements of the Company have been prepared in accordance with the historical cost convention and on accrual basis in accordance with generally acceptable accounting principles in India. These financial statements have been prepared to comply in all material aspects with the Accounting Standards specified under Section 133 of the Companies Act, 2013 ("the Act") read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended) and other relevant provisions of the Companies Act 2013.

All Assets and Liabilities have been classified as current or non-current as per the Company's operating cycle and other criteria set out in Schedule III to the Companies Act, 2013. Based on the nature of products/services and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current-non-current classification of assets and liabilities.

(b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles in India (Indian GAAP) requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent liabilities on the date of the financial statements. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of financial statements, which in management's opinion are prudent and reasonable. Actual results may differ from the estimates used in preparing the accompanying financial statements. Any revision to accounting estimates is recognised prospectively in current and future periods.

(c) Taxes on Income

Current tax is determined as the amount of tax payable in respect of taxable income for the year. Deferred tax is recognised, subject to consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets arising on account of unabsorbed depreciation or carry forward of tax losses are recognised only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realized.

At each balance sheet date the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably

certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

(d) Investments

Investments are classified under Non-current and Current categories.

'Non-current Investments' are carried at acquisition /amortized cost. A provision is made for diminution, other than temporary, on an individual basis.

'Current Investments' are carried at the lower of cost or fair value on an individual basis.

(e) Cash and Cash Equivalents

Cash and cash equivalents for the purpose of Cash Flow Statements include cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

(f) Earnings Per Share

Basic and diluted earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period

(g) Revenue Recognition:

Interest income

Interest income is recognized on time proportion basis.

Dividend Income

Dividend income is recognized when the right to receive dividend is established.

(h) Provisions and Contingent Liabilities :

Contingent liabilities are disclosed by way of note to the financial statements, after careful evaluation by the management of the facts and legal aspects of the matter involved.

Note no. 3 : Share Capital:

	As at 31st March, 2015	As at 31st March, 2014
	Rupees	Rupees
Authorised:		
70,00,000 (Previous Year 40,000 equity shares of 10/- each) Equity Shares of Rs. 10 each	70,000,000	400,000
Total	70,000,000	400,000
Issued and Subscribed:		
61 60,000 (Previous Year 10,000 equity shares of 10/- each) Equity Shares of Rs. 10 each, fully paid up	61,600,000	100,000
Total	61,600,000	100,000

a. Reconciliation of the shares outstanding at the beginning and at the end of the period:

	2014-15		2013-14	
	No. of Shares	Rupees	No. of Shares	Rupees
Equity Shares:				
At the beginning of the period	10,000	100,000	–	–
Issued during the period	6,150,000	61,500,000	10,000	100,000
Outstanding at the end of the period	6,160,000	61,600,000	10,000	100,000

b. Terms/rights attached to equity shares:

The company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share.

c. Details of shareholders holding more than 5% shares in the company:

	2014-15		2013-14	
	No. of Shares	% holding	No. of Shares	% holding
Equity Shares:				
Mahindra Offgrid Services Private Limited (Holding Company)*	6,160,000	100%	10,000	100%
Total	6,160,000	100%	10,000	100%

* This includes 1 nominee share held by an individual on behalf of the holding company.

Note no. 4 : Reserves and Surplus

Particulars	As at	As at
	31st March, 2015	31st March, 2014
	Rupees	Rupees
Opening balance	(146,245)	-
Add: Profit/(Loss) for the year	(661,276)	(146,245)
Closing balance	(807,521)	(146,245)
Total	(807,521)	(146,245)

Note no. 5 : Other current liabilities

Particulars	As at	As at
	31st March, 2015	31st March, 2014
	Rupees	Rupees
Payable to related party (Refer note 14)	-	25,842
(a) Other payables		
(i) Statutory remittances	126,914	-
(ii) Others	50,344	22,254
Total	177,258	48,096

Note no. 6 : Trade payables

Particulars	As at	As at
	31st March, 2015	31st March, 2014
	Rupees	Rupees
Trade payables:		
Acceptances	-	-
Other than Acceptances	133,160	-
Total	133,160	-

Note no. 7 : Current Investment

Particulars	As at	As at
	31st March, 2015	31st March, 2014
	Rupees	Rupees
(a) Investment in Mutual Funds (Unquoted) (at lower of cost or NAV) ICICI Prudential Money Market Fund-Regular Plan - Daily Dividend (95,939.89 units., PY: Nil)	9,606,413	-
Taurus Liquid Fund - Existing Plan - Super Insti Daily Dividend Reinvestment (50,285.29 units., PY: Nil)	50,298,468	-
Total	59,904,881	-
Aggregate amount of unquoted investments	59,904,881	-

The net realisable value of Mutual Fund has been taken from Accounts Statement. Cost of investment includes dividend reinvested.

Note no. 8 : Cash and cash equivalents

Particulars	As at	As at
	31st March, 2015	31st March, 2014
	Rupees	Rupees
Balance with bank in current Account	33,008	1,851
Total	33,008	1,851

Note no. 9 : Short-term loans and advances

Particulars	As at	As at
	31st March, 2015	31st March, 2014
	Rupees	Rupees
(a) Advance income tax	300,000	-
(b) TDS receivable on FD with Bank	109,230	-
(c) Provision for income tax	-	-
Total	409,230	-

Note no. 10: Other income

Particulars	For the year ended	For the period ended
	31st March 2015	31st March 2014
	Rupees	Rupees
Interest income comprises:		
(i) Interest from banks on: deposits	1,092,301	-
(ii) Dividend income from Mutual Fund	404,881	-
Total - Interest income	1,497,182	-

Note no. 11: Finance costs

Particulars	For the year ended	For the period ended
	31st March 2015	31st March 2014
	Rupees	Rupees
Interest on short term borrowing	3,310	-
Total	3,310	-

Note no. 12: Other expenses

Particulars	For the year ended	For the period ended
	31st March 2015	31st March 2014
	Rupees	Rupees
Bank charges	135	337
Legal and professional	1,382,232	31,242
Payments to auditors (refer Note below)	28,090	16,854
Printing and stationery	1,313	-
Registration and documentation charges	738,374	97,812
Miscellaneous expenses	5,005	-
Total	2,155,149	146,245

Notes:

Particulars	For the year ended 31st March 2015	For the period ended 31st March 2014
	Rupees	Rupees
(i) Payments to the auditors comprise (net of service tax input credit, where applicable):		
(a) To statutory auditors		
For audit	28,090	16,854
For other services	-	-
Reimbursement of expenses	-	-
Total	28,090	16,854

Note no. 13:

- a) The Company has entered into a Power Purchase Agreement (PPA) with Southern Power Distribution Company of Andhra Pradesh Limited for supply of 10 MW Solar Power in the month of December 2014. The Capital commitment relating to setting up of power generation facility is not quantifiable at this stage.
- b) The Mahindra EPC Services Private Limited (Parent Holding Company) has provided a Performance Bank Guarantee (PBG) to the Southern Power Distribution Company of Andhra Pradesh Limited on behalf of the Company amounting to Rs. 250 lacs based on Rs. 25 lacs per MW.

Note no. 14:

Related Party Disclosures:

Names of related party	Nature of relationship
1 Mahindra Offgrid Services Private Limited	Holding Company
2 Mahindra EPC Services Private Limited	Group Company

Transaction with related parties:

Sr. No.	Party Name	Nature of Relationship	Nature of transactions	Amount	
				2014-15	2013-14
1	Mahindra EPC Services Private Limited	Group company	Business Support Services	1,352,402	
2	Mahindra EPC Services Private Limited	Group company	Reimbursement of expenses Paid	3,94,893	

Sr. No.	Party Name	Nature of Relationship	Nature of transactions	Amount	
				2014-15	2013-14
3	Mahindra Offgrid Services Private Limited	Holding Company	Interest on ICD	3,310	-
4	Mahindra Offgrid Services Private Limited	Holding Company	Inter Corporate Deposit(ICD) taken	1,507,500	-
5	Mahindra Offgrid Services Private Limited	Holding Company	Inter Corporate Deposit(ICD) taken repayment	1,507,500	-
6	Mahindra Offgrid Services Private Limited	Holding Company	Issue of Equity Shares	61,500,000	100,000
7	Mahindra Offgrid Services Private Limited	Holding Company	Business Support Services	-	123,654

Balances outstanding at the end of the period

Payable					
1	Mahindra Offgrid Services Private Limited	Holding Company	Business Support Services	-	25,842

Note no. 15 :

The Company does not have any dues outstanding to Micro, Small and Medium Enterprises as mentioned in the Micro, Small and Medium Enterprises Development Act 2006. Hence the disclosures related to amount paid as at the end of the year together with interest paid/payable as required under the said Act are not applicable.

Note No. 16:

Segment Information

The company operates only in one business segment viz. Engineering, Procurement and Construction Contracts relating to solar power projects.

The Companies operations only in India, hence there is no reportable geographical segment.

Note No. 17:

In view of the net loss for the period, provision for tax is not required and there are no deferred tax assets or liabilities to be recognised.

Note No. 18:

Previous year figures have been regrouped/reclassified wherever necessary to conform to current year's classification.

For and on behalf of the Board of Directors

Basant Kumar Jain
Director

Roshan Gandhi
Director

Brijesh Rathod
Company Secretary

Place : Mumbai

Date : 27th April, 2015

DIRECTORS' REPORT

Your directors present their Second Report together with the audited financial statements of your Company for the year ended 31st March, 2015.

FINANCIAL HIGHLIGHTS AND STATE OF COMPANY'S AFFAIRS

	(Rs. in Lakhs)	
	For the year ended 31 st March, 2015	For the period ended 31 st March, 2014
Income	-	-
Revenue from Operations (Gross)	-	-
Less: Excise Duty	-	-
Revenue from Operations (Net)	-	-
Other Income	14.43	-
Total Income.....	14.43	-
Expenses		
Cost of Raw Material and Components Consumed	-	-
(Increase)/decrease in inventories	-	-
Employee Benefit Expenses	-	-
Other Expenses	13.92	0.90
Depreciation and Amortisation Expenses	-	-
Finance Costs	-	-
Total Expenses	13.92	0.90
Profit/(Loss) before Tax	0.51	(0.90)
Provision for Tax	-	-
Profit/(Loss) for the year from Continuing Operations	0.51	(0.90)
Balance of Loss from earlier year	(0.90)	-
Balance Carried Forward	(0.39)	(0.90)
Any amount carry forward to reserve	-	-
Networth.....	1,855.96	0.10

No material changes and commitments have occurred after the closure of the year under review till the date of this report which would affect the financial position of the Company

OPERATIONS

During the year the Company has entered into a power purchase agreement with Southern Power Distribution Company of Telangana Limited for setting up of 30 MW AC solar power plant at Ranga Reddy District in the state of Telangana. The Company is in the process of acquiring land and tying up sources of project financing. Other project execution related activities are being carried on.

DIVIDEND

Your Directors do not recommend any dividend for the year under review.

SHARE CAPITAL

The authorized share capital of your Company has been increased from rupees Fifteen lakhs to rupees Nine Crore during the year under review.

During the year under review, your Company allotted 29,45,000 equity shares of face value of Rs. 10/- each at the premium of Rs. 53/- per share to Mahindra Offgrid Services Private Limited.

The paid-up share capital of your Company as on 31st March, 2015 stood at Rs. 2,95,50,000 divided into 29,55,000 equity shares of face value of Rs. 10/- each.

BOARD OF DIRECTORS

Mr. Roshan Gandhi was appointed as an Additional Director on the Board with effect from 22nd October, 2014. He shall hold office upto the date of the ensuing Annual General Meeting. The Company has received the notices in writing from a member proposing his candidature for the office of Director, liable to retire by rotation.

Mr. Parag Shah (DIN: 00374944) has resigned from the directorship of your Company with effect from 22nd October, 2014.

NUMBER OF MEETINGS:

The Board met Eight times during the year under review, i.e. on 25th April, 2014, 7th August, 2014, 22nd October, 2014,

9th January, 2015, 30th January, 2015, 9th February, 2015, 18th February, 2015 and 16th March, 2015.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to section 134(5) of the Companies Act, 2013, your directors, based on representation from the operating management, and after due enquiry, confirm that:

- (a) in the preparation of the annual financial statements for the year ended 31st March, 2015 the applicable accounting standards have been followed;
- (b) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year on 31st March, 2015 and of the profit of the Company for the financial year ended on that date;
- (c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) they have prepared the annual accounts on a going concern basis; and
- (e) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

RISK MANAGEMENT POLICY

The Board has formulated a Risk Management Policy for the Company which identifies elements of risk if any which may threaten the existence of the Company. Implementation of the Risk Management Policy is expected to be helpful in managing the risks associated with the business of the Company.

STATUTORY AUDITORS

At the first Annual General Meeting, M/s. B. K. Khare & Co., Chartered Accountants, (ICAI registration Number 105102W) were appointed as the statutory auditors of your Company to hold office from the conclusion of the first Annual General Meeting till the conclusion of sixth Annual General Meeting.

M/s. B. K. Khare & Co., Chartered Accountants, (ICAI registration Number 105102W) have given a written consent - to act as Auditors of your Company, if appointment is ratified, and have also confirmed that the said ratification of appointment would be in conformity with the provisions of Sections 139 and 141 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014.

The members are requested to ratify the appointment of statutory auditors of the Company at the ensuing Annual General Meeting and to fix their remuneration.

The Auditors' Report does not contain any qualification, reservation or adverse remark.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars relating to the energy conservation, technology absorption and foreign exchange earnings and outgo, as required under Section 134(3)(m) of the Companies Act, 2013 read with the Companies Rule 8(3) of The Companies (Accounts) Rules, 2014 are provided in Annexure I and form part of this report.

PARTICULARS OF EMPLOYEES AS REQUIRED UNDER RULE 5(2) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

Being unlisted company, provisions of Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable to your Company.

CORPORATE SOCIAL RESPONSIBILITY (CSR) INITIATIVES

The provisions relating to CSR enumerated under Section 135 of the Companies Act, 2013 are not applicable to your Company.

PARTICULARS OF PUBLIC DEPOSITS, LOANS, GUARANTEES OR INVESTMENTS

Your Company has not accepted any deposits from the public, or its employees, during the year. There were no other deposits falling under Rule 2(1)(c) of the Companies (Acceptance of Deposits) Rules, 2014 at the beginning of the year, during the year and at the end of the year. There are no deposits which are not in compliance with the requirement of Chapter V of the Companies Act, 2013

Your Company has not made any loans, investments and guarantees which are required to be disclosed in the annual accounts of the Company pursuant to Section 186 of the Companies Act, 2013

Your Company has not made any loans/advances which are required to be disclosed in the annual accounts of the Company pursuant to Clause 32 of the Listing Agreement between the parent Company, Mahindra and Mahindra Limited and stock exchanges.

PARTICULARS OF TRANSACTIONS WITH RELATED PARTIES

Particulars of contracts or arrangements with related parties of the Company referred to under Section 188(1) of the Companies Act, 2013 are given in Form AOC – 2 as Annexure II and the same forms part of this report.

EXTRACT OF ANNUAL RETURN

Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return as on 31st March, 2015 in form MGT-9 is annexed as Annexure III and forms part of this report.

INTERNAL FINANCIAL CONTROLS

Pursuant to Rule 8 of the Companies (Accounts) Rules, 2014, based on the representation received and after due enquiry, your directors confirm that they have laid down internal financial controls with reference to the Financial Statements and these controls are adequate.

THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

During the year under review, no complaints were received under the Sexual Harassment of Women at work place (Prevention, Prohibition and Redressal) Act, 2013, for prevention of sexual harassment.

GENERAL

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions/ events on these items during the year under review:

- Issue of equity shares with differential rights as to dividend, voting or otherwise.

- No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and the Company's operations in future.

There were no Shares having voting rights not exercised directly by the employees and for the purchase of which or subscription to which loan was given by the Company.

ACKNOWLEDGEMENT

Your Directors would like to place on record their sincere thanks for the cooperation and support received from your Company's bankers, stakeholders, business associates and various agencies of the Central and State Governments.

For and on behalf of the Board

Basant Jain

Director

(DIN : 00220395)

Roshan Gandhi

Director

(DIN : 00010478)

Mumbai, 27th April, 2015

ANNEXURE I TO THE DIRECTORS' REPORT

PARTICULARS AS PER THE COMPANIES (ACCOUNTS) RULES, 2014 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2015.

A. CONSERVATION OF ENERGY

- (i) the steps taken or impact on conservation of energy: Nil
- (ii) the steps taken by the company for utilizing alternate sources of energy: Nil
- (iii) the capital investment on energy conservation equipment: Nil

B. TECHNOLOGY ABSORPTION

- i) The efforts made towards technology absorption: Nil
- ii) The benefits derived like product improvement, cost reduction, product development or import substitution: Not Applicable
- iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year) – Not Applicable
 - (a) the details of technology imported:
 - (b) the year of import

(c) whether the technology been fully absorbed:

(d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof:

iv) the expenditure incurred on Research and Development : Nil

C. FOREIGN EXCHANGE EARNINGS AND OUTGO: (in terms of actual inflow and outflow)

There were no Foreign Exchange earnings and outgo during the year under review.

For and on behalf of the Board

Basant Jain
Director
(DIN : 00220395)

Roshan Gandhi
Director
(DIN : 00010478)

Mumbai, 27th April, 2015

ANNEXURE II TO THE DIRECTORS' REPORT
FORM NO. AOC-2

Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014.

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arm's length transaction under third proviso thereto.

- 1. Details of contracts or arrangements or transactions not at Arm's length basis - NIL**
- 2. Details of Material contracts or arrangements or transactions at Arm's length basis**

Sl. No.	Particulars	Details
a)	Name (s) of the related party & nature of relationship	Mahindra EPC Services Private Limited (Holding Company)
b)	Nature of contracts/arrangements/transaction	Ongoing Arrangement
c)	Duration of the contracts/arrangements/transaction	NA
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	NA
e)	Amount	22.22 Lacs
f)	Date of approval by the Board	27/04/2015
g)	Amount paid as advances, if any	Nil

Note:

Arrangements for rendering of services for an amount exceeding 10% of turnover of the Company or Rs. fifty crore, whichever is lower is considered as material for the purpose of this disclosure.

For and on behalf of the Board

Basant Jain
Director
(DIN : 00220395)

Roshan Gandhi
Director
(DIN : 00010478)

Mumbai, 27th April, 2015

ANNEXURE III TO THE DIRECTORS' REPORT

Form No. MGT-9

Extract of Annual Return

As on the Financial year ended on 31st March, 2015

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

1.	CIN	U40108MH2013PTC250684
2.	Registration Date	3/12/2013
3.	Name of the Company	Cleansolar Renewable Energy Private Limited
4.	Category/Sub-Category of the Company	Public Limited Company
5.	Address of Registered office and contact details	Mahindra Towers, P K Kurne Chowk, Worli, Mumbai 400018. Tel : 022-24906683
6.	Whether listed Company (Yes/No)	No
7.	Name, Address and Contact details of Registrar and Transfer Agent, if any	NA

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

All the business activities contributing 10 % or more of the total turnover of the company:-

Sr. No	Name and Description of Main Product/Services	NIC Code of the Product	% to total turnover of the Company
1.	Electric power generation using solar energy	35105	0%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Sr. No	Name and Address of the Company	CIN	Holding/ Subsidiary of the Company	% of shares held	Applicable Section
1.	Mahindra Offgrid Services Private Limited Address: Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 4000018	U40300MH2010PTC205946	Holding Company	100	2(87)(i) and(ii)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity):**i. Category-wise Share Holding:**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1. Indian									
a. Individual/HUF	-	-	-	-	-	-	-	-	-
b. Central Govt.	-	-	-	-	-	-	-	-	-
c. State Govt.	-	-	-	-	-	-	-	-	-
d. Bodies Corp.	-	10,000	10,000	100 %	-	29,55,000	29,55,000	100 %	-
e. Bank/FI	-	-	-	-	-	-	-	-	-
f. Any Other	-	-	-	-	-	-	-	-	-
Sub-Total- A-(1)	-	10,000	10,000	100 %	-	29,55,000	29,55,000	100 %	-

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
2. Foreign	-	-	-	-	-	-	-	-	-
a. NRI-Individuals	-	-	-	-	-	-	-	-	-
b. Other Individuals	-	-	-	-	-	-	-	-	-
c. Body Corporate	-	-	-	-	-	-	-	-	-
d. Bank/FI	-	-	-	-	-	-	-	-	-
e. Any Others	-	-	-	-	-	-	-	-	-
Sub Total- A (2)	-	-	-	-	-	-	-	-	-
Total Share Holder of Promoters (1+2)	-	10,000	10,000	100 %	-	29,55,000	29,55,000	100 %	-
B. Public Shareholding									
1. Institution	-	-	-	-	-	-	-	-	-
a. Mutual Funds	-	-	-	-	-	-	-	-	-
b. Bank/FI	-	-	-	-	-	-	-	-	-
c. Cent. Govt.	-	-	-	-	-	-	-	-	-
d. State Govt.	-	-	-	-	-	-	-	-	-
e. Venture Capital	-	-	-	-	-	-	-	-	-
f. Insurance Co.	-	-	-	-	-	-	-	-	-
g. FIs	-	-	-	-	-	-	-	-	-
h. Foreign Portfolio Corporate	-	-	-	-	-	-	-	-	-
i. Foreign Venture Capital Fund	-	-	-	-	-	-	-	-	-
j. Others	-	-	-	-	-	-	-	-	-
Sub-Total-B (1)	-	-	-	-	-	-	-	-	-
2. Non- Institution	-	-	-	-	-	-	-	-	-
a. Body Corp.	-	-	-	-	-	-	-	-	-
b. Individual	-	-	-	-	-	-	-	-	-
i. Individual shareholders holding nominal share capital upto ₹ 1 lakh	-	-	-	-	-	-	-	-	-
ii. Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	-	-	-	-	-	-	-	-	-
c. Others	-	-	-	-	-	-	-	-	-
(i) NRI (Rep)	-	-	-	-	-	-	-	-	-
(ii) NRI (Non-Rep)	-	-	-	-	-	-	-	-	-
(iii) Foreign National	-	-	-	-	-	-	-	-	-
(iv) OCB	-	-	-	-	-	-	-	-	-
(v) Trust	-	-	-	-	-	-	-	-	-
(vi) In Transit	-	-	-	-	-	-	-	-	-
Sub-Total-B (2)	-	-	-	-	-	-	-	-	-
Net Total (1+2)	-	-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs & ADRs									
Promoter and Promoter Group	-	-	-	-	-	-	-	-	-
Public	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	-	10,000	10,000	100 %	-	29,55,000	29,55,000	100 %	-

ii. Shareholding of Promoters:

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	
1.	Mahindra Offgrid Services Private Limited	9,999	100%	–	29,54,999	100%	–	–
2.	Mahindra Offgrid Services Private Limited Jointly with Mr Roshan Gandhi*	1	–	–	1	–	–	–

* The joint shareholder with Mahindra Offgrid Services Private Limited is employee of Mahindra Group of Companies and his name has been added for complying with the statutory provisions.

iii. Change in Promoters' Shareholding : As above

Particular	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No of shares	% of total shares of the Company	No of shares	% of total shares of the Company
At the beginning of the year	10,000	100%	10,000	100%
Increase:- On 18/02/2015 – Allotment of Equity shares on Rights basis	29,45,000	–	29,55,000	–
At the end of the year	–	–	29,55,000	100%

iv. Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	Top Ten Shareholders	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Nil	Nil	Nil	Nil	Nil

v. Shareholding of Directors and Key Managerial Personnel:

Sr. No.	For Each of the Directors and KMP Name of the Director/KMP	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Nil	Nil	Nil	Nil	Nil

vi. Indebtedness

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(₹ In Lacs)

Particulars	Secured Loans Excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year 01.04.2014				
1) Principal Amount	–	–	–	–
2) Interest due but not paid	–	–	–	–
3) Interest accrued but not due	–	–	–	–
Total of (1+2+3)	–	–	–	–

Particulars	Secured Loans Excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
Change in Indebtedness during the financial year	-	-	-	-
+ Addition	-	-	-	-
- Reduction	-	-	-	-
Net change	-	-	-	-
Indebtedness at the end of the financial year- 31.03.2015	-	-	-	-
1) Principal Amount	-	-	-	-
2) Interest due but not paid	-	-	-	-
3) Interest accrued but not due	-	-	-	-
Total of (1+2+3)	-	-	-	-

vii. Remuneration of Directors and Key Managerial Personnel

A. Remuneration to Managing Director, Whole-Time Directors and/or Manager: Not Applicable

Sr. No.	Particulars of Remuneration	Name of MD/WTD/Manager		Total Amount (₹ In Lacs)
1.	Gross Salary	-	-	-
	a) Salary as per provisions contained in section 17(1) of the Income Tax Act	-	-	-
	b) Value of perquisites u/s 17(2) Income Tax Act, 1961	-	-	-
	c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission			
	- As % of Profit	-	-	-
	- Others, specify	-	-	-
5.	Others, please specify Provident Fund & other Funds	-	-	-

Sr. No.	Particulars of Remuneration	Name of MD/WTD/Manager		Total Amount (₹ In Lacs)
	Performance Bonus	-	-	-
	Total (A)	-	-	-
	Ceiling as per the Act	5% of the net profits of the Company		

B. Remuneration of other directors : Not Applicable

I. Independent Directors : Not Applicable

Particulars of Remuneration	Name of Directors		Total Amount (₹ In Lacs)
Fee for attending board committee meetings	-	-	-
Commission	-	-	-
Others	-	-	-
Total (1)	-	-	-

II. Other Non-Executive Directors : Nil

Other Non-Executive Directors							Total Amount (₹ In Lacs)
Fee for attending board committee meetings	-	-	-	-	-	-	-
Commission	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-
Total (2)							
Total B = (1+2)							

C. Remuneration to Key Managerial Personnel Other Than MD/Manager/WTD - Nil

Sr. No	Particulars of Remuneration	Name of the KMP		Total Amount (₹ In Lacs)
		-	-	
1.	Gross Salary			
	a) Salary as per provisions contained in section 17(1) of the Income Tax Act	-	-	-
	b) Value of perquisites u/s 17(2) Income Tax Act, 1961	-	-	-
	c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission			
	- As % of Profit	-	-	-
	- Others, specify	-	-	-
5.	Others, please specify	-	-	-
	Performance Bonus	-	-	-
	Total (C)	-	-	-

viii. Penalties/Punishment/Compounding of Offences (Under the Companies Act) : Nil

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/ NCLT/ COURT]	Appeal made, if any (give Details)
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
OTHER OFFICERS IN DEFAULT					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

For and on behalf of the Board

Basant Jain
Director
(DIN : 00220395)

Roshan Gandhi
Director
(DIN : 00010478)

Mumbai, 27th April, 2015

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF CLEANSOLAR RENEWABLE ENERGY PRIVATE LIMITED

Report on the Financial Statements

- We have audited the accompanying financial statements of **CLEANSOLAR RENEWABLE ENERGY PRIVATE LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2015, the related Statements of Profit and Loss and Cash Flow for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

- The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

- Our responsibility is to express an opinion on these financial statements based on our audit.
- We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
- We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
- An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.
- We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

- In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2015, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

- As required by the Companies (Auditor's Report) Order, 2015, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
- As required by Section 143(3) of the Act, we report that:
 - we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - the Balance Sheet, the Statement of Profit and Loss and Cash Flow dealt with by this Report are in agreement with the books of account;
 - In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);
 - on the basis of written representations received from the directors as on March 31, 2015 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015, from being appointed as a director in terms of Section 164(2) of the Act.
 - With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
 - The Company does not have any pending litigations which would impact its financial position;
 - The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - There were no amounts which required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2015.

FOR B. K. KHARE & CO.
Chartered Accountants

Firm's Registration Number 105102W

Himanshu Chapsey
Partner

Membership Number: 105731

Place: Mumbai

Dated: 27th April 2015.

ANNEXURE TO AUDITORS' REPORT

Referred to in paragraph 9 of our report of even date to the members of Cleansolar Renewable Energy Private Limited on the financial statements as of and for the year ended March 31, 2015

1. The Company did not have any fixed assets during the year. Therefore, provisions of para 3(i) of the Order are not applicable.
2. The Company did not have any inventory during the year. Accordingly, para 3(ii) of the Order is not applicable.
3. According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms and other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of para 3(iii) of the Order are not applicable.
4. In our opinion, and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of fixed assets. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across, nor have been informed of, any continuing failure to correct major weaknesses in the aforesaid internal control system.
5. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits under the provisions of Sections 73 to 76 of the Act and the rules framed there under.
6. The Central Government of India has not prescribed the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company.
7. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues, including income tax, sales tax, wealth tax, service tax, customs duty, excise duty and other material statutory dues, as applicable, with the appropriate authorities. The Company did not have any employees during the year and hence the provisions of Provident fund and Employee State Insurance are not applicable. According to the information and explanations given to us, there were no undisputed amounts in respect of the above were outstanding, as on March 31, 2015 for a period of more than six months from the date they became payable.
 - (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income-tax, sales-tax, wealth-tax, service-tax, customs duty, and excise duty which have not been deposited on account of any dispute.
 - (c) There were no amounts which were required to be deposited in the Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder.
8. As the Company is registered for a period less than five years, the provisions of para 3(viii) of the Order are not applicable to the Company.
9. The Company did not have any borrowings from any financial institution or bank nor has it issued any debentures during the year and hence the provisions of para 3(ix) of the Order are not applicable to the Company.
10. In our opinion, and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
11. To the best of our knowledge and belief and according to the information and explanations given to us the Company has not raised any term loan during the year. Accordingly the provisions of the para 3(xi) are not applicable to the Company.
12. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.

FOR B. K. KHARE & CO.
Chartered Accountants

Firm's Registration Number 105102W

Himanshu Chapsey
Partner

Membership Number: 105731

Place: Mumbai

Dated: 27th April 2015.

BALANCE SHEET AS AT 31ST MARCH, 2015

	Note	As at 31st March, 2015 Rupees	As at 31st March, 2014 Rupees
I. EQUITY AND LIABILITIES			
(1) Shareholders' funds			
(a) Share capital	3	29,550,000	100,000
(b) Reserves and surplus	4	156,046,325	(90,133)
(2) Current liabilities			
(a) Other current liabilities.....	5	168,826	22,254
Total		185,765,151	32,121
II. ASSETS			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible assets		-	-
(ii) Capital work-in-progress		1,213,024	-
(2) Current assets			
(a) Current Investment	6	180,898,229	-
(b) Cash and cash equivalents.....	7	3,449,394	32,121
(c) Short-term loans and advances.....	8	204,504	-
Total		185,765,151	32,121

See accompanying notes forming part of the financial statements

In terms of our report attached.

For B K Khare & Co.
Chartered Accountants
Firm Registration No. 105102W

For and on behalf of the Board of Directors

Himanshu Chapsey
Partner
M. No. 105731

Place : Mumbai
Date : 27th April, 2015

Basant Kumar Jain
Director

Roshan Gandhi
Director

Place : Mumbai
Date : 27th April, 2015

STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED 31ST MARCH, 2015

	Note	For the year ended 31st March, 2015 Rupees	For the period ended 31st March, 2014 Rupees
I. Other income.....	9	1,443,270	–
III. Total Revenue (I + II)		<u>1,443,270</u>	<u>–</u>
I. Expenses			
(d) Other expenses	10	1,391,812	90,133
I. Total expenses		<u>51,458</u>	<u>90,133</u>
II. Loss before tax (III - IV)		51,458	(90,133)
III. Tax expense:			
(a) Current tax expense.....		–	–
(b) Deferred tax charge.....		–	–
		<u>–</u>	<u>–</u>
IV. Loss for the year (V - VI)		<u>51,458</u>	<u>(90,133)</u>
V. Earnings per share (Face value of Rs. 10/- each):			
Basic and Diluted		0.15	(9.01)

In terms of our report attached.

For B K Khare & Co.
Chartered Accountants
Firm Registration No. 105102W

For and on behalf of the Board of Directors

Himanshu Chapsey
Partner
M. No. 105731

Place : Mumbai
Date : 27th April, 2015

Basant Kumar Jain
Director

Roshan Gandhi
Director

Place : Mumbai
Date : 27th April, 2015

CASH FLOW STATEMENT FOR THE PERIOD ENDED 31ST MARCH, 2015

Particulars	For the year ended 31st March, 2015		For the period ended 31st March, 2014	
	Rupees	Rupees	Rupees	Rupees
A. Cash Flows from Operating Activities:				
Profit/(Loss) before extraordinary items and tax.....		51,458		(90,133)
		<u>51,458</u>		<u>(90,133)</u>
Operating profit/(loss) before working capital changes				
Other non-current assets	(204,504)			
Other current liabilities	146,572		22,254	
		(57,932)		22,254
Cash flow from extraordinary items				
Cash generated from operations.....		<u>(6,474)</u>		<u>(67,879)</u>
Net income tax (paid)/refunds				
Net cash flow from/(used in) operating activities (A)		<u>(6,474)</u>		<u>(67,879)</u>
B. Cash flow from investing activities				
Investment in Mutual Fund Unit.....	(180,898,229)			
Capital expenditure on fixed assets, including capital advances.....	(1,213,024)			
Net cash flow from/(used in) investing activities (B)		<u>(182,111,253)</u>		<u>-</u>
C. Cash flow from financing activities				
Proceeds from issue of equity shares.....	185,535,000		100,000	
(Repayments)/Proceeds from short-term borrowings				
Net cash flow from/(used in) financing activities (C)		<u>185,535,000</u>		<u>100,000</u>
Net increase/(decrease) in Cash and cash equivalents (A+B+C)		3,417,273		32,121
Cash and cash equivalents at the beginning of the year		32,121		
Effect of exchange differences on restatement of foreign currency Cash and cash equivalents				
Cash and cash equivalents at the end of the year		<u>3,449,394</u>		<u>32,121</u>
Reconciliation of Cash and cash equivalents with the Balance Sheet:				
Cash and cash equivalents (Refer Note 7)		3,449,394		
- Balances held as margin money or security against borrowings, guarantees and other commitments				32,121
Cash and cash equivalents at the end of the year *		<u>3,449,394</u>		<u>32,121</u>

In terms of our report attached.

For B K Khare & Co.
Chartered Accountants
Firm Registration No. 105102W

For and on behalf of the Board of Directors

Himanshu Chapsey
Partner
M. No. 105731

Basant Kumar Jain
Director

Roshan Gandhi
Director

Place : Mumbai
Date : 27th April, 2015

Place : Mumbai
Date : 27th April, 2015

Notes on Accounts for the year ended 31st March, 2015

1. Company Information

Cleansolar Renewable Energy Private Limited ('the Company') was incorporated in India on 3rd December, 2013, having registered office at Mahindra Towers, Dr. G. M. Bhosale Marg, P. K. Kurne Chowk, Worli, Mumbai – 400 018 Maharashtra, INDIA to carry on business as a producer and distributor of solar power by using solar cells, photo voltaic cells, wafers, photo voltaic solar modules, photo voltaic solar system/sub system, tracked or fixed tilt, concentrated solar power and to provide related services. The holding company is Mahindra Offgrid Services Private Limited.

2. Significant Accounting Policies

a) Basis of Preparation of Financial Statements

The financial statements of the Company have been prepared in accordance with the historical cost convention and on accrual basis in accordance with generally acceptable accounting principles in India. These financial statements have been prepared to comply in all material aspects with the Accounting Standards specified under Section 133 of the Companies Act, 2013 ("the Act") read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended) and other relevant provisions of the Companies Act 2013.

All Assets and Liabilities have been classified as current or non-current as per the Company's operating cycle and other criteria set out in Schedule III to the Companies Act, 2013. Based on the nature of products/services and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current-non-current classification of assets and liabilities.

b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles in India (Indian GAAP) requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent liabilities on the date of the financial statements. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of financial statements, which in management's opinion are prudent and reasonable. Actual results may differ from the estimates used in preparing the accompanying financial statements. Any revision to accounting estimates is recognised prospectively in current and future periods.

c) Taxes on Income

Current tax is determined as the amount of tax payable in respect of taxable income for the year. Deferred tax is recognised, subject to consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets arising on account of unabsorbed depreciation or carry forward of tax losses are recognised only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realized.

At each balance sheet date the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can

be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

d) Investments

Investments are classified under Non-current and Current categories.

'Non-current Investments' are carried at acquisition/amortized cost. A provision is made for diminution, other than temporary, on an individual basis.

'Current Investments' are carried at the lower of cost or fair value on an individual basis.

e) Cash and Cash Equivalents

Cash and cash equivalents for the purpose of Cash Flow Statements include cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

f) Earnings Per Share

Basic and diluted earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

g) Revenue Recognition:

Interest income

Interest income is recognized on time proportion basis.

Dividend Income

Dividend income is recognized when the right to receive dividend is established.

h) Provisions and Contingent Liabilities:

Contingent liabilities are disclosed by way of note to the financial statements, after careful evaluation by the management of the facts and legal aspects of the matter involved.

Note 3 : Share capital

	As at 31st March, 2015	As at 31st March, 2014
Authorised:		
90,00,000 (Previous Year 1,50,000 equity shares of 10/- each) Equity Shares of Rs. 10 each, fully paid up	90,000,000	1,500,000
Total	90,000,000	1,500,000
Issued and Subscribed:		
29,55,000 (Previous Year 10,000 equity shares of 10/- each) equity Shares of Rs. 10 each, fully paid up	29,550,000	100,000
Total	29,550,000	100,000

a. Reconciliation of the shares outstanding at the beginning and at the end of the period:

	2014-15		2013-14	
	No. of Shares	Rupees	No. of Shares	Rupees
Equity Shares:				
At the beginning of the period	10,000	100,000	-	-
Issued during the period	2,945,000	29,450,000	10,000	100,000
Outstanding at the end of the period	2,955,000	29,550,000	10,000	100,000

b. Terms/rights attached to equity shares:

The company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share.

c. Details of shareholders holding more than 5% shares in the company:

	2014-15		2013-14	
	No. of Shares	% holding	No. of Shares	% holding
Equity Shares:				
Mahindra Offgrid Services Private Limited (Holding Company)*	2,955,000	100%	10,000	100%
Total	2,955,000	100%	10,000	100%

* This includes 1 nominee share held by an individual on behalf of the holding company.

Note 4 : Reserves and surplus

Particulars	As at	As at
	31st March, 2015	31st March, 2014
	Rupees	Rupees
(a) Securities premium		
Opening balance		
Add : Premium on shares issued during the year	156,085,000	-
Less : Utilised during the year for writing off share issues expenses		
Closing balance	156,085,000	-
(b) Balance in the Statement of Profit and Loss	(90,133)	-
Add: Profit/(Loss) for the year	51,458	(90,133)
Closing balance	(38,675)	(90,133)
Total	156,046,325	(90,133)

Note 5 : Other current liabilities

Particulars	As at	As at
	31st March, 2015	31st March, 2014
	Rupees	Rupees
(a) Other payables		
(i) Others	161,026	22,254
(ii) Statutory remittances	7,800	-
Total	168,826	22,254

Note 6 : Current Investment

Particulars	As at	As at
	31st March, 2015	31st March, 2014
	Rupees	Rupees
(a) Investment in Mutual Fund (Unquoted) (at lower of cost or NAV)		
Birla Sunlife Life Cash Plus-Daily Dividend- Regular Plan - Reinvestment	30,150,724	-
(3,00,920.44 units:, PY: Nil)		

Particulars	As at	As at
	31st March, 2015	31st March, 2014
	Rupees	Rupees
Franklin India Treasury Management Account - Super Institutional Plan - Daily Dividend Reinvestment	30,160,109	-
(30,138.52 units:, PY: Nil)		
ICICI Prudential Money Market Fund- Regular Plan - Dividend income	30,145,453	-
(3,01,064.65 units:, PY: Nil)		
IDFC Cash Fund- Daily Dividend - Regular Plan	10,050,757	-
(10,046.14 units:, PY: Nil)		
Sundaram Money Fund Regular Daily Dividend Reinvestment	20,098,561	-
(19,90,882.95 units:, PY: Nil)		
Taurus Liquid Fund - Existing Plan - Super Insti Daily Dividend Reinvestment - Reinvestment	30,145,883	-
(30,137.99 units:, PY: Nil)		
Uti-Money Market Fund -Institutional Plan - Daily Dividend Reinvestment	30,146,742	-
(30,045.03 units:, PY: Nil)		
Total	180,898,229	-
Aggregate amount of unquoted investments	180,898,229	-

The net realisable value of Mutual Fund has been taken from Accounts Statement. Cost of investment includes dividend reinvested.

Note 7 : Cash and cash equivalents

Particulars	As at	As at
	31st March, 2015	31st March, 2014
	Rupees	Rupees
(i) In current accounts	3,449,394	32,121
Total	3,449,394	32,121

Note 8 : Short-term loans and advances

Particulars	As at	As at
	31st March, 2015	31st March, 2014
	Rupees	Rupees
(a) Advance income tax	150,000	-
(b) TDS receivable on FD with Bank	54,504	-
Total	204,504	-

Note 9 : Other Income

Particulars	For the year ended	For the period ended
	31st March 2015	31st March 2014
	Rupees	Rupees
Interest income comprises:		
Interest from banks on:		
deposits	545,041	-
Dividend income from Mutual Fund	898,229	-
Total	1,443,270	-

Note 10 : Other expenses

Particulars	For the year ended	For the period ended
	31st March 2015	31st March 2014
	Rupees	Rupees
Bank charges	-	225
Legal and professional	223,802	31,242
Payments to auditors (refer Note below)	28,090	16,854
Printing and stationery	1,313	-
Registration and documentation charges	1,133,605	41,812
Miscellaneous expenses	5,002	-
Total	1,391,812	90,133

Notes:

Particulars	For the year ended	For the period ended
	31st March 2015	31st March 2014
	Rupees	Rupees
(i) Payments to the auditors comprise (net of service tax input credit, where applicable):		
(a) To statutory auditors		
For audit	28,090	16,854
For other services	-	-
Reimbursement of expenses	-	-
Total	28,090	16,854

Note 11 :

- (a) The Company has entered into a Power Purchase Agreement (PPA) with Southern Power Distribution Company of Telegana Limited for supply of 30 MW Solar Power in the month of March 2015. The Capital commitment relating to setting up of power generation facility is not quantifiable at this stage.
- (b) The Mahindra EPC Services Private Limited (Parent Holding Company) has provided a Performance Bank Guarantee (PBG) to the Southern Power Distribution Company of Telegana Limited on behalf of the Company amounting to Rs. 600 lacs based on Rs. 20 lacs per MW.

Note 12 : Related Party Disclosures

Names of related party	Nature of relationship
1 Mahindra EPC Services Private Limited	Parent Holding Company
2 Mahindra Offgrid Services Private Limited	Holding Company

Transaction with related parties

Sr.No.	Party Name	Nature of Relationship	Nature of transactions	Amount	
				2014-15	2013-14
1	Mahindra EPC Services Private Limited	Parent Holding Company	Reimbursement of Expenses	1,997,243	67,654
2	Mahindra EPC Services Private Limited	Parent Holding Company	Business Support Services	224,410	-
3	Mahindra Offgrid Services Private Limited	Holding Company	Issue of Equity Shares	29,450,000	100,000

Note 13 :

The Company does not have any dues outstanding to Micro, Small and Medium Enterprises as mentioned in the Micro, Small and Medium Enterprises Development Act 2006. Hence the disclosures related to amount paid as at the end of the year together with interest paid / payable as required under the said Act are not applicable.

Note 14 :

Segment Information

The company operates only in one business segment viz. Engineering, Procurement and Construction Contracts relating to solar power projects.

The Companies operations only in India, hence there is no reportable geographical segment.

Note 15 :

The Company is in initial stage of its business and in view of net loss for the period, provision for tax is not required and there are no deferred tax assets or liabilities to be recognised.

Note 16 :

In view of the net loss for the period, provision for tax is not required and there are no deferred tax assets or liabilities to be recognised.

Note 17 :

Previous year figures have been regrouped/reclassified wherever necessary to conform to current year's classification.

CORPORATE DATA

	Date of appointment
DIRECTORS:	
Zhooben Bhiwandiwala	27 April 2005
Kandasamy Chandrasekar	21 June 2013
Zakir Hussein Niamut	05 February 2013
Teemulsingh Luchowa	21 February 2014
Veena Kunniah	21 February 2014
ADMINISTRATOR, SECRETARY & MAURITIAN TAX AGENT	: International Financial Services Limited IFS Court TwentyEight Cybercity Ebene Republic of Mauritius
REGISTERED OFFICE	: IFS Court TwentyEight Cybercity Ebene Republic of Mauritius
AUDITORS	: Grant Thornton Ebene Tower 52, Cybercity Ebene Republic of Mauritius
BANKERS	: HSBC Bank (Mauritius) Limited Standard Chartered Bank (Mauritius) Limited State Bank of India, South Africa Kutxabank, Spain Barclays Bank Plc, London
CUSTODIAN	: Fineco Bank, Spain

**COMMENTARY OF THE DIRECTORS FOR
THE YEAR ENDED 31 MARCH 2015**

The directors present the audited financial statements of Mahindra Overseas Investment Company (Mauritius) Ltd (the "Company") for the year ended 31 March 2015.

PRINCIPAL ACTIVITY

The principal activity of the Company is to hold investments.

RESULTS

The results for the year are shown in the statement of comprehensive income and related notes.

DIRECTORS

The present membership of the Board is set out in this Report.

**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN
RESPECT OF THE FINANCIAL STATEMENTS**

Company law requires the directors to prepare financial statements for each financial year, which present fairly the financial position, financial performance and cash flows of the Company. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors have confirmed that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements are prepared in accordance with International Financial Reporting Standards as modified by the exemption from consolidation in the Mauritius Companies Act 2001 for companies holding a Category 1 Global Business

Licence and in compliance with the requirements of the Mauritius Companies Act 2001. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

CONSOLIDATION

Consolidated financial statements have not been presented since the Company took advantage of the requirements of Section 12 Part 1 of the Fourteenth Schedule of the Mauritius Companies Act 2001 as the Company is a wholly-owned subsidiary of Mahindra & Mahindra Ltd, a company incorporated in the Republic of India.

AUDITORS

The auditors, **Grant Thornton**, have indicated their willingness to continue in office until the next Annual Meeting.

CERTIFICATE FROM THE SECRETARY UNDER SECTION 166 (d) OF THE MAURITIUS COMPANIES ACT 2001

We certify, to the best of our knowledge and belief, that we have filed with the Registrar of Companies all such returns as are required of **Mahindra Overseas Investment Company (Mauritius) Ltd** under the Mauritius Companies Act 2001 during the financial year ended 31 March 2015.

For International Financial Services Limited

Secretary

Registered Office:

IFS Court
TwentyEight
Cybercity
Ebene
Republic of Mauritius

Date: 26th May, 2015

INDEPENDENT AUDITORS' REPORT

TO THE MEMBER OF MAHINDRA OVERSEAS INVESTMENT COMPANY (MAURITIUS) LTD

Report on the Financial Statements

We have audited the accompanying financial statements of **MAHINDRA OVERSEAS INVESTMENT COMPANY (MAURITIUS) LTD**, the "Company", which comprise the statement of financial position as at 31 March 2015, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibilities for the Financial Statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as modified by the exemption from consolidation in the Mauritius Companies Act 2001 for companies holding a Category 1 Global Business Licence and in compliance with the requirements of the Mauritius Companies Act 2001, and for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the separate financial statements on pages herein give a true and fair view of the financial position of the Company as at 31 March 2015, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as modified by the exemption from consolidation in the Mauritius Companies Act 2001 for companies holding a Category 1 Global Business Licence and the requirements of the Mauritius Companies Act 2001.

Emphasis of matter

Without qualifying our opinion, we draw attention on the recoverable amount of investments held in several unquoted companies as described in Notes 26 to the financial statements. These investments are stated at their carrying amounts of USD 52,548,087 as the fair values cannot be reliably measured. However, based on valuation models available, the directors have assessed the recoverable amounts of these investments and concluded that no sign of impairment has been identified and hence no provision is required at the reporting date.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Mauritius Companies Act 2001, we report as follows:

- we have no relationship with, or any interest in, the Company other than in our capacity as auditors;
- we have obtained all the information and explanations that we have required; and
- in our opinion, proper accounting records have been kept by the Company as far as appears from our examination of those records.

Other Matters

This report is made solely to the member of the Company as a body in accordance with Section 205 of the Mauritius Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's member those matters we are required to state to it in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's member as a body, for our audit work, for this report, or for the opinion we have formed.

Grant Thornton
Chartered Accountants

K RAMCHURUN, FCCA
Licensed by FRC

Date: 26th May, 2015
Ebene, Republic of Mauritius

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2015

	Notes	2015 USD	2015 INR (Note 1)	2014 USD	2014 INR (Note 1)
INCOME					
Dividend income.....		3,050,313	191,071,606	1,550,852	97,145,369
Other income.....	20 (i)	107,177	6,713,567	–	–
		<u>3,157,490</u>	<u>197,785,173</u>	<u>1,550,852</u>	<u>97,145,369</u>
EXPENSES					
Professional fees.....		46,921	2,939,131	544,489	34,106,791
Repairs and maintenance.....		46,200	2,893,968	42,103	2,637,332
Depreciation.....		40,850	2,558,844	30,562	1,914,404
Audit fees.....		19,062	1,194,044	16,719	1,047,278
Promotional expenses.....		2,569	160,922	5,364	336,001
Bank charges.....		7,210	451,635	5,726	358,677
Licence fees.....		2,100	131,544	2,925	183,222
Insurance charges.....		930	58,255	–	–
Donation.....		–	–	7,731	484,270
		<u>165,842</u>	<u>10,388,343</u>	<u>655,619</u>	<u>41,067,975</u>
OPERATING PROFIT		2,991,648	187,396,830	895,233	56,077,394
Investment written off.....	13	(149)	(9,333)	–	–
Finance income.....	21	348,182	21,810,120	1,316,168	82,444,764
Finance costs.....	21	(5,028,286)	(314,971,835)	(9,969,774)	(624,506,643)
Loss on disposal of property, plant and equipment.....		–	–	(572)	35,830
Receivable written off.....	15	–	–	(7,724,991)	(483,893,436)
LOSS BEFORE TAX		(1,688,605)	(105,774,217)	(15,483,936)	(969,913,751)
Tax expense.....	8	–	–	–	–
LOSS FOR THE YEAR		(1,688,605)	(105,774,217)	(15,483,936)	(15,483,936)
OTHER COMPREHENSIVE INCOME:					
Items that will not be reclassified subsequently to profit or loss.....		–	–	–	–
Items that may be reclassified subsequently to profit or loss.....		–	–	–	–
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		–	–	–	–
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(1,688,605)	(105,774,217)	(15,483,936)	(15,483,936)

The notes form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2015

	Notes	2015 USD	2015 INR (Note 1)	2014 USD	2014 INR (Note 1)
ASSETS					
Non-current					
Property, plant and equipment	9	1,412,961	88,507,877	1,453,811	91,066,721
Investment in associate	10	131,161,644	8,215,965,380	131,161,644	8,215,965,380
Investments in subsidiaries	11	22,221,418	1,391,949,624	15,919,862	997,220,156
Investment in joint venture	12	39,745,429	2,489,653,673	39,745,429	2,489,653,673
Available-for-sale financial assets.....	13	18,894,141	1,183,528,992	18,889,866	1,183,261,206
Non-current assets		213,435,593	13,369,605,546	207,170,612	12,977,167,136
Current					
Loans.....	14	–	–	1,188,542	74,450,271
Receivables and prepayments.....	15	3,037	190,238	2,438	152,716
Cash and cash equivalents.....	16	2,440,418	152,867,783	1,617,458	101,317,569
Current assets		2,443,455	153,058,021	2,808,438	175,920,556
Total assets		215,879,048	13,522,663,567	209,979,050	13,153,087,692
EQUITY AND LIABILITIES					
Equity					
Stated capital	17	101,539,039	6,360,405,403	87,902,525	5,506,214,166
Accumulated losses		(32,542,530)	(2,038,464,079)	(30,853,925)	(1,932,689,862)
Total equity		68,996,509	4,321,941,324	57,048,600	3,573,524,304
Liabilities					
Non-current liabilities					
Derivative financial instruments.....	18	557,762	34,938,212	–	–
Borrowings.....	19	142,300,800	8,913,722,112	143,331,800	8,978,303,952
Non-current liabilities		142,858,562	8,948,660,324	143,331,800	8,978,303,952
Current					
Payables and accruals	20	734,285	45,995,612	7,395,025	463,224,366
Borrowings.....	19	3,289,692	206,066,307	2,203,625	138,035,070
Current liabilities		4,023,977	252,061,919	9,598,650	601,259,436
Total liabilities		146,882,539	9,200,722,243	152,930,450	9,579,563,388
Total equity and liabilities		215,879,048	13,552,663,567	209,979,050	13,153,087,692

Approved by the Board of Directors on 26 May, 2015 and signed on its behalf by:

Zakir Hussein Niamut
Director

Teemulsingh Luchowa
Director

The notes form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2015

	Stated capital	Accumulated losses	Total
	USD	USD	USD
Balance at 01 April 2013.....	81,663,925	(15,369,989)	66,293,936
Issue of shares	6,238,600	–	6,238,600
Transactions with the owner	6,238,600	–	6,238,600
Loss for the year.....	–	(15,483,936)	(15,483,936)
Other comprehensive income for the year.....	–	–	–
Total comprehensive loss for the year.....	–	(15,483,936)	(15,483,936)
Balance at 31 March 2014	87,902,525	(30,853,925)	57,048,600
Balance at 01 April 2014.....	87,902,525	(30,853,925)	57,048,600
Issue of shares	13,636,514	–	13,636,514
Transactions with the owner	13,636,514	–	13,636,514
Loss for the year.....	–	(1,688,605)	(1,688,605)
Other comprehensive income for the year	–	–	–
Total comprehensive loss for the year	–	(1,688,605)	(1,688,605)
Balance at 31 March 2015.....	101,539,039	(32,542,530)	(68,996,509)

	Stated capital	Accumulated losses	Total
	INR (Note 1)	INR (Note 1)	INR (Note 1)
Balance at 01 April 2013.....	5,115,428,262	(962,776,111)	4,152,652,151
Issue of shares	390,785,904	–	390,785,904
Transactions with the owner	390,785,904	–	390,785,904
Loss for the year.....	–	(969,913,751)	(969,913,751)
Other comprehensive income.....	–	–	–
Total comprehensive loss for the year.....	–	(969,913,751)	(969,913,751)
Balance at 31 March 2014	5,506,214,166	(1,932,689,862)	3,573,524,304
Balance at 01 April 2014.....	5,506,214,166	(1,932,689,862)	3,573,524,304
Issue of shares	854,191,237	–	854,191,237
Transactions with the owner	854,191,237	–	854,191,237
Loss for the year.....	–	(105,774,217)	(105,774,217)
Other comprehensive income for the year	–	–	–
Total comprehensive loss for the year	–	(105,774,217)	(105,774,217)
Balance at 31 March 2015.....	6,360,405,403	(2,038,464,079)	4,321,941,324

The notes form an integral part of these financial statements.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2015

	2015	2015	2014	2014
	USD	INR (Note 1)	USD	INR (Note 1)
Operating activities				
Loss before tax	(1,688,605)	(105,774,217)	(15,483,936)	(969,913,751)
<i>Adjustments for:</i>				
Impairment of investment.....	149	9,333	-	-
Receivable written off	-	-	7,724,991	483,893,436
Depreciation.....	40,850	2,558,844	30,562	1,914,404
Loss on disposal of property, plant and equipment.....	-	-	572	35,830
Foreign exchange (gain)/loss	-	-	(787,727)	(49,343,219)
SBLC charge.....	-	-	7,348,690	460,321,942
Other income	(107,177)	(6,713,567)	-	-
Interest income	(29,761)	(1,864,229)	(528,441)	(33,101,544)
Interest expense	3,664,946	229,572,217	2,621,084	164,184,702
Dividend income.....	(3,050,313)	(191,071,606)	(1,550,852)	(97,145,369)
	(1,169,911)	(73,283,225)	(625,057)	(39,153,569)
<i>Changes in working capital:</i>				
Increase in prepayments.....	(599)	(37,521)	(75)	(4,698)
(Decrease)/increase in payables and accruals	(6,102,978)	(382,290,542)	6,318	395,760
Net cash used in operations	(7,273,488)	(455,613,167)	(618,814)	(38,762,507)
Interest received	41,949	2,627,685	4,349,040	272,423,866
Interest paid	(2,553,339)	(159,941,155)	(1,514,579)	(94,873,229)
Net cash (used in)/from operating activities	(9,784,878)	(612,929,637)	2,215,647	138,788,130
Investing activities				
Purchase of investment in subsidiaries.....	(6,305,980)	(395,006,587)	(2,281,415)	(142,907,836)
Purchase of investment in associate	-	-	(131,161,644)	(8,215,965,380)
Purchase of available-for-sale financial assets.....	-	-	(3,577,650)	(224,103,996)
Proceeds from disposal from property, plant and equipment	-	-	694	43,472
Dividend received	3,050,313	191,071,606	1,550,852	97,145,369
Net cash used in investing activities	(3,255,667)	(203,934,981)	(135,469,163)	(8,485,788,371)
Financing activities				
Loan repaid to shareholder.....	(734,400)	(46,002,816)	(7,387,850)	(462,774,924)
Loans repaid to bank	-	-	(8,250,000)	(516,780,000)
Loans from bank.....	-	-	130,000,000	8,143,200,000
Loan repayment received.....	1,172,192	73,426,107	15,073,400	944,197,776
Proceeds from issue of shares	13,636,514	854,191,237	6,238,600	390,785,904
Loans given.....	-	-	(1,175,573)	(73,637,893)
Net cash from financing activities	14,074,306	881,614,528	134,498,577	8,424,990,863
Net change in cash and cash equivalents	1,033,761	64,754,789	1,245,061	77,990,622
Cash and cash equivalents, beginning of year.....	1,617,458	101,317,569	205,409	12,866,820
Exchange differences on cash and cash equivalents	(210,801)	(13,204,575)	166,988	10,460,127
Cash and cash equivalents, end of year	2,440,418	152,867,783	1,617,458	101,317,569
Cash and cash equivalents made up of:				
Cash at bank	2,440,418	152,867,783	1,617,458	101,317,569

The notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

1. GENERAL INFORMATION AND STATEMENT OF COMPLIANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS")

Mahindra Overseas Investment Company (Mauritius) Ltd, (the "Company"), was incorporated in the Republic of Mauritius under the Mauritius Companies Act 2001 on 7 December 2004 as a private Company with liability limited by shares and holds a Category 1 Global Business Licence issued by the Financial Services Commission. The Company's registered office is IFS Court, TwentyEight, Cybercity, Ebene, Republic of Mauritius. The principal purpose of the Company is to act as an investment holding company. The Company holds property, plant and equipment in the Republic of South Africa. In accordance with South African tax regulations, the Company has been registered as an external company.

The financial statements have been prepared in accordance with and comply with International Financial Reporting Standards ("IFRS") as modified by the exemption from consolidation in the Mauritius Companies Act 2001 for companies holding Category 1 Global Business Licence.

Indian Rupee ("INR") amounts are included solely for convenience. These transactions should not be construed as representations that the USD amounts actually represent, or have been or could be converted into INR. As the amounts shown in INR are for convenience only, the rate of 1 USD = INR62.64 has been used for the purpose of presentation of the INR amounts in the accompanying financial statements for the two years ended 31 March 2014 and 31 March 2015.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

2.1 New and revised standards that are effective for the year beginning on 01 April 2014

In the current year, the following new and revised standards issued by the International Accounting Standards Board ("IASB") are mandatory for the first time for the financial year beginning on 01 April 2014:

IAS 32	Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)
IFRSs 10, 11 and IAS 27	Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)
IFRIC 21	Leases
IAS 36	Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36)
IAS 39	Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39)

The directors have assessed the impact of these revised standards and amendments and concluded that none of these have an impact on the disclosure of these financial statements.

2.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Company

At the date of authorisation of these financial statements, certain new Standards, Amendments and Interpretations to existing Standards have been published by the IASB but are not yet effective, and have not been adopted early by the Company.

Management anticipates that all of the relevant pronouncements will be adopted in the Company's accounting policies for the first year beginning after the effective date of the pronouncements. Information on new Standards, Amendments and Interpretations is provided below.

IAS 16 and IAS 38	Clarification of acceptable methods of depreciation and amortisation (Amendments to IAS 16 and IAS 38)
IFRS 16 and IAS 41	Agriculture: Bearer plants (Amendments to IAS 16 and IAS 41)
IAS 27	Equity Method in Separate Financial Statements (Amendments to IAS 27)
IFRS 10	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and IAS 28 (Amendments to IFRS 10 and IAS 28)
IFRS 11	Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)
IFRS 14	Regulatory Deferral Accounts
IFRS 15	Revenue from Contracts with Customers
IFRS 10, IFRS 12 and IFRS 12 and IAS 28	Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IAS 28 IFRS 12 and IAS 28)

IAS 1	Disclosure Initiative (Amendments to IAS 1 Presentation of Financial Statements)
IFRS 9	Financial Instruments (2014)
Various	Annual Improvements to IFRSs 2010-2012, 2011-2013 and 2012-2014 cycles

3. SUMMARY OF ACCOUNTING POLICIES

(a) Overall considerations

The significant accounting policies that have been used in the preparation of these financial statements are summarised below.

(b) Revenue

Dividend income is recognised when the Company's right to receive such dividend is established.

Interest income is recognised on the accrual basis unless collectability is in doubt.

(c) Expense

All expenses are accounted for in the statement of comprehensive income on the accrual basis.

(d) Taxation

Tax expense recognised in the statement of comprehensive income comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting date.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases.

(e) Property, plant and equipment

Building, furniture and fittings and IT equipment

Building, furniture and fittings and IT equipment are initially recognised at acquisition cost, including any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the Company's management. Building, furniture and fittings and IT equipment are subsequently measured using the cost model, cost less subsequent depreciation and impairment losses.

Depreciation is recognised on a straight-line basis to write down the cost less estimated residual values.

The following average useful lives are applied:

Buildings: 60 years

Furniture and fittings: 10 years

IT equipment: 3 years

Where the carrying amount of an asset is greater than its estimated amount, it is written down immediately to its recoverable amount.

The assets' residual values, useful lives and methods of depreciation are reviewed and adjusted, if appropriate, at each reporting date. Repairs and maintenance costs are expensed as incurred.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset. The gain or loss on disposal is credited or charged to the statement of comprehensive income.

(f) Consolidated financial statements

The financial statements are separate financial statements which contain information about Mahindra Overseas Investment Company (Mauritius) Ltd as an individual company and do not contain consolidated financial information as the parent of a group.

The Company holds a Category 1 Global Business Licence issued by the Financial Services Commission and has taken advantage of the exemption given in Section 12 of Part 1 of the Fourteenth Schedule of the Mauritius Companies Act 2001 from the requirement to prepare consolidated financial statements as it is a wholly-owned subsidiary of a quoted company incorporated in the Republic of India, Mahindra & Mahindra Ltd.

(g) Investment in subsidiaries

A subsidiary is an entity over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Investment in subsidiary is initially shown at cost. Where an indication of impairment exists, the recoverable amount of the investment is assessed. Where the carrying amount of an investment is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and the difference is charged to the statement of comprehensive income.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the statement of comprehensive income.

(h) Investment in associate and joint venture

An associate is an entity over which the Company has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights.

The existence of significant influence by an entity is usually evidenced in one or more of the following ways: (a) representation on the board of directors or equivalent governing body of the investee; (b) participation in policy-making processes, including participation in decisions about dividends or other distributions; (c) material transactions between the investor and the investee; (d) interchange of managerial personnel; or (e) provision of essential technical information.

A joint venture is an arrangement that the Company controls jointly with one or more other investors, and over which the Company has rights to a share of the arrangement's net assets rather than direct rights to underlying assets and obligations for underlying liabilities.

Investment in associate and joint venture are initially shown at cost in these separate financial statements in accordance with IAS 28, *Investments in Associates and Joint Ventures*. Where an indication of impairment exists, the recoverable amount of the investment is assessed. Where the carrying amount of an investment is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and the difference is charged to the statement of comprehensive income.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the statement of comprehensive income.

(i) Financial instruments

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instruments and are measured initially at fair value adjusted by transactions costs, where appropriate. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement, the Company's financial assets are classified into the category of loans and receivables and available-for-sale financial assets upon initial recognition.

All financial assets are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets which are described below.

All income and expenses relating to financial assets are recognised in the statement of comprehensive income.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Company's loans and cash and cash equivalents fall into this category of financial instruments.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets.

The Company's available-for-sale financial assets comprise of minority shareholding investments in an unquoted company, preference shares/common stock in several unquoted companies and funds invested in film productions (as disclosed in Note 13 to these financial statements).

These financial assets are stated at cost less impairment charges as their fair values cannot be estimated reliably since they are neither traded in an active market nor reliable inputs are available to fair value these instruments using fair valuation models. Impairment charges are recognised in the statement of comprehensive income. On disposal of these investments, the difference between the net disposal proceeds and the carrying amount is charged or credited to the statement of comprehensive income.

Classification and subsequent measurement financial liabilities

The Company's financial liabilities consist of borrowings, payables and accruals.

Financial liabilities are measured subsequently at amortised cost using the effective interest method.

All interest-related charges are reported in the statement of comprehensive income.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(j) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank. Cash equivalents are short term, highly liquid investments maturing within 90 days from the date of acquisition that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

(k) Equity

Stated capital is determined using the value of shares that have been issued.

Accumulated losses include all current and prior years' results as disclosed in the statement of comprehensive income.

(l) Related parties

A related party is a person or company where that person or company has control or joint control of the reporting company; has significant influence over the reporting company; or is a member of the key management personnel of the reporting company or of a parent of the reporting company.

(m) Foreign currency translation

(i) Functional and presentation currency

The financial statements are presented in United States Dollars ("USD"), which is the Company's functional and presentation currency. The Company has also presented the financial statements in Indian Rupee ("INR") for the convenience of users of financial statements.

(ii) *Foreign currency transactions and balances*

Foreign currency transactions are translated into the functional currency of the Company using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items denominated in foreign currency at year-end exchange rates are recognised in the statement of comprehensive income.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

(n) **Provisions**

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation and the amount can be estimated reliably.

Provisions are measured at the estimated expenditure required to settle the present obligation based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. The increase in the provision due to passage of time is recognised as interest expense in the statement of comprehensive income.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

(o) **Impairment of assets**

At each reporting date, the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered any impairment loss. When an indication of impairment loss exists, the carrying amount of the asset is assessed and written down to its recoverable amount.

(p) **Borrowings**

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the year of the borrowings using the effective interest method.

Fees paid on loan facilities are recognised as transaction costs.

(q) **Derivative financial instruments**

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

The Company has not designated the derivative contracts (interest rate swaps) as a hedging instrument.

(r) **Comparatives**

Where necessary, comparatives figures have been adjusted to conform with changes in presentation in the current year.

4. SIGNIFICANT MANAGEMENT JUDGEMENT IN APPLYING ACCOUNTING POLICIES AND ESTIMATION UNCERTAINTY

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

Significant management judgement

The following is the significant management judgement in applying the

accounting policies of the Company that has the most significant effect on the financial statements.

Determination of functional currency

The determination of the functional currency of the Company is critical since recording of transactions and exchange differences arising therefrom are dependent on the functional currency selected. The directors have considered those factors and have determined that the functional currency of the Company is the USD.

Investment in associate

The directors have assessed the level of influence that the Company has on CIE Automotive S.A. and determined that it has significant influence even though the shareholding is below 20% due to the representation on the board of directors and participation in policy-making processes. Consequently, this investment has been classified as an associate.

Investment in joint venture

The Company holds 51% of the shares in its joint arrangement. The Company has joint control over this arrangement as under the contractual agreements, unanimous consent is required from all parties to the arrangements for all relevant activities.

The Company's joint arrangement is structured as a limited company (Mahindra Yueda (Yancheng) Tractor Co., Ltd) and the parties to the agreements with rights to the net assets of the limited company under the arrangements. Therefore, the arrangement is classified as joint venture.

Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities income and expenses is provided below. Actual results may be substantially different.

Fair value of derivative financial instruments

The fair value of the derivative financial instruments is determined based on valuation performed by an independent valuer. The assumptions used to value the derivative financial instruments are given in Note 18. In applying the valuation techniques the independent valuer makes maximum use of market inputs, and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument.

Impairment of investment in associate, joint venture, subsidiaries, and available-for-sale financial assets

In assessing impairment, management estimates the recoverable amount of each asset based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate. The directors have assessed the recoverable amount of the investments and confirmed that the carrying amounts have not suffered any impairment in value at the reporting date.

Useful lives and residual values of property, plant and equipment

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the utility of certain software and IT equipment.

5. FINANCIAL INSTRUMENT RISK

Risk management objectives and policies

The Company is exposed to various risks in relation to its financial instruments. The main types of risks are market risk (currency risk and interest rate risk), credit risk and liquidity risk.

The Company's financial assets and financial liabilities by category are summarised below.

	2015 USD	2015 INR (Note 1)	2014 USD	2014 INR (Note 1)
Financial assets				
Non-current				
<i>Available-for-sale financial assets:</i>				
Investments	18,894,141	1,183,528,992	18,889,866	1,183,261,206

	2015 USD	2015 INR (Note 1)	2014 USD	2014 INR (Note 1)
Current				
<i>Loans and receivables:</i>				
Loans	-	-	1,188,542	74,450,271
Cash and cash equivalents	2,440,418	152,867,783	1,617,458	101,317,569
	<u>2,440,418</u>	<u>152,867,783</u>	<u>2,806,000</u>	<u>175,767,840</u>
Total financial assets	<u>21,334,559</u>	<u>1,336,396,775</u>	<u>21,695,866</u>	<u>1,359,029,046</u>
Financial liabilities				
<i>Financial liabilities measured at amortised cost:</i>				
Non-current				
Derivative financial instruments	557,762	34,938,212	-	-
Borrowings	142,300,800	8,913,722,112	143,331,800	8,978,303,952
	<u>142,858,562</u>	<u>8,948,660,324</u>	<u>143,331,800</u>	<u>8,978,303,952</u>
<i>Current</i>				
Payables and accruals	734,285	45,995,612	7,395,025	463,224,366
Borrowings	3,289,692	206,066,307	2,203,625	138,035,070
	<u>4,023,977</u>	<u>252,061,919</u>	<u>9,598,650</u>	<u>601,259,436</u>
Total financial liabilities	<u>146,882,541</u>	<u>9,200,722,243</u>	<u>152,930,450</u>	<u>9,579,563,388</u>

The Company's risks are managed by its Board of Directors and the focus is on securing the Company's short to medium term cash flows by minimising the exposure to financial risks. The Company's investments are managed to generate lasting returns.

The Company does not actively engage in the trading of financial assets and derivatives for speculative purposes. The most significant financial risks to which the Company is exposed to are described below.

(a) Market risk analysis

The Company is exposed to various risks in relation to its financial instruments. The main types of risks are market risk (foreign currency risk and interest rate risk), credit risk and liquidity risk.

(i) Foreign currency sensitivity

Foreign currency risk, as defined in IFRS 7: Financial Instruments: Disclosures, arises as the value of future transactions, recognised monetary assets and monetary liabilities denominated in other currencies fluctuate due to changes in foreign exchange rates.

The currency profile of the Company's financial assets and financial liabilities is as follows:

	Financial assets 2015 USD	Financial liabilities 2015 USD	Financial assets 2014 USD	Financial liabilities 2014 USD
United States Dollar (USD)	5,431,212	146,882,539	1,610,593	145,581,760
Euro (EUR)	796	-	209,175	-
Chinese Yuan Renminbi (CNY)	-	-	-	7,348,690
Great Britain Pound (GBP)	15,893,176	-	19,721,768	-
United Arab Emirates dirhams (AED)	-	-	147,465	-
South African Rand (ZAR)	9,375	-	6,865	-
	<u>21,334,559</u>	<u>146,882,539</u>	<u>21,695,866</u>	<u>152,930,450</u>
	Financial assets 2015 INR (Note 1)	Financial liabilities 2015 INR (Note 1)	Financial assets 2014 INR (Note 1)	Financial liabilities 2014 INR (Note 1)
United States Dollar (USD)	340,211,120	9,200,722,243	100,887,546	9,119,241,446
Euro (EUR)	49,861	-	13,102,722	-
Chinese Yuan Renminbi (CNY)	-	-	-	460,321,942

	Financial assets 2015 INR (Note 1)	Financial liabilities 2015 INR (Note 1)	Financial assets 2014 INR (Note 1)	Financial liabilities 2014 INR (Note 1)
Great Britain Pound (GBP)	995,548,545	-	1,235,371,548	-
United Arab Emirates dirhams (AED)	-	-	9,237,208	-
South African Rand (ZAR)	587,250	-	430,024	-
	<u>1,336,396,776</u>	<u>9,200,722,243</u>	<u>1,359,029,048</u>	<u>9,579,563,388</u>

The Company's transactions are carried out in the United States Dollar (USD), Euro (EUR), Chinese Yuan Renminbi (CNY), Great Britain Pound (GBP), United Arab Emirates Dirhams (AED) and South African Rand (ZAR). Consequently, the Company is exposed to foreign currency risk on its financial assets denominated in EUR, CNY, GBP and ZAR except for the available-for-sale financial assets which are measured at cost and therefore not retranslated at the reporting date.

The Company is not exposed to foreign currency risk on its financial liabilities since these are denominated in the USD.

The table below illustrates the sensitivity of profit and equity in regards to the Company's financial instruments and the USD/EUR, USD/CNY, USD/AED, USD/GBP, and USD/ZAR exchange rates "all other things being equal".

It assumes the following percentage changes in the exchange rates for the year ended 31 March 2015:

	2015 % change	2014 % change
EUR	21.86%	7.29%
CNY	0.068%	0.0032%
AED	0.011%	0.0037%
GBP	11.33%	9.41%
ZAR	15.29%	14.66%

These percentages have been determined based on the average market volatility in exchange rates in the previous 12 months. The sensitivity analysis is based on the Company's foreign currency financial instruments held at each reporting date.

If the foreign currencies had strengthened by the above percentages, then this would have the following impact on loss and equity:

	Loss 2015		Loss 2014	
	USD	INR (Note 1)	USD	INR (Note 1)
EUR	(174)	(10,899)	(15,249)	(955,197)
CNY	-	-	-	-
AED	-	-	(5)	(313)
GBP	(1,800,697)	(112,795,660)	(1,855,818)	(116,248,440)
ZAR	(1,433)	(89,763)	(1,007)	(63,078)
	Equity 2015		Equity 2014	
	USD	INR (Note 1)	USD	INR (Note 1)
EUR	174	10,899	15,249	955,197
CNY	-	-	-	-
AED	-	-	5	313
GBP	1,800,697	112,795,660	1,885,818	118,127,640
ZAR	1,433	89,763	1,007	63,078

If the foreign currencies had weakened by the above percentages, then this would have the same reverse impact on loss and equity.

(ii) Interest rate sensitivity

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company is not exposed to changes in market interest rates as its interest bearing financial assets and financial liabilities have fixed interest rates.

The bank borrowings which are at variable interest rates indexed to the LIBOR were converted into fixed interest bearing financial liabilities since the Company entered into fixed interest rate swap arrangements. Details of the interest rate swap arrangements are disclosed in Note 18.

(b) Credit risk analysis

Credit risk is the risk that a counterparty fails to discharge on obligation to the Company.

The Company's exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, as summarised below:

	2015	2015	2014	2014
	USD	INR (Note 1)	USD	INR (Note 1)
ASSETS				
Non-current				
Available-for-sale financial assets	18,894,141	1,183,528,992	18,889,866	1,183,261,206
Current				
Loans	-	-	1,188,542	74,450,271
Cash and cash equivalents	2,440,418	152,867,783	1,617,458	101,317,569
	2,440,418	152,867,783	2,806,000	175,767,840
Total assets	21,334,559	1,336,396,776	21,695,866	1,359,029,046

As detailed in Note 13 to these financial statements, the Company holds investments in several unquoted companies and these investments are stated at cost since the fair values cannot be reliably measured. The directors have assessed the recoverable amount of these investments and confirmed that the carrying amount has not impaired at the reporting date.

The Company has given loans to related parties and these were fully repaid during the year.

The credit risk for the bank balances is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

The disposal of the investments is subject to some restrictions as described in Note 13 (v) to these financial statements.

(c) Liquidity risk analysis

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding from the shareholder.

The Company's main cash inflows are in the form of dividend, interest on loans, proceeds from issue of shares and disposal of investments. The main cash outflows relate to repayment of loans and interest and capital investments.

The Company's liquidity risk is managed by securing credit facilities from financial institutions and the holding company and also through shares issue.

The Company also manages its liquidity needs by carefully monitoring cash inflows and cash outflows due in day-to-day business as well as scheduled debt servicing payments for long-term financial liabilities. The Company also seek financial support of its parent company where necessary.

At 31 March 2015, the Company has contractual maturities which are summarised below:

	Current		Non-current	
	Within 1 year	Within 1 year	Over 1 year	Over 1 Year
	USD	INR (Note 1)	USD	INR (Note 1)
Derivative financial instruments	-	-	557,762	34,938,212
Borrowings	3,289,692	206,066,307	142,300,800	8,913,722,112
Payables and accruals	734,285	45,995,612	-	-
Total	4,023,977	252,061,919	142,858,562	8,948,660,324

This compares to the maturity of the Company's financial liabilities in the previous reporting year as follows:

	Current		Non-current	
	Within 1 year	Within 1 year	Over 1 Year	Over 1 Year
	USD	INR (Note 1)	USD	INR (Note 1)
Borrowings	2,203,625	138,035,070	143,331,800	8,978,303,952
Payables and accruals	7,395,025	463,224,366	-	-
Total	9,958,650	601,259,436	143,331,800	8,978,303,952

(d) Concentration risk

The Company has invested in unlisted companies whose securities are considered to be illiquid. Such illiquidity may adversely affect the ability of the Company to acquire or dispose of such investments. These investments may be difficult to value and to sell or otherwise liquidate and the risk of investing in such companies is much greater than the risk of investing in publicly traded securities. On account of the inherent uncertainty of valuation, the estimated values may differ significantly from the values that would be used had a ready market for the investments existed. However the directors consider these investments to be strategic and the concentration risk in manageable.

6. FAIR VALUE MEASUREMENT

6.1 Fair value measurement of financial instruments

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three Levels of a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: unobservable inputs for the asset or liability.

The following table shows the Levels within which the hierarchy of financial liabilities measured at fair value on a recurring basis at 31 March 2015:

	Level 1	Level 2	Level 3	Level 4
	USD	USD	USD	USD
Liabilities				
Interest rate swaps	-	557,762	-	557,762

The fair value of financial instruments that are not traded in an active market (interest rate swap derivative) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.

The Company's financial assets and liabilities are measured at their carrying amounts, which approximate their fair values.

6.2 Fair value measurement of non-financial assets and non-financial liabilities

The Company's non-financial assets consist of property, plant and equipment, investment in associate, investments in subsidiaries, investment in joint venture and prepayments, for which fair value measurement is not applicable since these are not measured at fair value on a recurring or non-recurring basis in the statement of financial position. At the reporting date, the Company did not have any non-financial liabilities.

7. CAPITAL MANAGEMENT POLICIES ND PROCEDURES

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns to its member.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to its member, buy back shares or issue new shares.

The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital.

The details of the gearing ratio are disclosed as follows:

	2015	2015	2014	2014
	USD	INR (Note 1)	USD	INR (Note 1)
Total borrowings ⁽ⁱ⁾	145,590,492	9,119,788,419	145,535,425	9,116,339,022
Less: cash and cash equivalents	(2,440,418)	(152,867,784)	(1,617,458)	(101,317,569)
Net debt	143,150,074	8,966,920,635	143,917,967	9,015,021,453
Total equity ⁽ⁱⁱ⁾	69,019,499	4,323,381,417	57,048,600	3,573,524,304
Total capital	212,169,573	13,290,302,052	200,966,567	12,588,545,757
Gearing ratio (%)	68%	68%	72%	72%

(i) Borrowings include all short-term and long-term borrowings as detailed in Note 19.

(ii) Equity includes capital and reserves.

(iii) The Company has a gearing ratio of 68% (2014: 72%) at the reporting date and the directors consider that this level of gearing is reasonable taking into account the Company's business activities.

8. TAXATION

(i) Income tax

Under current laws and regulations, the Company is liable to pay income tax on its net income at a rate of 15%. The Company is, however, entitled to a tax credit equivalent to the higher of actual foreign tax suffered or 80% of the tax payable in the Republic of Mauritius in respect of its foreign source income, thus reducing its maximum effective tax rate to 3%. Capital gains from sales of units and securities are exempt from income tax in the Republic of Mauritius.

The Company has received tax residence certificates from the Mauritian authorities that it is a tax resident of Mauritius, which is renewable on an annual basis subject to meeting certain conditions and under which the Company is eligible to obtain benefits under the double tax treaties between the Republic of Mauritius and the Republic of India, the Republic of Mauritius and the People's Republic of China, the Republic of Mauritius and the Republic of Singapore and the Republic of Mauritius and the Republic of South Africa.

At 31 March 2015, the Company had no income tax liability due to tax losses of USD 2,496,310 (INR156,368,858) which will be carried forward and available for set off against future taxable profits as follows:

	USD	INR (Note 1)
Up to the year ending 31 March 2017	424,485	26,589,740
Up to the year ending 31 March 2018	521,774	32,683,923
Up to the year ending 31 March 2019	749,736	46,963,463
Up to the year ending 31 March 2020	800,315	50,131,731

(ii) Deferred tax

Deferred tax is calculated on all temporary differences under the liability method at the rate of 3%. At 31 March 2015 the Company utilised part of prior year losses to be netted off against this year's chargeable income and the balance of tax losses have been carried forward to be netted off against any future taxable profits.

(iii) Income tax reconciliation

The income tax on the Company's loss before tax differs from the theoretical amount that would arise using the effective tax rate of the Company as follows:

	2015	2015	2014	2014
	USD	INR (Note 1)	USD	INR (Note 1)
Loss before tax	(1,688,605)	105,774,217	(15,483,936)	(969,913,751)
Tax calculated at the rate of 3%	(50,658)	(3,173,217)	(464,518)	(29,097,408)
Capital allowances	(2,501)	(156,663)	(2,590)	(162,238)
Deferred tax asset not recognised	53,159	3,329,880	467,108	29,259,646
Tax charge	-	-	-	-

9. PROPERTY, PLANT AND EQUIPMENT

Details of the Company's property, plant and equipment and their carrying amounts are as follows:

	Building	Furnitures & Fittings	IT Equipment	Total
	USD	USD	USD	USD
Gross carrying amount				
Balance 01 April 2014 and 31 March 2015	1,430,606	115,430	-	1,546,036
Depreciation				
Balance 01 April 2014	62,412	29,813	-	92,225
Charge for the year	27,219	13,631	-	40,850
Balance 31 March 2015 ...	89,631	43,444	-	133,075
Carrying amount at				
31 March 2015	1,340,975	71,986	-	1,412,961

	Building	Furnitures & Fittings	IT Equipment	Total
	USD	USD	USD	USD
Gross carrying amount				
Balance as at 01 April 2013	1,430,606	115,430	4,629	1,550,665
Additions during the year	-	-	(4,629)	(4,629)
Balance 31 March 2014 ...	1,430,606	115,430	-	1,546,036
Depreciation				
Balance 01 April 2013	41,945	20,330	2,751	65,026
Charge for the year	20,467	9,483	612	30,562
Release on disposal	-	-	(3,363)	(3,363)
Balance 31 March 2014 ...	62,412	29,813	-	92,225
Carrying amount at				
31 March 2014	1,368,194	85,617	-	1,453,811

	Building	Furnitures & Fittings	IT Equipment	Total
	INR (Note 1)	INR (Note 1)	INR (Note 1)	INR (Note 1)
Gross carrying amount				
Balance 01 April 2014 and 31 March 2015	89,613,160	7,230,535	-	96,843,695
Depreciation				
Balance 01 April 2014	3,909,488	1,867,486		5,776,974
Charge for the year	1,704,998	853,846		2,558,844
Balance 31 March 2015	5,614,486	2,721,332	-	8,335,818
Carrying amount at 31 March 2015	83,998,674	4,509,203	-	88,507,877

	Building	Furnitures & Fittings	IT Equipment	Total
	INR (Note 1)	INR (Note 1)	INR (Note 1)	INR (Note 1)
Gross carrying amount				
Balance as at 01 April 2013	89,613,160	7,230,535	289,961	97,133,656
Additions during the year	-	-	(289,961)	(289,961)
Balance 31 March 2014	89,613,160	7,230,535	-	96,843,695
Depreciation				
Balance 01 April 2013	2,627,435	1,273,471	172,323	4,073,229
Charge for the year	1,282,053	594,015	38,336	1,914,404
Release on disposal	-	-	(210,659)	(210,659)
Balance 31 March 2014	3,909,488	1,867,486	-	5,776,974
Carrying amount at 31 March 2014	85,703,672	5,363,049	-	91,066,721

10. INVESTMENT IN ASSOCIATE

	2015	2015	2014	2014
	USD	INR (Note 1)	USD	USD (Note 1)
(i) At cost:				
At 01 April and 31 March	131,161,644	8,215,965,380	131,161,644	8,215,965,380

(ii) Details pertaining to the investment are as follows:

Name of investee company	Class of shares	Country of incorporation	% holding	Cost 2014 & 2015
				USD
CIE Automotive S.A.	Equity shares	Spain	12.435%	131,161,444

(iii) Although the Company has 12.435% shareholding in this investee company, the directors assessed the level of influence the Company has on CIE Automotive S.A. and determined that it has significant influence over this investee company through its representation on the board of directors and participation in policy-making processes. Consequently, this investment has been classified as an associate and accounted at cost in these separate financial statements.

(iv) The directors have assessed the recoverable amount of the investment and confirmed that the cost of investment has not suffered any impairment in value at the reporting date. At 31 March 2015, the investment had a fair value of USD 240,982,887 based on the closing market price listed on the stock exchange of Madrid (Bolsa de Madrid), Spain.

11. INVESTMENTS IN SUBSIDIARIES

	2015	2015	2014	2014
	USD	INR (Note 1)	USD	INR (Note 1)
(i) Unquoted and at carrying amount:				
Balance at 01 April	15,919,862	997,220,156	13,638,447	854,312,320
Additions during the year	6,301,556	394,729,468	2,281,415	142,907,836
Balance at 31 March	22,221,418	1,391,949,624	15,919,862	997,220,156

(ii) Details pertaining to the investments are as follows:

Name of investee companies	Country of incorporation	% holding	Carrying amount 2015	Carrying amount 2014
			USD	USD
Equity shares				
Mahindra - BT Investment Company (Mauritius) Limited	Republic of Mauritius	57%	6,771,600	6,771,600
Mahindra Graphics Research Design S.r.l.	Republic of Italy	100%	3,590,851	3,590,851
Mahindra Europe S.r.l.	Republic of Italy	100%	4,136,634	4,136,634
Mahindra Racing U.K.	United Kingdom	100%	33,700	-
Mahindra Tractor Assembly, Inc	United States of America	100%	5,610,000	-
Mahindra Emirates Vehicle Armouring FZ-LLC	United Arab Emirates	51%	1,394,034	1,394,034
Mahindra Racing S.r.l.	Republic of Italy	100%	684,599	26,743
Total			22,221,418	15,919,862

(iii) The directors have assessed the recoverable amounts of the investment in subsidiaries and confirm that the carrying amount of these investments have not suffered any impairment in value at the reporting date.

(iv) During the year under review, the following transactions were made:

- Mahindra Racing UK Limited, a private limited company incorporated in the United Kingdom, was set up as a wholly-owned subsidiary of the Company with an initial stated capital of 20,000 fully paid shares of GBP 1 each, totalling to GBP 20,000.
- The Company acquired 100% shareholding held by Mahindra U.S.A in Mahindra Tractor Assembly, Inc., a private company incorporated in the State of Delaware (United States of America), for a total consideration of USD 10,000. Further to this acquisition, the Company made additional investments amounting to USD 5,600,000 in the subsidiary during the year ended 31 March 2015.
- The Company made additional equity investments amounting to EUR 531,000 in Mahindra Racing S.R.L.

(v) The disposals of the following investments described in Note 11 (ii) above are subject to some restrictions, as more fully defined in the respective Agreements:

Name of investee companies	Restrictions on disposal of shares
Mahindra - BT Investment Company (Mauritius) Limited	As detailed in the Share Subscription Agreement signed between the Company, Mahindra - BT Investment Company (Mauritius) Limited and BT Holdings Limited on 23 June 2005.
Mahindra Europe S.r.l.	As detailed in the Credit Agreement with EXIM Bank and prior approval of Unicredit Bank and San Paolo Bank have to be obtained before any disposal of shares held.
Mahindra Graphics Research Design S.r.l., Mahindra Racing S.r.l. and Mahindra Emirates Vehicle Armouring FZ-LLC	Board approval is required prior to any disposal of shares held.

(vi) The Company holds a Category 1 Global Business Licence issued by the Financial Services Commission and has therefore taken advantage of Section 12 of Part 1 of the Fourteenth Schedule of the Mauritius Companies Act 2001 which dispenses it from presenting consolidated financial statements as it is a wholly-owned subsidiary of a company incorporated in the Republic of India.

(vii) The proportions of the voting rights in the subsidiaries undertakings held directly by the Company do not differ from the proportions of ordinary shares held.

12. INVESTMENT IN JOINT VENTURE

	2015		2014	
	USD	INR (Note 1)	USD	INR (Note 1)
(i) Unquoted and at cost:				
Balance at 1 April and 31 March	39,745,429	2,489,653,673	39,745,429	2,489,653,673

ii) Details pertaining to the investments are as follows:

Name of joint venture	Class of shares	Country of incorporation	% held	Cost 2014 & 2015 USD
Mahindra Yueda (Yancheng) Tractor Co., Ltd	Equity shares	People's Republic of China	51%	39,745,429

(iii) The Company holds 51% of the shareholding of its joint arrangement. The Company has joint control over this arrangement as under the contractual agreements, unanimous consent is required from all parties to the arrangements for all relevant activities.

The Company's joint arrangement is structured as a limited company (Mahindra Yueda (Yancheng) Tractor Co., Ltd) and the parties to the agreements with rights to the net assets of the limited company under the arrangements. Therefore, the arrangement is classified as joint venture.

(iv) The directors have assessed the recoverable amount of the investment and confirm that the carrying amount of these investments have not suffered any impairment in value at the reporting date.

(v) The disposal of investment is subject to restriction as board approval is required prior to any disposal of shares held in Mahindra Yueda (Yancheng) Tractor Co., Ltd.

13. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2015		2014	
	USD	INR (Note 1)	USD	INR (Note 1)
(i) Unquoted and at carrying amount:				
Balance at 01 April	18,889,866	1,183,261,206	15,312,216	959,157,210
Additions during the year	4,424	277,119	3,577,650	224,103,996
Investment written off	(149)	(9,333)	-	-
Balance at 31 March	18,894,141	1,183,528,992	18,889,866	1,183,261,206

(ii) Details pertaining to the unquoted investments are as follows:

Name of investee companies	Country of incorporation	% holding	Cost 2015 USD	Cost 2014 USD
Equity shares				
East India Company Enterprises Ltd	Jersey	18%	15,893,176	15,893,176
ZOOMIN PTE. LTD	Republic of Singapore	0.04%	44	-
Preference shares/ common stock				
Cleartrip Inc	Cayman Islands	0.91%	1,046,155	1,046,155
LocaModa.	United States of America	-	-	149
D.Light Design Inc	Cayman Islands	2.34%	508,778	508,778
Prana Holdings, Inc	United States of America	3.7%	1,441,607	1,441,607
ZOOMIN PTE. LTD	Republic of Singapore	4.36%	4,380	-
Other				
Chartoff – Tempest Productions, LLC	-	-	1	1
Total			18,894,141	18,889,866

(iii) Pursuant to an Agreement dated December 2010 between Mahindra Overseas Investment Company (Mauritius) Ltd (the "Company"), Sanjiv Mehta, The East India Company Enterprises Ltd and The East India

Company Group Limited, the Company shall receive payment in cash of an aggregate price equal to (i) the fair value or (ii) the investment value if they exit before 01 January 2017.

(iv) The directors have assessed the recoverable amount of the investments and confirmed that the carrying amount of these investments has not suffered any impairment in value at the reporting date except for LocaModa which is in the process of winding up. Therefore the investment in this company amounting to USD 149 was written off during the year under review.

(v) During the year under review, the Company acquired 44 Series A Equity Shares and 4,380 Series A Preference Shares respectively in ZOOMIN PTE. LTD, an unquoted Company incorporated in the Republic of Singapore, for a total consideration of USD 4,424.

(vi) The disposals of the following investments described in Note 13 (ii) above are subject to some restrictions, as more fully defined in the respective Agreements:

Name of investee companies	Restrictions on disposal of shares
Cleartrip Inc	As detailed in the Amended and Restated Right of First Refusal and Co-Sale Agreement, the 'Agreement', dated 31 December 2007, the Seller must comply with the provisions of sections 2, 3 and 4 of the Agreement.
LocaModa.	As detailed in the Right of First Refusal and Co-Sale Agreement, the Seller must comply with the provisions of sections 1 and 2 of the right of first refusal.
Prana Holdings, Inc and D.Light Design Inc	Board approval is required prior to any disposal of shares held.

14. LOANS

	2015		2014	
	USD	INR (Note 1)	USD	INR (Note 1)
Loan to related companies	-	-	1,188,542	74,450,271

The movements during the year on the loans given to related parties are as follows:

	2015		2014	
	USD	INR (Note 1)	USD	INR (Note 1)
Balance at 01 April	1,188,542	74,450,271	18,400,718	1,152,620,976
<i>Loans given to:</i>				
Loan to East India Company Enterprises Ltd	-	-	831,250	52,069,500
Loan to Mahindra CIE Automotive, S.A	-	-	139,048	8,709,967
Loan to Mahindra Gears International Ltd	-	-	205,275	12,858,426
Repayment of loan and interest	(1,243,902)	(77,918,021)	(19,422,440)	(1,216,621,642)
Interest income	29,761	1,864,229	528,441	33,101,544
Foreign exchange gain	25,599	1,603,521	506,250	31,711,500
Balance at 31 March	-	-	1,188,542	74,450,271

(i) The loans to East India Company Enterprises Ltd and Mahindra Emirates Vehicle Armouring FZ-LLC, both unquoted companies incorporated in Jersey and United Arab Emirates, have been fully repaid during the year.

(ii) The loan to Mahindra CIE Automotive, S.A, a quoted company incorporated in the Republic of India, was also fully repaid during the year.

15. RECEIVABLES AND PREPAYMENTS

	2015	2015	2014	2014
	USD	INR (Note 1)	USD	INR (Note 1)
Prepayments	<u>3,037</u>	<u>190,238</u>	<u>2,438</u>	<u>152,716</u>

During the year ended 31 March 2013, the Company transferred its investment held in Mahindra (China) Tractor Co., Ltd to Mahindra Yueda (Yancheng) Tractor Co., Ltd ("MYYTCL") and for which payment was not received at that reporting period.

However, during the year ended 31 March 2014, MYYTCL decided not to go ahead with the deal as MCTCL's performance was not in line with the agreed norms, continued to underperform and incurred losses. Thus, the directors have assessed the recoverability of the loans of USD 7,724,991 and concluded that this amount has been fully impaired.

16. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following:

	2015	2015	2014	2014
	USD	INR (Note 1)	USD	INR (Note 1)
Cash at bank:				
– USD	2,430,247	152,230,672	1,609,643	100,828,038
– ZAR	9,375	587,250	6,865	430,024
– EUR	796	49,861	950	59,508
	<u>2,440,418</u>	<u>152,867,783</u>	<u>1,617,458</u>	<u>101,317,570</u>

17. STATED CAPITAL

	2015	2015	2014	2014
	USD	INR (Note 1)	USD	INR (Note 1)
<i>Issued and fully paid:</i>				
101,539,039 Ordinary shares of USD 1 each (31 March 2014: 87,902,525 Ordinary shares)	<u>101,539,039</u>	<u>6,360,405,403</u>	<u>87,902,525</u>	<u>5,506,214,166</u>

(i) The movement during the year was as follows:

	2015	2015	2014	2014
	USD	INR (Note 1)	USD	INR (Note 1)
At 01 April	87,902,525	5,506,214,166	81,663,925	5,115,428,262
Issue of shares during the year	13,636,514	854,191,237	6,238,600	390,785,904
At 31 March	<u>101,539,039</u>	<u>6,360,405,403</u>	<u>87,902,525</u>	<u>5,506,214,166</u>

(ii) In accordance with the Company's Constitution, the main rights and obligations attached to the ordinary shares are as follows:

- confer to its holder the rights to attend and exercise one vote at meetings of members generally and class meetings of the ordinary shares;
- have a right to receive any dividend or distribution; and
- be entitled, on a winding up, to share in the assets of the Company available for distribution.

18. DERIVATIVE FINANCIAL INSTRUMENTS

	2015	2015	2014	2014
	USD	INR (Note 1)	USD	INR (Note 1)
Interest rate swaps	<u>557,762</u>	<u>34,938,212</u>	<u>-</u>	<u>-</u>

The Company had entered into interest rate swap agreements to manage interest rate risk exposure.

The interest rate swap effectively modified the Company's exposure to interest rate risk by converting the Company's floating rate debt to a fixed rate basis for the entire term of the debt, thus reducing the impact of interest rate changes on future interest expense. This agreement involves the receipt of floating rate amounts in exchange for fixed rate interest payments over the life of the agreement without an exchange of the underlying principal amount.

The full fair value of the hedging derivative is classified as non-current liability since the maturity of the hedged item is more than one year.

The notional principal amounts of the outstanding interest rate swaps at 31 March 2015 were USD 130,000,000.

At 31 March 2015, the fixed interest rates and fair values based on the interest rate swaps are as follows:

Details	Notional amount	Fixed interest rate	Start date	Maturity date	Fair value
	USD				USD
Barclays Bank Plc, London	65,000,000	0.78%	02 October 2013	03 October 2016	(233,980)
Standard Chartered Bank Mauritius Limited	65,000,000	0.86%			(323,782)
	<u>130,000,000</u>				<u>(557,762)</u>

During the year under review, an amount of USD 423,594 (Note 21.2 to the financial statements) was recognised in the income statement representing loss relating to interest rate swaps of the borrowings from variable interest rates (LIBOR) to the fixed interest rate. An amount of USD 173,724 (Note 19(ii)) remains payable at 31 March 2015 and was included in USD 695,607 under current borrowings (Note 19 (ii)).

19. BORROWINGS

	2015	2015	2014	2014
	USD	INR (Note 1)	USD	INR (Note 1)
(i) Non-current				
Loans from financial institutions	130,000,000	8,143,200,000	130,000,000	8,143,200,000
Loans from holding company	12,300,800	770,522,112	13,331,800	835,103,952
	<u>142,300,800</u>	<u>8,913,722,112</u>	<u>143,331,800</u>	<u>8,978,303,952</u>
(ii) Current				
Loans from financial institutions	695,607	43,572,822	540,020	33,826,853
Loans from holding company	2,594,085	162,493,484	1,663,605	104,208,217
	<u>3,289,692</u>	<u>206,066,307</u>	<u>2,203,625</u>	<u>138,035,070</u>
Total	<u>145,590,492</u>	<u>9,119,788,419</u>	<u>145,535,425</u>	<u>9,116,339,022</u>

(iii) The movement during the year on the borrowings were as follows:

	2015	2015	2014	2014
	USD	INR (Note 1)	USD	INR (Note 1)
Balance at 01 April	145,535,425	9,116,339,022	30,055,179	1,882,656,413
<i>Loans taken during the year:</i>				
Standard Chartered Bank (Mauritius) Limited	-		65,000,000	4,071,600,000
Barclays Bank Plc, London	-		65,000,000	4,071,600,000
<i>Loans repaid during the year:</i>				
Mahindra & Mahindra Ltd	(734,400)	(46,002,816)	(7,387,850)	(462,774,924)
Standard Chartered Bank (Mauritius) Limited	-		(8,250,000)	(516,780,000)
<i>Interest element for the year:</i>				
Loss on interest rate swaps	423,594	26,533,928	-	-
Interest expense	3,241,352	203,038,289	2,621,084	164,184,702
Interest payment	(2,553,339)	(159,941,155)	(1,514,579)	(94,873,229)
Foreign exchange (loss)/ gain	(322,140)	(20,178,850)	11,591	726,060
Balance at 31 March	145,590,492	9,119,788,418	145,535,425	9,116,339,022

(iv) The shareholder's loans are unsecured, repayable after more than one year and with interest ranging from 8.25% to 8.50% per annum.

(v) Summary of borrowings arrangements are as follows:

Loan from Standard Chartered Bank (Mauritius) Limite

The bank loan of USD 65 million from Standard Chartered Bank (Mauritius) Limited ("SCB") is unsecured, repayable within three years and with interest at 3 months LIBOR + 1.45% margin per annum. Interest is payable on a quarterly basis.

Loan from Barclays Bank Plc, London

The bank loan of USD 65 million from Barclays Bank Plc, London ("Barclays") is unsecured, repayable within three years and with interest at 3 months LIBOR + 1.40% margin per annum. Interest is payable on a quarterly basis.

The above loans are secured against a Corporate Guarantee from Mahindra & Mahindra Ltd (the "Guarantor"). In that respect, an annual commission of USD 700,000 is payable to the Guarantor until the loans are fully repaid.

20. PAYABLES AND ACCRUALS

	2015	2015	2014	2014
	USD	INR (Note 1)	USD	INR (Note 1)
Payable for SBLC(Note 20(i))	-		7,348,690	460,321,942
Accruals	34,285	2,147,612	46,335	2,902,424
Commission on Corporate Guarantee (Note 19 (v))	700,000	43,848,000	-	-
	734,285	45,995,612	7,395,025	463,224,366

(i) On 25 November 2013, the Board approved to provide a standby letter of credit ("SBLC") not exceeding RMB 50,000,000 in favour of Bank of America, Shanghai ("BOA") on behalf of Jiangxi Mahindra Yueda Tractor

Co., Ltd ("JMYTCL"), an indirect subsidiary organised under the laws of China, for a loan of RMB 45,000,000 received by the latter from BOA. The SBLC agreement was signed on 10 December 2013.

Subsequently, BOA signified its intention to invoke the SBLC and requested the Company as ultimate shareholder and corporate guarantor, to effect the loan repayment along with the accrued interest since JMYTCL was in financial difficulties and was not in a position to repay the loan by the required due date. Consequently an amount of USD 7,348,690 (equivalent to RMB 45,300,000, including interest capitalised thereon) was accrued by the Company during the year ended 31 March 2014. During the year, this amount was settled and USD 107,777, representing excess payment, was reimbursed to the Company.

21. FINANCE INCOME AND FINANCE COSTS

	2015	2015	2014	2014
	USD	INR (Note 1)	USD	INR (Note 1)
21.1 Finance income				
Interest on loans (Note 14)	29,761	1,864,229	528,441	33,101,544
Foreign exchange gain	318,421	19,945,891	787,727	49,343,219
	348,182	21,810,120	1,316,168	82,444,763

	2015	2015	2014	2014
	USD	INR (Note 1)	USD	INR (Note 1)

21.2 Finance costs

Interest on borrowings (Note 19)	3,241,352	203,038,289	2,621,084	164,184,702
Loss on interest rate swaps (Note 18)	423,594	26,533,928	-	-
Foreign exchange loss	89,070	5,579,345	-	-
SBLC charge (Note 20)	-		7,348,690	460,321,942
Commission to shareholder for corporate guarantee (Note 19(v))	700,000	43,848,000	-	-
Fair value adjustment – Derivative financial instrument	557,762	34,938,212	-	-
Depository charges	16,508	1,034,061	-	-
	5,028,286	314,971,835	9,969,774	624,506,644

22. RELATED PARTY TRANSACTIONS

During the year ended 31 March 2015, the Company had transactions with related parties. The nature, volume of transactions and balances with the related parties are as follows:

Nature of relationship	Nature of Transactions	Volume of transactions	Credit	Debit/(credit)
			balances at 31 March 2015	balances at 31 March 2014
		USD	USD	USD
Common shareholders	Loans	1,188,542	-	1,188,542
Holding Company	Borrowings	100,520	(14,894,885)	(14,995,405)
Administrator, Secretary and Mauritian Tax Agent	Professional fees	46,921	(9,418)	(25,712)

Nature of relationship	Nature of Transactions	Volume of transactions	Credit	Debit/(credit)
			balances at 31 March 2015	balances at 31 March 2014
		INR	INR	INR
		(Note 1)	(Note 1)	(Note 1)
Common shareholder	Loans	74,450,271	-	74,450,271
Holding company	Borrowings	6,296,573	(933,015,596)	(939,312,169)
Administrator, Secretary and Mauritian Tax Agent	Professional fees	2,939,131	(589,944)	(1,610,600)

(i) The terms and conditions of the loans receivable from related parties and borrowings from the holding company are detailed in Note 14 and Note 19 respectively to these financial statements.

23. CONTINGENT LIABILITIES

The Company has no material litigation claims outstanding, pending or threatened against it which could have a material adverse effect on its financial position or results.

24. EVENTS AFTER THE REPORTING PERIOD

There have been no material events after the reporting period which requires disclosure or adjustment to the 31 March 2015 financial statements.

25. HOLDING COMPANY

The directors regard Mahindra & Mahindra Ltd, a quoted company on the National Stock Exchange of India, as the Company's holding company.

26. CARRYING AMOUNTS OF UNQUOTED INVESTMENTS

The Company held investments in several unquoted companies and these investments are stated at their carrying amounts as the fair values cannot be reliably measured. The directors have assessed the recoverable amounts of these investments and considered that no sign of impairment has been identified and hence no provision is required at the reporting date. Details of these investments as at 31 March 2015 are as follows:

	31 March 2015	
	Carrying value	
	USD	INR
		(Note 1)
Investment in subsidiaries		
Mahindra Graphics Research Design S.r.l.	3,590,851	224,930,907
Mahindra Europe S.r.l.	4,136,634	259,118,754
Mahindra Emirates Vehicle Armouring FZ-LLC	1,394,034	87,322,290
Mahindra Racing S.r.l.	684,599	
Investment in joint venture		
Mahindra Yueda (Yancheng) Tractor Co., Ltd	39,745,429	2,489,653,673
Available-for-sale financial assets		
Cleartrip Inc	1,046,155	65,531,149
D.Light Design Inc	508,778	31,869,854
Prana Holdings, Inc	1,441,607	90,302,262
Total	52,548,087	3,183,197,740

MAHINDRA - BT INVESTMENT COMPANY (MAURITIUS) LIMITED

CORPORATE DATA

		Appointed on	Resigned on
DIRECTORS	:	Couldiplall Basanta Lala	–
		Abdool Fareed Soreefan	–
		Zakir Hussein Niamut	–
		Ulhas Narayan Yargop	–
		Paul Michael Ringham	31 October 2014
		Rupert Henry Orchard	31 October 2014
		<i>(Permanent alternate director to Paul Michael Ringham)</i> Rupert Henry Orchard	31 October 2014
ADMINISTRATOR, SECRETARY & MAURITIAN TAX AGENT	:	International Financial Services Limited IFS Court TwentyEight Cybercity Ebene Republic of Mauritius	
REGISTERED OFFICE	:	IFS Court TwentyEight Cybercity Ebene Republic of Mauritius	
AUDITORS	:	Grant Thornton Ebene Tower 52 Cybercity Ebene Republic of Mauritius	
BANKER	:	Standard Chartered Bank (Mauritius) Limited Units 6A and 6B, 6 th Floor, Raffles Tower Lot 19, Cybercity Ebene Republic of Mauritius	

COMMENTARY OF THE DIRECTORS

FOR THE YEAR ENDED 31 MARCH 2015

The directors are pleased to present the audited financial statements of **Mahindra - BT Investment Company (Mauritius) Limited** (the "Company"), for the year ended 31 March 2015.

PRINCIPAL ACTIVITY

The principal activity of the Company is to hold investments.

RESULTS

The results for the year are shown in the statement of comprehensive income and related notes.

The directors did not recommend the payment of a dividend for the year under review.

DIRECTORS

The present membership of the Board is set out in this report. Messrs Paul Michael Ringham and Rupert Henry Orchard have resigned as director and permanent alternate director respectively on 31 October 2014 and Mr Rupert Henry Orchard was appointed as director on the same date.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

Company law requires the directors to prepare financial statements for each financial year, which present fairly the financial position, financial performance and cash flows of the Company. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether International Financial Reporting Standards ("IFRS") have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors have confirmed that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Mauritius Companies Act 2001. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

The auditors, **Grant Thornton**, have indicated their willingness to continue in office until the next Annual Meeting.

CERTIFICATE FROM THE SECRETARY UNDER SECTION 166 (d) OF THE MAURITIUS COMPANIES ACT 2001

We certify, to the best of our knowledge and belief, that we have filed with the Registrar of Companies all such returns as are required of **Mahindra - BT Investment Company (Mauritius) Limited** under the Mauritius Companies Act 2001 during the financial year ended 31 March 2015.

**For International Financial Services Limited
Secretary**

Registered Office:

IFS Court
TwentyEight
Cybercity
Ebene
Republic of Mauritius

Date: 21 May 2015

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MAHINDRA - BT INVESTMENT COMPANY (MAURITIUS) LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **Mahindra - BT Investment Company (Mauritius) Limited**, the "Company", which comprise the statement of financial position as at 31 March 2015, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibilities for the Financial Statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the Mauritius Companies Act 2001, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements on pages herein give a true and fair view of the financial position of the Company as at 31 March 2015 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Mauritius Companies Act 2001.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Mauritius Companies Act 2001, we report as follows:

- we have no relationship with, or any interests in, the Company other than in our capacity as auditors;
- we have obtained all the information and explanations we have required; and
- in our opinion, proper accounting records have been kept by the Company as far as appears from our examination of those records.

Other Matters

This report is made solely to the members of the Company as a body in accordance with Section 205 of the Mauritius Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinion we have formed.

Grant Thornton
Chartered Accountants

K RAMCHURUN, FCCA
Licensed by FRC

Date: 21 May 2015
Ebene, Republic of Mauritius

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2015**

	Notes	2015	2015	2014	2014
		USD	INR (Note 1)	USD	INR (Note 1)
INCOME					
Interest income		108,588	6,801,952	60,591	3,795,420
Dividend		19,643	1,230,438	4,878	305,558
		<u>128,231</u>	<u>8,032,390</u>	<u>65,469</u>	<u>4,100,978</u>
EXPENDITURE					
Professional fees	12	19,277	1,207,511	172,725	10,819,495
Audit fees		4,928	308,690	3,795	237,719
Licence fees		2,499	156,537	2,525	158,166
Bank charge		1,025	64,206	535	33,512
		<u>27,729</u>	<u>1,736,944</u>	<u>179,580</u>	<u>11,248,892</u>
PROFIT/(LOSS) BEFORE TAX		100,502	6,295,446	(114,111)	(7,147,914)
Tax expense	8	-	-	-	-
PROFIT/(LOSS) FOR THE YEAR		100,502	6,295,446	(114,111)	(7,147,914)
OTHER COMPREHENSIVE INCOME:					
<i>Items that will not be reclassified subsequently to profit or loss</i>		-	-	-	-
<i>Items that will be reclassified subsequently to profit or loss</i>					
Fair value gains on available-for-sale financial asset	9	629,699	39,444,345	631,118	39,533,233
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		629,699	39,444,345	631,118	39,533,233
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		730,201	45,739,791	517,007	32,385,319

The notes to accounts form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2015

	Notes	2015	2015	2014	2014
		USD	INR	USD	INR
			(Note 1)		(Note 1)
ASSETS					
Non-current					
Available-for-sale financial asset	9	2,443,756	153,076,876	1,814,057	113,632,531
Current					
Prepayments		2,839	177,835	2,838	177,771
Cash and cash equivalents.....	10	22,408,995	1,403,699,447	22,307,978	1,397,371,742
Current assets		22,411,834	1,403,877,282	22,310,816	1,397,549,513
Total assets		24,855,590	1,556,954,158	24,124,873	1,511,182,044
EQUITY AND LIABILITIES					
Equity					
Stated capital	11	11,880,000	744,163,200	11,880,000	744,163,200
Fair value reserves.....	9	2,353,711	147,436,457	1,724,012	107,992,112
Retained earnings.....		10,613,286	664,816,235	10,512,784	658,520,789
Total equity		24,846,997	1,556,415,892	24,116,796	1,510,676,101
Liabilities					
Current					
Accruals		8,593	538,266	8,077	505,943
Total equity and liabilities		24,855,590	1,556,954,158	24,124,873	1,511,182,044

Approved by the Board of Directors on **21 May 2015** and signed on its behalf by:

Abdool Fareed Soreefan
Director

Zakir Hussein Niamut
Director

The notes to accounts form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2015

	Stated capital	Fair value reserves	Retained earnings	Total
	USD	USD	USD	USD
Balance at 01 April 2013.....	11,880,000	1,092,894	10,626,895	23,599,789
Loss for the year.....	-	-	(114,111)	(114,111)
Other comprehensive income.....	-	631,118	-	631,118
Total comprehensive income for the year.....	-	631,118	(114,111)	517,007
Balance at 31 March 2014.....	11,880,000	1,724,012	10,512,784	24,116,796
Balance at 01 April 2014.....	11,880,000	1,724,012	10,512,784	24,116,796
Profit for the year.....	-	-	100,502	100,502
Other comprehensive income.....	-	629,699	-	629,699
Total comprehensive income for the year.....	-	629,699	100,502	730,201
Balance at 31 March 2015.....	11,880,000	2,353,711	10,613,286	24,846,997

	Stated capital	Fair value reserves	Retained earnings	Total
	INR (Note 1)	INR (Note 1)	INR (Note 1)	INR (Note 1)
Balance at 01 April 2013.....	744,163,200	68,458,879	665,668,703	1,478,290,782
Loss for the year.....	-	-	(7,147,914)	(7,147,914)
Other comprehensive income.....	-	39,533,233	-	39,533,233
Total comprehensive income for the year.....	-	39,533,233	(7,147,914)	32,385,319
Balance at 31 March 2014.....	744,163,200	107,992,112	658,520,789	1,510,676,101
Balance at 01 April 2014.....	744,163,200	107,992,112	658,520,789	1,510,676,101
Profit for the year.....	-	-	6,295,446	6,295,446
Other comprehensive income.....	-	39,444,345	-	39,444,345
Total comprehensive income for the year.....	-	39,444,345	6,295,446	45,739,791
Balance at 31 March 2015.....	744,163,200	147,436,457	664,816,235	1,556,415,892

The notes to accounts form an integral part of these financial statements.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2015

	2015	2015	2014	2014
	USD	INR (Note 1)	USD	INR (Note 1)
Operating activities				
Profit/(loss) before tax	100,502	6,295,446	(114,111)	(7,147,914)
<i>Adjustments for:</i>				
Dividend	(19,643)	(1,230,438)	(4,878)	(305,558)
Interest income	(108,588)	(6,801,952)	(60,591)	(3,795,420)
Operating loss before working capital changes	(27,729)	(1,736,944)	(179,580)	(11,248,892)
<i>Changes in working capital:</i>				
Increase in prepayments.....	(1)	(63)	(475)	(29,754)
Increase/(decrease) in accruals.....	516	32,322	(517)	(32,385)
Total changes in working capital	515	32,259	(992)	(62,139)
Net cash used in operating activities	(27,214)	(1,704,685)	(180,572)	(11,311,031)
Investing activities				
Interest received	108,588	6,801,952	60,591	3,795,420
Dividend received	19,643	1,230,438	4,878	305,558
Net cash from investing activities	128,231	8,032,390	65,469	4,100,978
Net change in cash and cash equivalents	101,017	6,327,705	(115,103)	(7,210,053)
Cash and cash equivalents, beginning of year.....	22,307,978	1,397,371,742	22,423,081	1,404,581,795
Cash and cash equivalents, end of year	22,408,995	1,403,699,447	22,307,978	1,397,371,742
Cash and cash equivalents made up of:				
Cash at bank (Note 10).....	22,408,995	1,403,699,447	22,307,978	1,397,371,742

The notes to accounts form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

1. GENERAL INFORMATION AND STATEMENT OF COMPLIANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS")

Mahindra – BT Investment Company (Mauritius) Limited, the "Company", was incorporated in the Republic of Mauritius under the Mauritius Companies Act 2001 on 09 May 2005 as a private company with liability limited by shares and holds a Category 1 Global Business Licence issued by the Financial Services Commission. The Company's registered office is IFS Court, Twenty Eight, Cybercity, Ebene, Republic of Mauritius.

The principal activity of the Company is to hold investments.

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

Indian Rupee ("INR") amounts are included solely for convenience. These transactions should not be construed as representations that the USD amounts actually represent, or have been or could be converted into INR. As the amounts shown in INR are for convenience only, the rate of 1 USD = INR62.64 has been used for the purpose of presentation of the INR amounts in the accompanying financial statements for the two years ended 31 March 2014 and 31 March 2015 respectively.

2. APPLICATION OF NEW AND REVISED IFRS

2.1 New and revised standards that are effective for the annual year beginning on 01 April 2014

The following new and revised standards issued by the International Accounting Standards Board ("IASB") are mandatory for the first time for the financial year beginning on 01 April 2014:

IAS 32	Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)
IFRS 10, 12 and IAS 27	Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)
IFRIC 21	Levies
IAS 36	Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36)
IAS 39	Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39)

The directors have assessed the impact of these revised standards and amendments and concluded that none of these have an impact on the disclosure in the financial statements.

2.2 Standards, Amendments and Interpretations to existing Standards that are not yet effective and have not been adopted early by the Company

At the date of authorisation of these financial statements, certain new Standards, Amendments and Interpretations to existing Standards have been published by the IASB but are not yet effective, and have not been adopted early by the Company.

Management anticipates that all of the relevant pronouncements will be adopted in the Company's accounting policies for the first period beginning after the effective date of the pronouncements. Information on new Standards, Amendments and Interpretations is provided below:

IFRS 9	Financial Instruments (2014)
IFRS 15	Revenue from Contracts with Customers
IAS 1	Disclosure Initiative (Amendments to IAS 1 Presentation of Financial Statements)
IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)
IFRS 10, IFRS 12 and IAS 28	Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)

IAS 19	Defined Benefit Plans: Employee Contributions (Amendments to IAS 19)
IFRS 14	Regulatory Deferral Accounts
IFRS 11	Accounting for acquisitions of interests in Joint Operations (Amendments to IFRS 11)
IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)
IAS 27	Equity Method in Separate Financial Statements (Amendments to IAS 27)
IAS 16 and IAS 41	Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41)
Various	Annual Improvements to IFRSs 2010-2012, 2011-2013 and 2012-2014 cycles

3. SUMMARY OF ACCOUNTING POLICIES

3.1 Overall considerations

The financial statements have been prepared using the significant accounting policies and measurement bases summarised below.

3.2 Revenue

Dividend income is recognised when the Company's right to receive such dividend is established.

Interest income is recognised on the accrual basis using the effective interest method, unless collectability is in doubt.

3.3 Expenses

All expenses are accounted for in the statement of comprehensive income on the accrual basis.

3.4 Taxation

Tax expense recognised in the statement of comprehensive income comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting years, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements.

Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting date.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases.

3.5 Financial instruments

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted by transactions costs. Subsequent measurement of financial assets and financial liabilities is described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets are classified into available-for-sale financial assets and loans and receivables.

All financial assets are reviewed for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets.

All income and expenses relating to financial assets are recognised in the statement of comprehensive income.

Available-for-sale financial assets

An available-for-sale financial asset is a non-derivative financial asset that is either designated to this category or does not qualify for inclusion in any of the other categories of financial assets.

The Company's main financial asset comprises an investment in a listed company which is classified as an available-for-sale financial asset. This category determines subsequent measurement and whether any resulting income and expense is recognised in the statement of comprehensive income.

The investment is measured at fair value and the resulting temporary unrealised gains/(losses) (including unrealised foreign exchange gains/(losses) on retranslation at the closing rate, if any) are reported as a separate component of equity in "Fair Value Reserves", until the underlying investment is sold or permanently written off, when the total realised gains/(losses) are included in the statement of comprehensive income.

The valuation of investments may not necessarily represent the amounts that may eventually be realised from sales or other dispositions.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents fall into this category of financial instruments.

Classification and subsequent measurement of financial liabilities

The Company's financial liabilities consist of accruals.

Financial liabilities are measured subsequently at amortised cost using the effective interest method.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

3.6 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank. Cash equivalents are short term, highly liquid investments maturing within 90 days from the date of acquisition that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

3.7 Equity and reserves

Stated capital is determined using the value of shares that have been issued.

Retained earnings include all current and prior years' results as disclosed in the statement of comprehensive income.

Fair value reserves relate to the unrealised gains/losses arising out from the re-measurement of an available-for-sale financial asset to its fair value.

3.8 Related parties

A related party is a person or company where that person or company has control or joint control of the reporting company; has significant influence over the reporting company; or is a member of the key management personnel of the reporting company or of a parent of the reporting company.

3.9 Foreign currency translation

Functional and presentation currency

The financial statements are presented in United States Dollar ("USD"), which is also the functional currency of the Company.

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency of the Company using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items denominated in foreign currency at year-end exchange rates are recognised in the statement of comprehensive income.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

3.10 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation and the amount can be estimated reliably. Timing or amount of the outflow may still be uncertain.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. The increase in the provision due to passage of time is recognised as interest expense in the statement of comprehensive income.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

3.11 Comparatives

Where necessary, comparative figures have been adjusted to conform to changes in the current year.

4. SIGNIFICANT MANAGEMENT JUDGEMENT IN APPLYING ACCOUNTING POLICIES AND ESTIMATION CERTAINTY

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

Significant management judgement

Significant management judgement in applying the accounting policies of the Company that has the most significant effect on the financial statements is set below.

Determination of functional currency

The determination of the functional currency of the Company is critical since recording of transactions and exchange differences arising therefrom are dependent on the functional currency selected. The directors have considered those factors and have determined that the functional currency of the Company is the USD.

Estimation uncertainty

There are no estimates that would affect the recognition and measurement of assets, liabilities, income and expenses.

5. FINANCIAL INSTRUMENT RISK

Risk management objectives and policies

The Company is exposed to various risks in relation to financial instruments. The main types of risks are market risk, credit risk and liquidity risk.

The Company's financial assets and financial liabilities by category are summarised below.

	2015	2015	2014	2014
	USD	INR	USD	INR
Financial assets				
Non-current		(Note 1)		(Note 1)
<i>Available-for-sale financial asset:</i>				
Investment in Tech Mahindra Limited	2,443,756	153,076,876	1,814,057	113,632,531

	2015	2015	2014	2014
	USD	INR	USD	INR
		(Note 1)		(Note 1)
Current				
<i>Loans and receivables:</i>				
Cash and cash equivalents	22,408,995	1,403,699,447	22,307,978	1,397,371,742
Total financial assets	24,852,751	1,556,776,323	24,122,035	1,511,004,273
Financial liabilities				
Current				
<i>Financial liabilities measured at amortised cost:</i>				
Accruals	8,593	538,266	8,077	505,943

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate measures and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and in the Company's activities.

The Company does not actively engage in the trading of financial assets and derivatives for speculative purposes nor does it write options. The most significant financial risks to which the Company is exposed to are described below.

5.1 Market risk analysis

The Company is exposed to market risk through its use of financial instruments and specifically to currency risk, interest rate risk and other price risk, which result from both its operating and investing activities.

(i) Foreign currency sensitivity

Foreign currency risk, as defined in IFRS 7: *Financial Instruments: Disclosures*, arises as the value of future transactions, recognised monetary assets and monetary liabilities denominated in other currencies fluctuate due to changes in foreign exchange rates.

The Company is exposed to foreign exchange risk on account of its available-for-sale financial asset denominated in the Indian Rupee (INR).

The currency profile of its financial assets and financial liabilities is as follows:

	Financial assets 2015	Financial liabilities 2015	Financial assets 2014	Financial liabilities 2014
	USD	USD	USD	USD
Long term exposure				
Indian Rupee (INR)	2,443,756	-	1,814,057	-
Short term exposure				
United States Dollar (USD)	22,408,995	8,593	22,307,978	8,077
Total exposure	24,852,751	8,593	24,122,035	8,077
	Financial assets 2015	Financial liabilities 2015	Financial assets 2014	Financial liabilities 2014
	INR	INR	INR	INR
	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Long term exposure				
Indian Rupee (INR)	153,076,876	-	113,632,531	-
Short term exposure				
United States Dollar (USD)	1,403,699,447	538,266	1,397,371,742	505,943
Total exposure	1,556,776,323	538,266	1,511,004,273	505,943

The following analysis illustrates the sensitivity of profit and equity in regard to the Company's financial assets and financial liabilities and the USD/INR exchange rate, "all other things being equal".

It assumes a 4% change of the USD/INR exchange rate for the year ended 31 March 2015 (31 March 2014: 9%). This percentage has been determined based on the average market volatility in exchange rates in the previous 12 months. The sensitivity analysis is based on the Company's foreign currency financial instruments held at each reporting date.

If the USD had strengthened against the INR by 4%, other comprehensive income and equity would have decreased by **USD 97,750** (2014: USD163,265). If the USD had weakened against the INR by 4%, then other comprehensive income and equity would have increased by **USD 97,750** (2013: USD163,265). There would be no impact on profit or loss for the year as the investments denominated in INR are listed securities classified as available-for-sale financial asset.

(ii) Interest rate sensitivity

The Company's exposure to interest rate risk is limited to its bank balance and the interest thereon is based on market interest rates. At 31 March 2015, the bank balance stood at USD22,391,133 (2014: USD22,292,023) and bank interest income earned during the year was USD108,588 (2014: USD60,591). A change in the market interest rate would only impact marginally on the Company's operating cash flows.

(iii) Other price sensitivity

The Company is exposed to other price risk in respect of its available-for-sale financial asset, which is listed on the Bombay Stock Exchange and the National Stock Exchange of India. The average volatility observed in the share prices during the year ended 31 March 2015 is shown in the table below:

Name of investee company	% increase in weighted share price 2015	% increase in share price 2014
	Tech Mahindra Limited	38%

The increase in the weighted share price has been determined after a share split (two for one share) and subsequent bonus issue (one for one share).

If the quoted stock prices for these securities increased or decreased by the above percentages, other comprehensive income and equity would have changed as shown below at 31 March 2015:

	Other comprehensive income and equity			
	2015 USD	2015 INR (Note 1)	2014 USD	2014 INR (Note 1)
Increase	928,627	58,169,195	1,251,699	78,406,425
Decrease	(928,627)	(58,169,195)	(1,251,699)	(78,406,425)

The listed securities are classified as an available-for-sale financial asset and therefore no effect on profit or loss has occurred.

5.2 Credit risk analysis

Credit risk is the risk that a counterparty fails to discharge an obligation to the Company.

The Company's exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, as summarised below:

	2015 USD	2015 INR (Note 1)	2014 USD	2014 INR (Note 1)
ASSETS				
Non-current				
Available-for-sale financial asset	2,443,756	153,076,876	1,814,057	113,632,531
Current				
Cash and cash equivalents	22,408,995	1,403,699,447	22,307,978	1,397,371,742
Total assets	24,852,751	1,556,776,323	24,122,035	1,511,004,273

The Company holds an investment in Tech Mahindra Limited, a quoted company incorporated in the Republic of India and whose fair value exceeds its cost (Note 9 to these financial statements).

The credit risk for the bank balance is considered negligible, since the counterparty is a reputable bank with high quality external credit ratings. None of the Company's financial assets are secured by collateral or other credit enhancements.

5.3 Liquidity risk analysis

Liquidity risk is the risk that the Company might be unable to meet its obligations.

The Company manages its liquidity risk by carefully monitoring all its cash inflows and outflows. Cash inflows during the year mainly relate to dividend income and cash outflows mainly relate to operating expenses.

At 31 March 2015, the Company's financial liabilities have contractual maturities which are summarised below:

	Within 1 year	More than 1 year	Within 1 year	More than 1 year
	USD	USD	INR (Note 1)	INR (Note 1)
Accruals	8,593	-	538,266	-

This compares with the maturity of the Company's financial liabilities in the previous reporting year as follows:

	Within 1 Year	More than 1 year	Within 1 year	More than 1 year
	USD	USD	INR (Note 1)	INR (Note 1)
Accruals	8,077	-	505,943	-

6. FAIR VALUE MEASUREMENT

6.1 Fair value measurement of financial instruments

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three Levels of a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

- **Level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities;
- **Level 2:** inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- **Level 3:** unobservable inputs for the asset or liability.

The following table shows the Levels within the hierarchy of financial assets measured at fair value on a recurring basis at 31 March 2014 and 31 March 2015:

31 March 2015	Note	Level 1	Level 2	Level 3	Total
		USD	USD	USD	USD
Assets					
Listed investment	(i)	2,443,756	-	-	2,443,756
31 March 2015	Note	Level 1	Level 2	Level 3	Total
		INR (Note 1)	INR (Note 1)	INR (Note 1)	INR (Note 1)
Assets					
Listed investment	(i)	153,076,876	-	-	153,076,876
31 March 2014	Note	Level 1	Level 2	Level 3	Total
		USD	USD	USD	USD
Assets					
Listed investment	(i)	1,814,057	-	-	1,184,057

31 March 2014	Note	Level 1	Level 2	Level 3	Total
		INR (Note 1)	INR (Note 1)	INR (Note 1)	INR (Note 1)
Assets					
Listed investment	(i)	113,632,531	-	-	113,632,531

There has been no transfer between Level 1 and Level 2 in 2015 and 2014.

Measurement of fair value

The methods used for the purpose of measuring fair value are unchanged compared with the previous reporting year.

(i) Listed investment

The listed equity investment is denominated in INR and is publicly traded on the Bombay Stock Exchange and the National Stock Exchange of India. Fair values have been determined by reference to its quoted closing share price at the reporting date.

The Company's other financial assets and financial liabilities are measured at their carrying amounts, which approximate to their fair values.

6.2 Fair value measurement of non-financial assets and non-financial liabilities

The Company's non-financial assets consist of prepayments only, for which fair value measurement is not applicable since it is not measured at fair value on a recurring or non-recurring basis in the statement of financial position. At the reporting date, the Company did not have any non-financial liabilities.

7. CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns to its shareholder.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to its members, buy back shares or issue new shares.

The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. For the years ended 31 March 2014 and 31 March 2015 respectively, the Company was not geared.

8. TAXATION

(i) Income tax

Under current laws and regulations, the Company is liable to pay income tax on its net income at a rate of 15%. The Company is, however, entitled to a tax credit equivalent to the higher of actual foreign tax suffered or 80% of Mauritius tax payable in respect of its foreign source income, thus reducing its maximum effective tax rate to 3%. Capital gains from sales of units and securities are exempt from income tax in the Republic of Mauritius.

The Company has received a tax residence certificate from the Mauritian authorities, confirming that the Company is a tax resident of the Republic of Mauritius, which is renewable on an annual basis, subject to meeting certain conditions and under which the Company is eligible to obtain benefits under the Double Taxation Avoidance Agreement between the Republic of Mauritius and the Republic of India.

At 31 March 2015, the Company has accumulated tax losses of USD 155,359 which will be carried forward and available for set off against future taxable profits as follows:

	USD	INR (Note 1)
Up to the year ending 31 March 2016	24,258	1,519,521
Up to the year ending 31 March 2017	71,778	4,496,174
Up to the year ending 31 March 2018	50,821	3,183,427
Up to the year ending 31 March 2019	8,502	532,565
	155,359	9,731,687

(ii) **Deferred taxation**

Deferred income taxes are calculated on all temporary differences under the liability method at the rate of 3%. At 31 March 2015, the Company had no temporary differences and hence no deferred taxation is to be recognised in the financial statements.

(iii) **Income tax reconciliation**

The income tax on the Company's profit/(loss) before tax differs from the theoretical amount that would arise using the effective tax rate of the Company as follows:

	2015	2015	2014	2014
	USD	INR	USD	INR
Profit/(loss) before tax	100,502	6,295,446	(114,111)	(7,147,914)
Tax calculated at the rate of 3%	3,015	188,860	(3,423)	(214,417)
Exempt income not subject to tax	(3,258)	(204,081)	(1,818)	(113,880)
Expenses not allowable for tax purposes	704	44,098	4,463	279,562
Deferred tax asset not recognised	-	-	778	48,735
Tax losses utilised	(461)	(28,877)	-	-
Tax expense	-	-	-	-

9. **AVAILABLE-FOR-SALE FINANCIAL ASSET**

	2015	2015	2014	2014
	USD	INR	USD	INR

(i) **Cost**

At beginning and end of year	90,045	5,640,419	90,045	5,640,419
------------------------------	--------	-----------	--------	-----------

	2015	2015	2014	2014
	USD	INR	USD	INR

(ii) **Fair value**

At beginning of year	1,814,057	113,632,531	1,182,939	74,099,298
Fair value adjustment for the year	629,699	39,444,345	631,118	39,533,233
At end of year	2,443,756	153,076,876	1,814,057	113,632,531

(iii) **Details pertaining to the listed company incorporated in the Republic of India and representing a stake of 0.02% are as follows:**

Name of investee company	Cost 2014 & 2015	Fair value 2015	Fair value 2014	Cost & 2015	Fair value 2015	Fair value 2014
	USD	USD	USD	INR	INR	INR
Tech Mahindra Limited	90,045	2,443,756	1,184,057	5,640,419	153,076,876	113,632,531

(iv) **Fair value reserves**

	2015	2015	2014	2014
	USD	INR	USD	INR

10. **CASH AND CASH EQUIVALENTS**

	2015	2015	2014	2014
	USD	INR	USD	INR

(i) The Company has fixed deposits placements with Standard Chartered Bank (Mauritius) Limited bearing interest at the rate of 0.43% per annum, which increased to 0.55% per annum during the year.

11. **STATED CAPITAL**

	2015 & 2014	2015 & 2014
	USD	INR

11,880,000 Ordinary shares of USD 1 each

- confer to its holder the rights to attend and exercise one vote at meetings of members generally and class meetings of the ordinary shares;
- have a right to receive any dividend or distribution; and
- be entitled, on a winding up, to share in the assets of the Company available for distribution.

12. **PROFESSIONAL FEES**

	2015	2015	2014	2014
	USD	INR	USD	INR

12 (i) Khaitan & Co were appointed to approach the Authority for Advance Rulings in India on the question of whether capital gains realised by the Company from a sale of shares of Tech Mahindra Limited to AT&T International, Inc. on 22 March 2010 were exempt from tax in the Republic of India under the Republic of Mauritius-Republic of India Double Taxation Avoidance Agreement.

13. **RELATED PARTY TRANSACTIONS**

During the year ended 31 March 2015, the Company had transactions with a related party. The nature, volume of transactions and balances with the related party are as follows:

Name of related party	Nature of relationship	Nature of transactions	Volume of transactions	Debit/(credit) balances at 31 March 2015	Debit/(credit) balances at 31 March 2014
			USD	USD	USD
International Financial Services Limited	Administrator, Secretary and Mauritian Tax Agent	Directors' fees, Secretarial fees, Tax filing fees	6,950	1,738	1,737
International Financial Services Limited	Administrator, Secretary and Mauritian Tax Agent	Administration fees	11,973	(4,125)	(4,282)

Name of related party	Nature of relationship	Nature of transactions	Volume of transactions	Debit/(credit)	Debit/(credit)
				balances at 31 March 2015	balances at 31 March 2014
			INR (Note 1)	INR (Note 1)	INR (Note 1)
International Financial Services Limited	Administrator, Secretary and Mauritian Tax Agent	Directors' fees, Secretarial fees, Tax filing fees	435,348	108,868	108,806
International Financial Services Limited	Administrator, Secretary and Mauritian Tax Agent	Administration fees	749,989	(258,390)	(268,225)

14. CONTINGENT ASSETS AND LIABILITIES

Contingent assets

On 22 March 2010, the Company disposed of part of its shareholding in Tech Mahindra Limited, a listed company incorporated in India, to AT&T International, Inc. ("AT&T"). Following the withholding tax order received from the Indian Tax Authorities, AT&T withheld an amount of INR 190,061,898 as 'withholding tax' under Section 195 of the Indian Income Tax Act and paid the same into the treasury of the Government of India. In the opinion of the

Company, there is no tax liability on this transaction as the Company is a resident of Mauritius and capital gains realised in India on this disposal are therefore exempt from tax in India under the Republic of Mauritius-Republic of India Double Taxation Avoidance Agreement. Accordingly, in line with the decision of its Board of Directors, the Company filed an application before the Authority for Advance Rulings in India on the taxability of capital gains in India under the said Double Taxation Avoidance Agreement. Recovery of the withholding tax suffered is contingent upon the Authority of Advance Rulings pronouncing a ruling in favour of the Company.

Contingent liabilities

At 31 March 2015, the Company had no material litigation claims outstanding, pending or threatened against it, which could have a material adverse effect on its financial position or results.

15. EVENTS AFTER REPORTING DATE

There have been no events after the reporting date, which require disclosure or adjustment to the 31 March 2015 financial statements.

16. HOLDING COMPANIES

The directors regard Mahindra Overseas Investment Company (Mauritius) Ltd, a company incorporated in the Republic of Mauritius, as the Company's immediate holding company and Mahindra and Mahindra Limited, a listed company incorporated in India, as the Company's ultimate holding company.

MAHINDRA EUROPE S.R.L.-Sole proprietorship

Company subject to the management and the coordination of
MAHINDRA & MAHINDRA LTD

Registered office in VIA CANCELLIERA N.35 -00040 ARICCIA (RM)
Share capital 1,421,151.00 fully paid-up

Directors' Report on the Financial Statements for the year closed on 31/03/2015**Dear Quotaholder,**

The Company closed the year ended on 31/03/2015 with a positive balance of Euro 1,454 – INR 98,378, after the allocation of amortizations, depreciations and impairments amounting to Euro 140,604 – INR 114,916.

Performance conditions and developments

As you know, your Company performs its activities in the distribution of motor vehicles and spare parts, as official importer of Mahindra vehicles in the main European markets, including Italy and the main countries of Western and Eastern Europe.

In the business year ended on 31/03/2015 Mahindra Europe mainly imported and sold SUV XUV500 and light duty vehicles related to Goa m-Hawk Pick-up.

Mahindra Europe also sells a wide range of special purpose vehicles ranging from fire fighting vehicles and dumpers to ambulances.

Your Company imports and sells original Mahindra spare parts and equipment.

Pursuant to Section 2428 of the Italian Civil code, we report that the Company performs its activities in its registered office in Ariccia (Rome, Italy).

Mahindra Europe S.r.l. is legally subject to the coordination and the control of Mahindra & Mahindra Ltd (based in Mumbai – India).

Report on operations**General economic performance**

In 2014 the Italian economy was characterized by an increase in the debt-GDP ratio, which reached an historical record of 132.1% as against an average of 91.9% in the Eurozone. That value is mainly due to the payment of debts by the Public Administrations. The deficit/GDP ratio was 3% as against an average of 2.4% in the Eurozone, while the variation of GDP in terms of volume was -0.4% compared to last year as against an European average of +0.8%. Positive results were registered from the first quarter of 2015. The European Commission's forecasts for 2015 are: GDP of 0.6% in 2015 and of 1.4% in 2016; deficit/GDP ratio of 2.6% dropping to 2.0% in 2016 and a debt-GDP ratio of 133.3% in 2015 dropping to 130.8% in 2016. Those forecasts are mainly driven by external factors such as the quantitative easing by the ECB, the fall in oil prices, the

increase in exports, the sharp depreciation of the Euro and partially by internal factors such as structural reforms.

As for the developments on the labour market in Italy, the unemployment rate rose by 0.5 percentage points compared to the end of 2013 to 12.7% in December 2014 and 13% in March 2015. Youth unemployment rate of 43.1% in March 2015 causes serious concerns. The only positive sign comes from the reduction in the use of redundancy funds by enterprises.

In March 2015, the average annual inflation rate decreased to 0.1%, after a drop by one percentage point at the end of 2014, as against an Eurozone average rate of 0.2%. This slowdown in inflation depends on a decrease in consumptions which should remain low for the first half of 2015, mainly due to the poor economic recovery and a weak labour market as well as the presence of wide margins of unexploited earning capacity. Therefore, the European Central Bank is likely to maintain its official interest rate at 0.05% to support economic recovery in the second half of 2015 or to avoid the risk of deflation.

The economic forecast is particularly influenced by the possible evolution of international demand, Euro exchange rate, the solution to the Greek debt crisis and to the Russian crisis and the supply of credit, all subject to the ECB easing measures. In Italy, the poor supply of consumer credit could continue to negatively influence consumers' confidence, their purchasing power and spending capacity. This could significantly affect the Company's business perspectives. The measures introduced by the national budget aimed at reducing the tax wedge will have a positive impact.

In general, the Company operates in a sector which is historically subject to repeated cycles and this tends to affect the general economic trend, in some cases also widening its scope.

In order to achieve positive results, the Company had to adjust its fixed costs to minimum sales volumes thorough down sizing operations. The Company also improved its capacity to generate positive cash flows by increasing the net working capital turn. In this context, the increase in sales volumes resulted in an increase in revenues and in a reduced use of self-liquidating credit lines.

Demand and reference market trends

The company sold 539 vehicles during the year with an increase of 23% over prior year (438 vehicles) thanks in particular to the expansion of the Italian and Spanish markets

and the higher sales of SUV XUV500 which accounted for 68% of the total sales (equalling the levels reached at its launch on the market) as compared to 55% for prior year, thanks to the W6 version. 490 vehicles were registered, thus registering a +40% over prior year.

The vehicles registered in the European market are more than 12 millions, with a 5.5% increase over the previous year (source: ACEA). However, the results of the 5 Major Markets are characterized by a strong recovery and the results at the end of 2014 were: Spain +18.1%, United Kingdom +9.3%, Italy (+4.2%), Germany (+2.9%), France (+0.3%).

Only 1,359,616 new cars were registered on the Italian car market in 2014 (+4.2%). The market showed an increase from the first time since the beginning of the crisis in the car sector in 2008. In six years the sales volumes in Italy were reduced by a half, while in 2014 the variations were positive throughout the year.

In particular, increased tax burden and higher operating costs caused a change in consumers' mobility habits. Italians had to use less their cars (with a consequent drop in mileages and consumptions) and nevertheless incurred in higher expenses for fuel, insurance, car tax, etc. We also recorded a change in the tastes of Italian consumers who now prefer low weight and low consumption vehicles (in 2014 petrol vehicles fell under 30% of the market share) and the registrations of diesel engine vehicles recovered from the decline recorded in previous years exceeding 55% of the market share, also thanks to the excellent performance of the rental sector. Electrical, natural gas and hybrid vehicles continue to rise in number thanks to the new products and the registrations with public incentives on low overall emissions.

The demand from private clients remains stagnating (+2.2%) falling under 63% of the total, while the rental sector had the lion's share on the market in 2014, recording more than 30,000 new registrations compared with 2013 (+13.2%) and reaching 19.4% of the total market share. The volumes linked to VAT registered consumers showed a slight increase after the continuous falls in the previous years, but they did not go over 18% of the total market share.

The share of the business cars in Italy is lower than in the other 4 major European markets, as a result of different tax policies applied in those countries.

Crossover vehicles dominated the market in 2014 and reached almost 14% of the total market share. If we add this result to the traditional off-road vehicles, we can state that little less than 1/4 of the consumers were attracted by vehicles in this segment. We record a slight fall in the sales of sedan, representing slightly more than 56% of the consumers' choices.

2014 recorded a further reduction in average CO2 emissions (g/km), which were 117.8 as against 121.1 in 2013, thanks also to the attention paid by consumers to the weight of cars, following what EU regulations require.

The first quarter of 2015 marked a +8.6% at European level, a +13.5 on the Italian market and a +32.2% on the Spanish market. Such recoveries were confirmed in March 2015 with +10.6 (EU), + 15.1 (IT) and + 40.5 (SP).

In 2014 the market of light commercial vehicles in Europe (EU28) showed an increase by 11.3% over 2013, +16.4% in Italy and +33.2% in Spain.

In March the LCV market recorded a month of growth with +20.7%. In the first quarter 2015 total growth was +13.3%. On the major markets we recorded +15.6% in Italy, +94.6% in Spain and -28.1 in Greece.

The Mahindra Europe share in Italy in the Pick-up market was 2.12% in 2013, decreasing over 2.50% compared with 2012 and 2.8% in 2014, thus increasing by 0.68% as against 2013.

XUV500 represented 0.02% of the market share in 2013, 0.1% in 2014 and 0.02% in the first quarter of 2015.

Competitors' performance

The automobile industry is highly competitive, especially in the sector of the distribution of cars, light commercial vehicles and spare parts. The Company competes in Europe with other groups having international relevance in the distribution of cars, light commercial vehicles and in the supply of the relevant components. All these markets are highly competitive in terms of product quality, innovation, price, fuel efficiency, reliability and safety, customer service and financial services offered.

In the last years competition has significantly increased – especially in terms of price – in the sector where the Company operates. Furthermore, partly because of the recent decrease in the demand for vehicles, the global productive capacity of the automobile industry is largely greater than the current demand. This productive overcapacity, combined with high competition and weak market conditions of the major world economies, could increase pressure on the price of vehicles.

In the automobile business, trends in demand are cyclical and change according to the general conditions of economy, propensity to consume of final customers, the availability of financing and the possible presence of public incentives. Furthermore, this sector is also subject to a continuing renewal of the offer by means of frequent launches of new models in the market. A negative trend of the demand for vehicles, or in case of a Mahindra Group's slow reaction to effectively follow market evolutions, could negatively affect the Company's business perspectives, its economic results and its financial situation.

The Mahindra brand continues to perform its activities in the European countries where it is present. In the LCV it intensively promoted GOA pick-up vehicles, especially with public bodies, and in the first quarter of 2015 it launched the distribution of its new line Genio. As for Mahindra XUV 500, in 2014 the distribution of its economic version W6 was launched; it was promoted with a very competitive launch price and in the versions suited for trucks N1, which attracted the business sector. Such initiatives resulted into positive sales results.

The Company expects a significant increase in the quantity and scope of technical rules and regulations on emissions and road safety, such as Euro 6 regulations in force since September 1 2015, which could require considerable financial and managerial resources, in particular in the design and

development phases. The higher costs incurred to ensure the products' compliance represent a problem for all car makers and will affect the final cost of cars. On the other hand, the deadlines established by the regulations cause the implementation of significant run-out measures leading to a decrease in the sale price of vehicles.

Social, political and labour scenario

All the company's employees are hired under collective bargaining agreements and/or safeguarded by the labour law rules in force which may limit the Company's possibility to reorganize quickly its activities and reduce costs to react to the changing market conditions.

In July 2014 the Company suspended the worksharing agreement and agreed an extraordinary redundancy fund with Trade unions' representatives for 15 employees from September to December 2014. In September 2014 the Company signed a redundancy scheme for 4 employees, granting them an incentive to leave. In March 2015 the Company reached an agreement with Trade Unions' representatives and the Regione Lazio for an extraordinary redundancy fund involving 14 employees from March to August 2015.

The Company has good relations with Trade Unions and this enables more flexibility and adjustment to the actual needs.

Business trends in our reference sectors

The business year closed was positive, because the Company maintained and increased its market share, both in the sector of commercial vehicles and in the SUV sector, and by improving its net current assets it also improved its net financial situation.

The table below shows the value of production, gross operating margin and result before taxes for the last three financial years.

	31/03/2015	31/03/2014	31/03/2013
Value of production	9,641,553	7,638,147	8,725,150
Gross operating margin	(361,112)	(1,428,124)	(1,069,366)
Result before taxes	34,528	(920,895)	(635,335)

INR	31/03/2015	31/03/2014	31/03/2013
Value of production	6523.47	5167.97	5903.43
Gross operating margin	(244.32)	(966.26)	(723.53)
Result before taxes	23.61	(623.07)	429.86

The negative GOM is basically due to the sales incentives granted in the year to face the general drop in prices on the reference market, and to the delay in the launch of the GENIO and QUANTO models.

Another important factor to take into account is that other financial income is not included in the GOM calculation, as it consists mainly in the parent company's refunds for guarantees on the European market and in costs related to the lack of quality of the products. They represent income from the operating management which could lead to a positive GOM. More details are provided in the paragraph describing relations with parent companies.

The company is not in a difficult financial situation and an agreement made with a major bank for a further line of credit of approx a million Euro will avoid any financial concern for next year. Mahindra & Mahindra Ltd has confirmed the strategic importance of the Company by granting its financial support. For these reasons the financial statements were drafted in a going concern basis for the next financial year.

Income statement

The reclassified income statement of the company, compared to the previous year, is as follows (amounts stated in Euro):

	31/03/2015	31/03/2014	Change
Net revenues	9,142,780	6,817,573	2,325,207
External costs	8,982,816	7,658,530	1,324,286
Added value	159,964	(840,957)	1,000,921
Cost of labour	521,076	587,167	(66,091)
Gross operating margin	(361,112)	(1,428,124)	1,067,012
Amortisation and depreciation, write-down and other accruals	94,934	87,477	7,457
Operating result	(456,046)	(1,515,601)	1,059,555
Other proceeds	498,773	820,574	(321,801)
Interest income (charges)	(15,619)	(209,951)	194,332
Result of ordinary operations	27,108	(904,978)	932,086
Net exceptional income (expenses)	7,420	(15,917)	23,337
Result before taxes	34,528	(920,895)	955,423
Income taxes	33,074	(97)	33,171
Net profit	1,454	(920,798)	922,252

INR	31/03/2015	31/03/2014	Change
Net Revenue	6186.00	4612.77	1573.44
External costs	6077.77	5181.76	896.01
Added value	108.23	(568.99)	677.43
Cost of labour	352.56	397.28	(44.72)
Gross operating margin	(244.33)	(966.27)	722.14
Amortisation and depreciation, write-down and other accruals	64.23	59.19	5.05
Operating result	(308.56)	(1025.46)	717.10
Other proceeds	337.47	555.20	(217.73)
Interest income (charges)	(10.57)	(142.05)	131.49
Result of ordinary operations	18.34	(612.31)	630.85
Net exceptional income (expenses)	5.02	(10.77)	15.79
Result before taxes	23.36	(623.08)	646.44
Income taxes	22.38	(0.07)	22.44
Net profit	0.98	(623.01)	624.00

The result of operations, inclusive of other but operating proceeds, would amount to Euro 42,727 – INR 34,921. For a more detailed description of the company's financial position, the table below reports a number of profitability indicator ratios compared to the corresponding ratios from the financial statements of prior years.

	31/03/2015	31/03/2014	31/03/2013
Net ROE	0.00	0.01	–
Gross ROE	0.02	–	–
ROI	0.01	–	–
ROS	0.00	(0.10)	(0.07)

All profitability indicators are improving, despite the effect of the commercial incentives granted during the financial year.

Balance sheet

The reclassified balance sheet of the Company, compared to the previous year, is as follows (amounts stated in Euro):

	31/03/2015	31/03/2014	Change
Net intangible assets	24,439	21,393	3,046
Net tangible assets	324,190	314,547	9,643
Equity investments and other financial assets	65,915	79,552	(13,637)
Fixed assets	414,544	415,492	(948)
Stock	2,288,613	2,086,595	202,018
Trade receivables	2,498,984	3,017,779	(518,795)
Other receivables	314,280	619,113	(304,833)
Accrued income and prepayments	188,787	211,483	(22,696)
Current assets	5,290,664	5,934,970	(644,306)
Trade payables	4,156,304	3,997,546	158,758
Tax and social security payables	46,938	98,241	(51,303)
Other payables	157,401	148,640	8,761
Accrued liabilities	6,566	14,788	(8,222)
Current liabilities	4,367,209	4,259,215	107,994
Net working capital	923,455	1,675,755	(752,300)
Employees' severance indemnity	97,841	119,601	(21,760)
Other medium and long-term liabilities	20,691	34,033	(13,342)
Medium to long-term liabilities	118,532	153,634	(35,102)
Invested capital	1,219,467	1,937,613	(718,146)
Equity	(1,433,679)	(1,432,225)	(1,454)
Net medium/long-term financial position	462	(52,835)	53,297
Short term financial position	213,750	(452,553)	666,303
Equity and net financial debt	(1,219,467)	(1,937,613)	718,146

INR	31/03/2015	31/03/2014	Change
Net intangible assets	16.54	14.47	2.06
Net tangible assets	219.35	212.82	6.52
Equity investments and other financial assets	44.60	53.82	(9.23)
Fixed assets	280.48	281.12	(0.64)
Stock	1548.48	1411.79	136.69
Trade receivables	1690.81	2041.83	(351.02)
Other receivables	212.64	418.89	(206.25)
Accrued income and prepayments	127.73	143.09	(15.36)
Current assets	3579.66	4015.60	(435.94)
Trade payables	2812.16	2704.74	107.42
Tax and social security payables	31.76	66.47	(34.71)
Other payables	106.50	100.57	5.93
Accrued liabilities	4.44	10.01	(5.56)
Current liabilities	2954.85	2881.78	73.07
Net working capital	624.81	1133.82	(509.01)
Employees' severance indemnity	66.20	80.92	(14.72)
Other medium and long-term liabilities	14.00	23.03	(9.03)
Medium to long-term liabilities	80.20	103.95	(23.75)
Invested capital	825.09	1310.99	(485.90)
Equity	-970.03	-969.04	(0.98)
Net medium/long-term financial position	0.31	-35.75	36.06
Short term financial position	144.62	-306.20	450.82
Equity and net financial debt	-825.09	-1310.99	485.90

The reclassified balance sheet shows the sound situation of the company, i.e. its ability to keep its financial balance in the medium/long term, thanks to the shareholders' policy of reinvesting the profits in the Company in previous accounting periods and to the correct mix of funding resources compared to medium and long-term expenditures. The secondary margin of about 1.1 million Euro is more than enough to cover the permanent stock or technical stock, which is necessary to support the Company's operating cycle.

For a better description of the Company's position, the table below shows a few balance sheet indicators pertaining to (i) forms of funding medium to long-term expenditures, and (ii) composition of funding sources, compared with the corresponding indicators for the previous financial years.

	31/03/2015	31/03/2014	31/03/2013
Equity – fixed assets	1,018,673	1,016,271	861,996
Equity to fixed assets ratio	3.45	3.44	2.76
Equity + long-term liabilities – fixed assets	1,137,205	1,223,202	1,175,752
Equity + long-term liabilities to fixed assets ratio	3.74	3.94	3.39

INR	31/03/2015	31/03/2014	31/03/2013
Equity – fixed assets	689.23	687.60	583.26
Equity to fixed assets ratio	3.45	3.44	2.76
Equity + long-term liabilities – fixed assets	769.43	827.62	795.51
Equity + long-term liabilities to fixed assets ratio	3.74	3.94	3.39

Statement of cash flow

The net financial position as of 31/03/2015 was as follows (amounts stated in Euro):

	31/03/2015	31/03/2014	Change
Bank accounts	394,814	243,146	151,668
Cash and other valuables in hand	4,221	4,769	(548)
Cash and equivalents and treasury stock	399,035	247,915	151,120

Current financial assets			
Payables to banks (due within 12 months)	185,285	701,700	(516,415)
Financial receivables		(1,232)	1,232
Current financial liabilities	185,285	700,468	(515,183)

Net current financial position	213,750	(452,553)	666,303
Payables to banks (due over 12 months)		53,297	(53,297)
Financial receivables	(462)	(462)	
Net medium to long-term financial position	462	(52,835)	53,297

Net financial position	214,212	(505,388)	719,600
------------------------	---------	-----------	---------

INR (In Lakhs)	31/03/2015	31/03/2014	Change
Bank accounts	267.13	164.51	102.62
Cash and other valuables in hand	2.86	3.23	(0.37)
Cash and equivalents and treasury stock	269.99	167.74	102.25

Current financial assets			
Payables to banks (due within 12 months)	125.36	474.77	(349.41)
Financial receivables	–	(0.83)	0.83
Current financial liabilities	125.36	473.94	(348.57)

Net current financial position	144.62	(306.20)	450.82
Payables to banks (due over 12 months)	–	36.06	(36.06)
Financial receivables	(0.31)	(0.31)	–
Net medium to long-term financial position	(0.31)	35.75	(36.06)

Net financial position	144.94	(341.95)	486.88
------------------------	--------	----------	--------

The positive net financial position is due to the ordinary funding of the net working capital, in particular trade receivables reflect the positive trends in payments as discussed in this report and the capacity to repay the oldest trade receivables.

For a more detailed description of the financial position, the table below shows a few indicators and their comparison with the corresponding indicators for the previous financial years.

	31/03/2015	31/03/2014	31/03/2013
Cash ratio	0.75	0.83	0.84
Acid test ratio	1.25	1.25	1.16
Debt ratio	3.24	3.57	5.76
Fixed assets coverage ratio	3.69	3.85	3.32

The cash ratio is 0.75. The financial situation of the Company is good and adequate to meet the current monthly needs of the company; it did not vary much from the previous year.

The acid test ratio is 1.25. The value of the working capital is satisfactory compared to the amount of current debt.

The situation has not changed from the previous year.

The debt ratio is 3.24. The amount of payables is not a source of concern, since 76% of the payables are with the parent

company. The amount of payables to banks is not significant compared to existing own resources, however it is necessary to finance the average time required to collect trade receivables. The Company has significantly reduced its payables with banks as compared to previous years.

The fixed assets coverage ratio 3.69 shows that the amount of own resources and of long-term debt is appropriate if compared to the amount of fixed assets, taking into account the company's technical stock and the financial risk related to the industrial plant held on lease. A decrease over last year was recorded.

Environment and staff

In the light of social corporate responsibility, as referred to also in the document on directors' reports issued by the National Board of Tax Consultants and Accounting Experts, information about the environment and the personnel are provided below.

Personnel

There has been no fatality on the job involving any of our employees on payroll during the year, nor any serious accident on the job causing major or extremely serious injuries to any of our employees.

No job-related disease or mobbing case was reported by our employees or former employees during the year, for which the company was declared ultimately liable.

During the year our Company has made significant investments in personnel security through training courses addressed to all company employees, focused in particular on first aid and the purchase of the PPE required under the laws in force; the Company has met all the obligations required under Legislative Decree no. 81/2008 as amended and supplemented. Our Risk Assessment Report was updated on 05/02/2013.

Environment

No damage to the environment were caused during the accounting period, for which the company was declared ultimately liable. Our company has not been charged with fines or final punishments for offences or damage against the environment during the year.

The Company respects the environment by improving its recycle and reuse policies, especially with paper and packaging boxes, as well as its Energy saving policies. The Company is a member of a Conai (Consorzio nazionale imballaggi - National Packaging Consortium), Ecotyre (Consorzio per lo smaltimento dei pneumatici fuori uso - Consortium for the disposal of used tyres), and Coou (Consorzio obbligatorio degli oli usati - Compulsory Consortium for exhausted oils).

The EC Regulation no. 443/2009 of the European Parliament and Council of 23 April 2009 establishes the performance levels required to reach the target of decreasing CO₂ emissions of vehicles in the period 2012-2020. The Community Target for 2012 is 120 gr/km of CO₂. However, it should be underlined that emissions are not assessed for each individual car but as an average of all the new vehicles registered by an individual car maker for that year.

On 20/12/2011, Mahindra obtained from the European Community a derogation of CO₂ emissions for motor vehicles (M1) under the EU Directive 443/2009 for five years starting from January 1, 2012.

To-date the two vehicles (M1) marketed by Mahindra Europe in Europe are XUV500 FWD and XUV500 AWD whose average CO₂ emissions are 172 gr/Km and 184 gr/Km respectively, as compared to the target emissions stated in gr/Km:

Years	2012	2013	2014	2015	2016
Mahindra	205	183	173	162	144

In the years 2012, 2013 and 2014, Mahindra average CO₂ emissions in Europe were as follows (in gr/km):

Years	2012	2013	2014	2015	2016
Mahindra	179	181	-	-	-

However, in April 2014 the regulation no. 333/2014 modified article 2 of the regulation no. 443/2009, exempting automobile manufacturers with less than 1,000 registrations in the whole territory of Europe from the obligation to comply with emission targets.

Investments

Investments were made during the year in the following sectors:

Fixed assets	Acquisitions for the year
Plants and machinery	6,400
Software	8,430
Approvals	6,400
Business vehicles	60,783

Fixed assets	Acquisitions for the year (In Lacs)
Plants and machinery	INR 4.33
Software	INR 5.70
Approvals	INR 4.33
Business vehicles	INR 41.12

The company is planning to make investments during the year for the ordinary management of its car fleet.

Research & Development activities

The following information is provided pursuant to Section 2428 § 2.1 of the Italian Civil Code:

The company is not engaged in any important Research & Development activity. Such activities are carried out by the parent company Mahindra & Mahindra Ltd. During this year the parent company has launched on the market the W6 version of XUV500 and the GENIO model for the European countries.

Intercompany relationships

The company has had the following intercompany relationships:

Company	Trade receivables	Trade payables	Sales	Purchases
Mahindra & Mahindra Ltd	218,926	3,465,159	481,393	5,804,880
Mahindra Racing Srl	–	–	3,077	–
Total	218,926	3,465,159	484,470	5,804,880

Company INR	Trade receivables	Trade payables	Sales	Purchases
Mahindra & Mahindra Ltd	148.12	2344.52	325.71	3927.58
Mahindra Racing Srl	–	–	2.08	–
Total	148.12	2344.52	327.79	3927.58

These relationships do not include non-typical and/or unusual transactions and are on an arm's length basis, in particular those with the parent company Mahindra & Mahindra Ltd are solely of a trading nature.

Trade receivables are refunds on guarantees recognised and approved by the parent company but not yet settled, while trade payables are invoices for the purchase of vehicles and spares not yet settled.

Purchases relate entirely to vehicles and spare parts, while sales relate to refunds recognised by Mahindra & Mahindra Ltd for guarantees approved or product compliance costs.

The sales to Mahindra Racing Srl concern the refund of insurance costs for the loan for use of Mahindra company cars for the racing team.

Commercial and other relationships with related parties

Company	Payables	Receivables	Guarantees	Engagements	Costs	Revenues
MBO Europe S.r.l.	23,546	–	–	–	53,900	3,279
Total	23,546				53,900	3,279

In Lacs

Company	Payables	Receivables	Guarantees	Engagements	Costs	Revenues
MBO Europe S.r.l.	INR 15.93	–	–	–	INR 36.46	INR 2.21
Total	INR 15.93				INR 36.46	INR 2.21

These relationships do not include a typical and/or unusual transactions and are ruled by normal market conditions.

Treasury stock/Shares in parent companies

The company does not own directly or indirectly any treasury stock or shares in parent companies.

Risk statement pursuant to Section 2428 § 2.6-bis of the Italian Civil Code

Pursuant to Section 2428, § 2.6-bis of the Italian Civil Code, information about the use of financial resources are reported below, to the extent affecting the evaluation of the company's equity and financial position.

Some quantitative information are supplied below in order to give indications as to the size of the company's exposure to risks.

Exchange risk

Consistently with its risk management policies, the Company tries to face exchange fluctuations and interest rate risks by means of hedging financial instruments. In spite of these hedging measures, sudden currency fluctuations or unexpected interest rate variations could negatively affect the company's economic performances or net financial position.

Credit risk

The company has a good credit standing, the amount of trade payables considered of doubtful collection, about Euro 120,000 – INR 98,076, is more than covered by the provision for bad debts.

Our current maximum exposure, without considering collaterals or other elements improving credit quality, amounts to Euro 170,000 – INR 138,941, i.e. about 6% of trade receivables, and arise from longer average collection times due mostly to the liquidity crisis that is being faced by the companies in the automotive industry.

However, the company holds Euro 2.1 million Euro – INR 1,716,330 in bank guarantees to cover its trade receivables.

Liquidity risk

The future performance of the company will depend, among other things, on its ability to cover the requirements arising from payables falling due and investments planned with the cash flow from operations, the cash presently available, the extension or re-financing of bank loans and perhaps the resort to other funding resources.

Even though the company has adopted measures to support its working capital and liquidity, it might be forced to make use of further borrowing, even in unfavourable market conditions, that would result in a general decrease in available resources of funding at higher costs.

The difficulties, if any, in finding such additional loans might adversely affect the prospects and business of the company as well as its financial position and performance.

As regards the policies and options by which the company plans to cope with liquidity risks, please note that:

- The company holds financial assets that are on a cash market and that can be promptly converted into cash;
- There are enough credit lines to cover cash requirements;
- The company holds deposits with credit institutions to meet its liquidity needs;
- There are several sources of funding;
- There are no significant concentrations of liquidity risk on both the financial assets side and on the sources of funding side.

As the company faces the liquidity risk on the basis of the expected due dates, we confirm that the forthcoming scheduled due dates for the next few months are largely

covered by the cash available and the cash flow that we expect to be generated in the same term. The company also has appropriate credit lines which, as of the reference date of the financial statements, are being used on average by 30%.

Market risk

The balance sheet, income statement and financial positions of the company are affected by the various factors of the macro-economic scenario – including the increase or decrease of the GNP, the degree of consumer and enterprise trust, the trends of consumer credit interest rates, the cost of raw materials, the unemployment rate – in each of the countries where the company does business. In a generally weak economic scenario, the demand in the reference areas and markets of the company has significantly reduced compared to pre-crisis levels; the company had to handle with its own resources the drop in sales volumes and the lack of State-funded incentive schemes.

In the event that, despite the measures taken by Governments or monetary authorities or as a consequence of amendments introduced to reduce their scope of application or to remove them, the general weakness of the economy and its consequent impact on the demand for automotive products persists in the future, the activities, strategies and prospects of the Company might be adversely affected and this might in turn reflect in a worsening of the financial position and performance of the Company.

On the other hand, even if there is no recession or deterioration of the credit market, any macro-economic event - such as an increase in energy prices, fluctuations in commodities and other raw material prices, adverse fluctuations in key factors like interest and exchange rates, new government policies (including environment regulations) – capable of adversely affecting the business area where the company operates, might compromise the prospects and activities of the company as well as its financial position and performance.

Even in the present market scenario, the company expects to maintain an adequate ability to generate financial resources out of ordinary operations. The initiatives taken for a procurement compatible with the present sales volumes and stock, and the slow but inevitable recovery of European markets, are expected to reflect positively on the ability to generate cash flows from operations.

The company's policy is to maintain the available liquidity invested in bank accounts, splitting its investments among an adequate number of parties, mainly banks, with the main purpose of having promptly cashable deposits. Banks are selected on the basis of the credit market, reliability and quality of services.

Environmental risks and ruling compliance risks

The business of the company are subject to many EU environmental laws and regulations which are becoming stricter. These regulations also concern, among other things, requirements for products with polluting gas and CO₂ emissions, fuel consumption and safeness, waste disposal,

water and soil contamination. In order to comply with these laws and regulations, the company uses considerable resources and it is likely that heavy costs will be incurred in future in this respect.

In addition, the changes made by government in respect of tax treatments may substantially influence the level of revenues and retail prices of the company's products. The scope and duration of government measures are neither predictable, nor under the company's control.

Significant events occurred after year end

At the date of the Board of Directors' Meeting, there are no significant events, neither negative, nor positive. The company carries on its business in line with its plans.

Predictable developments

The positive data on sales are likely to be confirmed in the next accounting period. Such growth will be mainly driven by the sound recovery of the major reference markets, Italy and Spain, and by a careful management of resources and communication in order to make Mahindra more visible. The launch of the new model "4x4 Quanto" (second quarter) will play a major role as well as the launch of the Euro 6 version of the Mahindra XUV 500 (end of the year). The operating income is expected to remain positive, but not proportionate to the sales volumes because of the harsh competition in the sales of end-of-series-vehicles.

Revaluation of company assets pursuant to Italian Law Decree no. 185/2008

The company does not own any real property and therefore did not use the optional revaluation of corporate assets envisaged by Italian Law no. 342/2000.

Allocation of profits

We propose to the Shareholders to allocate the profits as follows (amount stated in Euro):

Result for the year as at 31/03/2015	Euro	1,454
to legal reserve	Euro	1,454
to extraordinary reserve	Euro	0
to dividends	Euro	0
Result for the year as at 31/03/2015	INR in Lacs	0.98
to legal reserve	INR	0.98
to extraordinary reserve	INR	0
to dividends	INR	0

We thank you for your trust and we kindly invite you to approve these financial statements.

Pravin Kumar Shah
Chairman of the Board of Directors

Mumbai, 8th May 2015

AUDIT COMPANY REPORT

To the Shareholder of Mahindra Europe S.r.l.

1. We performed the audit of the Mahindra Europe S.r.l. company's financial statement for the period ending 31 March 2015. It is the responsibility of the directors of Mahindra Europe S.r.l. to ensure the financial statement is prepared in compliance with the laws that regulate the criteria for its preparation. Our responsibility is to express a professional judgement on the financial statement based on an audit.
2. Our examination was conducted according to the accepted audit standards. In order to conform with the aforementioned principles and criteria, the audit was planned and performed in order to obtain every element necessary to establish whether the accounts were prejudiced by significant errors and whether the overall results were reliable. The audit procedure featured the examination of sample checks of elements regarding the balances and information contained in the financial statement, as well as evaluations of the adequacy and correctness of the accounting criteria used and the reasonableness of the estimates made by the directors. We believe that the work carried out forms a reasonable basis for the expression of our professional opinion.

For the opinion on the previous year's annual accounts, the data for which were presented for comparison according to the legal requisites, we would refer you to our report issued on 19 May 2014.

3. In our opinion Mahindra Europe S.r.l.'s financial statement of 31 March 2015 complies with the laws that regulate the criteria for its preparation; therefore, it is clear and represents in a truthful and correct way the company's assets and financial situation and its economic results.
4. It is the responsibility of the directors of Mahindra Europe S.r.l. to ensure the management report is prepared in compliance with the laws that regulate the criteria for its preparation. Our responsibility is to express a professional judgement on the management report's coherence with the financial statement, as required by the Law. In order to do this we performed the procedures indicated in audit principle No. 001 issued by Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili. (National Council of Accountants and Accounts Experts). In our opinion the management report is coherent with Mahindra Europe S.r.l.'s financial statement of 31 March 2015.

RB Audit Italia S.r.l.

Roberto Mallardo
Partner

Rome, 22nd May 2015

FINANCIAL STATEMENT AS ON 31/03/2015

Balance Sheet	31/3/2015		31/3/2014	
	Euro	INR/Lakhs	Euro	INR/Lakhs
Assets				
A) Accounts receivable from shareholders in respect of unpaid share capital	0	0.00	0	0.00
B) Fixed assets				
I. Intangible assets				
3) Industrial patents & intellectual property rights.....	10,215	6.91	4,401	2.98
7) Others.....	14,224	9.62	16,992	11.50
Total I	24,439	16.54	21,393	14.47
II. Tangible assets				
2) Plant & Machinery	37,464	25.34	40,947	27.70
3) Industrial & commercial equipment.....	77,586	52.49	91,223	61.72
4) Other Assets	209,140	141.52	182,377	123.40
Total II	324,190	219.35	314,547	212.82
III. Financial assets				
1) Equity investments in other companies.....	55	0.04	55	0.04
2) Receivables				
d) Other companies due beyond 12 months	462	0.31	1,694	1.15
Total III	517	0.35	1,749	1.18
Total fixed assets	349,146	236.23	337,689	228.48
C) Current assets				
I. Stock				
4) Finished goods	2,288,613	1,548.48	2,086,595	1,411.79
5) Advance	0	0.00	0	0.00
Total I	2,288,613	1,548.48	2,086,595	1,411.79
II. Accounts receivable				
1) Trade within 12 months	2,498,984	1,690.81	3,017,848	2,041.88
4) Parent Company within 12 months.....	218,926	148.13	558,872	378.13
4-bis) Tax receivables within 12 months	34,275	23.19	40,412	27.34
4-ter) Deferred Tax assets within 12 months	5,566	3.77	9,878	6.68
5) Others				
due within 12 months	81,604	55.21	42,651	28.86
due beyond 12 months	39,769	26.91	46,728	31.62
Total II	2,879,124	1,948	3,716,389	2,515
III. Financial assets other than fixed assets				
IV. Liquid assets				
1) Bank & Post office deposit.....	394,814	267.13	243,146	164.51
2) Bank cheque.....	35	0.02	3,394	2.30
3) Cash on hand	4,186	2.83	1,375	0.93
Total IV	399,035	269.99	247,915	167.74
Total current assets	5,566,772	3,766.48	6,050,899	4,094.04
D) Accrued income and prepaid expenses				
Total accrued income and prepaid expenses.....	188,787	127.73	211,483	143.09
Total assets	6,104,705	4,130.44	6,600,071	4,465.61

	31/3/2015		31/3/2014	
	Euro	INR/Lakhs	Euro	INR/Lakhs
Liabilities				
A) Shareholders' equity				
I. Share capital	1,421,151	961.55	1,421,151	961.55
II. Share premium reserve				
III. Revaluation reserve.....				
IV. Legal reserve.....	11,074	7.49	0	0.00
V. Reserve for Treasury shares.....				
VI. Reserves provided for by the articles on association				
VII. Other reserves.....				
Extraordinary reserve	0	0.00	1,581,204	1,069.84
Advance for share capital.....			0	
Rounding off reserve	0		2	
Reserve for social initiatives		0.00		0.00
VIII. Retained earnings (loss) carry forwards.....	0	0.00	(649,334)	(439.34)
IX. Profit (loss) for the year	1,454	0.98	(920,798)	(623.01)
Total shareholders' equity.....	1,433,679	970.03	1,432,225	969.04
B) Provisions for liabilities and charges				
I. Retirement benefits & similar obligations				
II. Taxes, including deferred.....				
III. Other.....	20,691	14.00	34,033	23.03
Total provision for liabilities & charges	20,691	14.00	34,033	23.03
C) Employees' leaving indemnity				
Total employees' leaving indemnity.....	97,841	66.20	119,601	80.92
D) Debt and Payables				
4) Banks within 12 months	185,285	125.36	754,997	510.83
7) Trade within 12 months	691,145	467.63	759,067	513.58
11) Parent Company within 12 months.....	3,465,159	2,344.53	3,238,479	2,191.15
12) Tax payables within 12 months.....	29,498	19.96	83,580	56.55
13) Social security within 12 months.....	17,440	11.80	14,661	9.92
14) Other within 12 months	157,401	106.50	148,640	100.57
Total Debt & payables.....	4,545,928	3,075.77	4,999,424	3,382.61
E) Accrued liabilities and deferred income				
Total accrued liabilities and deferred income	6,566	4.44	14,788	10.01
Total shareholders' equity and liabilities.....	6,104,705	4,130.44	6,600,071	4,465.61

PROFIT AND LOSS ACCOUNT

	31/3/2015		31/3/2014	
	Euro	INR/Lakhs	Euro	INR/Lakhs
A) Revenues				
1) From sales and services.....	<u>9,142,780</u>	<u>6,186.00</u>	<u>6,817,573</u>	<u>4,612.77</u>
2) Changes in stocks of work in process, semi-finished and finished products				
3) Work in progress on order				
4) Capitalised internal work in progress				
5) Other revenues and income				
a) Other revenues and income.....	<u>498,773</u>	<u>337.47</u>	<u>820,574</u>	<u>555.20</u>
b) Contribution on trading account				
Total revenues	<u>9,641,553</u>	<u>6,523.47</u>	<u>7,638,147</u>	<u>5,167.97</u>
B) Expenses				
6) Raw materials, subsidiary materials, consumables and goods.....	<u>(7,291,902)</u>	<u>(4,933.70)</u>	<u>(5,542,609)</u>	<u>(3,750.13)</u>
7) Services	<u>(1,663,032)</u>	<u>(1,125.21)</u>	<u>(1,588,142)</u>	<u>(1,074.54)</u>
8) Rent/lease.....	<u>(132,666)</u>	<u>(89.76)</u>	<u>(152,789)</u>	<u>(103.38)</u>
9) Personnel costs.....				
a) salaries and wages.....	<u>(340,093)</u>	<u>(230.11)</u>	<u>(424,381)</u>	<u>(287.14)</u>
b) social contributions.....	<u>(112,123)</u>	<u>(75.86)</u>	<u>(125,446)</u>	<u>(84.88)</u>
c) employees' leaving indemnity.....	<u>(33,247)</u>	<u>(22.49)</u>	<u>(36,128)</u>	<u>(24.44)</u>
d) accruals for pension and similar costs.....			<u>0</u>	
e) other costs	<u>(35,613)</u>	<u>(24.10)</u>	<u>(1,212)</u>	<u>(0.82)</u>
Total 9)	<u>(521,076)</u>	<u>(352.56)</u>	<u>(587,167)</u>	<u>(397.28)</u>
10) Depreciation and value adjustments				
a) depreciation of intangible assets	<u>(12,273)</u>	<u>(8.30)</u>	<u>(9,453)</u>	<u>(6.40)</u>
b) depreciation of tangible assets	<u>(82,661)</u>	<u>(55.93)</u>	<u>(78,024)</u>	<u>(52.79)</u>
c) other value adjustments				
d) write down of accounts receivable recorded among current assets and liquid assets.....	<u>(45,670)</u>	<u>(30.90)</u>	<u>(19,043)</u>	<u>(12.88)</u>
Total 10)	<u>(140,604)</u>	<u>(95.13)</u>	<u>(106,520)</u>	<u>(72.07)</u>
11) Changes in raw materials, subsidiary materials, consumables and goods.....	<u>202,019</u>	<u>136.69</u>	<u>(295,561)</u>	<u>(199.98)</u>
12) Accruals to provisions for liabilities and charges	<u>0</u>	<u>0.00</u>	<u>0</u>	<u>0.00</u>
13) Other accruals.....				
14) Other operating costs	<u>(51,565)</u>	<u>(34.89)</u>	<u>(60,386)</u>	<u>(40.86)</u>
Total expenses	<u>(9,598,826)</u>	<u>(6,494.57)</u>	<u>(8,333,174)</u>	<u>(5,638.23)</u>
Difference between revenues and expenses(A-B)	<u>42,727</u>	<u>28.91</u>	<u>(695,027)</u>	<u>(470.26)</u>
C) Financial income and expense				
15) Income from shareholdings:				
– in controlled undertakings				
– in affiliated undertakings				
– other income.....		<u>0.00</u>		<u>0.00</u>
Total 15)	<u>0</u>	<u>0.00</u>	<u>0</u>	<u>0.00</u>
16) Other financial income:				
a) from accounts receivable recorded among fixed assets				
a1) controlled undertakings				
a2) from affiliated undertakings				
a3) from controlling companies				
a4) other financial income				

PROFIT AND LOSS ACCOUNT (CONT.)

	31/3/2015		31/3/2014	
	Euro	INR/Lakhs	Euro	INR/Lakhs
b) from securities recorded among fixed assets				
c) from securities recorded among current assets				
d) other income:				
d1) from controlled undertakings				
d2) from affiliated undertakings				
d3) from controlling companies				
d4) other income	77	0.05	1,852	1.25
Total d)	77	0.05	1,852	1.25
Total 16)	77	0.05	1,852	1.25
17) Interest and other financial costs:				
a) from controlled undertakings				
b) from affiliated undertakings				
c) from controlling companies				
d) others financial costs	(14,433)	(9.77)	(188,890)	(127.80)
Total 17)	(14,433)	(9.77)	(188,890)	(127.80)
17-bis) Current and deferred exchange gains and losses	(1,263)	(0.85)	(22,913)	(15.50)
Total financial income and expense	(15,619)	(10.57)	(209,951)	(142.05)
D) Value adjustments of financial assets				
18) Write-ups:				
a) of shareholdings				
b) of financial fixed assets				
c) of securities recorded among current assets				
19) Write downs:				
a) of shareholdings				
b) of financial fixed assets		0.00		0.00
c) of securities recorded among current assets				
Total value adjustments to financial assets	0	0.00	0	0.00
E) Extraordinary income and costs				
20) Income:				
- capital gains on disposals of assets				
- other extraordinary income	9,341	6.32	27,187	18.39
Total 20)	9,341	6.32	27,187	18.39
21) Expenses:				
- losses on disposals of assets	0	0.00	0	0.00
- taxes of previous years		0.00	0	0.00
- other extraordinary costs	(1,921)	(1.30)	(43,104)	(29.16)
Total 21)	(1,921)	(1.30)	(43,104)	(29.16)
Total extraordinary income and costs	7,420	5.02	(15,917)	(10.77)
Result before taxes (A-B±C±D±E)	34,528	23.36	(920,895)	(623.08)
22) Taxes on the income for the year				
a) Current business year taxes	(28,762)	(19.46)	0	0.00
b) Deferred tax liabilities and (assets)	(4,312)	(2.92)	97	0.07
23) Profit (loss) of the year	1,454	0.98	(920,798)	(623.01)

"EURO amounts are translated for convenience into Indian Rupees at the exchange rate of Rs 67.66 = Euro 1 which is the average of the telegraphic transfer buying and selling rates quoted by the Mumbai Branch of State Bank of India on 31st March 2015".

A lakh is a unit in the Indian numbering system equal to one hundred thousand (100.000).

This Financial Statement is in agreement with results of accountant records.

For The Board of Directors:

Pravin Kumar Shah

Chairman

Mumbai, 8th May 2015

NOTES TO THE FINANCIAL STATEMENTS AS AT 31/03/2015

Values expressed in Euros and Rupees

Introduction

Dear Sole quotaholder,

These Financial Statements, submitted for your examination and approval, show a business year profit of Euro1,454, after the allocation of amortizations, depreciations and impairments amounting to 140,604 Euro.

Dear Quotaholder,

Performed activities

Your company carries out its activities in the sector of the distribution of motor vehicles and spare parts, as official importer of Mahindra vehicles on the main European markets, including Italy and Spain and the main countries of Western and Eastern Europe.

Being part of a Group

Your company belongs to the Mahindra Group and is subject to the management and the coordination of MAHINDRA & MAHINDRA Ltd pursuant to article 2497-bis of the Italian Civil Code. It is controlled by Mahindra Overseas Investment Company (Mauritius) Limited, which is totally controlled by Mahindra & Mahindra Ltd.

The Company does not own shares of parent companies, neither directly nor through third parties or trust companies.

The table below shows essential data from the last financial statements approved by Mahindra & Mahindra Ltd. Values are expressed in million EURO. Please note that Mahindra & Mahindra Ltd prepares yearly consolidated Financial Statements.

Description	Last financial statements as at 31/03/2014	Previous financial statements as at 31/03/2013
BALANCE SHEET		
ASSETS		
C) Current assets	2,726,950	2,361,830
Total assets	2,726,950	2,361,830
LIABILITIES:		
Share capital	2,033,080	1,793,580
D) Payables	693,870	568,250
Total liabilities	2,726,950	2,361,830
INCOME STATEMENT		
A) Value of production	4,991,700	5,015,330
B) Cost of production	(4,536,640)	(4,605,100)
Profit (loss) for the year	455,060	410,230

The exchange rate Rupee/Euro was 82.59 as at 31/03/2014 and 81.73 as at 31/03/2013.

Description	Last financial statements as at 31/03/2014	Previous financial statements as at 31/03/2013
BALANCE SHEET INR		
ASSETS		
C) Current assets	2,252.18	1,598.01
Total assets	2,252.18	1,598.01
LIABILITIES:		
Share capital	1,375.58	1,465.89
D) Payables	469.47	464.43
Total liabilities	1,845.05	1,598,014
INCOME STATEMENT		
A) Value of production	4,122.64	3,393.37
B) Cost of production	(3,069.49)	(3,115.81)
Profit (loss) for the year	1,053.15	277.56

Significant events occurred in the business year

The Company obtained from the Ministry of Transport the necessary approval extensions with the corresponding exemptions for its whole range of vehicles, in line with the applicable legal requirements.

The Company obtained by the European Commission the exemptions and the annual exoneration from CO₂ requirements for all Mahindra vehicles sold in Europe in the accounting period under examination.

The Company continues its operations in Spain with the direct sales of vehicles through 11 dealers coordinated by a local sales manager. 69 vehicles have been registered on the Spanish market so far.

The Company has continued to apply its worksharing agreement in the accounting period under examination up to July 2014. From September to December 2014 it entered into an agreement with the employees, trade unions and the Region Lazio according to which extraordinary unemployment benefits were granted for approximately 20% of the available working hours. The Company also offered economic incentives to those employees who were willing to accept the redundancy scheme. After such measure, the number of employees was reduced from 18 to 14. From mid-March 2015 a new extraordinary unemployment benefit scheme is in force, resulting into a reduction of working hours by approximately 20% of the available working hours, up to mid-July 2015.

The company requested and obtained the renewal of the credit lines with Intesa Sanpaolo. They are used to finance vehicles and spare parts import, as well as short term financial needs.

Such credit lines are regulated by standard market conditions and grant the Company appropriate financial means to manage its activities.

In the business year, the number of Directors was reduced to three, including the Chairman and the supervisory board (one member).

Basis of preparation

These Financial Statements comply with Article 2423 and following of the Italian Civil Code, as shown in these Notes to the Accounts, which are drawn up pursuant to Article 2427 of the Italian Civil Code and are an integral part of the Financial Statements according to Article 2423 of the Italian Civil Code.

Accounting figures are expressed in Euro and the amounts are rounded off. Any rounding difference is listed under the item "Reserve from round-offs in Euro" in the Net Equity and "Round-offs from Euro" under the item "Extraordinary income and charges" in the Income statement.

Pursuant to art. 2423, par. 5 of the Italian Civil Code, values are expressed in Euro in the Notes to the Accounts.

Reporting criteria

(Ref. art. 2427, par. 1, no. 1 of the Italian Civil Code and accounting principle OIC [Official Italian Accounting Board] 12.

The accounting principles and evaluation criteria adopted for drawing up the Financial Statements as at 31/03/2015 are in line with those used to draw up the Financial Statements of the previous year.

Individual items were evaluated according to prudence and matching principles on a going concern basis and taking into account the economic function of the asset or liability under consideration.

By applying the prudence principle, every element characterizing single posts or entries among assets or liabilities was assessed individually and losses to be recognized were not settled against non recognizable profits.

In compliance with the matching principle, the effect of operations and other events was registered in the year which such operations and events refer to and not in the year in which receipts and payments are made.

Applying the same assessment criteria every year is important for the comparability of the company data over the years.

By taking into account the economic function of the asset or liability considered for the evaluation and thus taking into account substance over form - that it is compulsory where not explicitly in conflict with other specific norms on accounting - operations are represented in their economic reality underlying formal aspects.

Exemptions

(Ref. art. 2423, par. 4 of the Italian Civil Code)

There were not exceptional circumstances requiring the use of exemptions under art. 2423, par. 4 of the Italian Civil Code.

In particular, the assessment criteria adopted for the financial statements are described below.

Fixed assets

Intangible fixed assets

They are reported at historical purchase cost, net of depreciations over the years.

The costs relating to plant and machinery, research, development and advertising whose effects regard several different years are depreciated over a period of 5 business years, while the costs for the approval of vehicles are amortized over a period of 3 business years.

Software licenses were recorded in the assets and are amortized over a period of 2 business years.

Improvements to third party assets are amortized with rates depending upon the duration of the contract.

Tangible assets

They are entered at purchase cost and adjusted in the corresponding depreciation funds.

The values in the Financial Statements are expressed taking into account the ancillary costs and the costs incurred using the asset, applying relevant trading and cash discounts.

The depreciation rates entered in the Income Statement have been calculated taking into account the use, the purpose and the economic/technical life of the goods, according to the residual possibility of use. We think that the following rates are appropriate, they were not modified from last year and reduced by half if compared to the first year of use:

PLANT AND MACHINERY

- Specific plants 15%
- Generic plants 10%
- Alarm systems 30%
- Telephone systems 20%

INDUSTRIAL AND COMMERCIAL EQUIPMENT

- Miscellaneous equipment 15%
- Presses 15%

OTHER GOODS

- Electronic machines 20%
- Motor vehicles 20%
- Office furniture and machinery 12%
- Cars 25%
- Fixed equipment 10%

Should durable losses in value arise, regardless of depreciations applied in the accounts, the fixed asset is depreciated accordingly. If the conditions for depreciation are no longer in place in the following years, the original value is restored, adjusted by depreciations only.

Financial leasing transactions

The equity method has been used to enter financial leasing transactions in the Financial Statements, the fees paid are included in the Income Statement on an accrual basis. The relevant section of the Notes to the Accounts contains the complementary information required by law in relation to the representation of financial leasing contracts according to the financial method.

As for financial leasing transactions resulting from lease back operations, gains are recorded in the Income Statement applying the matching principle through deferred income and gradual attribution to revenues in the Income Statement, based on the duration of the financial leasing contract.

Receivables

Receivables are recognized at their estimated realizable value. The adjustment of the nominal value of receivables to the assumed realizable value is obtained through a reserve for bad debts, taking into consideration the general and industrial economic conditions and country risk.

Receivables originally claimable by the end of the year and subsequently transformed into long-term receivables were entered in the Balance Sheet under financial fixed assets.

Receivables were removed from the Financial Statement when contract rights on financial flows resulting from receivables are annulled or if all risks relating to receivables to be cancelled are transferred.

Payables

Payables are recognized at nominal value, modified in case of returned goods or invoicing changes.

Accrued income and prepayments

Prepayments and accrued income are determined on an accrual basis over the year.

The conditions determining the original entry of multi-annual prepayments and accrued income were verified and the required variations were made, where necessary.

Inventory

Raw and auxiliary materials and finished products are entered at purchase or manufacturing cost, whichever is lower, and at the realisation value based on market performance, applying the average weighted cost for spare and accessory parts and the specific cost for automobiles.

The value so obtained is then adjusted with the "Inventory obsolescence provision" in order to take into account the goods for which a realizable value inferior to the cost is expected.

As for the previously depreciated stock, if the conditions causing the reduction of the realizable value no longer exist, the original cost has been restored.

Shareholding

Other shareholdings are recorded at purchase or subscription cost.

The shareholdings recorded under fixed assets represent a durable and strategic investment for the company.

The shareholdings recorded at purchase cost have not been depreciated as they have not undergone any durable losses in value.

Provisions for liabilities and other charges

Provisions for liabilities and charges are allocated to hedge acknowledged or possible losses or payables, whose amount and date cannot not be determined at the end of the business year.

In assessing these provisions, the general criteria of prudence and the accrual basis method were adopted and no general provisions without an economic justification were created.

Potential liabilities were recorded in the Financial Statements and included in the provisions as they were deemed probable and the amount of the relevant cost could be reliably estimated.

Post-employment benefit

This item represents the actual liability for the post employment benefit (TFR) accrued at year end in favour of employees, calculated in compliance with the applicable law and labour agreements and taking into account all forms of remuneration on a continuous basis.

The provision corresponds to the sum of individual indemnities accrued in favour of employees at the closing date, net of advance payments made, and to the amount to be paid to employees in the case of termination of employment relations on such date.

Income taxes

Income taxes are recognized on an accrual basis. They reflect:

- Provisions for taxes already paid or to be paid during the year, calculated in accordance with applicable rates and laws;
- The amount of deferred taxes or taxes paid in advance relating to temporary differences arising or cancelled during the year.

Revenues

Revenues resulting from the sale of products are recognized at the date of the transfer of ownership, which is usually identified with the delivery or dispatch of the goods. The company sells cars with retention of title under Article 1523 of the Italian Civil Code.

Financial revenues and revenues from services are recognised on an accrual basis.

Revenues and costs relating to transactions in foreign currency are recognized at the exchange rate at the date of the transaction.

Revenues and charges on repurchase transactions, including the difference between forward price and spot price, are entered for the period.

Adjustment criteria

No adjustments were made to the reporting criteria adopted.

Guarantees, pledges, third party assets and risks

The Company has not given any real or personal guarantee for third parties' payables.

They are charged in the memorandum accounts at their nominal value, as derived from related documentary evidences.

The Company does not own third party's goods in its premises, with the exception of the real estate leasing.

The risks for which liabilities are only possible are described in the notes, without any provision being made for risks according to the reference accounting standards.

The risks for which liabilities are only possible are described in the notes, without any provision being made for risks according to the reference accounting standards. Remote risks were not considered.

Staff

(Ref. art. 2427, par. 1, no. 15 of the Italian Civil Code)

The company staff, divided by category, underwent the following changes as compared to the previous year.

Staff	31/03/2015	31/03/2014	Difference
Employees	14	18	(4)
	14	18	(4)

The applied national labour agreement is the one applied to trade.

Industrial relations are good and there are no litigations with employees still working or dismissed.

Assets

A) Subscribed capital, unpaid

All quotas are subscribed and fully paid.

B) Fixed assets

Euro €		
Balance at 31/03/2015	Balance at 31/03/2014	Difference
24,439	21,393	3,046

INR/Lakhs		
Balance at 31/03/2015	Balance at 31/03/2013	Difference
16.54	14.47	2.06

Total breakdown of Intangible Fixed Assets

Euro €					Value at 31/03/2015
Description of costs	Value at 31/03/2014	Increases for the year	Depreciation for the year	Decreases for the year	
Industrial patent rights	4,401	15,319	9,506	(1)	10,215
Other	16,992		2,768		14,224
Rounding			(1)	1	
	14,474	15,319	12,273		24,439
INR/Lakhs					Value at 31/03/2015
Description of costs	Value at 31/03/2014	Increases for the year	Depreciation for the year	Decreases for the year	
Industrial patent rights	2.98	10.37	6.43	-	6.91
Other	11.50		1.87	-	9.63
Rounding					
	14.47	10.37	8.30	-	16.54

Increases refer to the purchase of the management software licenses and approval costs.

No intangible fixed assets were subject to previous revaluations or devaluations.

II. Tangible fixed assets

Euro €		
Balance at 31/03/2015	Balance at 31/03/2014	Difference
324,190	314,547	9,643

INR/Lakhs		
Balance at 31/03/2015	Balance at 31/03/2014	Difference
219.35	212.82	6.524

Plant and machinery

Euro €	
Description	Amount
Historical cost	85,044
Previous years' depreciations	(44,097)
Balance at 31/03/2014	40,947
Acquisitions for the year	6,400
Transfers for the year	(2,319)
Depreciations for the year	(7,564)
Balance at 31/03/2015	37,464

INR/Lakhs	
Description	Amount
Historical cost	57.54
Previous years' depreciations	(29.83)
Balance at 31/03/2014	27.71
Acquisitions for the year	4.3
Transfers for the year	(1.55)
Depreciations for the year	(5.12)
Balance at 31/03/2015	25.34

Increases are related to a new lighting system in the spare parts warehouse, while decreases are related to the disposal of a diagnostic tester MDS.

Fixtures and fittings, tools and equipment

Euro €	
Description	Amount
Historical cost	156,512
Previous years' depreciations	(65,289)
Balance at 31/03/2014	91,223
Acquisitions for the year	76
Depreciations for the year	(13,713)
Balance at 31/03/2015	77,586

INR/Lakhs	
Description	Amount
Historical cost	105.89
Previous years' depreciations	(44.17)
Balance at 31/03/2014	61.72
Acquisitions for the year	0.04
Depreciations for the year	(9.27)
Balance at 31/03/2015	52.49

Other assets

Description	Euro € Amount
Historical cost	353,463
Previous years' depreciations	(171,086)
Balance at 31/03/2014	182,377
Acquisitions for the year	106,946
Transfers for the year	(18,799)
Depreciations for the year	(61,384)
Balance at 31/03/2015	209,140

Description	INR/Lakhs Amount
Historical cost	239.15
Previous years' depreciations	(115.76)
Balance at 31/03/2014	123.39
Acquisitions for the year	72.35
Transfers for the year	(12.72)
Depreciations for the year	(41.3)
Balance at 31/03/2015	141.52

Increases and decreases refer to company cars and personal computers used by the company.

III. Financial fixed assets

Euro €		
Balance at 31/03/2015	Balance at 31/03/2014	Difference
517	1,749	(1,232)

INR/Lakhs		
Balance at 31/03/2015	Balance at 31/03/2014	Difference
0.3498	1.1833	(0.8336)

Shareholdings

Description	Euro €			
	31/03/2014	Increase	Decrease	31/03/2015
Other Companies	55			55
	55			55

Detailed information concerning shareholdings directly or indirectly held in subsidiaries, related companies and other enterprises is given below.

Other companies

Name	Foreign Country or City	Share capital	Net equity	Profits/ Loss	% held	Book value	Reserves of earnings/ capital subject to return or obligations or untaxed	Fair Value
CONAI	ITALY					5		
ECOTYRE	ITALY					50		

The shareholdings entered under fixed assets represent a company long term strategic investment and are shown at purchase cost.

The shareholdings recorded at purchase cost have not been written down for impairment loss; no impairment loss was reversed.

No destination of shareholding under fixed assets was changed.

No restrictions are put by any investing company on shareholdings recorded under fixed assets, nor pre-emptive or preferential rights exist thereupon.

No significant transaction was carried out with companies belonging to Conai and Ecotyre Groups.

Receivables

Description	Euro €			Euro € 31/03/2015	Euro € Relating to repurchase transactions
	31/03/2014	Increase	Decrease		
Other	1,694		1,232	462	
	1,694		1,232	462	

Description	INR/Lakhs			INR/Lakhs 31/03/2015	INR/Lakhs Relating to repurchase transactions
	31/03/2014	Increase	Decrease		
Other	1.1462		0.8336	0.3126	
	1.1462		0.8336	0.3126	

In the item Other accounts receivables, trade receivables were entered amounting to Euro 462, they refer to caution deposits from Italian suppliers, whose details are given below. The decrease of Euro 1,232 refers to the collection of a non-interest-bearing deposit covering bank fees on a credit line with Exim Bank started in June 2011 and extinguished in the accounting period under examination.

Receivables	Euro €				Total
	From subsidiaries	From associates	From parent companies	From others	
Caution deposit Enel				332	332
Caution deposit Acea				104	104
Caution deposit Gas				26	26
Total				462	462

Receivables	INR/Lakhs				Total
	From subsidiaries	From associates	From parent companies	From others	
Caution deposit Enel				0.2246	0.2246
Caution deposit Acea				0.0704	0.0704
Caution deposit Gas				0.0176	0.0176
Total				0.3126	0.3126

The financial statements do not include financial fixed assets whose amount is higher than their fair value.

C) Current assets

I. Inventories

Euro €		
Balance at 31/03/2015	Balance at 31/03/2014	Difference
2,288,613	2,086,595	202,018

INR/Lakhs		
Balance at 31/03/2015	Balance at 31/03/2014	Difference
1548.48	1411.79	136.69

The assessment criteria adopted are the same as the previous year and they are described in the first part of these Notes to the Accounts.

The adopted assessment does not significantly differ from the one using the current cost approach.

The value of inventories is composed of:

Description	Euro €	
	Amount at 31/03/15	Amount at 31/03/14
Vehicles in stock	417,549	834,767
Vehicles in transit	954,900	377,700
Spare parts and accessories	863,708	874,128
Equipment and advertising	52,456	0
Total	2,288,613	2,086,595

Description	INR/Lakhs	
	Amount at 31/03/15	Amount at 31/03/14
Vehicles in stock	282.51	564.81
Vehicles in transit	646.08	255.55
Spare parts and accessories	584.39	591.43
Equipment and advertising	35.50	0
Total	1548.48	1411.79

The reduction in Vehicles in stock is due to a better management of the supplies on the basis of received orders. The number of spare parts in the warehouse is not high, since the company orders spare parts according to the orders received.

Stock vehicles refer to the cars stored in the warehouse at the Riccia headquarters and at the custodian companies in Spain and Livorno, Italy

The Company has not used its stock obsolescence provision, which was amounting to Euro 0 at 31/03/2015.

II. Receivables

Euro €		
Balance at 31/03/2015	Balance at 31/03/2014	Difference
2,879,124	3,716,389	(837,265)

INR/Lakhs		
Balance at 31/03/2015	Balance at 31/03/2014	Difference
1948	2515	(567)

The balance is broken down by expiry dates as follows.

Description	Euro €			Total	Relating to repurchase transactions with a fixed deadline
	Within 12 months	Beyond 12 months	Beyond 5 years		
From clients	2,498,984			2,498,984	
From parent companies	218,926			218,926	
Taxes receivables	8,184	26,091		34,275	
Taxes paid in advance	5,566			5,566	
From others	81,604	39,769		121,373	
	2,813,264	65,860		2,879,124	

Description	INR/Lakhs			Total	Relating to repurchase transactions with a fixed deadline
	Within 12 months	Beyond 12 months	Beyond 5 years		
From clients	1690.81			1690.81	
From parent companies	148.13			148.13	
Taxes receivables	5.53	17.65		23.19	
Taxes paid in advance	3.77			3.77	
From others	55.21	26.90		82.11	
	1903.45	44.55		1948	

There are neither receivables with a duration of more than five years, nor receivables of a significant amount, nor receivables that involve repurchase with a fixed deadline.

Accounts receivables as at 31/03/2015 amount to Euro 2,717,910 and include the following:

Description	Euro €
Account receivables	2,620,119
From parent companies	218,926
Provision for bad debts	(121,135)
	2,717,910

Description	INR/Lakhs
From clients	1772.77
From parent companies	148.12
Provision for bad debts	(81.96)
	1838.93

The nominal value of receivables was adjusted to reflect the estimated realizable value by means of a Provision for bad debts which underwent the following changes during the year:

Description	Euro €
Balance at 31/03/2014	109,597
Use during the year	(33,670)
Provision of the year	45,670
Balance at 31/03/2015	121,597

Description	INR/Lakhs
Balance at 31/03/2014	74.15
Use during the year	(22.78)
Amount provided in the year	30.90
Balance at 31/03/2015	82.27

The Provision for bad debts is within the limits set forth in Article 2426 of the Italian Civil Code and shows a difference amounting to Euro 31,473 as against Article 106 par. 2 of Presidential Decree no. 917/1986.

Receivables from parent companies amount to Euro 218,926 and reflect the costs for repairs and services rendered on behalf or to the benefit of the parent company, as well as the costs for advertising campaigns.

Tax receivables as at 31/03/2015 include the following:

Description	Euro €
IRES tax advance payments	0
IRAP tax advance payments	0
IRAP tax refund due	26,091
Withholding tax receivables	17
VAT receivables	8,167
	34,275

Description	INR/Lakhs
IRES tax advance payments	0
IRAP tax advance payments	0
IRAP tax refund due	17.65
Withholding tax receivables	0.011
VAT receivables	5.53
	23.19

IRAP tax refund due reflects the receivables relating to the request for reimbursement concerning the labour cost which could be deducted from income tax under Law Decree no. 16/2012.

VAT receivables reflect the quarterly deductible VAT amounts.

Pre-paid taxes amounting to Euro 5,566 concern deductible temporary differences and are described in the last part of these Notes.

The company prudently did not include the taxes paid in advance concerning fiscal losses (IRES) for the year under examination and previous years, since currently no reliable long-term forecasts can be made, mostly because of the crisis of the automobile market and of a taxable income not lower than the tax losses reported.

The company reserves to modify this approach should the above elements change, given the impossibility to make any forecast on the reference market.

Account receivables as at 31/03/2015 amount to Euro 121,373 and include the following:

Description	Euro € Amount
Receivables from insurance companies	39,769
Receivables from employees	4,297
Receivables from INAIL	9,177
Receivables from INPS	55,082
Receivables from insurances	2,568
Receivables from tax authorities for reduced VAT contributions	4,312
Account receivables	6,168
	121,373

Description	INR/Lakhs Amount
Receivables from insurance companies	26.90
Receivables from employees	2.91
Receivables from INAIL	6.20
Receivables from INPS	37.27
Receivables from insurances	1.74
Receivables from tax authorities for reduced VAT contributions	2.92
Account receivables	4.17
	82.12

The breakdown of receivables as at 31/03/2015 by geographical area is shown in the table below:

Receivables by geographical area	Euro €						Total
	Account receivables	From subsidiaries	From associates	From parent companies	From others		
Italy	2,071,357				121,373	2,192,730	
India				218,926		218,926	
Spain	263,877					263,877	
Macedonia	58,906					58,906	
Hungary	39,931					39,931	
Serbia	31,000					31,000	
France	19,585					19,585	
Austria	8,207					8,207	
Greece	6,121					6,121	
Total	2,498,984			218,926	121,373	2,839,283	

Receivables by geographical area	INR/Lakhs						Total
	Account receivables	From subsidiaries	From associates	From parent companies	From others		
Italy	1401.48				82.12	1483.60	
India				148.13		148.13	
Spain	178.54					178.54	
Macedonia	39.86					39.86	
Hungary	27.01					27.01	
Serbia	20.96					20.96	
France	13.25					13.25	
Austria	5.55					5.55	
Greece	4.14					4.14	
Total	1690.80			148.13	82.12	1921.05	

III. Financial assets: None.

IV. Cash and cash equivalents

Balance at 31/03/2015	Balance at 31/03/2014	Difference
399,035	247,915	151,120

Balance at 31/03/2015	Balance at 31/03/2014	Difference
269.99	167.74	102.25

Description	31/03/2015	31/03/2014
Bank and post office accounts	394,814	243,146
Cheques	35	3,394
Cash and other valuables in hand	4,186	1,375
	399,035	247,915

Description	31/03/2015	31/03/2014
Bank and post office accounts	267.13	164.51
Cheques	0.03	2.29
Cash and other valuables in hand	2.83	0.93
	269.99	167.73

The balance reflects the cash available on hand and the existence of cash and cash equivalent at year-end.

D) Prepayments and accrued income

Balance at 31/03/2015	Balance at 31/03/2014	Difference
188,787	211,483	(22,696)

Balance at 31/03/2015	Balance at 31/03/2014	Difference
127.73	143.09	(15.36)

Prepayments and accrued income include income and charges whose accrual is anticipated or delayed compared to the actual date of payment and/or of the document; they are not linked to the date of payment or collection of income and charges which can be attributed to different financial years and can be broken down by time.

The criteria used for the assessment and translation of values expressed in foreign currency are reported in the first part of these Notes.

Multi-year accruals having a duration of more than 5 years refer to the leasing contract rate and amount to Euro 101,699 – INR 68,810 as at 31/03/2015.

This item is detailed below:

Description	Euro € Amount
Insurance and road tax	11,502
Maxi Rate	172,189
Office equipment rental	2,655
Membership fees (UNRAE-RAE)	965
Leasing on vehicles	1,476
	188,787

Description	INR/Lakhs Amount
Insurance and road tax	7.78
Maxi Rate	116.50
Office equipment rental	1.79
Membership fees (UNRAE-RAE)	0.67
Leasing on vehicles	0.99
	127.73

The maxi fee paid amounts to Euro 254,745 – INR 172,360 and concerns the financial leasing contract for the industrial building which was executed in 2009. This contract is described in the last part of these Notes.

Liabilities

A) Shareholder's Equity

Euro €		
Balance at 31/03/2015	Balance at 31/03/2014	Difference
1,433,679	1,432,225	1,454

INR/Lakhs		
Balance at 31/03/2015	Balance at 31/03/2014	Difference
970.03	969.04	0.984

Euro €				
Description	31/03/2014	Increases	Decreases	31/03/2015
Share capital	1,421,151			1,421,151
Legal reserve	0	11,074		11,074
Contributions to cover previous year's losses	931,870		(931,870)	0
Profit (loss) of previous year	(920,798)		920,798	0
Rounding difference	2		(2)	0
Profits (losses) brought forward	0			0
Net profit (loss) for the year	0	1,454		1,454
Total	1,432,225	12,528	(11,074)	1,433,679

INR/Lakhs				
Description	31/03/2014	Increases	Decreases	31/03/2015
Share capital	961.55			961.55
Legal reserve	0	7.49		7.49
Contributions to cover previous year's losses	630.50		(630.50)	0
Profit (loss) of previous year	(623.01)		623.01	0
Rounding difference	0.001			0
Profits (losses) brought forward	0			0
Net profit (loss) for the year	0	1.45		0.984
Total	969.04	8.47	(7.49)	970.02

Changes in net equity are detailed below:

Euro €					
	Share capital	Legal reserve	Other reserves	Result for the year	Total
At the beginning of the year closed on 31/03/12					
Destination of the profit for the year – dividends attribution – other destinations	1,000,000	30,422	500,616	23,843	1,554,881
Profit (loss) of the year closed on 31/03/12				(23,843)	
As at the closing date on 31/03/12	1,000,000	31,614	523,267	(552,527)	1,002,354
Destination of the profit for the year – increase in 2012 share capital – other destinations	1,000,000				1,000,000
Profit (loss) of previous year				(649,334)	(649,334)
As at the closing date on 31/03/13	2,000,000	31,614	523,267	(1,201,861)	1,353,020
Destination of the profit for the year – coverage of previous losses – other destinations		(31,614)	(520,913)	552,527	(1)
Result for the year ended on 31/12/13				(931,870)	(931,870)

	Share capital	Legal reserve	Other reserves	Result for the year	Euro € Total
As at the closing date on 31/12/13	2,000,000	0	2,355	(1,581,204)	421,151

Destination of the profit for the year – increase in 2014 share capital	1,000,000				1,000,000
– loss coverage	(1,578,849)		(2,355)	1,581,204	0
– other destinations			931,870	2	931,872
Result for the year ended on 31/03/14				(920,798)	(920,798)

Euro €					
Description	31/03/2014	Increases	Decreases	31/03/2015	Total
As at the closing date of previous year	1,421,151	0	931,870	(920,796)	1,432,225
Destination of the profit for the year – coverage of previous losses – other destinations		11,072			11,072
Result for the year ended on 31/03/15				1,454	1,454
As at the closing date of current year	1,421,151	11,074	0	1,454	1,433,679

INR/Lakhs					
Description	31/03/2014	Increases	Decreases	31/03/2015	Total
At the beginning of the year closed on 31/03/12	676.6	20.58	338.71	16.13	1052.03

Destination of the profit for the year – dividends attribution – other destinations				(16.13)	
Profit (loss) of the year closed on 31/03/12				(373.83)	(373.83)
As at the closing date on 31/03/12	676.6	21.39	354.03	(373.83)	678.19

Destination of the profit for the year – increase in 2012 share capital – other destinations	676.60				676.60
Profit (loss) of previous year				(439.33)	(439.33)
As at the closing date of previous year	1353.2	21.39	354.03	(813.16)	915.46

Destination of the profit for the year – coverage of previous losses – other destinations		(21.39)	(352.45)	373.84	(0.01)
Result for the year ended on 31/12/13				(630.50)	(630.50)
As at the closing date on 31/12/13	1353.20	0	1.59	(1069.84)	284.95

Destination of the profit for the year – increase in 2014 share capital – loss coverage – other destinations	676.60		(1.59)	1069.84	676.60
Result for the year ended on 31/03/14	(1068.24)		630.50	0.001	630.50
Result for the year ended on 31/03/14				(623.01)	(623.01)
As at the closing date of previous year	961.55	0	630.50	(623.01)	969.04

	Share capital	Legal reserve	Other reserves	Result for the year	INR/Lakhs
					Total
Destination of the profit for the year		7,491			7,491
– coverage of previous losses			(931,870)	920,796	(11,074)
– other destinations		0,0014			0,0014
Result for the year ended on 31/03/15				0,984	0,984
As at the closing date of current year	961,551	7,493	0	0,984	970,027

The share capital amounts to Euro 1.421.151 – INR 961,551 and is made up of quotas with a nominal value of 1 Euro, held by and fully available to the sole shareholder as no burdens exist on them. At year-end the shares subscribed are paid in as the total amount of the share capital was fully paid-up.

The posts of net equity are provided in the following table on the basis of their origin, their possible uses and the extent to which they may be distributed.

Nature/Description	Amount	Possibility of use (*)	INR/Lakhs		Euro €
			Available portion	Used in the 3 prev. years To cover losses	Used in the 3 prev. years For other reasons
Share capital	1,421,151	B	1,421,151		
Legal reserve	11,074	A, B	11,074		

(*) A: for capital increase; B: for loss cover; C: for distribution to shareholders.

Nature/Description	Amount	Possibility of use (*)	INR/Lakhs	
			Available portion	Used in the 3 prev. years To cover losses
Share capital	961.55	B	961.55	
Legal reserve	7.49	A, B	7.49	

On December 2 2008, the company increased its share capital from euro 100,000 – INR 67,66 to euro 1,000,000, – INR 676,600 partly using the extraordinary reserve for euro 121,585 – INR 82,264 and partly using the shareholders' capital payments of euro 778,415 – INR 526,676.

On September 26 2012, the company increased its share capital from euro 1,000,000 – INR 676,600 to Euro 2,000,000 – INR 1,353,200 by means of another capital contribution.

On March 13 2014 the sole shareholder acknowledged the company equity situation as at December 31 2013 and adopted the measures in compliance with art. 2482-bis, par, 4 of the Italian Civil Code. He decided to cover losses accumulated as at 31/12/2013 amounting to Euro (1,581,204) – INR 1,069,897 by using available reserves amounting to Euro 2,355 – INR 1,593 and reducing the share capital to cover the residual loss of Euro (1,578,849) – INR 1,068,249, subscribing and paying a capital increase of Euro 1,000,000 – INR 676,600.

In compliance with the accounting standard no. 28, the Company keeps reserves to cover losses amounting to Euro 11.074 – INR 7,493.

B) Funds for risks and contingencies

Euro €		
Balance at 31/03/2015	Balance at 31/03/2014	Difference
20,691	34,033	(13,342)
INR/Lakhs		
Balance at 31/03/2015	Balance at 31/03/2014	Difference
14.00	23.03	(9.03)

Description	31/03/2014	Increases	Decreases	Euro €
				31/03/2015
Others	34,033		13,342	20,691
	34,033		13,342	20,691

Description	31/03/2014	Increases	Decreases	INR/Lakhs
				31/03/2015
Others	23.03		9.03	14.00
	23.03		9.03	14.00

Decreases result from the use of guarantee fund.

The item 'Other funds' as at 31/03/2014 amounts to Euro 20,691 and includes the following:

Description	Euro €
	As at 31/03/15
Fund for guarantees	17,222
Fund for tax assessment	3,469
	20,691

Description	INR/Lakhs
	As at 31/03/15
Fund for guarantees	11.65
Fund for tax assessment	2.35
	14.00

No other provisions were made to the Guarantee fund, because it has been considered adequate to cover contract discrepancies between what has been acknowledged by the Company and what has been received by the Parent company.

At the drawing up date of these financial statements, the company decided not to provide any further amount to the fund for tax assessment since the available amount is deemed adequate to cover the Agenzia delle Entrate's [Italian Revenue Office] notice of assessment dated 31/05/2011 which adjusts and liquidates more taxes on real estate amounting to Euro 11,521. The Company appealed the Commissione Tributaria provinciale [Tax Commission of the Province of Rome] on that claim and paid a part of such tax amounting to Euro 7,532.

C) Post-employment benefit

Euro €		
Balance at 31/03/2015	Balance at 31/03/2014	Difference
97,841	119,601	(21,760)

INR/Lakhs		
Balance at 31/03/2015	Balance at 31/03/2014	Difference
66.20	80.92	(14.72)

The difference is broken down as follows.

Difference	31/03/2014	Increases	Decreases	Euro €
				31/03/2015
Post-employment benefit, changes in the period	119,601	8,809	30,569	97,841

Difference	31/03/2014	Increases	Decreases	INR/Lakhs
				31/03/2015
Post-employment benefit, changes in the period	80.92	5.96	20.68	66.20

The amount provided reflects the actual payables of the company as at 31/03/2015 to the employees working on said date, net of the advance payments made and of payments overdue before 31/03/2015.

In the year after 31/03/2015 employees are not expected to receive a post-employment benefit because of "encouraged resignations" and company restructuring measures.

D) Payables

Euro €		
Balance at 31/03/2015	Balance at 31/03/2014	Difference
4,545,928	4,999,424	(453,496)

INR/Lakhs		
Balance at 31/03/2015	Balance at 31/03/2014	Difference
3075.77	3382.61	(306.84)

Payables are entered at nominal value. Their due dates are detailed below:

Description	Due within 12 months	Due after 12 months	Due after 5 years	Total	Euro €
					Relating to repurchase transactions with a fixed deadline
Payables to banks	185,285			185,285	
Trade payables	691,145			691,145	
Payables to parent companies	3,465,159			3,465,159	
Tax payables	29,498			29,498	
Payables to Social security agencies	17,440			17,440	
Other payables	157,401			157,401	
	4,545,928			4,545,928	

Description	Due within 12 months	Due after 12 months	Due after 5 years	Total	INR/Lakhs
					Relating to repurchase transactions with a fixed deadline
Payables to banks	125.36			125.36	
Trade payables	467.63			467.63	
Payables to parent companies	2344.53			2344.53	
Tax payables	19.96			19.96	
Payables to Social security agencies	11.80			11.80	
Other payables	106.50			106.50	
	3075.77			3075.77	

Payables to banks as at 31/03/2015, amounting to 185,285 – INR 151,433 and including the unsecured loan by Intesa Sanpaolo of Euro 300,000 – INR 245,190 with a duration of 3 years taken on October 30 2012, represent the real capital debt including interests and other charges due. Euro 79,431.78 – INR 64,920 reflect the residual debt of the unsecured loan to be paid by October 30 2015. There is a residual payable of Euro 100,000 – INR 81,730 of an import financial investment on Intesa Sanpaolo credit lines falling due on July 31 2015, the remaining Euro 3,741 – INR 3,058 are payables due to bank credit cards.

“Payables to suppliers” are entered net of trade discounts; cash discounts are recorded upon payment. The nominal value of these payables has been adjusted in case of returns or allowances (invoice adjustments) by the corresponding amount agreed with the other party.

As for payables to parent companies, they refer to vehicles’ and spare parts’ supplies under normal market conditions.

The item “Tax payables” only includes liabilities for acknowledged taxes.

It includes payables to the state for the withholding taxes paid amounting to Euro 8,379 – INR 6,848.

As for payables due to direct taxes, detailed information is given below:

Description	Payables	Advance payment	Euro €
			Balance
IRES	7,634	864	6,770
IRAP	21,128	6,779	14,349
	35,762	7,643	21,119

Description	Payables	Advance payment	INR/Lakhs
			Balance
IRES	5.16	0.58	5.74
IRAP	14.29	4.59	18.88
	19.45	5.17	24.62

There were no significant changes in the amounts of the item “Tax payables”.

Payables to social security agencies as at 31/03/2015 are broken down as follows:

Description	Euro €
	Amount
INPS contributions	12,220
INAIL	5,220
	17,440

Description	INR/Lakhs
	Amount
INPS contributions	8.27
INAIL	3.53
	11.80

Other payables as at 31/03/2015 are broken down as follows:

Description	Euro €
	Amount
Employees’ salaries	86,761
Director’s remuneration	3,788
Payables to Insurance Companies	12,726
Payables for additional social security	8,029
TARES 2013	19,561
Other payables	26,536
	157,401

Description	INR/Lakhs
	Amount
Employees’ salaries	58.70
Director’s remuneration	2.56
Payables to Insurance Companies	8.61
Payables for additional social security	5.43
TARES 2013	13.25
Other payables	17.95
	106.50

The breakdown of Payables as at 31/03/2015 by geographical area is shown in the table below:

Payables by geographical area	Account payables	To subsidiaries	To associates	To parent companies	To others	Euro €	
						Total	
Italy	564,372				157,401	721,773	
India				3,465,159		3,465,159	
Spain	92,890					92,890	
Serbia	15,832					15,832	
Bosnia	8,562					8,562	
Austria	3,689					3,689	
Slovakia	2,834					2,834	
Hungary	1,823					1,823	
Greece	1,143					1,143	
Total	691,145			3,465,159	157,401	4,313,705	

Payables by geographical area	Account payables	To subsidiaries	To associates	To parent companies	To others	INR/Lakhs	
						Total	
Italy	381.85				106.49	488.34	
India				2344.53		2344.53	
Spain	62.85					62.85	
Serbia	10.71					10.71	
Bosnia	5.79					5.79	
Austria	2.50					2.50	
Slovakia	1.92					1.92	
Hungary	1.23					1.23	
Greece	0.78					0.78	
Total	467.63			2344.53	106.49	2918.65	

Payables are not covered by any security guarantee on corporate assets.

E) Accrued expenses and deferred income

Euro €		
Balance at 31/03/2015	Balance at 31/03/2014	Difference
6,566	14,788	(8,222)

INR/Lakhs		
Balance at 31/03/2015	Balance at 31/03/2014	Difference
4.44	10.01	(5.57)

They are adjusting entries calculated on an accrual basis.

The criteria adopted to assess and translate the amounts expressed in foreign currency are described in the first part of these Notes.

There are no accrued expenses and accrued income as at 31/03/2015 having a duration of more than 5 years.

This item is detailed below:

Description	Euro €	
	Amount	
IMU	3,882	
TARES	2,684	
	6,566	
Description	INR/Lakhs	
	Amount	
IMU	2.62	
TARES	1.82	
	4.44	

Euro 3,882 – INR 3,173 is the IMU tax instalment relating to the first quarter of 2015 (January-March).

TARES Tax 2014 amounts to Euro 2,684 – INR 2,194 and represents the instalment relating to the first quarter of 2015 (January-March).

Memorandum accounts

Description	Euro €		
	31/03/2015	31/03/2014	Difference
Third party assets held in the company	2,308,411	2,428,997	(120,586)
Other Memorandum accounts	550,000	1,941,380	(1,391,380)
	2,858,411	4,370,377	(1,511,966)

Description	INR/Lakhs		
	31/03/2015	31/03/2014	Difference
Third party assets held in the company	1561.87	1643.45	(81.58)
Other Memorandum accounts	372.13	1313.53	(941.40)
	1934	2956.98	(1022.98)

The amount of Euro 2,308,411 – INR 1,887,000 refers to financial leasing fees which are becoming due.

Other memorandum accounts amounting to Euro 550,000 – INR 449,515 include the credit lines obtained by the company as at 31/03/2015 by Intesa Sanpaolo bank:

Income statement

A) Value of production

Euro €		
Balance at 31/03/2015	Balance at 31/03/2014	Difference
9,641,553	7,638,147	2,003,406

INR		
Balance at 31/03/2015	Balance at 31/03/2014	Difference
6523.47	5167.97	1355.5

Description	Euro €		
	31/03/2015	31/03/2014	Difference
Revenues for sales and services	9,142,780	6,817,573	2,325,207
Other revenues and income	498,773	820,574	(321,801)
	9,641,553	7,638,147	2,003,406

Description	INR/Lakhs		
	31/03/2015	31/03/2014	Difference
Revenues for sales and services	6186.00	4612.77	1573.23
Other revenues and income	337.47	555.20	(217.73)
	6523.47	5167.97	1355.50

The change in the values is strictly linked to what has been described in the Directors' Report.

Revenues for sales and services are detailed as follows:

Revenues by activity category

Category	Euro €		
	31/03/2015	31/03/2014	Difference
Sales of goods	7,910,190	6,476,460	1,433,730
Sales of products	886,136	84,850	801,286
Sales of accessories	96,291	135,339	(39,048)
Services rendered	656,371	941,498	(285,127)
Other	92,565		92,565
	9,641,553	7,638,147	2,003,406

Category	INR/Lakhs		
	31/03/2015	31/03/2014	Difference
Sales of goods	5352.03	4381.97	970.06
Sales of products	599.55	57.41	542.14
Sales of accessories	65.15	91.57	(26.42)
Services rendered	444.10	637.02	(192.92)
Other	62.64	-	62.64
	6523.47	5167.97	1355.50

Revenues by geographical area

Area	Euro €		
	Sales	Services	Total
Italy	6,773,353	179,842	6,953,195
India	17,210	464,183	481,393
Spain	1,461,903	5,012	1,466,915
Greece	153,918	902	154,820
Slovakia	146,890	645	147,535
Bosnia	163,662	974	164,636
Hungary	89,244	533	89,777
Macedonia	58,739	1,384	60,123
France	47,534	1,996	49,530
Serbia	42,405	220	42,625
Austria	13,945	585	14,530
Other	16,379	95	16,474
	8,985,182	656,371	9,641,553

Area	INR/Lakhs		
	Sales	Services	Total
Italy	4582.85	121.68	4704.53
India	11.64	314.06	325.71
Spain	989.12	3.39	992.51
Greece	104.14	0.61	104.75
Slovakia	99.38	0.43	99.82
Bosnia	110.73	0.65	111.39
Hungary	60.38	0.36	60.74
Macedonia	39.74	0.93	40.67
France	32.16	1.35	33.51
Serbia	28.72	0.14	28.84
Austria	9.43	0.39	9.83
Other	11.08	0.06	11.17
	6079.37	444.07	6523.44

Services rendered refer to reimbursements for guarantees issued on the European market and for trade incentives or marketing expenses.

B) Costs of production

Euro €		
Balance at 31/03/2015	Balance at 31/03/2014	Difference
9,598,826	8,333,174	1,265,652

INR/Lakhs		
Balance at 31/03/2015	Balance at 31/03/2014	Difference
6494.56	5638.2	856.36

Description	Euro €		
	31/03/2015	31/03/2014	Difference
Raw materials, supplies, consumables and merchandise	7,291,902	5,542,609	1,749,293
Services	1,663,032	1,588,142	74,890
Cost of rents and leases	132,666	152,789	(20,123)
Salaries and wages	340,093	424,381	(84,288)
Social security and welfare contributions	112,123	125,446	(13,323)
Severance pay	33,247	36,128	(2,881)
Other personnel costs	35,613	1,212	34,401
Amortization of intangible fixed assets	12,273	9,453	2,820
Depreciation of tangible fixed assets	82,661	78,024	4,637
Write-off of receivables	45,670	19,043	26,627
Change in inventory of raw materials	(202,019)	295,561	(497,580)
Other operating expenses	51,565	60,386	(8,821)
	9,598,826	8,333,174	1,265,652

Description	Euro €		INR/Lakhs Difference
	31/03/2015	31/03/2014	
Raw materials, supplies, consumables and merchandise	4933.70	3750.13	1183.57
Services	1125.21	1074.54	50.67
Cost of rents and leases	89.76	103.38	(13.62)
Salaries and wages	230.11	287.14	(57.03)
Social security and welfare contributions	75.86	84.88	(9.02)
Severance pay	22.49	24.44	(1.95)
Other personnel costs	24.10	0.82	23.28
Amortization of intangible fixed assets	8.30	6.40	1.90
Depreciation of tangible fixed assets	55.93	52.79	3.14
Write-off of receivables	30.90	12.88	18.02
Change in inventory of raw materials	(136.69)	199.98	(336.67)
Other operating expenses	34.89	40.86	(5.97)
	6494.56	5638.24	856.32

Raw materials, supplies, consumables and merchandise and Services

They are strictly linked to what the Directors' Report describes and to the evolution of item A (Value of production) of the Income statement.

The reduction of the cost of rents and leases is due to redemptions in the current accounting period relating to a fleet leasing contract.

The increase in the personnel costs is linked to the redundancy scheme applied to 4 employees and described in these Notes to the Accounts.

Personnel costs

Personnel costs include all costs relating to the personnel, i.e. category changes, merit salary increases, automatic cost-of-living increases, costs of holidays not taken, allowances and collective contracts.

Depreciation of tangible fixed assets

Depreciations were calculated on the basis of the lifecycle of the item and its use in the production phase.

Write-off of credits included in current assets and cash and cash equivalents

The write-off of trade receivables refers to those credits which are not likely to be recovered.

Other operating expenses

They refer to taxes other than income tax, subscriptions and other charges.

C) Financial income and expenses

Euro €		
Balance at 31/03/2015	Balance at 31/03/2014	Difference
(15,619)	(209,951)	194,332

INR/Lakhs		
Balance at 31/03/2015	Balance at 31/03/2014	Difference
(10.56)	(142.05)	131.49

Financial income

Description	Euro €		
	31/03/2015	31/03/2014	Difference
Income other than above (Interest and other financial charges)	77	1,852	(1,775)
Exchange gain (loss)	(1,263)	(22,913)	21,650
	(15,619)	(209,951)	194,332

Description	INR/Lakhs		
	31/03/2015	31/03/2014	Difference
Income other than above (Interest and other financial charges)	0.052	1.25	(1.198)
Exchange gain (loss)	(0.856)	(15.50)	(14.64)
	(10.56)	(142.05)	133.878

Investment income

The item is not included in these Financial Statements.

Other financial income

Description	Parent				Euro €	
	companies	Subsidiaries	Associates	Others	Total	
Bank and post office interests				77	77	
				77	77	

Description	Parent				INR/Lakhs	
	companies	Subsidiaries	Associates	Others	Total	
Bank and post office interests				0.05	0.05	
				0.063	0.063	

Interest and other financial expenses

Description	Parent				Euro €	
	companies	Subsidiaries	Associates	Others	Total	
Bank interest				14,400	14,400	
Interest due to suppliers				32	32	
Rounding				1	1	
				14,433	14,433	

Description	Parent				INR/Lakhs	
	companies	Subsidiaries	Associates	Others	Total	
Bank interest				9.74	9.74	
Interest due to suppliers				0.02	0.02	
Rounding				0.006	0.006	
				9.77	9.77	

Interest and other financial charges refer to expenses and interest on the company account as at 31/03/2015. The decrease in interest payables is due to a higher use of working payables and to an increase in the net working capital during the year.

Exchange gain (loss)

Exchange losses recorded in the Income Statement and amounting to Euro 1,263 – INR 1,032 refer to exchange differences between currency forward contract and reverse repurchase agreements.

D) Extraordinary income and charges

Balance at 31/03/2015	Balance at 31/03/2014	Difference	Euro €
7,420	(15,917)	23,337	

Balance at 31/03/2015	Balance at 31/03/2014	Difference	INR/Lakhs
5.02	(10.77)	15.79	

Description	31/03/2015	Previous year	Euro €	31/03/2014
		Extraordinary income	9,211	
IRAP refund	1,820	IRAP refund	10,883	
		Adjustments to advance payments for previous year's taxes	354	
Refund of previous years' expenses	7,521	Refund of previous years' expenses	6,738	
Miscellaneous		Miscellaneous	1	
Total income	9,341	Total income	27,187	

Description	31/03/2015	Previous year	Euro €	31/03/2014
Extraordinary charges	(1,921)	Extraordinary charges	(1,451)	
		Adjustments of previous years' costs	(37,398)	
		Deduction on 2012 conciliation	(4,255)	
Total charges	(1,921)	Total charges	(43,104)	
	7,420		(15,917)	

Description	31/03/2015	Previous year	INR/Lakhs	31/03/2014
		Extraordinary income	6.23	
IRAP refund	1.23	IRAP refund	7.36	
		Adjustments to advance payments for previous year's taxes	0.23	
Refund of previous years' expenses	5.09	Refund of previous years' expenses	4.56	
Miscellaneous		Miscellaneous	0.007	
Total income	6.32	Total income	18.39	
Extraordinary charges	1.30	Extraordinary charges	(0.98)	
		Adjustments of previous years' costs	(25.30)	
		Deduction on 2012 conciliation	(2.88)	
Total charges	1.30	Total charges	(29.16)	
	5.02		(10.77)	

Extraordinary income and charges also includes the effects of the write-off of provisions and value adjustments made by the company in previous years without any justification.

Income tax for the year

Balance at 31/03/2015	Balance at 31/03/2014	Difference	Euro €
33,074	(97)	33,171	

Balance at 31/03/2015	Balance at 31/03/2014	Difference	INR/Lakhs
22.38	(0.07)	22.31	

Taxes	Balance at 31/03/2015	Balance at 31/03/2014	Euro €	Difference
Current taxes:	28,762		28,762	
IRES	7,634		7,634	
IRAP	21,128		21,128	
Deferred (anticipated) taxes	4,312	(97)	4,409	
IRES	3,669	(83)	3,752	
IRAP	643	(14)	657	
	33,074	(97)	33,171	

Taxes	Balance at 31/03/2015	Balance at 31/03/2014	INR/Lakhs	Difference
Current taxes:	19.46		19.46	
IRES	5.16		5.16	
IRAP	14.30		14.30	
Deferred (anticipated) taxes	2.92	(0.07)	2.99	
IRES	2.48	(0.056)	2.53	
IRAP	0.44	(0.014)	0.45	
	22.38	(0.07)	22.45	

Taxes due in the year were included.

The reconciliation between tax charges in the financial statements and theoretical tax charges is detailed below:

Reconciliation between the tax charge in the financial statements and the theoretical tax charge (IRES)

Description	Value	Euro € Taxes
Result before taxes	34,528	
Theoretical tax burden (%)	27.5	9,495
Temporary differences subject to taxes in the next years:		
Temporary differences which can be deducted in the next years:		
Non deductible share of credit write-off	31,473	
Business expenses	393	
	31,866	
Reversal of temporary differences from previous years		
Use of provision for bad debts	(44,098)	
Use of the Guarantee fund	(13,341)	
Increase in car leases	(14,127)	
IMU 20%	(2,369)	
Other (IRAP refund+additional fund deduction+repres.)	(4,089)	
	(78,024)	
Differences that will not be carried forward to next years		
Leasing on land	32,360	
IMU and TIA	15,728	
Non deductible maintenance	4,759	
Other non deductible costs	95,480	
Taxable income	148,327	
Losses from previous years up to 80%	(109,357)	
Current taxes on income for the year		38,970
		INR/Lakhs
Description	Value	Taxes
Result before taxes	23.36	
Theoretical tax burden (%)	27.5	6.42
Temporary differences subject to taxes in the next years:		
Temporary differences which can be deducted in the next years:		
Non deductible share of credit write-off	21.29	
Business expenses	0.26	
	21.55	
Reversal of temporary differences from previous years		
Use of provision for bad debts	(29.83)	
Use of the Guarantee fund	(9.02)	
Increase in car leases	(9.55)	
IMU 20%	(1.60)	
Other (IRAP refund+additional fund deduction+repres.)	(2.26)	
	(52.26)	
Differences that will not be carried forward to next years		
Leasing on land	21.89	

Description	Value	INR/Lakhs Taxes
IMU and TIA	10.64	
Non deductible maintenance	3.22	
Other non deductible costs	64.60	
Taxable income	100.35	
Losses from previous years up to 80%	(73.99)	
Current taxes on income for the year		26.36

Calculation of IRAP taxable income

Description	Value	Euro € Taxes
Difference between value and cost of production	609,473	
Non relevant costs for IRAP purposes	160,048	
Deductions for employees	(272,170)	
Use of funds	(59,011)	
Non relevant revenues for IRAP purposes		
	438,340	
Theoretical tax burden (%)	4.82	21,128
Temporary difference, deductible in next years:		
Irap taxable income	438,340	
Current IRAP tax for the year		21,128

Description	Value	INR/Lakhs Taxes
Difference between value and cost of production	412.37	
Non relevant costs for IRAP purposes	108.28	
Deductions for employees	(184.15)	
Use of funds	(39.92)	
Non relevant revenues for IRAP purposes		
	296.58	
Theoretical tax burden (%)	4.82	14.29
Temporary difference, deductible in next years:		
Irap taxable income	296.58	
Current IRAP tax for the year		14.29

Pursuant to article 2427, par. 1 no. 14 of the Italian Civil Code the required information on deferred and pre-paid taxes is provided below:

Deferred/pre-paid taxes

Pre-paid taxes paid concerning the guarantees fund were recorded as it is deemed likely that the Company will have a taxable income not lower than the differences that will be written off in the future.

The main temporary differences which led to enter deferred and pre-paid taxes in the accounts and their effects are detailed in the table below.

Deferred and pre-paid taxes and relevant effects:

	Euro €			
	Business Year 31/03/2015 Temporary differences	Tax effect	Business Year 31/03/2014 Temporary differences	Tax effect
Pre-paid taxes:				
Guarantee fund	17,223	5,566	30,564	9,878
Total	17,223	5,566	30,564	9,878
Deferred taxes:				
Total				
Net deferred (pre-paid) taxes		(5,566)		

	INR/Lakhs			
	Business Year 31/03/2015		Business Year 31/03/2014	
	Temporary differences	Tax effect	Temporary differences	Tax effect
Pre-paid taxes:				
Guarantee fund	11.65	3.76	20.68	6.68
Total	11.65	3.76	20.68	6.68
Deferred taxes:				
Total				
Net deferred (pre-paid) taxes		(3.76)		

As described in the paragraph on tax receivables for taxes paid in advance, pre-paid taxes were not prudently recorded if resulting from tax losses for the current and previous years, as there is no reasonable certainty that in the next years the company will gain sufficient taxable income to fully absorb such losses.

Financial leasing transactions

The company has 2 financial leasing contracts for which the following information is disclosed pursuant to Article 2427, first par., no. 22, of the Italian Civil Code:

- Leasing contract no. 00928065/001 dated 09/06/2009;
- Leasing contract duration: 216 months;
- The property is used in an industrial building;
- Price of the item: Euro 1,698,300 – INR 1,388,000;
- Down payment on lease contract on 11/06/2009: Euro 254.745 – INR 208,203;
- Current value of lease contract instalments still to be paid: Euro 1,906,871 + VAT – INR 1,558,000 + VAT;
- Actual financial charge of the leasing contract accrued in the year: Euro 131.850,44 – INR 107,761;
- Value of the property at year end considered as a fixed asset: Euro 1,545,453 – INR 1,263,000;
- Virtual depreciation for the period: Euro 50,949 – INR 41,641;
- Value adjustments and recoveries for the year: Euro 0;
- Actual tax rate: 4.20

In October 2014 the Company undersigned 1 leasing contract for 1 Mahindra vehicle XUV500 which originated a lease back operation.

In compliance with the instructions given by the OIC 12 the following table shows the effects that would have been produced on Net Equity and on Income statement if leasing transactions were calculated with the financial method as compared with the equity method whereby the fees paid are entered in the Income statement.

ASSETS	Euro €	INR/Lakhs
A) Existing Contracts		
a1) Value of leased assets at the end of prior year:		
Gross value	1,698,300	1149.06
Depreciation fund	254,745	172.36
Adjustments		
Value recoveries	0	0
Total	1,443,555	976.70
a2) assets purchased in the year		
a3) assets redeemed in the year		
a4) depreciation rates for the year	50,949	34.47
a5) adjustments	0	0
a6) assets writeback	0	0
a7) Value of leased assets at year-end:		
Gross value	1,698,300	1149.06
Depreciation fund	305,694	206.83
Adjustments	0	0
Value recoveries	0	0
Total	1,392,606	942.23
a8) write-off prepaid expenses on leasing transactions	172,555	116.75

ASSETS	Euro €	INR/Lakhs
B) Redeemed assets		
b1) difference between the value of redeemed assets determined according to the financial method and their net book value at year-end		
C) LIABILITIES		
c1) implicit liabilities at the end of prior year:		
Becoming due in the following year	59,220	40.06
Becoming due after 1 to 5 years	263,339	178.17
Becoming due after more than 5 years	866,207	586.07
Total	1,188,766	804.31
c2) implicit liabilities arisen in the year		
c3) reductions for reimbursement of capital	59,220	40.06
c4) reductions for redemptions in the year		
c5) implicit liabilities at year-end:		
Becoming due in the following year	61,755	41.78
Becoming due after 1 to 5 years	274,611	185.80
Becoming due after more than 5 years	793,180	536.66
Total	1,129,546	764.25
c6) write-off of interest on leasing fees		
D) total gross effect at year-end (A+B-C)	90,505	61.23
E) net tax effect	20,476	13.85
F) effect on net equity at year-end	70,029	47.38
INCOME STATEMENT		
Write-off of financial lease fees (*)	121,423	821.54
Amortization rates on existing contracts	50,949	34.47
Amortization rates on redeemed goods		
Financial charge on leasing transactions	48,783	33.00
Adjustments/value recoveries on leased goods		
Effect on profit before tax	21,691	14.67
Tax effect	4,907	3.32
Effect on the result for the year	16,784	11.35

Information on financial instruments issued by the company

The company did not issue financial instruments.

Information on the fair value of derivative financial instruments

The company has no derivative financial instruments.

Information on transactions with related parties

On January 28 2014 the company undersigned a consultancy agreement with MBO Europe S.r.l., but during the year no significant operations were carried out with such company.

The Company carried out significant business operations with the parent company and they were conducted under standard market terms. Please refer to the Directors' Report for further details.

Information on agreements not shown in the balance sheet

The company has no agreements other than those shown in the Balance Sheet.

Information on the compensation due to the independent auditors

As required by law, the compensation due for the year for the services rendered by the independent auditors for the auditing of the annual accounts for Euro 10,275 – INR 8,398 is hereby disclosed.

Other information

As required by law, the total compensations due to the directors and members of the supervisory board are hereby disclosed.

	Euro €	
Position	Compensation	
Directors	95,643	
Sole Auditor	14,560	
	INR/Lakhs	
Position	Compensation	
Directors	64.71	
Board of Statutory Auditors	9.85	

Financial statement

Financial information are provided below, as required by accounting standard OIC no. 10.

Description	Business year 31/03/2015	Business year 31/03/2014
A. Financial flow of operating activities		
Profit (loss) for the year	1,454	(920,798)
Income taxes	33,074	(97)
Interest payables (interest receivables) (Dividends)	14,356	187,038
Capital gains on disposals included in item A5		
Capital gains on disposals not included in item no. 5		
Capital gains on disposals included in item B14	127	
Capital losses on disposals	(22,189)	
Total (capital gains)/capital losses on disposals of:	(22,062)	
tangible fixed assets	(22,062)	
intangible fixed assets		
financial fixed assets		
1. Net profit (loss) for the year before income taxes, interests, dividends, capital gains/losses on disposals	26,822	(733,857)
Adjustments of non monetary items without offsetting item		
Provision for funds	45,670	42,128
Depreciation of fixed assets	94,934	87,476
Impairment losses		
Other adjustments for non monetary items		
2. Financial flow before changes in the net working capital	140,604	129,604
Changes in the net working capital		
Decrease/(increase) of inventories	(202,018)	295,560
Decrease/(increase) of account receivables	858,810	1,851,265
Decrease/(increase) of account payables	158,758	(211,611)
Decrease/(increase) of accrued income and prepayments	22,696	200,733
Decrease/(increase) of accrued liabilities	(8,222)	10,484
Other changes in the net working capital	(64,087)	1,580,977
3. Financial flow after changes in the net working capital	765,937	3,727,408
Other adjustments		
Interests received/(paid)	(14,356)	(187,038)
(Income tax for the year)	(2,392)	17,597
Received dividends		
(Use of funds)	(68,349)	(21,604)
4. Financial flow after other adjustments	(85,097)	(191,045)
FINANCIAL FLOW OF OPERATING ACTIVITIES (A)	848,266	2,932,110
B. Financial flows from investment activities		
Tangible fixed assets (Investments)	(113,347)	1,432
Price of divestitures made	(113,347)	(45,112)
Intangible fixed assets (Investments)	(15,319)	(1,500)
	(15,319)	(1,500)

Description	Business year 31/03/2015	Business year 31/03/2014
Price of divestitures made		
Financial fixed assets (Investments)	1,232	24
Price of divestitures made	1,232	24
Non fixed financial assets (Investments)		
Price of divestitures made		
Purchase or disposal of subsidiaries or company sectors net of cash and cash equivalents		
FINANCIAL FLOW FROM INVESTMENT ACTIVITIES (B)	(106,391)	(44)
C. Financial flows from financing activities		
Third party financing		
Increase (decrease) in short-term payables to banks	(516,415)	(4,114,249)
Loans raised		
Loans repaid	(53,297)	(127,349)
Equity		
Paid in capital increase		1,150,001
Disposal (purchase) of treasury shares		
Dividends (and advance on dividends) paid		
FINANCIAL FLOW FROM FINANCING ACTIVITIES (C)	(569,712)	(3,091,597)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B-C)	172,163	(159,531)
Initial cash and cash equivalents	247,915	407,446
Final cash and cash equivalents	399,035	247,915
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	151,120	(159,531)
Description	Business year 31/03/2015	Business year 31/03/2014
A. Financial flow of operating activities		
Profit (loss) for the year	0.98	(623.08)
Income taxes	22.37	(0.079)
Interest payables (interest receivables) (Dividends)	9.71	126.54
Capital gains on disposals included in item A5		
Capital gains on disposals not included in item no. 5		
Capital gains on disposals included in item B14	0.08	
Capital losses on disposals	(15.01)	
Total (capital gains)/capital losses on disposals of:	(14.93)	
tangible fixed assets	(14.93)	
intangible fixed assets		
financial fixed assets		
1. Net profit (loss) for the year before income taxes, interests, dividends, capital gains/losses on disposals	18.14	(496.54)
Adjustments of non monetary items without offsetting item		
Provision for funds	30.90	28.50
Depreciation of fixed assets	64.23	59.18

Description INR	Business year 31/03/2015	Business year 31/03/2014
Impairment losses		
Other adjustments for non monetary items		
2. Financial flow before changes in the net working capital	95.13	87.69
Changes in the net working capital		
Decrease/(increase) of inventories	(136.69)	199.97
Decrease/(increase) of account receivables	581.07	1252.56
Decrease/(increase) of account payables	107.41	(143.17)
Decrease/(increase) of accrued income and prepayments	15.36	135.83
Decrease/(increase) of accrued liabilities	(5.56)	7.09
Other changes in the net working capital	(43.36)	1069.68
3. Financial flow after changes in the net working capital	518.23	2521.96
Other adjustments		
Interests received/(paid)	(9.71)	(126.54)
(Income tax for the year)	(1.62)	11.90
Received dividends		
(Use of funds)	(46.24)	(14.61)
4. Financial flow after other adjustments	(57.78)	129.26
FINANCIAL FLOW OF OPERATING ACTIVITIES (A)	573.94	1983.86
B. Financial flows from investment activities		
Tangible fixed assets (Investments)	(76.69)	0.965
Price of divestitures made	(76.69)	(30.52)
Intangible fixed assets (Investments)	(10.36)	31.49
Price of divestitures made	(10.36)	(1.01)
Financial fixed assets (Investments)	(10.36)	(1.01)
Price of divestitures made	0.83	0.01
Financial fixed assets (Investments)	0.83	0.01
Price of divestitures made	0.83	0.01

Description INR	Business year 31/03/2015	Business year 31/03/2014
Non fixed financial assets (Investments)		
Price of divestitures made		
Purchase or disposal of subsidiaries or company sectors net of cash and cash equivalents		
FINANCIAL FLOW FROM INVESTMENT ACTIVITIES (B)	(71.98)	(0.016)
C. Financial flows from financing activities		
Third party financing		
Increase (decrease) in short-term payables to banks	(349.41)	(2783.7)
Loans raised		
Loans repaid	(36.06)	(86.16)
Equity		
Paid in capital increase		778.09
Disposal (purchase) of treasury shares		
Dividends (and advance on dividends) paid		
FINANCIAL FLOW FROM FINANCING ACTIVITIES (C)	(385.47)	(2091.7)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B-C)	116.49	(107.93)
Initial cash and cash equivalents	167.74	275.6
Final cash and cash equivalents	269.99	167.7
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	102.24	(107.93)

These Financial Statements, made up of the Balance Sheet, Income Statement and Notes to the Accounts, give a true and fair representation of the Company's economic and financial situation and of its economic result for the year. They truly reflect the accounting records.

Chairman of the Board of Directors

Pravin Kumar Shah

Registered Office

**MAHINDRA GRAPHIC RESEARCH DESIGN S.R.L. – ONE QUOTA-HOLDER
VIA DEL BABUINO 51 - ROMA**

Capital: € 960,000.00 (Rs. in lakhs 792.86) fully paid
Fiscal Code and Company Register in Rome n. 09855051000
R.E.A. N. RM – 1192862

Company subject to the coordination and control of Mahindra & Mahindra Ltd

Report of the Directors to the Quota-holder

Dear Quota-holder,

The Company was incorporated on February 12, 2008.

The Financial Statements as at March 31st, 2015 (F15) report a gross operating Loss of Euro 1,85,123 (Rs. in lakhs 125.25) vis-a-vis a gross operating profit of Euro 14,05,482 (Rs. in lakhs 950.94) in the previous year (F14) and a Net Loss of Euro 4,59,828 (Rs. in lakhs 311.12) vis-à-vis a Net Loss of Euro 1,41,067 (Rs. in lakhs 95.45) in the previous year.

Performance during the year:

The revenue of the company is Euro 3.5 mln in F15 v/s Euro 6.4 mln in F14. The major areas from where company is deriving revenues are US, India, Italy, Spain, Turkey and Poland.

During the year the company has received product design & development work from Mahindra & Mahindra Ltd, its group company and external customers. The company initiated a policy of cost containment to restrict losses.

Replacement of outdated equipment and upgrading of infrastructure was completed in order to guarantee customers a greater security, privacy and data protection.

Future Prospects:

The company is geared up to provide the required skilled design services of future requirements. The company

continues to execute projects of M&M Group product development activities and mainly dependent on M&M's product development plans.

The thrust to get Non M&M business will continue in future as well. The company is cautiously observing for the signs in revival of auto industry in Europe and are hopeful in getting good business from European auto manufacturers.

Holding Company:

The Company's holding company is Mahindra Overseas Investment Company (Mauritius) Limited, a company incorporated under the laws of Republic of Mauritius.

Directors:

Rajan Wadhera	Prashant Kamat
Pravin Kumar Shah	Angelantonio Molfetta
Vijay Paradkar M.	Nicola Paglietti

For and behalf of the Board

Date: April 28, 2015

Rajan Wadhera
President

AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

To the Sole Shareholder of

MAHINDRA GRAPHIC RESEARCH DESIGN S.r.l.

1. We have audited the financial statements of Mahindra Graphic Research Design S.r.l. (the "Company") as of March 31, 2015, prepared in short form and in English for the benefit of its Indian parent company. These financial statements prepared in accordance with the Italian law governing financial statements are the responsibility of the Company's Directors. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with Auditing Standards issued by the Italian Accounting Profession (CNDCEC) and recommended by Consob, the Italian Commission for listed Companies and the Stock Exchange. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

For the opinion on the prior year's financial statements, the balances of which are presented for comparative purposes as required by law, reference should be made to our auditors' report issued on May 28, 2014.

3. In our opinion, the financial statements give a true and fair view of the financial position of Mahindra Graphic Research Design S.r.l. as of March 31, 2015, and of the results of its operations for the year then ended in accordance with the Italian law governing financial statements.
4. For a better understanding of the financial statements, we draw attention to the fact that:
 - (a) In order to facilitate the analysis of the Company financial performance to its Indian parent company,

the financial statements include both data in Euros (functional and reporting currency) and in Indian Rupees, determined using the exchange rate of 1 Euro = 67,66 Indian Rupees applied to all data presented in the financial statements, including comparative figures.

- (b) Pursuant to art. 2497-bis, first paragraph, of the Italian Civil Code, the Company has disclosed that it is subject to management and coordination of its activities by the indirect parent company Mahindra & Mahindra Ltd (India) and, therefore, has indicated in the notes to the financial statements the key financial data from the most recent financial statements of such company. Our opinion on the financial statements of Mahindra Graphic Research Design S.r.l. does not extend to such data.
5. The financial statements are prepared in short form and in English solely for the benefit of the Indian parent company. As a result, the financial statements may not be suitable for other purposes. Our report is intended solely for Mahindra Graphic Research Design S.r.l. and its indirect parent company Mahindra & Mahindra Ltd (India) and should not be distributed to or used by parties other than Mahindra Graphic Research Design S.r.l. and its indirect parent company Mahindra & Mahindra Ltd (India).

DELOITTE & TOUCHE S.p.A.

Giorgio Barbieri
Partner

Torino, Italy
May 25, 2015

FINANCIAL STATEMENT ON 31/03/2015

BALANCE SHEET

	3/31/2015			3/31/2014		
	Euro	Euro/Lakhs	INR/Lakhs	Euro	Euro/Lakhs	INR/Lakhs
Assets						
B) Fixed assets						
I. Intangible assets						
3) Industrial patent rights and rights to use intellectual property	32,133	0.32	21.74	24,451	0.24	16.54
5) Goodwill	624,314	6.24	422.41	844,660	8.45	571.50
7) Others.....	5,982	0.06	4.05	11,963	0.12	8.09
Total intangible assets.....	662,429	6.62	448.20	881,074	8.81	596.13
II. Tangible assets						
2) Plant and machinery.....	0	0.00	0.00	44	0.00	0.03
3) Industrial and commercial equipment	4,699	0.05	3.18	8,163	0.08	5.52
4) Other assets.....	70,255	0.70	47.53	49,050	0.49	33.19
Total tangible assets.....	74,954	0.75	50.71	57,257	0.57	38.74
Total fixed assets (B).....	737,383	7.37	498.91	938,331	9.38	634.87
C) Current assets						
II. Accounts receivable						
1) towards clients.....	1,015,431	10.15	687.04	153,250	1.53	103.69
due within one year	1,015,431	10.15	687.04	153,250	1.53	103.69
due after one year	0	0.00	0.00	0	0.00	0.00
4) towards parent company	102,657	1.03	69.46	928,551	9.29	628.26
due within one year	102,657	1.03	69.46	928,551	9.29	628.26
due after one year	0	0.00	0.00	0	0.00	0.00
4 bis) tax credit	136,266	1.36	92.20	431,281	4.31	291.80
due within one year	134,719	1.35	91.15	429,734	4.30	290.76
due after one year.....	1,547	0.02	1.05	1,547	0.02	1.05
4 ter) deferred taxes	313,164	3.13	211.89	187,960	1.88	127.17
due within one year	0	0.00	0.00	3,457	0.03	2.34
due after one year.....	313,164	3.13	211.89	184,503	1.85	124.83
5) towards others	4,551	0.05	3.08	252	0.00	0.17
due within one year	4,551	0.05	3.08	252	0.00	0.17
due after one year	0	0.00	0.00	0	0.00	0.00
Total receivables.....	1,572,069	15.72	1,063.66	1,701,294	17.01	1,151.10

	3/31/2015			3/31/2014		
	Euro	Euro/Lakhs	INR/Lakhs	Euro	Euro/Lakhs	INR/Lakhs
IV. Liquid assets						
1) Bank and postal deposits	99,974	1.00	67.64	410,720	4.11	277.89
3) Cash	728	0.01	0.49	332	0.00	0.22
Total liquid assets	100,702	1.01	68.13	411,052	4.11	278.12
Total current assets (C)	1,672,771	16.73	1,131.80	2,112,346	21.12	1,429.21
D) Accrued income and prepaid expenses						
Prepayment and accrual income.....	26,354	0.26	17.83	19,130	0.19	12.94
Total accrued income and prepaid expenses (D) ..	26,354	0.26	17.83	19,130	0.19	12.94
Total assets.....	2,436,508	24.37	1,648.54	3,069,807	30.70	2,077.03
Liabilities						
A) Shareholders' equity						
I. Share capital	960,000	9.60	649.54	960,000	9.60	649.54
IV. Legal reserve.....	5,193	0.05	3.51	5,193	0.05	3.51
VII. Other reserves.....						
Capital contributions	339,858	3.40	229.95	382,278	3.82	258.65
Other reserves.....	0	0.00	0.00	1	0.00	0.00
Total other reserves.....	339,858	3.40	229.95	382,279	3.82	258.65
VIII. Retained earnings (loss) carry forwards.....	0	0.00	0.00	98,647	0.99	66.74
IX. Profit (loss) for the year	-459,828	-4.60	-311.12	-141,067	-1.41	-95.45
Total shareholders' equity	845,223	8.45	571.88	1,305,052	13.05	883.00
C) Employees' leaving indemnity						
328,675	3.29	222.38	333,371	3.33	225.56	
D) Accounts Payables						
4) Payables towards banks.....	139,892	1.40	94.65	275	0.00	0.19
due within one year	139,892	1.40	94.65	275	0.00	0.19
due after one year.....	0	0.00	0.00	0	0.00	0.00
5) Payables towards suppliers.....	635,519	6.36	429.99	652,578	6.53	441.53
due within one year	635,519	6.36	429.99	652,578	6.53	441.53
due after one year.....	0	0.00	0.00	0	0.00	0.00
12) Payables towards suppliers.....	28,137	0.28	19.04	61,676	0.62	41.73
due within one year	28,137	0.28	19.04	61,676	0.62	41.73
due after one year.....	0	0.00	0.00	0	0.00	0.00

	3/31/2015			3/31/2014		
	Euro	Euro/Lakhs	INR/Lakhs	Euro	Euro/Lakhs	INR/Lakhs
13) Payables towards pension and social security institutes	130,093	1.30	88.02	151,293	1.51	102.36
due within one year	130,093	1.30	88.02	151,293	1.51	102.36
due after one year.....	0	0.00	0.00	0	0.00	0.00
14) Other payables.....	321,087	3.21	217.25	562,721	5.63	380.74
due within one year	321,087	3.21	217.25	562,721	5.63	380.74
due after one year.....	0	0.00	0.00	0	0.00	0.00
Total debts	1,254,728	12.55	848.95	1,428,543	14.29	966.55
E) Accrued liabilities and deferred income						
Accrued liabilities and deferred income.....	7,882	0.08	5.33	2,841	0.03	1.92
Total accrued liabilities and deferred income.....	7,882	0.08	5.33	2,841	0.03	1.92
Total shareholders' equity and liabilities.....	2,436,508	24.37	1,648.54	3,069,807	30.70	2,077.03
Profit and loss account						
A) Production value						
1) From sales and services.....	3,429,504	34.30	2,320.40	6,240,405	62.40	4,222.26
5) Other revenues and incomes						
Others.....	113,145	1.13	76.55	167,960	1.68	113.64
Total other revenues and incomes	113,145	1.13	76.55	167,960	1.68	113.64
Total production value.....	3,542,649	35.43	2,396.96	6,408,365	64.08	4,335.90
B) Production costs.....						
6) Raw materials, subsidiary materials, consumables and goods	20,871	0.21	14.12	8,707	0.09	5.89
7) Services	1,272,591	12.73	861.04	2,260,805	22.61	1,529.66
8) Rent/lease.....	140,975	1.41	95.38	149,721	1.50	101.30
9) Personnel costs						
a) salaries and wages	1,630,214	16.30	1,103.00	1,866,772	18.67	1,263.06
b) Social Contributions	513,465	5.13	347.41	554,328	5.54	375.06
c) employees' leaving indemnity	118,691	1.19	80.31	131,552	1.32	89.01
e) other costs	6,572	0.07	4.45	7,158	0.07	4.84
Total personnel costs	2,268,942	22.69	1,535.17	2,559,810	25.60	1,731.97
10) Depreciation and value adjustments						
a) depreciation of intangible assets	239,945	2.40	162.35	235,685	2.36	159.46
b) depreciation of tangible assets.....	23,522	0.24	15.91	25,607	0.26	17.33
d) write down of accounts receivable recorded among current assets and liquid assets	5,500	0.06	3.72	5,400	0.05	3.65
Total depreciation and amortization.....	268,967	2.69	181.98	266,692	2.67	180.44
14) Other operating costs	24,393	0.24	16.50	23,841	0.24	16.13
Total production costs.....	3,996,739	39.97	2,704.19	5,269,576	52.70	3,565.39
Difference between value and costs production (A-B)	-454,090	-4.54	-307.24	1,138,789	11.39	770.50

	3/31/2015			3/31/2014		
	Euro	Euro/Lakhs	INR/Lakhs	Euro	Euro/Lakhs	INR/Lakhs
16) Other financial income:						
c) from securities recorded among current assets...	318	0.00	0.22	1,634	0.02	1.11
d) other income different than the above						
others	360	0.00	0.24	366	0.00	0.25
Total income different than the above	360	0.00	0.24	366	0.00	0.25
Total financial income and expenses	678	0.01	0.46	2,000	0.02	1.35
17) Interests and other financial costs:						
d) other financial cost	6,974	0.07	4.72	4,622	0.05	3.13
Total interests and other financial costs	6,974	0.07	4.72	4,622	0.05	3.13
Total financial income and expense (15+16+17+-17-bis)	-6,296	-0.06	-4.26	-2,622	-0.03	-1.77
E) Extraordinary income and costs						
20) <i>Incomes</i>						
Others	0	0.00	0.00	1	0.00	0.00
– other extraordinary income.....	0	0.00	0.00	0	0.00	0.00
Total incomes	0	0.00	0.00	1	0.00	0.00
Total extraordinary income and costs (20–21)	0	0.00	0.00	1	0.00	0.00
Result before taxes (A–B±C±D±E)	-460,386	-4.60	-311.50	1,136,168	11.36	768.73
22) <i>Taxes on the income for the year, current, deferred</i>						
Current tax.....	142,644	1.43	96.51	1,296,824	12.97	877.43
Deferred tax	143,202	1.43	96.89	19,589	0.20	13.25
Total taxes on the income for the year, current, deferred	-558	0	-0.38	1,277,235	12.77	864.18
23) Profit (loss) of the year	-459,828	-4.60	-311.12	-141,067	-1.41	-95.45

Exchange rate was (1 Euro=Rs 67,66) for both financial years for convenience translation.
A lakh is a unit in the Indian numbering system equal to one hundred thousand (100.000).

This Financial Statement is in agreement with results of accountant records.

Mumbai, 28/04/2015

The Board of Directors:

Wadhwa Rajan
Shah Pravin Kumar
Paradkar Vijay Madhav
Kamat Prashant
Molfetta Angelantonio
Paglietti Nicola

NOTES TO THE FINANCIAL STATEMENTS AS ON MARCH 31ST 2015

Initial part of the Notes

Introduction

Dear Quota-holder, these Notes are an integral part of the Financial Statements as on 31/03/2015.

The Financial Statements complies provisions of the articles 2423 and subsequent of the Italian Civil Code and national accounting principles as well as published by the OIC (Italian Accounting Commission); it is therefore clearly represented and gives a true and fair view of the economic and financial situation and results of operations.

The content of the balance sheet and income statement is provided by Articles 2424 and 2425 of the Italian Civil Code.

The Notes, pursuant to art. 2427 of the Italian Civil Code, also contains all the information needed to provide a correct interpretation of the financial statements.

Criteria for preparation

Preparation of Financial Statement

The information contained in this document is presented in the order in which the related items are reported in the balance sheet and income statement.

With reference to what is stated in the introduction of these notes, we declare that, pursuant to art. 2423, paragraph 3 of the Italian Civil Code, if the information required by specific provisions of the law is not sufficient to give a true and fair view of the company, the information deemed necessary for this purpose will be provided.

None exceptional circumstances that required the use of exceptions as provided by art. 2423, paragraph 4 and article 2423 bis, paragraph 2 of the Italian Civil Code occurred.

The financial statements, as well as these notes have been prepared in Euro, as provided by the Italian Civil Code. Moreover, in order to facilitate the analysis of these financial performance to international readers, the financial statements include also data in Indian Rupees, determined using the exchange rate of 1 Euro = 67,66 Indian Rupees applied to all data presented in the financial statements, including comparative figures.

Criteria for preparation

The items of financial statements were evaluated in accordance with the principle of prudence and going concern. The representation of the assets and liabilities is given with prevalence to matters of substance than formal aspects, in accordance with national accounting standards and the Community regulations.

Preparing the financial statements, income and expenses are recorded on the basis of the principle of competence even in the absence of their numerical expression.

Structure and contents of Financial Statement

The financial statements have been prepared in the abbreviated form pursuant to art. 2435 bis of the Italian Civil Code. However, for better clarity, the Balance Sheet and the Income Statement are presented in the ordinary form.

The Balance Sheet, the Income Statement and the accounting information contained in these notes are in accordance with the accounting records, from which they were directly derived.

It is stated that during the year under exam it became appropriate to reclassify certain items of financial statements pursuant Article. 2423 ter of

the Italian Civil Code; such reclassifications have also been made to the corresponding figures of the previous year, in order to make comparable values for the two years, as required by art. 2423 ter –comma 5 of the Italian Code Civil.

Criteria of evaluation

The criteria used in the evaluation of the items and adjustments comply with the provisions of the Italian Civil Code and the guidance provided in the accounting standards issued by the OIC (Italian Accounting Commission). The same also have not changed from the previous year.

Here are the most significant criteria of evaluation adopted in compliance with the provisions of the Italian Civil Code art.2426, and with particular reference to those items for which the legislature admits several evaluation criteria and rectification or for which there is no specific criteria.

Other information

Belonging to a Group

The company is controlled by M&M Group. Data of these Financial Statements will be subject to consolidation in the Consolidated Financial Statement of the parent company.

Evaluation of currency items

There were no transactions in foreign currencies during the year.

Operations with compulsory relegation at the end

The Company during the year has not put in place any transaction subject to the obligation to relegation at the end.

Derivatives

The Company has not used and does not have derivative financial instruments.

Operating performance

The period under review has been characterized by the persistence of the Italian economic crisis.

In this context the Company records a reduction of revenues of about 45%.

Reduction of revenues is mainly due to the fact that development programmes of the controlling Company Mahindra & Mahindra, which absorbed more than 90% of resources during last year, finished with the end of the previous year closing on 31/03/2014. The year under review saw the beginning of a collaboration with Mahindra North American Technical Center Inc., which is also part of the group, from the month of July. This time gap between the end of the project developed by Mahindra & Mahindra Ltd. and the start of activities for Mahindra North American Technical Center Inc. has led to a lack of work and loss of revenues for the year

At the same time, a massive commercial activity brought an increase in sales towards customers outside the group of about 64%.

Revenues for the year are composed by approximately 65% of revenues coming from the group and 35% of revenues from other customers.

EBITDA was negative for Euro –185.123 (Rupee/Lakhs –125,25).

The negative result before tax of Euro –460.386 (Rupee/Lakhs –311,50) is negatively affected by the withholding tax in India on the services of 20% with a total charge for foreign taxes of Euro 102.729 (Rupee/Lakhs 69,51).

Have been made provision for deferred tax assets for an amount of Euro 143.202 (Rupee/Lakhs 96.89), of which Euro 114.163 (Rupee/Lakhs 77,24), calculated on fiscal losses.

The result after tax was a loss of Euro –459.828 (Rupee/Lakhs –311,12).

During the year, the Company has implemented a drastic policy of cost containment and reduced outsourcing of activities.

It has also appealed to the redundancy fund (CIG) in particular in the administrative area and also in the technical area as regards the role of 2D and style.

Replacement of outdated equipment and upgrading of infrastructure was completed in order to guarantee customers a greater security, privacy and data protection.

At the end of the year the Company has a potential of number 40 CATIA licenses, including number 2 AB3, and number 39 licenses UG. The software 3DCS is used for precise verification of the chain of tolerances.

Significant events after the balance sheet date and outlook

After the end of the year the operational activity has continued regularly.

In a context in which the Italian market shows the first signs of a recovery in the automotive sector, business continuity is guaranteed in large part by the orders that the Group Mahindra & Mahindra Ltd. plan to assign to the Company.

With effect from 01/04/2015, the withholding tax rate in India on services was reduced from 20% to 10.815%.

The commercial activity continues in order to increase the number of customers outside the Group.

Notes on Assets

Introduction

The amounts recognized in the Balance Sheet were evaluated in accordance with the Article 2426 of the Civil Code and in accordance with national accounting standards; in the sections relating to a single item, it is given the specific criteria applied.

Intangible Assets

Introduction

Intangible assets are recorded at historical cost, including collateral expenses directly attributable and adjusted by the related accumulated amortization.

Goodwill recorded with the consent of the Board of the Statutory Auditors, represents the cost paid to G.R. Grafica Ricerca Design S.r.l. for the acquisition of the business unit occurred on February 2008 and it is currently being amortized on a straight-line method, over a amortization plan of 10 years.

The rights related to the use of intellectual property include only the software that is amortized on a straight line basis according to an amortization period of 5 years. The annual fees paid for the use of the graphic licenses are allocated, according to the competence criteria, directly in the Income Statement.

Other intangibles assets include the costs of restructuring and modernization of the rented premises where the Company has its operational headquarters. They are amortized on a straight-line basis according to the future utility of the expenses incurred.

The amortization method of intangible assets was applied systematically and in each period, in relation to the remaining possibility of economic utilization of each single asset or expense.

We put in evidence that on these assets was not necessary to make devaluation ex art. 2426, paragraph 1 no. 3 of the Italian Civil Code, as required by accounting standard OIC 9, as there were no indicators of potential impairment of intangible assets.

Changes of intangible assets

Introduction

After recording the amortization quote of Euro 239.945 (Rupee/Lakhs 162,35) in the Income Statement of the year, the value of intangible assets is Euro 662.429 (Rupee/Lakhs 448,20).

The following chart present the changes of fixed assets mentioned.

Analysis of movements in intangible assets

Euro

	Industrial patent and intellectual property rights	Goodwill	Other intangible assets	Total intangible assets
Value at the beginning of the year				
Cost	509,179	2,203,461	23,360	2,736,000
Revaluations	-	-	-	-
Amortization	484,728	1,358,801	11,397	1,854,926
Devaluation	-	-	-	-
Book value	24,451	844,660	11,963	881,074
Changes during the year				
Increases following acquisitions	21,299	-	-	21,299
Reclassification of budgeted values	-	-	-	-
Decreases in book values following dismissals and divestments	-12,340	-	-	-12,340
Revaluations for the year	-	-	-	-
Amortization for the year	13,617	220,346	5,981	239,944
Devaluations for the year	-	-	-	-
Other changes	-12,340	-	-	-12,340
Total changes	7,682	-220,346	-5,981	-218,645
End-of-year value				
Cost	530,478	2,203,461	23,360	2,757,299
Revaluations	-	-	-	-
Amortization	498,345	1,579,147	17,378	2,094,870
Devaluation	-	-	-	-
Book value	32,133	624,314	5,982	662,429
Rupee/Lakhs				
Value at the beginning of the year				
Cost	344.51	1,490.86	15.81	1,851.18
Revaluations	-	-	-	-
Amortization	327.97	919.36	7.71	1,255.04
Devaluation	-	-	-	-
Book value	16.54	571.50	8.09	596.13

	Industrial patent and intellectual property rights	Goodwill	Other intangible assets	Total intangible assets
Changes during the year				
Increases following acquisitions	14.41	-	-	14.41
Reclassification of budgeted values	-	-	-	-
Decreases in book values following dismissals and divestments	-8.35	-	-	-8.35
Revaluations for the year	-	-	-	-
Amortization for the year	9.21	149.09	4.05	162.35
Devaluations for the year	-	-	-	-
Other changes	-8.35	-	-	-8.35
Total changes	5.20	-149.09	-4.05	-147.94
End-of-year value				
Cost	358.92	1,490.86	15.81	1,865.59
Revaluations	-	-	-	-
Amortization	337.18	1,068.45	11.76	1,417.39
Devaluation	-	-	-	-
Book value	21.74	422.41	4.05	448.20

Comment

The increases of the year are exclusively related to the acquisition of several technical software for the use of graphic services that are object of company activity.

Other changes indicate the reversal of capitalized costs and amortization of intangible assets in previous years, that are cancelled in the current fiscal year, regarding software licenses, since the renewal fee was not paid and therefore they were no longer in use.

Tangible Assets
Introduction

Tangible assets are recorded considering the purchase cost and including collateral costs directly attributable and adjusted, for those of limited duration, with the amortization calculated each year in relation to the residual average use and intensity of use at the rates indicated below, unchanged from the previous year and reduced by half in the year of purchase of the good:

Categories	% amortization
- Equipment:	15%
- Furniture:	12%
- Motor vehicle:	20%
- Office furniture and machines:	12%
- Electromechanically office machines:	20%
- Data transmission system:	25%

The amount of amortization quotas represent the consumption and decay of the asset as well as its economic obsolescence. The net book value at the end

of the year, tend to represent the value of the asset, presumably recoverable in future years, based on estimated company performances and its predictable revenue, assumed normal.

The assets fully amortized remain in the balance sheet until their removal or sale. Amortization schedules of the first year of tangibles assets reflect the date – presumed unified -of entry into use of the assets.

If the comparison between net accounting value and estimated realizable value resulted into a durable loss of value, assets will be consequently written down.

If in subsequent years the reasons for the write-down will no longer exist, the original value of the asset will be restore, adjusted by amortization only.

In this specific situation, we put in evidence that was not necessary to make devaluation ex art. 2426, paragraph 1 no. 3 of the Italian Civil Code, as required by accounting standard OIC 9, as there were no indicators of potential impairment of intangible assets.

Changes of tangible assets
Introduction

Tangible assets before accumulated amortization amounted to Euro 365.297 (Rupee/Lakhs 247,16); the accumulated amortization are equal to Euro 290.344 (Rupee/Lakhs 196,45).

The following chart presents the changes of fixed assets as mentioned.

Analysis of movements of tangible assets
Euro

	Plant and machinery	Industrial and commercial equipment	Other tangible assets	Total tangible assets
Value at the beginning of the year				
Cost	4,228	33,060	286,790	324,078
Revaluations	-	-	-	-
Amortization	4,184	24,897	237,741	266,822
Devaluations	-	-	-	-
Book value	44	8,163	49,049	57,256
Changes during the year				
Increases following acquisitions	-	-	41,222	41,222
Reclassification of budgeted values	-	-	-	-
Decreases in book values following dismissals and divestments	-	-	11	11
Revaluations for the year	-	-	-	-
Amortization for the year	44	3,465	20,013	23,522
Devaluations for the year	-	-	-	-
Other changes	-	-	8	8
Total changes	-44	-3,465	21,206	17,697

	Plant and machinery	Industrial and commercial equipment	Other tangible assets	Total tangible assets
End-of-year value				
Cost	4,228	33,060	328,009	365,297
Revaluations	-	-	-	-
Amortization	4,228	28,362	257,754	290,344
Devaluations	-	-	-	-
Book value	-	4,698	70,255	74,953

Rupee/Lakhs

Value at the beginning of the year				
Cost	2.86	22.37	194.04	219.27
Revaluations	-	-	-	-
Amortization	2.83	16.85	160.86	180.53
Devaluations	-	-	-	-
Book value	0.03	5.52	33.19	38.74

Changes during the year

Increases following acquisitions	-	-	27.89	27.89
Reclassification of budgeted values	-	-	-	-
Decreases in book values following dismissals and divestments	-	-	0.01	0.01
Revaluations for the year	-	-	-	-
Amortization for the year	0.03	2.34	13.54	15.91
Devaluations for the year	-	-	-	-
Other changes	-	-	0.01	0.01
Total changes	-0.03	-2.34	14.35	11.97

End-of-year value				
Cost	2.86	22.37	221.93	247.16
Revaluations	-	-	-	-
Amortization	2.86	19.19	174.40	196.45
Devaluations	-	-	-	-
Book value	-	3.18	47.53	50.71

Comment

In the year under exam, the Company has invested a total of Euro 41.222 (Rupee/Lakhs 27.89), mainly for the purchase of the new server and its accessories. At the same time were alienated some assets of not significant value that are no longer utilized.

Finance lease

Information on finance lease.

Comment

The national legislature expected that the accounting of leasing contracts takes place according to the equity method with the record of lease payments including operating costs. The following tables, as far as the information are not relevant for the purposes of these financial statements in relation to their small size, report the information required by the legislature in order to represent, even if out of ledger, the implications of the difference with respect to the financial accounting method.

Euro

Data of the lease/Data of the category of goods	
Leasing company	Alba Leasing agreement no. 1032095001
Description of leased goods	Server and firewall
Cost of goods for lessor	35,000
Redemption value	350
Start date of leasing agreement	5/1/2012
End date of leasing agreement	8/31/2015
Implicit interest rate	6.78
Depreciation rate	20.00

Effects on Net Equity – Assets

a) Current contracts		
a.1)	Assets held under financial lease agreements at the end of prior year	24,500
	-gross value	35,000
	-depreciation fund	10,500
	-adjustments	-
	Value	-
a.2)	Assets acquired under financial lease agreements during the year	-
a.3)	Assets held under financial lease agreements and redeemed during the year	-
a.4)	Accumulated depreciation for the year	7,000
a.5)	Value adjustments and recoveries on leased assets	-
a.6)	Assets held under financial lease agreements at year end	17,500
	-gross value	35,000
	-depreciation fund	17,500
	-adjustments	-
	-value recovery	-
a.7)	Prepaid expenses on leasing fees	-
a.8)	Write-off of prepaid expenses – equity method	-
b)	Redeemed Asset	-
b.1)	Higher/Lower value of redeemed assets, determined according to the financial method, as compared to their net book value at year end	-
TOTAL [a.6+ (a.7-a.8)+ b.1]		17,500

Rupee Lakhs

Data of the lease/Data of the category of goods		
Leasing company	Alba Leasing agreement no. 1032095001	
Description of leased goods	Server and firewall	
Cost of goods for lessor	23.68	
Redemption value	0.24	
Start date of leasing agreement	41,030.00	
End date of leasing agreement	42,247.00	
Implicit interest rate	6.78	
Depreciation rate	20.00	
Effects on Net Equity – Assets		
a) Current contracts		
a.1)	Assets held under financial lease agreements at the end of prior year	16.58
	–gross value	23.68
	–depreciation fund	7.10
	–adjustments	–
	Value	–
a.2)	Assets acquired under financial lease agreements during the year	–
a.3)	Assets held under financial lease agreements and redeemed during the year	–
a.4)	Accumulated depreciation for the year	4.74
a.5)	Value adjustments and recoveries on leased assets	–
a.6)	Assets held under financial lease agreements at year end	11.84
	–gross value	0.02
	–depreciation fund	0.01
	–adjustments	–
	–value recovery	–
a.7)	Prepaid expenses on leasing fees	–
a.8)	Write-off of prepaid expenses – equity method	–
b)	Redeemed assets	–
b.1)	Higher/Lower value of redeemed assets, determined according to the financial method, as compared to their net book value at year end	–
TOTAL [a.6+(a.7–a.8)+b.1]		11.84

Rupee Lakhs

Effects on Net Equity – Liabilities		
c)	Implicit liabilities	
	Implicit liabilities for financial leasing transaction at the end of prior year	11.11
	–becoming due in subsequent year	6.73
	–becoming due after 1 to 5 years	4.38
	–Becoming due after more than 5 years	–

Euro

Effects on Net Equity – Liabilities		
c)	Implicit liabilities	
c.1)	Implicit liabilities for financial leasing transaction at the end of prior year	16.414
	–becoming due in subsequent year	9.941
	–becoming due after 1 to 5 years	6.473
	–Becoming due after more than 5 years	–
c.2)	Implicit liabilities arisen in the year	–
c.3)	Capital reimbursement and redemption during the year	9.941
c.4)	Implicit liabilities for financial leasing transactions at year end	6.473
	–becoming due in subsequent year	6.473
	–becoming due after 1 to 5 years	–
	–becoming due after more than 5 years	–
c.5)	Accrued liabilities on interest of installments of competence of more than one year	–
c.6)	Write-off of accrued liabilities equity method	–
d)	Total gross effect at year end [a.6+(a.7–a.8)+b.1–c.4+(c.5–c.6)]	11.027
e)	Tax effect	3.462
f)	Effect on net equity at year end(d–e)	7.565
Effects on Income Statement		
g)	Effect on result before taxes (higher/lower costs) (g.1–g.2–g.3+g.4+g.5)	3.823
g.1)	Write-off of fees on financial leasing transactions	11.656
g.2)	Financial charges on leasing transactions	833
g.3)	Depreciation rates on existing agreements	7.000
g.4)	Differences on depreciation rates of redeemed assets	–
g.5)	Value adjustments and recoveries on leased assets	–
h)	Fiscal effect	1.200
	Net effect on the result for the year of leasing transactions registered under the financial method as compared to the equity method adopted (g–h)	2,623

Implicit liabilities arisen in the year	Implicit liabilities arisen in the year	-
Capital reimbursement and redemption during the year	Capital reimbursement and redemption during the year	6.73
Implicit liabilities for financial leasing transactions at year end	Implicit liabilities for financial leasing transactions at year end	4.38
-becoming due in subsequent year	-becoming due in subsequent year	4.38
-becoming due after 1 to 5 years	-becoming due after 1 to 5 years	-
-Becoming due after more than 5 years	-Becoming due after more than 5 years	-
Accrued liabilities on interest of installments of competence of more than one year	Accrued liabilities on interest of installments of competence of more than one year	-
Write-off of accrued liabilities equity method	Write-off of accrued liabilities equity method	-
Total gross effect at year end [a.6+(a.7-a.8)+b.1-c.4+(c.5-c.6)]	Total gross effect at year end [a.6+(a.7-a.8)+b.1-c.4+(c.5-c.6)]	7.46
Tax effect	Tax effect	2.34
Effect on net equity at year end(d-e)	Effect on net equity at year end(d-e)	5.12
Effects on Income Statement		
g)	Effect on result before taxes (higher/lower costs) (g.1-g.2-g.3+g.4+g.5)	2.59
g.1)	Write-off of fees on financial leasing transactions	7.89
g.2)	Financial charges on leasing transactions	0.56
g.3)	Depreciation rates on existing agreements	4.74
g.4)	Differences on depreciation rates of redeemed assets	-
g.5)	Value adjustments and recoveries on leased assets	-
h)	Fiscal effect	0.81
	Net effect on the result for the year of leasing transactions registered under the financial method as compared to the equity method adopted (g-h)	1.77

Euro

Data of the lease/Data of the category of goods	
Leasing company	Alba Leasing agreement no. 10352351
Description of leased goods	Workstation
Cost of goods for lessor	50.000
Redemption value	500
Start date of leasing agreement	1/06/2012
End date of leasing agreement	30/09/2015
Implicit interest rate	5,67
Depreciation rate	20,00

Effects on net equity – Assets

a)	Ongoing contracts	
a.1)	Assets held under financial lease agreements at the end of prior year	35.000
	-gross value	50.000
	-depreciation fund	15.000
	-adjustments	-
	-value recovery	-
a.2)	Assets acquired under financial lease agreements during the year	-
a.3)	Assets held under financial lease agreements and redeemed during the year	-
a.4)	Accumulated depreciation for the year	10.000
a.5)	Value adjustments and recoveries on leased assets	-

Data of the lease/Data of the category of goods

a.6)	Assets held under financial lease agreements at year end	25.000
	-gross value	50.000
	-depreciation fund	25.000
	-adjustments	-
	-value recovery	-
a.7)	Prepaid expenses on leasing fees	-
a.8)	Write-off of prepaid expenses – equity method	-
b)	Redeemed assets	-
b.1)	Higher/Lower value of redeemed assets, determined according to the financial method, as compared to their net book value at year end	-
	TOTAL [a.6+(a.7-a.8)+b.1]	25,000

Rupee/Lakhs

Leasing company		Alba Leasing agreement no. 10352351	
Description of leased goods		Workstation	
Cost of goods for lessor		0.03	
Redemption value		0.34	
Start date of leasing agreement		1/06/2012	
End date of leasing agreement		30/09/2015	
Implicit interest rate		5,67	
Depreciation rate		20,00	

Data of the lease/Data of the category of goods	
Effects on net equity – Assets	
a)	Ongoing contracts
a.1)	Assets held under financial lease agreements at the end of prior year
	0.02
	–gross value
	0.03
	–depreciation fund
	0.01
	–adjustments
	–
	–value recovery
	–
a.2)	Assets acquired under financial lease agreements during the year
	–
a.3)	Assets held under financial lease agreements and redeemed during the year
	–
a.4)	Accumulated depreciation for the year
	0.01
a.5)	Value adjustments and recoveries on leased assets
	–
a.6)	Assets held under financial lease agreements at year end
	0.02
	–gross value
	0.03
	–depreciation fund
	0.02
	–adjustments
	–
	–value recovery
	–
a.7)	Prepaid expenses on leasing fees
	–
a.8)	Write-off of prepaid expenses – equity method
	–
b)	Redeemed assets
	–
b.1)	Higher/Lower value of redeemed assets, determined according to the financial method, as compared to their net book value at year end
	–
	TOTAL [a.6+ (a.7–a.8) + b.1]
	16.92

Euro

Effects on Net Equity – Liabilities	
c)	Implicit liabilities
c.1)	Implicit liabilities for financial leasing transaction at the end of prior year
	24.383
	–becoming due in subsequent year
	14.052
	–becoming due after 1 to 5 years
	10.331
	–Becoming due after more than 5 years
	–
c.2)	Implicit liabilities arisen in the year
	–
c.3)	Capital reimbursement and redemption during the year
	14.052
c.4)	Implicit liabilities for financial leasing transactions at year end
	10.331
	–becoming due in subsequent year
	10.331
	–becoming due after 1 to 5 years
	–
	–Becoming due after more than 5 years
	–
c.5)	Accrued liabilities on interest of installments of competence of more than one year
	–

Data of the lease/Data of the category of goods	
c.6)	Write-off of interest on leasing fees – equity method
	–
d)	Total gross effect at year end [a.6+ (a.7–a.8) + b.1–c.4+ (c.5c.6)]
	14.669
e)	Fiscal effect
	4.606
f)	Effect on net equity at year end(d–e)
	10.063

Effects on Income Statement	
g)	Effect on result before taxes (higher/lower costs) (g.1–g.2g.3+g.4+g.5)
	5.268
g.1)	Write-off of fees on financial leasing transactions
	16.325
g.2)	Financial charges on leasing transactions
	1.057
g.3)	Amortization rates on existing agreements
	10.000
g.4)	Differences on amortization rates of redeemed assets
	–
g.5)	Value adjustments and recoveries on leased assets
	–
h)	Fiscal effect
	1.654
i)	Net effect on the result for the year of leasing transactions registered under the financial method as compared to the equity method adopted (g–h)
	3.614

Rupee/Lakhs

Effects on Net Equity – Liabilities	
c)	Implicit liabilities
c.1)	Implicit liabilities for financial leasing transaction at the end of prior year
	0.02
	–becoming due in subsequent year
	0.01
	–becoming due after 1 to 5 years
	0.01
	–Becoming due after more than 5 years
	–
c.2)	Implicit liabilities arisen in the year
	–
c.3)	Capital reimbursement and redemption during the year
	0.01
c.4)	Implicit liabilities for financial leasing transactions at year end
	0.01
	–becoming due in subsequent year
	0.01
	–becoming due after 1 to 5 years
	–
	–Becoming due after more than 5 years
	–
c.5)	Accrued liabilities on interest of installments of competence of more than one year
	–
c.6)	Write-off of interest on leasing fees – equity method
	–
d)	Total gross effect at year end [a.6+ (a.7–a.8) + b.1–c.4+ (c.5c.6)]
	0.01
e)	Fiscal effect
	0.00
f)	Effect on net equity at year end(d–e)
	0.01

Effects on Income Statement	
g)	Effect on result before taxes (higher/lower costs) (g.1–g.2–g.3+g.4+g.5)
	0.00
g.1)	Write-off of fees on financial leasing transactions
	0.01
g.2)	Financial charges on leasing transactions
	0.00

Analysis of the changes and expiry date of current receivables.

Data of the lease/Data of the category of goods

g.3)	Amortization rates on existing agreements	0.01
g.4)	Differences on amortization rates of redeemed assets	-
g.5)	Value adjustments and recoveries on leased assets	-
h)	Fiscal effect	0.00
i)	Net effect on the result for the year of leasing transactions registered under the financial method as compared to the equity method adopted (g-h)	0.00

Current Assets

Introduction

Current assets are evaluated in accordance with the numbers from 8 to 11 of Art. 2426 of the Italian Civil Code. The criteria used are listed in the paragraphs of the respective balance sheet items.

Current assets: Receivable

Introduction

Receivable were shown in Balance Sheet at estimated realizable value, in accordance with Art. 2426, paragraph 1, no. 8 of the Italian Civil Code; the adjustment to this value was made through a provision for doubtful debts of the total amount of Euro 10.900 (Rupee/Lakhs 7,37) which was increased in the year for Euro 5.500 (Rupee/Lakhs 3,72).

Changes in current receivables

Introduction

The following chart shows the information related to changes in receivables included in current assets.

Comment

Please note that the receivables from parent companies and subsidiaries have arisen from transactions concluded under normal market conditions.

Here below are shown the most significant details of the items above. It is also noted that the deferred tax assets have been allocated prudently over 12 months for their full amount even if it is expected that their partial utilization in the short term in relation to the possibility of transformation in tax credits offset based on the rules currently in force.

Euro

Description	Detail	Opening value	Increase	Added items	Suspended items	Decrease	Closing value	Absolute change	% change
from clients									
	Invoices to be issued to third-party customers	-	66,432	-	-	-	66,432	66,432	-
	Italian third-party customers	158,650	801,249	-	-	-	959,899	801,249	505
	Doubtful trade receivables	-5,400	-5,500	-	-	-	-10,900	-5,500	102
	Total	153,250	862,181	-	-	0	1,015,431	862,181	
from parent companies									
	Invoices to be issued to parent companies	-	1,569	-	-	-	1,569	1,569	-
	Parent companies customers	928,551	-	-	-	827,463	101,088	-827,463	-89
	Total	928,551	1,569	-	-	827,463	102,657	-825,894	
Tax receivables									
	from Tax Authorities for VAT payments	429,734	-	-	-	378,958	50,776	-378,958	-88
	from Tax Authorities for taxes withheld on other income	-	154	-	-	-	154	154	-

Euro

	Opening value	Changes in the year	Closing value
Receivables from clients	153,250	862,181	1,015,431
Receivables from parent companies	928,551	-825,894	102,657
Tax receivables	431,281	-295,015	136,266
Tax advance payments	187,960	125,204	313,164
Other receivables	252	4,299	4,551
Total	1,701,294	-129,225	1,572,069

Rupee/Lakhs

Receivables from clients	103.69	583.35	687.04
Receivables from parent companies	628.26	-558.80	69.46
Tax receivables	291.80	-199.61	92.20
Tax advance payments	127.17	84.71	211.89
Other receivables	0.17	2.91	3.08
Total	1,151.10	-87.43	1,063.66

Description	Detail	Opening value	Increase	Added items	Suspended items	Decrease	Closing value	Absolute change	% change
	from Tax Authorities for refund of withholding taxes and tax credit	1,547	-	-	-	-	1,547	-	-
	from Tax Authorities for IRES Tax	-	9,038	-	-	-	9,038	9,038	-
	from Tax Authorities for IRAP Tax	-	74,751	-	-	-	74,751	74,751	-
	Total	431,281	83,943	-	-	378,958	136,266	-295,015	
Deferred Tax Assets									
	IRES Credit for Deferred Tax Assets	165,045	142,840	-	-	19,220	288,665	123,620	75
	IRAP Credit for Deferred Tax Assets	22,915	3,819	-	-	2,235	24,499	1,584	7
	Total	187,960	146,659	0	0	21,455	313,164	125,204	
from others									
	Guarantee deposits for utilities	-	1,000	-	-	1,000	-	-	-
	Advances on salaries	252	-	-	-	76	176	-76	-30
	Italian third-party suppliers	-	240	-	-	-	240	240	-
	INAIL contributions – employees/co-workers	-	4,135	-	-	-	4,135	4,135	-
	Total	252	5,375	-	-	1,076	4,511	4,299	
Rupee/Lakhs									
Description	Detail	Opening value	Increase	Added items	Suspended items	Decrease	Closing value	Absolute change	% change
from clients									
	Invoices to be issued to third-party customers	-	44.95	-	-	-	44.95	44.95	-
	Italian third-party customers	107.34	542.13	-	-	-	649.47	542.13	505.00
	Doubtful trade receivables	-3.65	-3.72	-	-	-	-7.37	-3.72	102.00
	Total	103.69	583.35	0.00	0.00	0.00	687.04	583.35	
from parent companies									
	Invoices to be issued to parent companies	-	1.06	-	-	-	1.06	1.06	
	Parent companies customers	628.26	-	-	-	559.86	68.40	-559.86	-89.00
	Total	628.26	1.06	-	-	559.86	69.46	-558.80	
Tax receivables						0.00			
	from Tax Authorities for VAT payments	290.76	-	-	-	256.40	34.36	-256.40	-88.00
	from Tax Authorities for taxes withheld on other income	-	0.10	-	-	-	0.10	0.10	-
	from Tax Authorities for refund of withholding taxes and tax credit	1.05	-	-	-	-	1.05	-	-
	from Tax Authorities for IRES Tax	-	6.12	-	-	-	6.12	6.12	-
	from Tax Authorities for IRAP Tax	-	50.58	-	-	-	50.58	50.58	-
	Total	291.80	56.80	-	-	256.40	92.20	-199.61	

Description	Detail	Opening value	Increase	Added items	Suspended items	Decrease	Closing value	Absolute change	% change
Deferred Tax Assets									
	IRES Credit for Deferred Tax Assets	111.67	96.65	–	–	13.00	195.31	83.64	75.00
	IRAP Credit for Deferred Tax Assets	15.50	2.58	–	–	1.51	16.58	1.07	7.00
	Total	127.17	99.23	0.00	0.00	14.52	211.89	84.71	
from others									
	Guarantee deposits for utilities	–	0.68	–	–	0.68	–	–	–
	Advances on salaries	0.17	–	–	–	0.05	0.12	–0.05	–30.00
	Italian third-party suppliers	–	0.16	–	–	–	0.16	0.16	–
	INAIL contributions – employees/co-workers	–	2.80	–	–	–	2.80	2.80	–
	Total	0.17	3.64	–	–	0.73	3.05	2.91	

Breakdown of current receivables by geographical area
Introduction

The following chart shows a breakdown of the current receivables by geographical area.

Details of trade receivable included in current assets classified by geographical area.
Euro

Geographical area	Receivables from clients under current assets	Receivables from parent companies under current assets	Tax receivables under current assets	Deferred Taxes paid under current assets	Other receivables under current assets	Total receivables under current assets
India	–	102,657	–	–	–	102,657
Italy	441,173	–	136,266	313,164	4,551	895,154
Turkey	910	–	–	–	–	910
US	488,818	–	–	–	–	488,818
Poland	525	–	–	–	–	525
Spain	94,905	–	–	–	–	94,905
Total	1,026,331	102,657	136,266	313,164	4,551	1,582,969

Rupee/Lakhs

Geographical area	Receivables from clients under current assets	Receivables from parent companies under current assets	Tax receivables under current assets	Deferred Taxes paid under current assets	Other receivables under current assets	Total receivables under current assets
India	–	69.46	–	–	–	69.46
Italy	298.50	–	92.20	211.89	3.08	605.66
Turkey	0.62	–	–	–	–	0.62
US	330.73	–	–	–	–	330.73
Poland	0.36	–	–	–	–	0.36
Spain	64.21	–	–	–	–	64.21
Total	694.42	69.46	92.20	211.89	3.08	1,071.04

Comment

It is noted that receivable from US refers to a subsidiary of the Group M & M. As already said above, receivables from the parent company M & M and the US subsidiary have arisen from transactions and/or agreements concluded at normal market conditions.

Current assets: Cash and cash equivalents
Introduction

Cash includes cash on hands and credit balances with banks, recorded at nominal value.

Analysis of changes in cash and cash equivalents
Euro

	Opening value	Changes in the year	Closing value
Bank and postal deposits	410,720	-310,746	99,974
Cash in hands and equivalent	332	396	728
Total	411,052	-310,350	100,702

Rupee/Lakhs

	Opening value	Changes in the year	Closing value
Bank and postal deposits	277.89	-210.25	67.64
Cash in hands and equivalent	0.22	0.27	0.49
Total	278.12	-209.98	68.13

Comment

The balance represents the liquidity and the existence of cash and values at the end of the year. The actual amount of bank deposits has been verified on the basis of appropriate reconciliation statements.

Accrued income and prepaid expenses

Accruals are formed by portions of costs or income common to two or more years.

They respond to and implement the principle of matching income and expenses to the fiscal year and on temporal basis.

The item includes only prepaid expenses and measures the units which pertaining is delayed with respect to cash and/or documents; they disregard the date of payment of related expenses, common to two or more years and distributable because accruals.

Analysis of changes in accruals and prepaid expenses
Euro

	Opening value	Changes in the year	Closing value
Loans	-	-	-
Accruedl income	-	-	-
Prepaid expenses	19,130	7,223	26,353
Total accrued income and prepaid expenses	19,130	7,223	26,353

Rupee/Lakhs

	Opening value	Changes in the year	Closing Value
Loans	-	-	-
Accruedl income	-	-	-
Prepaid expenses	12.94	4.89	17.83
Total accrued income and prepaid expenses	12.94	4.89	17.83

Comment

The following chart shows the breakdown of the items referred above, as resulting in the accounts.

Euro

Detail	Detail	Amount
Accrued income and prepaid expenses		
	Software maintenance fees	21,306
	Leasing fees	3,103
	Telephone costs	1,247
	Insurance	313
	Car taxes	119
	Maintenance and assistance	94
	Interest payables	90
	Subscriptions	62
	Others	20
	Total	26,354

Rupee/Lakhs

Detail	Detail	Amount
Accrued income and prepaid expenses		
	Software maintenance fees	14.42
	Leasing fees	2.10
	Telephone costs	0.84
	Insurance	0.21
	Car taxes	0.08
	Maintenance and assistance	0.06
	Interest payables	0.06
	Subscriptions	0.04
	Others	0.01
	Total	17.83

Capitalized Borrowing Cost
Introduction

All interest and other financial costs are expensed in the year. For the purposes of Art. 2427, c. 1, n. 8 of the Italian Civil Code it is declared that there are no capitalization of borrowing costs.

Notes on Liabilities and Shareholders' Equity
Introduction

The items of the Balance Sheet are recorded in accordance with national accounting standards; in the sections relating to the individual items are given the criteria applied in the specific.

Shareholders' Equity

Introduction

The items are shown in the balance sheet at their book value in accordance with the instructions contained in the accounting principle OIC 28.

Changes in shareholders' equity

Introduction

With reference to this year in the following tables are shown the changes in individual net equity items.

Analysis of changes in items of net equity

Euro

	Opening value	Allocation of the previous year result – others destinations	Result of the year	Closing value
Share Capital	960,000	–	–	960,000
Legal reserve	5,193	–	–	5,193
Share capital contributions	382,278	–42,420	–	339,858
Total other reserves	382,279	–42,421	–	339,858
Profits (losses) brought forward	98,647	–98,647	–	–
Profit (loss) for the year	–141,067	141,067	–459,828	–459,828
Total	1,305,051	–	–459,828	845,223

Rupee/Lakhs

Share Capital	649.54	–	–	649.54
Legal reserve	3.51	–	–	3.51
Share capital contributions	258.65	–28.70	–	229.95
Total other reserves	258.65	–28.70	–	229.95
Profits (losses) brought forward	66.74	–66.74	–	–
Profit (loss) for the year	–95.45	95.45	–311.12	–311.12
Total	883.00	–	–311.12	571.88

Availability and utilization of Shareholders' Equity

Introduction

In the following chart are analytically indicated the Shareholders' Equity items, indicating their origin, possibility of use and distribution, as well as their utilization in previous years.

Origin, possibility of utilization and distribution of the items of Shareholders' Equity

Euro

Description	Amount	Origin/ Nature	Possibility of utilization	Available quota	Summary of utilization in previous three years
Share Capital	960,000	Capital	B		–
Legal reserve	5,193	Profit	B	5,193	–
Share capital contributions	339,858	Capital	A;B;C	339,858	42,420
Profits (losses) brought forward	0			–	98,647
Total	1,305,051			345,051	141,067

Quota non distributable 345,051

Residual quota distributable –

Rupee/Lakhs

Share Capital	649.54	Capital	B		–
Legal reserve	3.51	Profit	B	3.51	–
Share capital contributions	229.95	Capital	A;B;C	229.95	28.70
Profits (losses) brought forward	0.00			–	66.74
Total	883.00			233.46	95.45

Quota non distributable 233.46

Residual quota distributable –

Comment

In the above chart are provided for each item the possibilities of use as indicated below:

A: for capital contribution

B: to cover losses

C: for distribution to shareholders

Comment

The Share Capital of Euro 960.000 (Rupee/Lakhs 649,54), consists of a single quota.

It is noted that the Company has not issued shares and other securities or equity instruments under Article 2427 of Italian Civil Code No. 18 and no. 19, paragraph 1.

Provision for severance indemnities

Information on provision for severance indemnity

Introduction

This fund represents the actual amount due to employees in accordance with law and labor contracts, considering all forms of remuneration in a continuous basis.

The provision corresponds to the total indemnities accrued up to the date of 29.02.2008 of the acquisition of the ongoing concern, revalued each year and reduced by any advances paid and tax on revaluation paid; is equal to what would have been paid to employees on termination of employment as of 31/03/2015.

The fund does not include the indemnities accrued from 1 January 2007, intended to supplementary pension pursuant to Legislative Decree. N. 252 of 5 December 2005 or transferred to the INPS treasury.

The voice 3.B.9.c of Financial Statement includes both the cost of the TFR remained in the Company (equivalent to the previous year revaluation for Euro 4.886 – Rupee/Lakhs 3,31), the cost of leaving indemnity paid to the Treasury Fund (Euro 104.261 – Rupee/Lakhs 70,54) and the cost of leaving indemnity paid to Complementary Pension Funds (Euro 9.544 – Rupee/Lakhs 6,46).

Analysis of changes in severance indemnities

Euro

	Opening value	Changes in the year – Provision	Changes in the year – Utilization	Changes in the year – Total	Closing value
Severance indemnity	333,371	4,886	9,582	-4,696	328,675
Total	333,371	4,886	9,582	-4,696	328,675

Rupee/Lakhs

	Opening value	Changes in the year – Provision	Changes in the year – Utilization	Changes in the year – Total	Closing value
Severance indemnity	225.56	3.31	6.48	-3.18	222.38
Total	225.56	3.31	6.48	-3.18	222.38

Comment

Here below are shown the details of most significant items:

Euro

Description	Detail	Opening value	Increase	Added items	Suspended	Decrease	Closing value	Absolute change	% change
Payables towards banks									
	Bank advance	275	967	-	-	-	1,242	967	352
	Bank receipt subject to collection	-	138,650	-	-	-	138,650	138,650	-
	Total	275	139,617	-	-	-	139,892	139,617	
Payables towards suppliers									
	Invoice to be received third party suppliers	37,935	-	-	-	11,232	26,703	-11,232	-30
	Credit Note to be received third party suppliers	-	-59	-	-	-	-59	-59	-
	Suppliers Italy	614,643	-	-	-	5,768	608,875	-5,768	-1
	Total	652,578	-59	-	-	17,000	635,519	-17,059	

Payables

Introduction

Payables are shown in the Balance Sheet at their nominal value, adjusted for subsequent variations.

Variations and maturity of payables

Introduction

The following chart shows the information related to changes in the payables and any information related to the expiration of the same.

Analysis of changes and the expiration of payables

Euro

	Opening value	Change in the year	Closing value
Payables towards banks	275	139,617	139,892
Payables towards suppliers	652,578	-17,059	635,519
Payable for tax	61,676	-33,539	28,137
Payables towards pension and social security institutes	151,293	-21,200	130,093
Other payables	562,721	-241,634	321,087
Total	1,428,543	-173,815	1,254,728

Rupee/Lakhs

	Opening value	Change in the year	Closing value
Payables towards banks	0.19	94.46	94.65
Payables towards suppliers	441.53	-11.54	429.99
Payable for tax	41.73	-22.69	19.04
Payables towards pension and social security institutes	102.36	-14.34	88.02
Other payables	380.74	-163.49	217.25
Total	966.55	-117.60	848.95

Description	Detail	Opening value	Increase	Added items	Suspended	Decrease	Closing value	Absolute change	% change
Payables for taxes									
	Tax withholdings payable for income employment and welfare	30,208	-	-	-	2,870	27,338	-2,870	-10
	Tax withholdings payable for income independent employment	5,706	-	-	-	5,113	593	-5,113	-90
	Tax withholding payable IRES	6,028	-	-	-	6,028	-	-6,028	-100
	Tax withholding payable IRAP	19,675	-	-	19,675	-	-	-19,675	-100
	Tax withholding payable for substitutive tax	60	146	-	-	-	206	146	243
	Total	61,677	146	-	19,675	14,011	28,137	-33,540	
Payables towards pension and social security institutes									
	INPS contributions for employees	42,297	-	-	-	4,179	38,118	-4,179	-10
	INAIL contributions for employees/co-workers	1,566	-	-	-	1,566	-	1566	-100
	INAIL contributions for employees/co-workers (to be paid)	1,189	-	-	-	362	827	-362	-30
	INPS contributions on deferred salaries	82,259	-	-	-	14,927	67,332	-14,927	-18
	INPS Treasury Fund	7,344	-	-	-	215	7,129	-215	-3
	Payables to complementary pension funds	2,165	97	-	-	-	2,262	97	4
	Other social security and welfare institutions	14,473	-	-	-	48	14,425	-48	-
	Total	151,293	97	-	-	21,297	130,093	-21,200	
Other									
	Payables to third parties	180,978	-	-	-	171,924	9,054	-171,924	-95
	Payables to employees for salaries	84,591	-	-	-	15,194	69,397	-15,194	-18
	Payables to employees for deferred salaries	297,153	-	-	-	54,517	242,636	-54,517	-18
	Total	562,722	-	-	-	241,635	321,087	-241,635	

Rupee/Lakhs

Description	Detail	Opening value	Increase	Added items	Suspended items	Decrease	Closing value	Absolute change	% change
Payables towards banks									
	Bank advance	0.19	0.65	-	-	-	0.84	0.65	352
	Bank receipt subject to collection	-	93.81	-	-	-	93.81	93.81	-
	Total	0.19	94.46	-	-	-	94.65	94.46	
Payables towards suppliers									
	Invoice to be received third party suppliers	25.67	-	-	-	7.60	18.07	-7.60	-30
	Credit Note to be received third party suppliers	-	-0.04	-	-	-	-0.04	-0.04	-
	Suppliers Italy	415.87	-	-	-	3.90	411.96	-3.90	-1
	Total	441.53	-0.04	-	-	11.50	429.99	-11.54	

Description	Detail	Opening value	Increase	Added items	Suspended items	Decrease	Closing value	Absolute change	% change
Payables for taxes									
	Tax withholdings payable for income employment and welfare	20.44	-	-	-	1.94	18.50	-1.94	-10
	Tax withholdings payable for income independent employment	3.86	-	-	-	3.46	0.40	-3.46	-90
	Tax withholding payable IRES	4.08	-	-	-	4.08	-	-4.08	-100
	Tax withholding payable IRAP	13.31	-	-	13.31	-	-	-13.31	-100
	Tax withholding payable for substitutive tax	0.04	0.10	-	-	-	0.14	0.10	243
	Total	41.73	0.10	-	13.31	9.48	19.04	-22.69	
Payables towards pension and social security institutes									
	INPS contributions for employees	28.62	-	-	-	2.83	25.79	-2.83	-10
	INAIL contributions for employees/co-workers	1.06	-	-	-	1.06	-	1.06	-100
	INAIL contributions for employees/co-workers (to be paid)	0.00	-	-	-	0.00	-	-	-
	INPS contributions on deferred salaries	55.66	-	-	-	10.10	45.56	-10.10	-18
	INPS Treasury Fund	4.97	-	-	-	0.15	4.82	-0.15	-3
	Payables to complementary pension funds	0.00	1.46	0.07	-	-	1.53	0.07	4
	Other social security and welfare institutions	9.79	-	-	-	0.03	9.76	-0.03	-
	Total	102.36	0.07	-	-	14.41	88.02	-14.34	
Other									
	Payables to third parties	122.45	-	-	-	116.32	6.13	-116.32	-95
	Payables to employees for salaries	57.23	-	-	-	10.28	46.95	-10.28	-18
	Payables to employees for deferred salaries	201.05	-	-	-	36.89	164.17	-36.89	-18
	Total	380.74	-	-	-	163.49	217.25	-163.49	

Breakdown of payables by geographical area

Introduction

Excluding the payables settled for the outstanding amount of Euro 8.924 (Rupee/Lakhs 6,04) towards India all other debts are originated from transactions concluded with residents.

Loans made by shareholders of the company

Introduction

The Company has not received any funding from the members.

Accrued liabilities and deferred income

Introduction

Accruals are made up of portions of costs or income common to two or more years.

They respond to and implement the principle of matching costs and revenues for the year and on a time basis.

More precisely, the accrued liabilities measured costs which competence is anticipated respect to the numeral event and/or evidence of document; the deferred income measure whose competence is delayed with respect to cash and/or documentary.

Analysis of changes in accrued liabilities and deferred income

Euro

	Opening value	Change in the year	Closing value
Accrued liabilities	2,841	-774	2,067
Accrued liabilities on loan	-	-	-
Other deferred income	-	5,815	5,815
Total	2,841	5,041	7,882

Rupee/Lakhs

	Opening value	Change in the year	Closing value
Accrued liabilities	1.92	-0.52	1.40
Accrued liabilities on loan	-	-	-
Other deferred income	-	3.93	3.93
Total	1.92	3.41	5.33

Comment

The following chart shows the breakdown of the items referred above, as resulting in the accounts.

Euro

Description	Detail	Current year value
Accrued liabilities and deferred income		
	Accrued liabilities:	–
	Tax on rubbish collection	2,067
	Deferred income:	
	Reimbursement maintenance EDP	5,815
Total		7,882

Rupee/Lakhs

Description	Detail	Current year value
Accrued liabilities and deferred income		
	Accrued liabilities:	–
	Tax on rubbish collection	1.40
	Deferred income:	–
	Reimbursement maintenance EDP	3.93
Total		5.33

Commitments resulting from off-balance sheet and memorandum accounts

Comment

There are no memorandum accounts registered in the Financial Statement, nor other commitments resulting from off-balance sheet that have to be indicated into the Notes as useful for the assessment of the Balance Sheet and financial position.

During the year there was no agreement in place not resulting from the balance sheet.

Notes to the Income Statement

Introduction

Revenues, income, costs and charges are recorded in the financial statements as required by Article 2425-bis of the Civil Code.

Production value

Introduction

Revenues are recorded in the Financial Statements for the period of competence, net of returns, allowances, discounts and premiums, in particular as regards:

- the supply of goods: the related revenues are recorded with reference to the time of delivery or shipment of goods;
- the provision of services: the related revenues are recognized based on the date of completion of the services.

The following chart shows the details and changes in the most significant items.

Euro

Item	Description	Detail	2015	2014	Absolute change	% change
1) Revenues from sales and services						
	Sale of finished goods		22,264	18,935	3,329	18
	Services rendered		3,407,240	6,220,570	-2,813,330	-45
	Total		3,429,504	6,239,505	-2,810,001	
Other revenues and income						
	Recovery of expenses		112,793	165,354	-52,561	-32
	Extraordinary income and other revenues		69	2,573	-2,504	-97
	Proceeds from sale of taxable assets		283	33	250	758
	Total		113,145	167,960	-54,815	

Rupee/Lakhs

Item	Description	Detail	2015	2014	Absolute change	% change
1) Revenues from sales and services						
	Sale of finished goods		15.06	12.81	2.25	18.00
	Services rendered		2,305.34	4,208.84	-1,903.50	-45.00
	Total		2,320.40	4,221.65	-1,901.25	
Other revenues and income						
	Recovery of expenses		76.32	111.88	-35.56	-32.00
	Extraordinary income and other revenues		0.05	1.74	-1.69	-97.00
	Proceeds from sale of taxable assets		0.19	0.02	0.17	758.00
	Total		76.55	113.64	-37.09	

Breakdown of revenues from sales and services by geographic area

Introduction

The following chart shows the breakdown of revenues from sales and services by geographic area.

Details on revenues from sales and services by geographical area

Euro

Geographical area	Value of the year
US	1,704,592
Italy	972,576
India	517,062
UE	233,664
Extra UE	1,610
Total	3,429,504

Rupee/Lakhs

US	1,153.33
Italy	658.04
India	349.84
UE	158.10
Extra UE	1.09
Total	2,320.40

Comment

It is noted that under "Other income" are included:

-Expenses reimbursement India for Euro 87.412 (Rupee/Lakhs 59,14)

-Expenses reimbursement UE for Euro 5.685 (Rupee/Lakhs 3,85)

-Expenses reimbursement US for Euro 924 (Rupee/Lakhs 0,63) while all other revenues refers to Italy.

Production costs
Comment

Costs and expenses are ascribed on an accrual basis, in accordance with the principle of correlation with the revenues, and recorded under the respective item in accordance with accounting standard OIC 12.

The costs for purchases of goods and services are recorded in the income statement net of adjustments for returns, discounts, allowances and bonuses.

Below are the details and variations of the main items of "Production costs" in the Income Statement.

Euro

Item	Detail	2015	2014	Absolute change	% change
7)	Costs for services				
	Third-party processing	699,056	1,508,221	-809,165	-54
	Transportation on sales	1,388	1,890	-502	-27
	Ordinary telephone expenses	58,973	63,555	-4,582	-7
	Mobile phones costs	6,527	4,873	1,654	34
	Electricity charges	15,512	15,436	76	-
	Heating charges	7,628	10,307	-2,679	-26
	Water charges	1,482	1,000	482	48
	Cleaning services	13,353	12,369	984	8

Item	Detail	2015	2014	Absolute change	% change
	Maintenance costs for own plants and machinery	3,815	4,999	-1,184	-24
	Maintenance fees for own software	337,933	383,467	-45,534	-12
	Maintenance costs for own vehicles	961	452	509	113
	Administration and tax consulting fees (ordinary)	36,666	52,081	-15,415	-30
	Legal advice	2,080	2,706	-626	-23
	Marketing and advertising consulting fees	-	18,000	-18,000	-100
	Other consulting fees	2,993	5,532	-2,539	-46
	Compensations/refunds to co.co.co.	-	20,200	-20,200	-100
	Contribution for providence co.co.co.	-	3,733	-3,733	-100
	Compensations to temporary employees	-	4,494	-4,494	-100
	Compensations to board of auditors	7,467	8,050	-583	-7
	Compensations to account auditors	17,010	19,974	-2,964	-15
	Publicity, advertising and billposting deductibles	3,786	-	3,786	-
	Travel expenses	8,698	4,514	4,184	93
	Entertainment expenses	3,243	1,709	1,534	90
	Postal expenses	645	537	108	20
	Insurance	4,869	9,097	-4,228	-46
	Other expenses	153	153	-	-
	Expenses reimbursement to personnel deductibles	8,585	99,399	-90,814	-91
	Research and training	27,214	1,650	25,564	1,549
	Bank charges and fees	2,554	2,407	147	6
	Total	1,272,591	2,260,805	-988,214	

8) Costs for use of third party assets

	Premises rental fee deductible	80,352	80,746	-394	-
	Plants and machinery leasing fee	27,981	27,981	-	-
	Plant and machinery rental fee	7,351	15,702	-8,351	-53
	Software license fees	25,291	25,292	-1	-
	Total	140,975	149,721	-8,746	

Item	Detail	2015	2014	Absolute change	% change	Item	Detail	2015	2014	Absolute change	% change
a)	Depreciation of intangible assets						Maintenance costs for own plants and machinery	2.58	3.38	-0.80	-24.00
	Goodwill	220,346	220,346	-	-		Maintenance fees for own software	228.65	259.45	-30.81	-12.00
	Capitalized software	13,617	9,357	4,260	46		Maintenance costs for own vehicles	0.65	0.31	0.34	113.00
	Maintenance costs for third party assets	5,982	5,982	-	-		Administration and tax consulting fees (ordinary)	24.81	35.24	-10.43	-30.00
	Total	239,945	235,685	4,260			Legal advice	1.41	1.83	-0.42	-23.00
b)	Depreciation of tangible assets						Marketing and advertising consulting fees	-	12.18	-12.18	-100.00
	Specific plants	44	88	-44	-50		Other consulting fees	2.03	3.74	-1.72	-46.00
	Other equipment	3,465	4,622	-1,157	-25		Compensations/refunds to co.co. co.	-	13.67	-13.67	-100.00
	Furniture and fittings	2,600	2,354	246	10		Contribution for providence co.	-	2.53	-2.53	-100.00
	Electromechanical office machines	17,413	18,544	-1,131	-6		Compensations to temporary employees	-	3.04	-3.04	-100.00
	Total	23,522	25,608	-2,086			Compensations to board of auditors	5.05	5.45	-0.39	-7.00
14)	Other operating expenses						Compensations to account auditors	11.51	13.51	-2.01	-15.00
	Other deductible costs for company vehicles	230	677	-447	-66		Publicity, advertising and billposting deductibles	2.56	-	2.56	-
	Gifts	1,203	2,880	-1,677	-58		Travel expenses	5.89	3.05	2.83	93.00
	Other taxes and duties	9,831	11,860	-2,029	-17		Entertainment expenses	2.19	1.16	1.04	90.00
	Expenses, losses and extraordinary charges	128	128	-	-		Postal expenses	0.44	0.36	0.07	20.00
	Membership fees	4,545	1,268	3,277	258		Insurance	3.29	6.16	-2.86	-46.00
	Stationary items	2,413	1,125	1,288	114		Other expenses	0.10	0.10	-	-
	Subscriptions, books and publications	1,609	415	1,194	288		Expenses reimbursement to personnel deductibles	5.81	67.25	-61.44	-91.00
	Other years' costs	1,012	709	303	43		Research and training	18.41	1.12	17.30	1,549.00
	Donations	-	500	-500	-100		Bank charges and fees	1.73	1.63	0.10	6.00
	Other costs and expenses	3,422	4,280	-858	-20		Total	861.04	1,529.66	-668.63	
	Total	24,393	23,842	551		8)	Costs for use of third party assets				
							Premises rental fee deductible	54.37	54.63	-0.27	-

Rupee/Lakhs
7) Costs for services

	Third-party processing	472.98	1,020.46	-547.48	-54.00
	Transportation on sales	0.94	1.28	-0.34	-27.00
	Ordinary telephone expenses	39.90	43.00	-3.10	-7.00
	Mobile phones costs	4.42	3.30	1.12	34.00
	Electricity charges	10.50	10.44	0.05	-
	Heating charges	5.16	6.97	-1.81	-26.00
	Water charges	1.00	0.68	0.33	48.00
	Cleaning services	9.03	8.37	0.67	8.00

Item	Detail	2015	2014	Absolute change	% change
	Plants and machinery leasing fee	18.93	18.93	-	-
	Plant and machinery rental fee	4.97	10.62	-5.65	-53.00
	Software license fees	17.11	17.11	0.00	-
	Total	95.38	101.30	-5.92	
a)	Depreciation of intangible assets				
	Goodwill	149.09	149.09	-	-
	Capitalized software	9.21	6.33	2.88	46.00
	Maintenance costs for third party assets	4.05	4.05	-	-
	Total	162.35	159.46	2.88	
b)	Depreciation of tangible assets				
	Specific plants	0.03	0.06	-0.03	-50.00
	Other equipment	2.34	3.13	-0.78	-25.00
	Furniture and fittings	1.76	1.59	0.17	10.00
	Electromechanical office machines	11.78	12.55	-0.77	-6.00
	Total	15.91	17.33	-1.41	
14)	Other operating expenses				
	Other deductible costs for company vehicles	0.16	0.46	-0.30	-66.00
	Gifts	0.81	1.95	-1.13	-58.00
	Other taxes and duties	6.65	8.02	-1.37	-17.00
	Expenses, losses and extraordinary charges	0.09	0.09	-	-
	Membership fees	3.08	0.86	2.22	258.00
	Stationary items	1.63	0.76	0.87	114.00
	Subscriptions, books and publications	1.09	0.28	0.81	288.00
	Other years' costs	0.68	0.48	0.21	43.00
	Donations	-	0.34	-0.34	-100.00
	Other costs and expenses	2.32	2.90	-0.58	-20.00
	Total	16.50	16.13	0.37	

Financial income and expenses

Introduction

The financial income and expense are recorded on an accrual basis in relation to the amount accrued during the year.

As they do not have significant impacts, we will expose the detail and changes into financial items of the income statement.

Euro

Item	Description	Detail	2015	2014	Absolute change	% change
c)	Other financial revenues under current assets other than shareholdings					
		Interest receivables from negotiable securities	318	1,634	-1,316	-81
	Total		318	1,634	-1,316	
	Income from other companies					
		Bank interest receivables	45	107	-62	-58
		Financial revenues from third parties	315	259	56	22
	Total		360	366	-6	
	Interest payables and other financial payables to other companies					
		Bank interest payables	721	343	378	110
		Charges on available funds	5,084	4,212	872	21
		Other financial charges	1,169	66	1,103	1,671
	Total		6,974	4,621	2,353	

Rupee/Lakhs

Item	Description	Detail	2015	2014	Absolute change	% change
c)	Other financial revenues under current assets other than shareholdings					
		Interest receivables from negotiable securities	0.22	1.11	-0.89	-81
	Total		0.22	1.11	-0.89	
	Income from other companies					
		Bank interest receivables	0.03	0.07	-0.04	-58
		Financial revenues from third parties	0.21	0.18	0.04	22
	Total		0.24	0.25	0.00	
	Interest payables and other financial payables to other companies					
		Bank interest payables	0.49	0.23	0.26	110
		Charges on available funds	3.44	2.85	0.59	21
		Other financial charges	0.79	0.04	0.75	1,671
	Total		4.72	3.13	1.59	

Income taxes for the year, current deferred and assets
Current tax deferred and assets
Introduction
Current taxes

Income taxes for the year, calculated at the rates and regulations in force, are determined on the basis of an estimate of taxable income and recorded into item E) 22 of the Income Statement.

The amount given is inclusive only of IRAP, because in the year under review did not come out the basis for the allocation of the IRES tax.

The Piedmont Region, where it continuously operates the workforce of the Company has not issued regional laws amending the taxation scheme and the applicable rates; consequently has been used the ordinary rate of 3.9%.

Current taxes therefore also includes the withholding tax on transactions relating to M&M that were not fully deductible. During the year under review such taxes, equal to 20% of revenues from services, led to an increase of the loss incurred amounted to Euro 102.729 (Rupee/Lakhs 69,51).

Deferred tax and deferred tax assets

Deferred tax assets have been calculated and charged, or adjusted, in accordance with Legislative Decree 6/2003 and Accounting Standard no. 25 of the National Council of Certified Accountants and Chartered Accountants on accounting treatment of taxes for the year, updated by the OIC.

Therefore the deferred taxes for Euro 313.164 (Rupee/Lakhs 211,89) has been recorded under credit of the current assets, at value reasonable achievable against future benefit related to the temporary changes that generated them and/or their modification in tax credit to be compensated pursuant to the Decree Law 225/2010 and the Law 116/2014.

For the year under exam the provision for deferred taxes assets, net of reversal generated a negative effect on the operating result and shareholders' equity, is Euro 143.202 (Rupee/Lakhs 96,89).

Deferred taxes have been considered not due in this financial statements in absence of conditions for application.

The following chart analytically indicate:

- the description of the temporary differences that led to the record of deferred tax and deferred tax assets, specifying the rate applied and the changes compared to the previous year, the amounts credited or debited to income statement or into equity;
- the amount of deferred tax assets recorded into financial statement in relation to losses during the current or previous years and the reason of the record; the amount is not yet recorded and the reasons for such omission;
- the items excluded from the calculation and the reasons.

Detail of IRES temporary changes
Euro

	Differences (previous year)	Tax effect (previous year)	Differences (current year)	Tax effect (current year)
Irap deferred tax assets				
Membership and rubbish fee to be paid	-	-	-33	-9
Depreciation rate for non-deductible intangible assets for deferred tax assets	-	-	97,932	26,931
Expenses of competence of other year (art. 109 paragraph 4)	-	-	-10,343	-2,844
Total deferred tax assets			87,556	24,078

	Differences (previous year)	Tax effect (previous year)	Differences (current year)	Tax effect (current year)
Deferred taxes	-	-	-	-
Total deferred taxes	-	-	-	-
Deferred Tax assets on losses and surplus ACE				
-current year		-		115,305
-previous year		-		-
Net taxable/ deductible temporary differences		-	87,556	139,383
Net effect on result for the year		-		139,383
Net effect on net equity	-	-	-	-

Temporary differences not included in deferred tax assets calculation
Rupee/Lakhs

Irap deferred tax assets				
Membership and rubbish fee to be paid	-	-	-0.02	-0.01
Depreciation rate for non-deductible intangible assets for deferred tax assets	-	-	66.26	18.22
Expenses of competence of other year (art. 109 paragraph 4)	-	-	-7.00	-1.92
Total deferred tax assets			59.24	16.29
Deferred taxes	-	-	-	-
Total deferred taxes	-	-	-	-
Deferred Tax assets on losses and surplus ACE				
-current year		-		78.02
-previous year		-		-
Net taxable/deductible temporary differences		-	59.24	94.31
Net effect on result for the year		-		94.31
Net effect on net equity	-	-	-	-

Temporary differences not included in deferred tax assets calculation

Detail of IRAP temporary changes

Euro

	Differences (previous year)	Tax effect (previous year)	Differences (current year)	Tax effect (current year)
Irap deferred tax assets				
Unpaid membership (art. 99 paragraph 3)	-	-	-	-
Amortization rate for non-deductible intangible assets for advanced taxes	-	-	97,932	3,819
Expenses of competence of other year (art. 109 paragraph 4)	-	-	-	-
Total deferred tax assets	-	-	97,932	3,819
Deferred taxes				
Total deferred taxes	-	-	-	-
Net taxable/deductible temporary differences	-	-	97,932	3,819
Net effect on result for the year		-		3,819
Net effect on net equity	-	-	-	-
Temporary differences not included in deferred tax assets calculation				

Rupee/Lakhs

	Differences (previous year)	Tax effect (previous year)	Differences (current year)	Tax effect (current year)
Irap deferred tax assets				
Unpaid membership (art. 99 paragraph 3)	-	-	-	-
Amortization rate for non deductible intangible assets for advanced taxes	-	-	66.26	2.58
Expenses of competence of other year (art. 109 paragraph 4)	-	-	-	-
Total deferred tax assets	-	-	66.26	2.58
Deferred taxes				
Total deferred taxes	-	-	-	-
Net taxable/deductible temporary differences	-	-	66.26	2.58
Net effect on result for the year		-		2.58
Net effect on net equity	-	-	-	-
Temporary differences not included in deferred tax assets calculation				

Deferred tax and deferred tax assets records and consequent effects

Euro

	Amount
A) Temporary differences	
Total deductible temporary differences	506,847
Total taxable temporary differences	-
Net temporary differences	506,847
B) Tax effects	
Reserve for deferred (advanced) taxes at the beginning of the year	-169,962
Deferred (advanced) taxes for the year	-143,202
Deferred (advanced) taxes fund at year end	-313,164

Rupee/Lakhs

	Amount
A) Temporary differences	
Total deductible temporary differences	342.93
Total taxable temporary differences	-
Net temporary differences	342.93
B) Tax effects	
Reserve for deferred (advanced) taxes at the beginning of the year	-115.00
Deferred (advanced) taxes for the year	-96.89
Deferred (advanced) taxes fund at year end	-211.89

Detail deductible temporary differences

Euro

ACE surplus that may be carried forward (autom. alloc. to deferred tax assets)	4,154
Losses for the year (for autom. alloc. to deferred tax assets)	415,137
Unpaid membership (art. 99 paragraph 3)	-33
Amortization rate of non-deductible intangible assets for deferred tax assets	97,932
Expenses of competence of other year (art. 109 paragraph 4)	-10,343
Total	506,847

Rupee/Lakhs

ACE surplus that may be carried forward (autom. alloc. to deferred tax assets)	2.81
Losses for the year (for autom. alloc. to deferred tax assets)	280.88
Unpaid membership (art. 99 paragraph 3)	-0.02
Amortization rate of non-deductible intangible assets for deferred tax assets	66.26
Expenses of competence of other year (art. 109 paragraph 4)	-7.00
Total	342.93

Disclosure on the use of fiscal losses
Euro

	Amount of fiscal losses	Tax Effect
Prior year		
Used fiscal losses		
on current year	-	-
on prior years	-	-
Total amount used	-	-
Tax losses brought forward, with a reasonable certainty to use them	-	-
Total benefit	-	-
Current year		
Used tax losses		
on current year	-	-
on prior years	-	-
Total amount used	-	-
Tax losses brought forward, with a reasonable certainty to use them	415,137	114,163
Total benefit	415,137	114,163

Rupee/Lakhs

	Amount of fiscal losses	Tax Effect
Prior year		
Used fiscal losses		
on current year	-	-
on prior years	-	-
Total amount used	-	-
Tax losses brought forward, with a reasonable certainty to use them	-	-
Total benefit	-	-
Current year		
Used tax losses		
on current year	-	-
on prior years	-	-
Total amount used	-	-
Tax losses brought forward, with a reasonable certainty to use them	280.88	0.00
Total benefit	280.88	77.24

Comment

In the year under review, the Company has transformed into tax credits offset part of the IRES and IRAP tax assets as provided by Law 225/2010. The balance of deferred tax assets at beginning of year is shown net of the before mentioned transformation.

Below are analyzed the detail and the variation of the current tax and deferred tax assets recorded into the Financial Statement.

Euro

Item	Description	Detail	2015	2014	Absolute change	% change
Current taxes on operating profit						
		Current IRAP tax	39,915	112,971	-73,056	-65
		Other non-deductible taxes for the year	102,729	862,109	-759,380	-88
		Current IRES tax	-	321,744	-321,744	-100
		Total	142,644	1,296,824	-1,154,180	
Deferred tax assets on operating profit						
		Deferred tax IRES	142,840	27,228	115,612	425
		Deferred tax IRAP	3,819	-7,639	11,458	-150
		Prior years deferred IRES tax	-3,457	-	-3,457	-
		Total	143,202	19,589	123,613	

Rupee/Lakhs

Current taxes on operating profit						
		Current IRAP tax	27.01	76.44	-49.43	-65
		Other non-deductible taxes for the year	69.51	583.30	-513.80	-88
		Current IRES tax	-	217.69	-217.69	-100
		Total	96.51	877.43	-780.92	
Deferred tax assets on operating profit						
		Deferred tax IRES	96.65	18.42	78.22	425
		Deferred tax IRAP	2.58	-5.17	7.75	-150
		Prior years deferred IRES tax	-2.34	-	-2.34	-
		Total	96.89	13.25	83.64	

Additional information
Introduction

Here below are shown additional information required by Articles 2427 and 2427 bis of the Italian Civil Code.

Employment data

Introduction

The following table shows the average number of employees by category and calculated considering the daily average.

Average number of employees by category

	Managers	Employees	Others employees	Total employees
Average number	3	33	2	38

Comment

Compared to the previous year, it is shown a reduction in the average number of employees (No. 3 employees and n. 2 apprentices).

Remuneration of directors and statutory auditors

Introduction

The Company has not deliberate nor paid any fee to the Administrative Body while were deliberated a fee to the Statutory Audit Body, as summarized in the following chart.

Remuneration to Directors and Statutory Auditors

Euro

	Auditors fee	Total free paid to Directors and Auditors
Amount	7.467	7.467

Rupee/Lakhs

	Auditors fee	Total free paid to Directors and Auditors
Amount	5,05	5,05

Remuneration to Independent Auditor

Introduction

The following tables show the fees payable to the audit company.

Euro

	Annual legal revision of accounts	Total fee paid to egal auditor or audit body
Amount	17.010	17.010

Rupee/Lakhs

	Annual legal revision of accounts	Total fee paid to egal auditor or audit body
Amount	11,51	11,51

Summary of the Financial Statements of the company that exercises direction and coordination

Introduction

The company is controlled indirectly by the company Mahindra & Mahindra LTD based in Mahindra Towers – Worli Mumbai 400018 (India) (Mahindra Group) through the company Mahindra Overseas Investment Company (Mauritius) Ltd. based in IFS Court, twentyeight, Cybercity, Ebene, Mauritius.

The company Mahindra & Mahindra LTD exercises the operational management and coordination with specific reference to management and commercial and development policies while the company Mahindra Overseas Investment Company (Mauritius) LTD owns 100% of the share capital with voting rights of the Mahindra Graphic Research Design Srl sole shareholder in Italy and make the necessary financial resources.

In the following summary charts are provided the highlights of the last approved Financial Statements of that company exercising direction and coordination shown in thousands of euro.

The full copies of last Financial Statements, as well as the relations of the directors, statutory auditors and the entity in charge of the legal audit of the accounts of the company M & M are deposited at the headquarter of the same as provided dall'art. 2429, paragraph 3 of the Italian Civil Code.

Summary chart of the Balance Sheet of the company that exercises direction and coordination

Euro '000

	Amount	Date
Date of last financial statements approved		31/03/2014
A) Receivables from shareholders for payments still due	-	
B) Fixed assets	2,410,853	
C) Operating capital	1,366,862	
D) Accrued income and prepaid expenses	10,714	
Total assets	3,788,429	
Share capital	35,737	
Reserves	1,542,278	
Profit (loss) for the year	455,061	
Shareholders' equity	2,033,076	
B) Provisions for risks and charges	-	
C) Severance indemnity	-	
D) Accounts payable	734,810	
E) Accrued liabilities and deferred income	1,020,543	
Total liabilities	3,788,429	

Rs Crs

	Amount	Date
Date of last financial statements approved		31/03/2014
A) Receivables from shareholders for payments still due	-	
B) Fixed assets	19,911.24	
C) Operating capital	11,288.92	
D) Accrued income and prepaid expenses	88.49	
Total assets	31,288.65	
Share capital	295.16	
Reserves	12,737.68	
Profit (loss) for the year	3,758.35	
Shareholders' equity	16,791.19	
B) Provisions for risks and charges	-	
C) Severance indemnity	-	
D) Accounts payable	6,068.80	
E) Accrued liabilities and deferred income	8,428.66	
Total liabilities	31,288.65	
Guarantees, commitments and other risks	-	

Summary chart of the Income Statement of the company that exercises direction and coordination

Euro '000

	Amount	Date
Date of last financial statements approved		3/31/2014
A) Production value	4.991.705	
B) Production costs	4.437.659	
C) Financial revenues and expenses	-31,386	
D) Financial asset value adjustments	-	
E) Non-operating revenues/expenses	-6,391	
Income tax for the year	73,990	
Profit (loss) for the year	455.061	

Rs Crs

Date of last financial statements approved		3/31/2014
A) Production value	41,226.49	
B) Production costs	36,650.63	
C) Financial revenues and expenses	259.22	
D) Financial asset value adjustments	-	
E) Non-operating revenues/expenses	-52.79	
Income tax for the year	611.08	
Profit (loss) for the year	3,758.35	

Final part of the Notes

Comment

Dear Shareholders, in the light of the foregoing, the Administrative Body proposes to partially write off the loss by full utilization of the reserve capital contributions, bringing forward the residual.

Dear Shareholders, we confirm that this Financial Statements, composed by the Balance Sheet, Income Statement and Notes provides a true and fair view of the assets and financial situation of the Company and the results of operations corresponds to the records. We therefore invite you to approve the Financial Statements as on 31/03/2015 and the proposal to cover the loss by the same emerging.

For the Board of Directors

Wadhera Rajan
President

Mumbai, April 28th 2015

DIRECTORS' REPORT FOR MAHINDRA YUEDA (YANCHENG) TRACTOR CO., LTD.

Mahindra Yueda (Yancheng) Tractor Company Ltd. (MYTCL) is a 51:49 Sino Foreign Joint Venture between Mahindra Overseas Investment Company (Mauritius) Ltd. and Jiangsu Yueda Group Co. Ltd. from Peoples Republic of China. MYTCL is operational from 1st February 2009 and is located in Economic Development Zone of Yancheng city in Jiangsu Province. The Jiangsu Yueda Group Co. Ltd. is a well known Group in PRC with presence in various sectors of economy such as Automobiles, Tractors, Mining, Textile, Infrastructure Development and Retail Chains. Huanghai Jinma brand of tractors manufactured at MYTCL is well known brand across China and sold through strong network of 250 dealers. MYTCL has invested to build modern manufacturing assembly and CED Paint shop to produce 18 HP to 135 HP tractors.

The China tractor industry is in a phase of transition from being a year on year increasing volumes industry on the strength of higher subsidies to a reduction in volume with declines in Governmental subsidy outlays. In this background, the year 2014 was a difficult business year for MYTCL with marginal reduction in overall market share. However, MYTCL could achieve better mix towards higher HP segments of the China tractor industry.

The total tractor industry recorded a 18.2% degrowth over the previous year to reach 308,548 tractor sales. Domestic tractor industry at 281,527 tractors, recorded a degrowth of 18.6% whereas the Export tractor industry recorded a negative growth of 14.1% to reach 27,021 tractors.

During the calendar year 2014, MYTCL market share reduced from 6.1% in 2013 to 5.7% in 2014 with a sale of 17,551 tractors.

As compared with 2013 volume of 22,386 tractors, this shows a degrowth of 21.6%. At the same time, improvement in mix towards higher HP segment, resulted in improved contribution per tractor and by keeping the overall cost under control, the Company has achieved a significant reduction in Break Even Point.

Company had purchased shareholding of 89.37% from Mahindra Overseas Investment Company (Mauritius) Ltd. in Jiangxi Mahindra Yueda Tractor Co. Ltd. As per the direction of Board of Directors to offload this shareholding, the same has been sold to new buyer - Gaoan Nante Dongteng Construction Machinery Manufacture Co. Ltd. and the entire sale transaction was completed in June 2014 & hence, the Jiangxi Mahindra Yueda Tractor Co. Ltd. ceased to be subsidiary of the Company.

Your Company continues to seek disciplined revenue growth through Product portfolio enhancements, dealer network expansion in domestic market as well as exploring export opportunities. The improvements in quality and better cost management are being vigorously pursued to achieve long term financial stability.

Sanjeev Mohoni
President & CEO

Place: Yancheng, China
Date: 30th April 2015

AUDITOR'S REPORT

To the Board of Directors of Mahindra Yueda (Yancheng) Tractor Co., Ltd.:

We have audited the accompanying financial statements of **Mahindra Yueda (Yancheng) Tractor Co., Ltd.** ("Mahindra Yueda"), which comprise the balance sheet as at 31 December 2014, and the income statement, the statement of changes in owner's equity and the cash flow statement for the year then ended, and the notes to the financial statements.

1. *Management's responsibility for the financial statements*

Management of Mahindra Yueda is responsible for the preparation and fair presentation of these financial statements, this responsibility includes: (1) preparing financial statements in accordance with Accounting Standards for Business Enterprises to achieve fair presentation of the financial statements; and (2) designing, implementing and maintaining internal control which is necessary to enable that the financial statements are free from material misstatement, whether due to fraud or error.

2. *Auditor's responsibility*

Our responsibility is to express an audit opinion on these financial statements based on our audit. We conducted our audit in accordance with China Standards on Auditing. China Standards on Auditing require that we comply with the Code of Ethics for Chinese Certified Public Accountants and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, Certified Public Accountants consider the internal control relevant to the preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control. An audit also includes

evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

3. *Opinion*

In our opinion, the financial statements of Mahindra Yueda present fairly, in all material respects, the financial position as of 31 December 2014, and the results of operations and cash flows for the year then ended in accordance with Accounting Standards for Business Enterprises.

4. *Other Matter*

Without qualifying our opinion, we draw attention to the fact that the supplementary information presented in INR is solely for the convenience of users, it does not form part of the audited financial statements. We have not audited the supplementary information and, accordingly, we do not express an opinion on this supplementary information. This paragraph has no impact on the audit opinion expressed in this report.

Deloitte Touche Tohmatsu
Certified Public
Accountants LLP
Shanghai, China

Chinese Certified
Public Accountant

Hu Fan
Pan Yi Xiang

30 April 2015

The auditors' report and the accompanying financial statements are English translations of the Chinese auditors' report and statutory financial statements prepared under accounting principles and practices generally accepted in the People's Republic of China. These financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in other countries and jurisdictions. In case the English version does not conform to the Chinese version, the Chinese version prevails.

BALANCE SHEET AT 31 DECEMBER 2014

	<u>NOTE VI</u>	<u>2014 RMB</u>	<u>2013 RMB</u>
Current Assets:			
Currency funds.....	1	63,982,082.72	116,651,788.43
Notes receivable.....	2	620,000.00	15,170,701.33
Accounts receivable.....	3	331,439,863.66	219,058,200.10
Advances to suppliers.....		3,375,883.23	4,532,224.18
Other receivables.....	4	5,336,601.83	26,610,526.45
Inventories.....	5	133,178,809.97	145,939,924.80
Other current assets.....		533,146.70	818,833.36
Total Current Assets.....		<u>538,466,388.11</u>	<u>528,782,198.65</u>
Non-Current Assets:			
Fixed assets.....	6	257,874,672.17	211,940,798.63
Construction in progress.....	7	3,382,623.60	61,116,847.75
Intangible assets.....	8	89,131,069.43	73,134,804.50
Development expenditure.....	9	-	17,462,054.05
Total Non-Current Assets.....		<u>350,388,365.20</u>	<u>363,654,504.93</u>
TOTAL ASSETS.....		<u><u>888,854,753.31</u></u>	<u><u>892,436,703.58</u></u>

BALANCE SHEET AT 31 DECEMBER 2014 (CONT.)

	<u>NOTE VI</u>	<u>2014 RMB</u>	<u>2013 RMB</u>
LIABILITIES AND OWNERS' EQUITY			
Current Liabilities			
Short-term borrowings	12	225,000,000.00	176,500,000.00
Notes payable	13	72,000,000.00	90,000,000.00
Accounts payable.....		146,150,469.00	110,425,239.73
Advances from customers		8,490,040.90	11,539,497.77
Employee benefits payable.....	14	7,968,610.95	8,732,520.94
Taxes payable.....	15	(65,011,714.38)	(64,492,814.43)
Interest payable.....		940,120.17	1,202,694.38
Other payables	16	60,681,627.67	51,026,926.83
Non-current liabilities due within one year.....	17	38,000,000.00	38,000,000.00
Other current liabilities	18	9,201,549.02	10,423,223.29
Total Current Liabilities		<u>503,420,703.33</u>	<u>433,357,288.51</u>
Non-Current Liabilities:			
Long-term borrowings.....	19	–	38,000,000.00
TOTAL LIABILITIES		<u>503,420,703.33</u>	<u>471,357,288.51</u>
OWNERS' EQUITY:			
Paid-in capital	20	514,000,000.00	514,000,000.00
Accumulated losses	21	(128,565,950.02)	(92,920,584.93)
TOTAL OWNERS' EQUITY		<u>385,434,049.98</u>	<u>421,079,415.07</u>
TOTAL LIABILITIES AND OWNERS' EQUITY		<u><u>888,854,753.31</u></u>	<u><u>892,436,703.58</u></u>

The accompanying notes are part of the financial statements.

The financial statements on pages 3 to 40 were signed by the following:

Head of the Company

Chief Financial Officer

Head of Accounting Department

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2014

	NOTE VI	2014 RMB	2013 RMB
Operating income	22	660,408,591.37	703,589,428.05
Less: Operating costs.....	23	581,198,739.19	630,595,595.95
Sales tax.....		86,136.87	-
Selling and distribution expenses		35,160,754.83	34,361,930.64
Administrative expenses		57,386,535.00	50,594,230.81
Financial expenses	24	13,121,119.66	8,980,725.75
Impairment loss in respect of assets.....	25	10,300,879.58	4,660,799.31
Operating loss		(36,845,573.76)	(25,603,854.41)
Add: Non-operating income.....	26	1,965,463.40	1,210,173.11
Less: Non-operating expenses.....		765,254.73	440,666.70
Total loss		(35,645,365.09)	(24,834,348.00)
Less: Income tax expenses.....	27	-	-
Net loss.....		(35,645,365.09)	(24,834,348.00)
Other comprehensive income		-	-
Total comprehensive expense		(35,645,365.09)	(24,834,348.00)

The accompanying notes are part of the financial statements.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2014

	NOTE VI	2014 RMB	2013 RMB
Cash Flows from Operating Activities			
Cash receipts from the sale of goods and the rendering of services		636,571,587.06	763,964,652.94
Receipts of tax refunds		7,078,668.64	7,373,924.05
Other cash receipts relating to operating activities		21,209,725.14	9,506,949.25
Sub-total of cash inflows		664,859,980.84	780,845,526.24
Cash payments for goods purchased and services received.....		589,837,382.92	672,275,564.96
Cash payments to and on behalf of employees.....		73,304,408.11	71,754,811.33
Payments of all types of taxes.....		3,087,196.48	2,677,613.01
Other cash payments relating to operating activities		29,820,223.93	49,479,705.51
Sub-total of cash outflows		696,049,211.44	796,187,694.81
Net Cash Flows from Operating Activities		(31,189,230.60)	(15,342,168.57)
Cash Flows from Investing Activities			
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets.....		8,727.19	20,811.37
Other cash receipts relating to investing activities		15,000,000.00	12,580,000.00
Sub-total of cash inflows		15,008,727.19	12,600,811.37
Cash payments to acquire and construct fixed assets, intangible assets and other long-term assets		11,267,525.26	19,857,407.20
Other cash payments relating to investing activities		-	15,000,000.00
Sub-total of cash outflows		11,267,525.26	34,857,407.20
Net Cash Flows from Investing Activities		3,741,201.93	(22,256,595.83)
Cash Flows from Financing Activities			
Cash receipts from investors making investment in the enterprise.....		-	44,100,000.00
Cash receipts from borrowings		170,000,000.00	286,500,000.00
Other cash receipts relating to financing activities.....		68,260,000.00	13,000,000.00
Sub-total of cash inflows		238,260,000.00	343,600,000.00
Cash repayments of amounts borrowed		231,060,000.00	274,500,000.00
Cash payments for distribution of dividends or profit or interest expenses.....		18,551,677.04	19,436,752.07
Other cash payments relating to financing activities		-	5,132,000.00
Sub-total of cash outflows		249,611,677.04	299,068,752.07
Net Cash Flows from Financing Activities		(11,351,677.04)	44,531,247.93
Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents.....		-	-
Net Increase in Cash and Cash Equivalents		(38,799,705.71)	6,932,483.53
Add: Opening balance of Cash and Cash Equivalents.....		69,151,788.43	62,219,304.90
Closing Balance of Cash and Cash Equivalents	28	30,352,082.72	69,151,788.43

STATEMENT OF CHANGES IN OWNERS' EQUITY FOR THE YEAR ENDED 31 DECEMBER 2014

	Paid-in capital RMB	Capital reserve RMB	Accumulated losses RMB	Total owners' equity RMB
I. Balance at 1 January 2014	514,000,000.00	–	(92,920,584.93)	421,079,415.07
II. Changes for the year				
(I) Net loss	–	–	(35,645,365.09)	(35,645,365.09)
(II) Owner's contributions in capital	–	–	–	–
III. Balance at 31 December 2014	<u>514,000,000.00</u>	<u>–</u>	<u>(128,565,950.02)</u>	<u>(385,434,049.98)</u>
I. Balance at 1 January 2013	469,900,000.00	–	(68,086,236.93)	401,813,763.07
II. Changes for the year				
(I) Net loss	–	–	(24,834,348.00)	(24,834,348.00)
(II) Owner's contributions in capital	44,100,000.00	–	–	44,100,000.00
III. Balance at 31 December 2013	<u>514,000,000.00</u>	<u>–</u>	<u>(92,920,584.93)</u>	<u>421,079,415.07</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

I. GENERAL

Mahindra Yueda (Yancheng) Tractor Co., Ltd. (the "Company") was a limited company incorporated in Yancheng, Jiangsu on 28 November 2008. The Company principally engages in the production, sales and after-sales service of tractors, mechanised farm implements, other farm machineries and farm machinery parts.

The Company's parent company is Mahindra Overseas Investment Company (Mauritius) Ltd. ("Mahindra Mauritius"), and the ultimate holding company is Mahindra & Mahindra Limited.

The registered capital of the Company at date of establishment is RMB 265,000,000.00, among which Mahindra Mauritius contributed RMB 135,150,000.00, accounting for 51% of the registered capital, and Yueda Yancheng Tractor Manufacturing Co., Ltd. ("Yueda Tractor") contributed RMB 129,850,000.00, accounting for 49% of the registered capital.

On 29 December 2009, the Company increased the registered capital by RMB 159,000,000.00, among which Mahindra Mauritius contributed RMB 81,090,000.00, accounting for 51% of the capital increment, and Yueda Tractor contributed RMB 77,910,000.00, accounting for 49% of the capital increment. The registered capital after increment is RMB 424,000,000.00.

On 30 March 2012, the board of directors of the Company passed a resolution to increase the registered capital by RMB 90,000,000.00, among which Mahindra Mauritius shall contribute RMB 45,900,000.00, accounting for 51% of the capital increment, and Yueda Tractor shall contribute RMB 44,100,000.00, accounting for 49% of the capital increment. The registered capital after increment is RMB 514,000,000.00.

Details of capital contributions paid by the investing parties are set out in Note VI.20.

II. STATEMENT OF COMPLIANCE WITH THE ASBE

The financial statements of the Company have been prepared in accordance with Accounting Standards for Business Enterprises, and present truly and completely, the Company's financial position as of 31 December 2014, and the Company's results of operations and cash flows for the year then ended.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

1. Accounting year

The Company has adopted the calendar year as its accounting year, i.e. from 1 January to 31 December.

2. Functional currency

RMB is the currency of the primary economic environment in which the Company operates. The functional currency of the Company is RMB.

3. Basis of accounting and principle of measurement

The Company has adopted the accrual basis of accounting. Except for certain financial instruments which are measured at fair value, the Company has adopted the historical cost as the principle of measurement of the financial statements. Where assets are impaired, provisions for asset impairment are made in accordance with relevant requirements.

4. Cash equivalents

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

5. Financial Instruments

When the Company becomes a party to the contractual provisions of a financial instrument, related financial assets or financial liabilities are recognized. Financial assets and financial liabilities are initially recognized at fair value. For financial assets and financial liabilities classified as at fair value through profit or loss, related transaction costs are charged to the profit or loss for the current period; for financial assets and financial liabilities classified as other categories, related transaction costs are included in the initial recognition amounts.

5.1 Effective interest method

The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability (or a group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period, using the effective interest rate. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability or, where appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

When calculating the effective interest rate, the Company estimates future cash flows considering all contractual terms of the financial asset or financial liability (without considering future credit losses), and meanwhile considers all fees paid or received between the parties to the contract giving rise to the financial asset and financial liability that are an integral part of the effective interest rate, transaction costs, and premiums or discounts etc.

5.2 Classification, recognition and measurement of financial assets

On initial recognition, the Company's financial assets are classified into loans and receivables. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Financial assets classified as loans and receivables by the Company include notes receivable, accounts receivable and other receivables.

Loans and receivables are subsequently measured at amortized cost using the effective interest method. Gains or losses arising from derecognition, impairment or amortization are recognized in profit or loss for the current period.

5.3 Impairment of financial assets

The Company assesses at each balance sheet date the carrying amounts of financial assets other than those at fair value through profit or loss. If there is objective evidence that a financial asset is impaired, the Company determines the amount of any impairment loss. Objective evidence that a financial asset is impaired is evidence that, arising from one or more events that occurred after the initial recognition of the asset, the estimated future cash flows of the financial asset, which can be reliably measured, have been affected.

Objective evidence that a financial asset is impaired includes evidence arising from the following events:

- (1) Significant financial difficulty of the issuer or obligor;
- (2) A breach of contract by the borrower, such as a default or delinquency in interest or principal payments;
- (3) The Company, for economic or legal reasons relating to the borrower's financial difficulty, granting a concession to the borrower;
- (4) It is becoming probable that the borrower will enter bankruptcy or other financial reorganizations;
- (5) The disappearance of an active market for that financial asset because of financial difficulties of the issuer;
- (6) Upon an overall assessment of a group of financial assets, observable data indicates that there is a measurable decrease in the estimated future cash flows from the group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group, including:
 - Adverse changes in the payment status of borrowers in the group;
 - National or local economic conditions that correlate with the defaults on the assets in the group;

- (7) Significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, indicating that the cost of the investment in the equity instrument may not be recovered by the investor;
- (8) A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost;
- (9) Other objective evidence indicating there is an impairment of a financial asset.

Impairment of financial assets carried at amortised cost

If financial assets carried at amortised cost are impaired, the carrying amounts of the financial assets are reduced to the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The amount of reduction is recognized as an impairment loss in profit or loss. If, subsequent to the recognition of an impairment loss on financial assets carried at amortized cost, there is objective evidence of a recovery in value of the financial assets which can be related objectively to an event occurring after the impairment is recognized, the previously recognized impairment loss is reversed. However, the reversal does not result in a carrying amount of the financial asset that exceeds what the amortized cost would have been had the impairment not been recognized at the date the impairment is reversed.

For a financial asset that is individually significant, the Company assesses the asset individually for impairment. For a financial asset that is not individually significant, the Company assesses the asset individually for impairment or includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset (whether significant or not), it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets for which an impairment loss is individually recognized are not included in a collective assessment of impairment.

5.4 Derecognition of financial assets

The Company derecognizes a financial asset only when: (1) the contractual rights to receive the cash flows from the financial asset expire; or (2) it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to the transferee; or (3) it transfers the financial asset, neither transfers nor retains substantially all the risks and rewards of ownership but has not retained control of the financial asset.

If the Company neither transfers nor retains substantially all the risks and rewards of ownership of a financial asset, and it retains control of the financial asset, it recognizes the financial asset to the extent of its continuing involvement in the transferred financial asset and recognizes an associated liability. The extent of the Company's continuing involvement in the transferred asset is the extent to which it is exposed to changes in the value of the transferred asset.

For a transfer of a financial asset in its entirety that satisfies the derecognition criteria, the difference between (1) the carrying amount of the financial asset transferred; and (2) the sum of the consideration received from the transfer and any cumulative gain or loss that has been recognized in other comprehensive income, is recognized in profit or loss.

If a part of the transferred financial asset qualifies for derecognition, the carrying amount of the transferred financial asset is allocated between the part that continues to be recognized and the part that is derecognized, based on the respective fair values of those parts. The difference between (1) the carrying amount allocated to the part derecognized; and (2) the sum of the consideration received for the part derecognized and any cumulative gain or loss allocated to the part derecognized which has been previously recognized in other comprehensive income, is recognized in profit or loss.

5.5 Classification, recognition and measurement of financial liabilities

The Company classifies debt instruments into financial liabilities on the basis of the substance of the contractual arrangements and definitions of financial liability.

On initial recognition, financial liabilities are classified into other financial liabilities.

Other financial liabilities

Other financial liabilities are subsequently measured at amortized cost using the effective interest method, with gain or loss arising from derecognition or amortization recognized in profit or loss.

5.6 Derecognition of financial liabilities

The Company derecognizes a financial liability (or part of it) only when the underlying present obligation (or part of it) is discharged. An agreement between the Company (an existing borrower) and an existing lender to replace the original financial liability with a new financial liability with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

When the Company derecognizes a financial liability or a part of it, it recognizes the difference between the carrying amount of the financial liability (or part of the financial liability) derecognized and the consideration paid (including any non-cash assets transferred or new financial liabilities assumed) in profit or loss.

5.7 Offsetting financial assets and financial liabilities

Where the Company has a legal right that is currently enforceable to set off the recognized amounts, and intends either to settle on a net basis, or to realize the financial asset and settle the financial liability simultaneously, a financial asset and a financial liability shall be offset and the net amount presented in the balance sheet. Except for the circumstances above, financial assets and financial liabilities shall be presented separately in the balance sheet and shall not be offset.

5.8 Equity instruments

Repurchase of the Company's own equity instruments is recognized and deducted directly in equity.

No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

6. Inventories

The Company's inventories mainly include raw materials, work in progress-outsourced, work in process and finished goods. Inventories are initially measured at cost. Cost of inventories comprises all costs of purchase, costs of conversion and other expenditures incurred in bringing the inventories to their present location and condition.

Inventories are accounted for using the weighted average method upon delivery.

At the balance sheet date, inventories are measured at the lower of cost and net realizable value. If the cost of inventories is higher than the net realizable value, a provision for decline in value of inventories is made.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale and relevant taxes. Purpose of inventories being held and effect of the post balance sheet events shall be taken into consideration in determining the net realizable value based on the conclusive evidence available.

Provision for decline in value of inventories is made based on the excess of cost of inventory compared with its net realizable value on an item-by-item basis.

After provision for decline in value of inventories is made, if the circumstances that previously caused inventories to be written down no longer exist, resulting in the cost of inventories being higher than their net realizable value, the original provision for decline in value is reversed and the reversal is included in profit or loss for the current period.

The perpetual inventory system is adopted for stock count.

7. Fixed assets and depreciation

Fixed assets are tangible assets that are held for use in the production or supply of services, for rental to others, or for administrative purposes and have useful lives more than one accounting year. A fixed asset is recognized only when it is probable that economic benefits associated with the asset will flow to the Company and the cost of the asset can be measured reliably. Fixed assets are initially measured at cost.

If it is probable that economic benefits associated with the asset will flow to the Company and the cost of the asset can be measured reliably. Subsequent expenditures incurred for the fixed asset are included in the cost of the fixed asset. Other subsequent expenditures are recognized in profit or loss in the period in which they are incurred.

Depreciation of a fixed asset is provided over its useful life using the straight-line method since the month subsequent to the one in which it is ready for intended use. The useful life, estimated net residual value rate and annual depreciation rate of each category of fixed assets are as follows:

Classes	Useful life	Estimated net residual value rates	Annual depreciation rates
Buildings	12-40 years	2%	2.5-8.2%
Plant and machinery	10 years	2%	9.8%
Electronic equipment, furniture and fixtures	6 years	2%	16.3%
Motor vehicles	6-10 years	2%	9.8-16.3%

Estimated net residual value of a fixed asset is the estimated amount that the Company would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

If a fixed asset is on disposal or no future economic benefits are expected to be generated from its use or disposal, the fixed asset is derecognized. When a fixed asset is sold, transferred, retired or damaged, the amount of any proceeds on disposal of the asset net of the carrying amount and related taxes is recognized in profit or loss for the period.

The Company reviews the useful life and estimated net residual value of a fixed asset and the depreciation method applied at least at each financial year-end, and account for any change as a change in an accounting estimate.

8. Construction in progress

Cost of construction in progress is determined as the expenditure actually incurred for the construction, comprising all expenditure incurred for construction projects, capitalized borrowing costs incurred on a specific borrowing for the construction before it has reached working condition for its intended use, and other related expenses. No depreciation is provided for construction in progress. Construction in progress is transferred to a fixed asset when it is ready for intended use.

9. Intangible assets

Intangible assets include land use rights, trademark and softwares.

An intangible asset is measured initially at cost. When an intangible asset with a finite useful life is available for use, its original cost is amortized over its estimated useful life using the straight-line method.

For an intangible asset with a finite useful life, the Company reviews the useful life and amortization method at the end of the period, and makes adjustments when necessary.

9.1. Research and development expenditure

Expenditure on the research phase is recognized in profit or loss in the period in which it is incurred.

Expenditure on the development phase is recognized as an intangible asset only when the Company can demonstrate all of the following below. Otherwise, it is charged to profit or loss:

- (1) The technical feasibility of completing the intangible asset so that it will be available for use or sale;

- (2) Its intention to complete the intangible asset and use or sell it;
- (3) How the intangible asset will generate economic benefits. Among other things, the Company can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset;
- (4) The availability of adequate technical, financial and other resources to complete the development and the ability to use or sell the intangible asset; and
- (5) Its ability to measure reliably the expenditure attributable to the intangible asset during its development phase.

If the expenditure on the research phase and on the development phase cannot be identified, the expenditure incurred should be recognized in full in profit or loss for the current period.

10. Impairment of non-financial assets

The Company assesses at each balance sheet date whether there is any indication that fixed assets, construction in progress, intangible assets with finite useful life may be impaired. If there is any indication that such assets may be impaired, recoverable amounts are estimated for such assets.

Recoverable amount is estimated on individual basis. If it is not possible to estimate the recoverable amount of an individual asset, the Company determines the recoverable amount of the asset group to which the asset belongs. The recoverable amount is the higher of an asset's or an asset group's fair value less costs to sell and the present value of the future cash flows expected to be derived from the asset group.

If the recoverable amount of an asset or an asset group is less than its carrying amount, the difference is recognized in profit or loss and provision for impairment loss of the asset is recognized accordingly.

Once an impairment loss on the above assets is recognized, it is not reversed in a subsequent period.

11. Estimated liabilities

An obligation related to a contingency is recognized as a provision when all of the following conditions are satisfied: (1) the obligation is a present obligation of the Company; (2) it is probable that an outflow of economic benefits will be required to settle the obligation; and (3) the amount of the obligation can be measured reliably.

At the balance sheet date, a provision is measured at the best estimate of the expenditure required to settle the related present obligation, taking into account the factors pertaining to a contingency such as the risks, uncertainties and time value of money.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

12. Employee benefits

In the accounting period in which an employee has rendered services, the Company recognizes the employee benefits payable for those services as a liability.

Expenditure related to payments for employees' social welfare system established by the State, including pensions, medical insurance, housing funds and other social welfare contributions, is included in the cost of related assets or profit or loss for the period in which they are incurred.

13. Revenue recognition

13.1 Revenue from the sale of goods

Revenue from the sale of goods is recognized only when all of the following conditions are satisfied: (1) the Company has transferred to the buyer the significant risks and rewards of ownership of the goods; (2) the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold; (3) the amount of revenue can be measured reliably; (4)

it is probable that the associated economic benefits will flow to the Company; and (5) the associated costs incurred or to be incurred can be measured reliably.

14. Government grants

Government grants are the transfer of monetary assets from the government to the Company at no consideration. A government grant is recognized when the Company complies with the conditions attaching to the grant and when the Company is able to receive the grant.

If the government grant is a monetary asset, the government grant should be recognized by the amount received or receivable.

A government grant related to an asset is recognised as deferred income, and evenly amortised to profit or loss over the useful life of the related asset.

For a government grant related to income, if the grant is a compensation for related expenses or losses to be incurred in subsequent periods, the grant is recognized as deferred income, and recognized in profit or loss over the periods in which the related costs are recognized; if the grant is a compensation for related expenses or losses already incurred, the grant is recognized immediately in profit or loss for the current period.

15. Borrowing costs

For borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, capitalization of such borrowing costs can commence only when all of the following conditions are satisfied: (1) expenditures for the asset are being incurred; (2) borrowing costs are being incurred; and (3) activities relating to the acquisition, construction or production of the asset that are necessary to prepare the asset for its intended use or sale have commenced. Capitalization of such borrowing costs ceases when the qualifying assets being acquired, constructed or produced become ready for their intended use or sale.

The amount of other borrowing costs incurred is recognized as expenses in the period in which they are incurred.

Where funds are borrowed under a specific-purpose borrowing, the amount of interest to be capitalized is the actual interest expense incurred on that borrowing for the period less any bank interest earned from depositing the borrowed funds before being used on the asset or any investment income on the temporary investment of those funds. Where funds are borrowed under general-purpose borrowings, the amount of interest to be capitalized on such borrowings is determined by applying a capitalization rate to the weighted average of the excess amounts of cumulative expenditure on the asset over and above the amounts of specific-purpose borrowings. The capitalization rate is the weighted average of the interest rates applicable to the general-purpose borrowings.

16. Income taxes

Income taxes include current income taxes, deferred tax assets and deferred tax liabilities.

16.1. Current income taxes

At the balance sheet date, current income tax liabilities (or assets) for the current and prior periods are measured at the amount expected to be paid (or recovered) according to the requirements of tax laws.

16.2. Deferred tax assets and deferred tax liabilities

Temporary differences arising from the difference between the carrying amount of an asset or liability and its tax base, or the difference between the tax base and the carrying amount of those items that are not recognized as assets or liabilities but have a tax base that can be determined according to tax laws, are recognized as deferred tax assets and deferred tax liabilities using the balance sheet liability method.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets for deductible temporary differences are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilized. However, for temporary differences associated with the initial recognition of goodwill or the initial recognition of an asset or liability arising from a transaction that is not a business combination and does

not affect neither the accounting profit nor taxable profits (or deductible losses) at the time of transaction, no deferred tax asset or liability is recognized.

For the carry forward of deductible losses and tax credits, deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which the deductible losses and tax credits can be utilized.

At the balance sheet date, deferred tax assets and liabilities are measured at the tax rates, which are expected to apply to the period in which the asset is realized or the liability is settled according to tax laws.

Current and deferred tax expenses or income are recognized in profit or loss for the current period, except when they arise from transactions or events that are directly recognized in other comprehensive income or in equity, in which case they are recognized in other comprehensive income or in equity, and when they arise from business combinations, in which case they adjust the carrying amount of goodwill.

At the balance sheet date, the carrying amount of deferred tax assets is reviewed and reduced if it is no longer probable that sufficient taxable profits will be available in the future to allow the benefit of deferred tax assets to be utilized. Any such reduction in amount is reversed when it becomes probable that sufficient taxable profits will be available.

16.3. Offset of deferred tax assets and deferred tax liabilities

When the Company has a legal right to settle on a net basis and intends either to settle on a net basis or to realize the assets and settle the liabilities simultaneously, current tax assets and current tax liabilities are offset and presented on a net basis.

When the Company has a legal right to settle current tax assets and liabilities on a net basis, and deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax assets and liabilities on a net basis or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be reversed, deferred tax assets and deferred tax liabilities are offset and presented on a net basis.

17. Translations of transactions denominated in foreign currencies

A foreign currency transaction is recorded, on initial recognition in the functional currency, by applying an exchange rate that approximates the actual spot exchange rate on the date of transaction.

At the balance sheet date, foreign currency monetary items are translated into RMB using the spot exchange rate at the balance sheet date. Exchange differences arising from the differences between the spot exchange rate prevailing at the balance sheet date and those spot rates used on initial recognition or at the previous balance sheet date are recognized in profit or loss for the current period.

Foreign currency non-monetary items measured at historical cost continue to be translated at the spot exchange rates at the dates of transactions, the amounts in functional currency remain unchanged. Foreign currency non-monetary items carried at fair value are translated using the spot exchange rates at the date when the fair value was determined. Differences between the translated amount and the original amount of functional currency are accounted for as changes in fair value (including changes in foreign exchange rates) and included in profit or loss for the period or owners' equity.

18. Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

18.1. The Company records operating leases as lessee

Operating lease payments are recognized on a straight-line basis over the term of the relevant lease, and are either included in the cost of related asset or charged to profit or loss for the current period. Initial direct costs incurred are charged to profit or loss for the period. Contingent rents are charged to profit or loss in the period in which they are actually incurred.

IV. BASIS OF DETERMINING SIGNIFICANT ACCOUNTING POLICIES AND KEY ASSUMPTIONS AND UNCERTAINTIES IN ACCOUNTING ESTIMATES

In the application of the Company's accounting policies, which are described in Note III, the Company is required to make judgments, estimates and assumptions about the carrying amounts of items in the financial statements that cannot be measured accurately, due to the internal uncertainty of the operating activities. These judgments, estimates and assumptions are based on historical experiences of the Company's management as well as other factors that are considered to be relevant. Actual results may differ from these estimates.

The aforementioned judgments, estimates and assumptions are reviewed regularly on a going concern basis. The effect of a change in accounting estimate is recognized in the period of the change, if the change affects that period only; or recognized in the period of the change and future periods, if the change affects both.

- Critical judgments in applying accounting policies

Useful lives of fixed assets and intangible assets

The Company reviews the useful lives of fixed assets and intangible assets at least at each financial year-end. When the re-estimation results regarding the useful lives of fixed assets and intangible assets differ from the existing estimate, the difference will affect the net book value of fixed assets and intangible assets in the period of the change.

Provision for decline in value of inventories

The Company's inventories are measured at the lower of cost and net realizable value. If the cost of inventories is higher than the net realizable value, a provision for decline in value of inventories shall be recognized. The provision for decline in value of inventories requires judgments and estimate. If re-estimation results differ from the existing estimates, the difference will affect the net book value of inventories in the period of the change.

VI. NOTES TO THE FINANCIAL STATEMENTS

1. Currency funds

	2014 RMB	2013 RMB
Cash	6,118.78	9,960.17
Bank balance	30,345,963.94	69,141,828.26
Other currency funds	33,630,000.00	47,500,000.00
	63,982,082.72	116,651,788.43

Among which the restricted currency funds are as follows:

	2014 RMB	2013 RMB
Other currency funds		
- Pledged for bank acceptance bills	32,100,000.00	31,500,000.00
- Pledged for bank borrowings	-	16,000,000.00
- Pledged for letter of credit	1,500,000.00	-
- Others	30,000.00	-
Total	33,630,000.00	47,500,000.00

2. Notes receivables

	2014 RMB	2013 RMB
Bank acceptance bills	620,000.00	15,170,701.33

3. Accounts receivable

The aging analysis of accounts receivable is as follows:

	2014				2013			
	Gross amount RMB	Ratio %	Bad debt provision RMB	Net book value RMB	Gross amount RMB	Ratio %	Bad debt provision RMB	Net book value RMB
Within 1 year	298,815,786.69	87	1,514,697.08	297,301,089.61	197,149,306.08	87	1,567,674.05	195,581,632.03
1-2 years	26,579,304.64	8	1,491,000.40	25,088,304.24	20,208,696.21	9	5,096,105.94	15,112,590.27
2-3 years	9,852,179.37	3	6,647,542.15	3,204,637.22	6,093,839.56	3	30,469.20	6,063,370.36
Over 3 years	6,060,507.24	2	214,674.65	5,845,832.59	2,493,159.56	1	192,552.12	2,300,607.44
Total	341,307,777.94	100	9,867,914.28	331,439,863.66	225,945,001.41	100	6,886,801.31	219,058,200.10

Impairment of accounts receivable

The Company recognizes bad debt on the based on judgments of collectability of receivables. If there is objective evidence that account receivables could not be received, the bad debt should be recognized. The determination of bad debts requires judgments and estimates. If re-estimation results differ from the existing estimates, the difference will affect the net book value of account receivables in the period of the change.

Taxation

In daily operating activities of the Company, there is existing uncertainties about differences between the final taxation treatments and accounting treatments. For items listed as deductible against revenue in income statement, those calculation treatments must be approved by the local government authority. If final recognitions of taxation items result differ from the existing accounting treatments, those differences will affect the net book value of current taxation and deferred taxation in the period of settlement.

V. TAXATION

VAT

Value added tax ("VAT") on sales is calculated at 13% on revenue according to the relevant requirements of tax laws and paid after deducting input VAT on purchases.

Income Taxes

According to Su Gao Qi Xie [2012] No.20 "the public notification of Jiangsu Province 2012 second batch of high-new technology enterprise list" issued by the Jiangsu Province High-New Technology Enterprise Identification Administrative Group, the Company has been recognised as a high-new technology enterprise, and obtained the certificate numbered as GR201232001792 with an effective period of three years from 2012 to 2014. Therefore the Company applies a preferential income tax rate of 15% for high-new technology enterprises in 2014.

Changes in the bad debt provision for uncollectible accounts receivable are as follows:

	2014 RMB	2013 RMB
Balance at beginning of year	6,886,801.31	2,976,002.00
Additions	3,128,742.55	3,910,799.31
Written off	(147,629.58)	-
Balance at end of year	<u>9,867,914.28</u>	<u>6,886,801.31</u>

4. Other receivables

The aging analysis of other receivables is as follows:

	2014				2013			
	Gross amount RMB	Ratio %	Bad debt provision RMB	Net book value RMB	Gross amount RMB	Ratio %	Bad debt provision RMB	Net book value RMB
Within 1 year	3,835,599.22	38	-	3,835,599.22	26,257,940.45	99	-	26,257,940.45
1-2 years	6,214,068.03	62	4,730,000.00	1,484,068.03	-	-	-	-
2-3 years	-	-	-	-	339,961.00	1	-	339,961.00
Over 3 years	16,934.58	-	-	16,934.58	12,625.00	-	-	12,625.00
Total	<u>10,066,601.83</u>	<u>100</u>	<u>4,730,000.00</u>	<u>5,336,601.83</u>	<u>26,610,526.45</u>	<u>100</u>	<u>-</u>	<u>26,610,526.45</u>

Changes in the bad debt provision for uncollectible other receivables are as follows:

	2014 RMB	2013 RMB
Balance at beginning of year	-	-
Additions	4,730,000.00	-
Balance at end of year	<u>4,730,000.00</u>	-

5. Inventories

	2014 RMB	2013 RMB
Cost		
Raw materials	74,967,073.48	72,964,148.32
Work-in-progress	12,076,808.87	16,943,677.79
Finished goods	50,613,843.65	58,068,877.69
	137,657,726.00	147,976,703.80
Less: provision for the decline in value of inventories	4,478,916.03	2,036,779.00
Total of inventories	<u>133,178,809.97</u>	<u>145,939,924.80</u>

Changes in write-down of inventories are as follows:

	1/1/2014 RMB	Additions RMB	31/12/2014 RMB
Provision for decline in value of inventories:			
Raw materials	<u>2,036,779.00</u>	<u>2,442,137.03</u>	<u>4,478,916.03</u>

6. Fixed assets

	Buildings RMB	Plant and machinery RMB	Electronic equipment, furniture & fixtures RMB	Transportation equipment RMB	Total RMB
Cost					
1 January 2014	162,489,687.90	126,669,267.08	11,596,351.88	4,210,082.72	304,965,389.58
Additions	-	80,471.80	115,919.69	5,200.00	201,591.49
Transfer from construction in progress	31,131,418.06	31,802,698.23	4,578,353.06	-	67,512,469.35
Adjustment arising from construction cost audit	(1,761,133.76)	1,546,424.90	-	-	(214,708.86)
Disposals	-	(1,920.00)	(55,353.52)	(97,830.00)	(155,103.52)
31 December 2014	<u>191,859,972.20</u>	<u>160,096,942.01</u>	<u>16,235,271.11</u>	<u>4,117,452.72</u>	<u>372,309,638.04</u>
Accumulated Depreciation					
1 January 2014	21,239,805.97	63,647,263.95	5,419,523.01	2,717,998.02	93,024,590.95
Charges for the year	6,045,643.77	13,545,690.19	1,423,340.92	547,381.05	21,562,055.93
Eliminated on disposals	-	(1,881.60)	(53,926.01)	(95,873.40)	(151,681.01)
31 December 2014	<u>27,285,449.74</u>	<u>77,191,072.54</u>	<u>6,788,937.92</u>	<u>3,169,505.67</u>	<u>114,434,965.87</u>
Net book value					
1 January 2014	<u>141,249,881.93</u>	<u>63,022,003.13</u>	<u>6,176,828.87</u>	<u>1,492,084.70</u>	<u>211,940,798.63</u>
31 December 2014	<u>164,574,522.46</u>	<u>82,905,869.47</u>	<u>9,446,333.19</u>	<u>947,947.05</u>	<u>257,874,672.17</u>
Net book value of pledged fixed assets (Note)					
1 January 2014	<u>113,542,980.25</u>	<u>57,512,315.23</u>	-	-	<u>171,055,295.48</u>
31 December 2014	<u>107,913,709.73</u>	<u>49,967,050.51</u>	-	-	<u>157,880,760.24</u>

Note: The assets were pledged as collateral for short-term and long-term borrowings, details refer to Note VI 12 and 19.

MAHINDRA YUEDA (YANCHENG) TRACTOR CO., LTD.

7. Construction in progress

Items	1/1/2014 RMB	Additions RMB	Completed and transferred to fixed assets RMB	31/12/2014 RMB
Engine project and others	61,116,847.75	9,778,245.20	(67,512,469.35)	3,382,623.60
Including: Capitalisation of borrowing costs	5,270,873.10			387,233.94

During the year, borrowing costs capitalised amounted to RMB 3,180,297.56 (2013: RMB 3,711,416.86), the capitalisation rate was 6.85% (2013: 6.62%) for calculation of capitalised borrowing costs arising from the general borrowing pool.

8. Intangible assets

	Know-how RMB	Land use right RMB	Trademark RMB	Software RMB	Total RMB
Cost					
1 January 2014	–	72,737,078.60	10,184,391.00	2,828,773.60	85,750,243.20
Additions	19,709,710.16	–	–	45,440.17	19,755,150.33
31 December 2014	19,709,710.16	72,737,078.60	10,184,391.00	2,874,213.77	105,505,393.53
Accumulated Depreciation					
1 January 2014	–	6,928,070.93	5,017,860.79	669,506.98	12,615,438.70
Charges for the year	656,990.33	1,509,833.88	1,037,211.57	554,849.62	3,758,885.40
31 December 2014	656,990.33	8,437,904.81	6,055,072.36	1,224,356.60	16,374,324.10
Net book value					
1 January 2014	–	65,809,007.67	5,166,530.21	2,159,266.62	73,134,804.50
31 December 2014	19,052,719.83	64,299,173.79	4,129,318.64	1,649,857.17	89,131,069.43
Remaining years for amortisation	5	43-47	5	1-5	

As at 31 December 2014, land use right with a carrying value of RMB 55,080,309.66 (2013: RMB 56,392,032.00) was pledged as collateral for bank borrowings of RMB 75,000,000.00 (2013: RMB 56,500,000.00).

9. Development expenditure

	1/1/2014 RMB	Additions RMB	Transfer out		31/12/2014 RMB
			Intangible assets RMB	Profit or loss RMB	
Development expenditure	17,462,054.05	6,023,180.67	19,709,710.16	3,775,524.56	–

10. Provision for impairment loss of assets

	1/1/2014 RMB	Provided for the year RMB	Written off RMB	31/12/2014 RMB
Bad debt provision	6,886,801.31	7,858,742.55	147,629.58	14,597,914.28
Provision for decline in value of inventories	2,036,779.00	2,442,137.03	–	4,478,916.03
Total	8,923,580.31	10,300,879.58	147,629.58	19,076,830.31

11. Assets with restrictions on ownership

	2014 RMB	2013 RMB
Category of assets with restrictions on ownership		
I. Assets pledged as collateral		
Buildings	107,913,709.73	113,542,980.25
Plant & Machinery	49,967,050.51	57,512,315.23
Land use rights	55,080,309.66	56,392,032.00
	212,961,069.90	227,447,327.48
II. Pledged bank deposit (Note VI. 1)	33,630,000.00	47,500,000.00
	246,591,069.90	274,947,327.48

12. Short-term Borrowings

Category	2014 RMB	2013 RMB
Guarantee loans (note 1)	137,500,000.00	100,000,000.00
Collateral loans (note 2)	82,500,000.00	56,500,000.00
Pledge loans (note 3)	–	15,000,000.00
Trade financing	5,000,000.00	5,000,000.00
Total	225,000,000.00	176,500,000.00

Notes:

- As at 31 December 2014, RMB 100,000,000 in the guarantee loans was supported by a Letter of Comfort issued by Mahindra & Mahindra Limited, the ultimate holding company of the Company, and RMB 37,500,000 was credit supported by the third party 'Yanchen Rong Nan Machinery Manufacturing Co., Ltd.'
- For category and amount of collateral assets, refer to Notes VI.6 and 8.
- As at 31 December 2013, the amount was pledged by a bank deposit of RMB 16,000,000.00, details refer to Note VI.1.

13. Notes payable

	2014 RMB	2013 RMB
Bank acceptance	72,000,000.00	90,000,000.00

14. Employee benefits payable

Items	1/1/2014 RMB	Accruals RMB	Payments RMB	31/12/2014 RMB
Wages or salaries, bonuses, allowances, subsidies	8,301,979.29	50,561,487.88	(51,227,364.40)	7,636,102.77
Staff welfare	–	3,636,822.05	(3,636,822.05)	–
Including: Medical insurance	–	2,888,906.76	(2,888,906.76)	–
Injury insurance	–	564,939.16	(564,939.16)	–
Maternity insurance	–	182,976.13	(182,976.13)	–
Housing funds	–	2,738,974.40	(2,738,974.40)	–
Union running costs and employee education costs	139,800.00	7,084,157.89	(7,169,707.89)	54,250.00
Planned contribution	–	7,354,759.62	(7,354,759.62)	–
Including: Basic pensions	–	6,841,724.62	(6,841,724.62)	–
Unemployment insurance	–	513,034.92	(513,034.92)	–
Union running costs and employee education costs	290,741.65	1,164,296.28	(1,176,779.75)	278,258.18
Total	8,732,520.94	72,540,498.12	(73,304,408.11)	7,968,610.95

15. Tax payable

	2014 RMB	2013 RMB
VAT	(66,439,497.77)	(65,454,087.96)
Other taxes	1,427,783.39	961,273.53
	(65,011,714.38)	(64,492,814.43)

16. Other payables

	2014 RMB	2013 RMB
Sales discounts and allowances	34,527,915.70	24,894,209.73
Borrowings	16,981,950.17	13,000,000.00
Purchase of fixed assets	6,298,271.51	7,755,228.77
Others	2,873,490.29	5,377,488.33
Total	60,681,627.67	51,026,926.83

17. Non-current liabilities due within one year

	2014 RMB	2013 RMB
Long-term borrowings due within one year (Note VI. 19)	<u>38,000,000.00</u>	<u>38,000,000.00</u>

18. Other current liabilities

	2014 RMB	2013 RMB
Product quality warranty and other accrued expenses	<u>9,201,549.02</u>	<u>10,423,223.29</u>

19. Long-term borrowings

	2014 RMB	2013 RMB
Pledged loans	38,000,000.00	76,000,000.00
Less: long-term borrowings due within one year (Note VI. 7)	<u>38,000,000.00</u>	<u>38,000,000.00</u>
Long-term borrowings due after one year	<u>-</u>	<u>38,000,000.00</u>

For category of pledged assets for pledge loans, refer to Note VI. 6. The above borrowings carried at an interest rate of 7.68% per annum.

20. Paid-in capital

The registered capital of the Company is RMB 514,000,000.00; which has been fully paid-up by 31 December 2013. The investors' capital contributions which have been made in accordance with the Company's memorandum and articles are as follows:

	2014		2013	
	RMB	Ratio %	RMB	Ratio %
Mahindra Mauritius	262,140,000.00	51	262,140,000.00	51
Yueda Tractors	251,860,000.00	49	251,860,000.00	49
	<u>514,000,000.00</u>	<u>100</u>	<u>514,000,000.00</u>	<u>100</u>

The above capital contributions have been verified by capital verification report Suzhengzhong Yanzi (2009) No. 4, (2009) No. 6, (2009) No. 66, (2012) No. 24 and (2014) No. 2 issued by Jiangsu Zheng Zhong Certified Public Accountants Co., Ltd.

21. Accumulated losses

	2014 RMB	2013 RMB
Accumulated losses at beginning of year	(92,920,584.93)	(68,086,236.93)
Add: Net loss of the year	(35,645,365.09)	(24,834,348.00)
Accumulated losses at end of year	<u>(128,565,950.02)</u>	<u>(92,920,584.93)</u>

22. Operating income

	2014 RMB	2013 RMB
Principal operating activities	631,189,905.33	677,220,474.64
Export sales	101,875,272.61	78,627,078.48
Domestic sales	529,314,632.72	598,593,396.16
Other operating activities	29,218,686.04	26,368,953.41
Sales of materials	29,218,686.04	26,368,953.41
Total	<u>660,408,591.37</u>	<u>703,589,428.05</u>

23. Operating costs

	2014 RMB	2013 RMB
Principal operating activities	552,929,874.37	605,248,306.00
Cost of export sales	90,742,805.28	69,899,418.76
Cost of domestic sales	462,187,069.09	535,348,887.24
Other operating activities	28,268,864.82	25,347,289.95
Cost of sales of materials	28,268,864.82	25,347,289.95
Total	<u>581,198,739.19</u>	<u>630,595,595.95</u>

24. Financial expenses

	2014 RMB	2013 RMB
Interest expense	21,469,400.38	19,263,977.88
Less: Capitalised interest (Note VI. 7)	3,180,297.55	3,711,416.86
Less: Interest income	5,379,566.42	8,306,364.92
Subtotal	12,909,536.41	7,246,196.10
Exchange differences	(26,512.65)	814,087.23
Others	238,095.90	920,442.42
Total	13,121,119.66	8,980,725.75

25. Asset impairment

	2014 RMB	2013 RMB
Bad debt losses	7,858,742.55	3,910,799.31
Write-down of inventories	2,442,137.03	750,000.00
Total	10,300,879.58	4,660,799.31

26. Non-operating income

	2014 RMB	2013 RMB
Government grants	1,422,935.20	1,164,371.00
Gains on disposal of fixed assets	5,304.68	9,588.78
Compensation and donation income	66,244.87	-
Others	470,978.65	36,213.33
Total	1,965,463.40	1,210,173.11

27. Income tax

	2014 RMB	2013 RMB
Current tax expense	-	-
Under provision in prior years	-	-
Total	-	-

Reconciliation of income tax expenses to the accounting loss is as follows:

	2014 RMB	2013 RMB
Accounting loss	(35,645,365.09)	(24,834,348.00)
Income tax expenses calculated at 15% (2013: 15%)	(5,346,804.76)	(3,725,152.20)
Tax effect of expenses that are not deductible for tax purposes	249,760.96	248,373.79
Effect of unrecognized deductible losses and temporary deductible differences	7,007,073.67	3,712,650.10
Effect of using previously unrecognized temporary deductible differences	(1,910,029.87)	(235,871.69)
Income tax expense	-	-

Deferred tax assets are not recognised for the following deductible temporary differences and deductible losses due to the unpredictably of future profit streams:

	2014 RMB	2013 RMB
Temporary deductible differences	40,103,943.49	15,817,790.04
Deductible losses	75,737,173.97	68,676,725.04
Total	115,841,117.46	84,494,515.08

The deductible losses which are not recognised as deferred tax assets will expire in the following years:

	2014 RMB	2013 RMB
2017 (Note)	55,480,733.41	55,480,733.44
2018	5,166,236.03	13,195,991.60
2019 年	15,090,204.50	-
Total	75,737,173.94	68,676,725.04

Note: The deductible losses which will expire in 2017 and 2018 has been adjusted according to authentication report on 2012 and 2013 income tax final assessment.

28. Cash and cash equivalents

	2014 RMB	2013 RMB
Cash on hand	6,118.78	9,960.17
Bank demand deposits	30,345,963.94	69,141,828.26
Cash and cash equivalent balances	30,352,082.72	69,151,788.43
Restricted cash and cash equivalents (Note VI.1)	33,630,000.00	47,500,000.00

29. Supplementary information to the cash flow statement

	2014 RMB	2013 RMB
Reconciliation of net loss to cash flow from operating activities		
Net loss	(35,645,365.09)	(24,834,348.00)
Add: Provision for asset impairment	10,300,879.58	4,660,799.31
Depreciation of fixed assets	21,562,055.93	20,720,679.54
Amortisation of intangible assets	3,758,885.40	2,894,435.80
Gains on disposal of fixed assets, intangible assets and other long-term assets	(5,304.68)	(9,588.78)
Financial expenses	18,289,102.83	15,552,561.02
Decrease in inventories (less increase)	10,318,977.80	(38,430,742.92)
Increase in operating receivables	(97,973,752.55)	(4,434,656.29)
Increase in operating payables (less decrease)	24,335,290.18	29,342,634.41
Decrease in restricted cash and cash equivalents (less increase)	13,870,000.00	(20,803,942.66)
Net cash flow from operating activities	(31,189,230.60)	(15,342,168.57)
Net changes in cash and cash equivalents		
Closing balance of cash	30,352,082.72	69,151,788.43
Less: Opening balance of cash	69,151,788.43	62,219,304.90
Net increase in cash and cash equivalents	(38,799,705.71)	6,932,483.53

VII. Related Party Relationships and Transactions

(1) Nature of relationship with related parties where a control relationship exists:

Name	Registered place	Relationship with the Company	Proportion of voting power and shareholdings
Mahindra Mauritius	Mauritius	Parent company	51%
Mahindra & Mahindra Limited	India	Ultimate holding company	51%

(2) Nature of relationship with related parties where a control relationship does not exist:

Name	Relationship with the Company
Jiangxi Mahindra Yueda Tractor Co., Ltd. ("Jiangxi Mahindra Yueda")	Refer to Note X
Yueda Tractor	the Chinese investor

(3) Significant transactions between the Company and the above related parties in current year:

(a) Sales and purchases

Sales and purchases between the Company and its related parties are as follows:

	2014 RMB	2013 RMB
Sales		
– Jiangxi Mahindra Yueda	–	2,532,588.46
Purchases		
– Mahindra & Mahindra Limited	2,264,732.87	561,146.48
– Jiangxi Mahindra Yueda	536,895.73	8,365,154.49
– Yueda Tractor	9,763.08	701,486.89
	2,811,391.68	9,627,787.86

(b) Borrowings/loans

Details of the loans between the Company and its related parties are as follows:

	Amount incurred during 2014 RMB	Balance as of 31/12/2014 RMB	Amount incurred during 2013 RMB	Balance as of 31/12/2013 RMB	Annual interest rate %
Lent to (collect from)					
– Yueda Tractor	<u>(71,560,000.00)</u>	<u>–</u>	<u>(12,000,000.00)</u>	<u>–</u>	<u>7.2%</u>
Borrowed from					
– Yueda Tractor	<u>62,560,000.00</u>	<u>4,000,000.00</u>	<u>13,000,000.00</u>	<u>13,000,000.00</u>	<u>7.2%</u>

(c) Others

Details of other transactions between the Company and its related party are as follows:

	2014 RMB	2013 RMB
Interest Income		
– Jiangxi Mahindra Yueda	<u>172,800.00</u>	<u>740,868.77</u>
Interest Expense		
– Yueda Tractor	<u>1,394,248.00</u>	<u>–</u>

(d) Balance due to/from related parties

Accounts	Name of related parties	2014 RMB	2013 RMB
Other receivables	Mahindra & Mahindra Limited	<u>–</u>	<u>494,999.20</u>
Other payables	Yueda Tractor	<u>8,098,955.47</u>	<u>16,798,848.07</u>
	Mahindra & Mahindra Limited	<u>1,574,515.84</u>	<u>–</u>
		<u>9,673,471.31</u>	<u>16,798,848.07</u>

VIII. Financial Instruments and Risk Management

The Company's major financial instruments include currency funds, borrowings, accounts receivable, other receivables, notes payable, account payables and other payables. Details of these financial instruments are disclosed in Note VI. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

1. Risk management objectives and policies

The Company's risk management objectives are to achieve proper balance between risks and yield, minimise the adverse impacts of risks on the Company's operation performance, and maximise the benefits of the shareholders and other equity investors. Based on these risk management objectives, the Company's basic risk management strategy is to identify and analyse the industry's exposure to various risks, establish appropriate bottom line for risk tolerance, implement risk management, and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

1.1. Market risk

1.1.1. Currency risk

Currency risk is the risk that losses will occur because of changes in foreign exchange rates. The Company's exposure to the currency risk is primarily associated with USD. Except for overseas sales denominated in USD, the Company's other principal activities are denominated and settled in RMB. As at 31 December 2014, except for the following assets denominated in USD, the other assets and liabilities balances are all denominated in RMB. Those assets denominated in USD are exposed to currency risk and may influence the operating results of the Company.

	2014 RMB	2013 RMB
Currency funds	<u>2,166,921.05</u>	<u>283,316.26</u>

The Company closely monitors the effects of changes in the foreign exchange rates on the Company's currency risk exposures. Currently, the Company has not taken any measurements to mitigate the currency risk.

1.1.2. Interest rate risk - risk of changes in cash flow

The Company's cash flow interest risk relates primarily to variable-rate borrowings through the variable-rate bank borrowings. As at 31 December 2014, variable-rate bank borrowings amounted to RMB 58,000,000.00 (2013: RMB 76,500,000.00).

1.2. Credit risk

As at 31 December 2014, the Company's maximum exposure to credit risk which will cause a financial loss to the Company due to failure to discharge an obligation by the counterparties.

In order to minimize the credit risk, the Company has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Company reviews the recoverable amount of each individual trade debt at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the management of the Company consider that the Company's credit risk is significantly reduced.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

The Company has adopted a policy of only dealing with creditworthy counterparties, and has no significant concentration of credit risk.

1.3 Liquidity risk

In the management of the liquidity risk, the Company monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Company's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

The following is the maturity analysis for financial assets and financial liabilities held by the Company which is based on undiscounted remaining contractual obligations:

	Within 1 year RMB	1-5 years RMB	Undiscounted cash flows RMB	Net book value RMB
Financial assets:				
Currency funds	63,982,082.72	–	63,982,082.72	63,982,082.72
Notes receivable	620,000.00	–	620,000.00	620,000.00
Accounts receivable	331,439,863.66	–	331,439,863.66	331,439,863.66
Other receivables	5,336,601.83	–	5,336,601.83	5,336,601.83
	401,378,548.21	–	401,378,548.21	401,378,548.21
Financial liabilities:				
Short-term borrowings	228,744,165.00	–	228,744,165.00	225,000,000.00
Notes payable	72,000,000.00	–	72,000,000.00	72,000,000.00
Accounts payable	146,150,469.00	–	146,150,469.00	146,150,469.00
Interest payable	940,120.17	–	940,120.17	940,120.17
Other payables	60,681,627.67	–	60,681,627.67	60,681,627.67
Non-current liabilities due within one year	39,167,360.00	–	39,167,360.00	38,000,000.00
	547,683,741.84	–	547,683,741.84	542,772,216.84

2. Fair value

Fair values of the financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis or using prices from observable current market transactions.

The management considers that the carrying amounts of financial assets and financial liabilities recorded at amortized cost in the financial statements approximate their fair values.

3. Sensitivity analysis

The Company adopts sensitivity analysis techniques to analyze how the entity's profit and loss for the period and owners' equity would have been affected by changes in the relevant risk variables that were reasonably possible. As it is unlikely that risk variables will change in an isolated manner, and the interdependence between risk variables will have significant effect on the amount ultimately influenced by the changes in a single risk variable, the following items are based on the assumption that each risk variable has changes on a stand-alone basis.

3.1 Currency risk

Where all other variables are held constant, the reasonably possible changes in the foreign exchange rate may have the following pre-tax effect on the profit or loss for the period or equity:

Item	Changes in exchange rate	2014 Effect on profits RMB	2013 Effect on profits RMB
USD	5% increase against RMB	108,346.05	14,165.81
USD	5% decrease against RMB	(108,346.05)	(14,165.81)

3.2 Sensitivity analysis on interest rate risk

The sensitivity analyses below have been determined based on the exposure to interest rates for financial instruments at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Company's profit for the year ended 31 December 2014 would decrease/increase by RMB 290,000.00 (2013: RMB 380,000.00). This is mainly attributable to the Company's exposure to interest rates on its variable rate borrowing.

IX. COMMITMENTS

Capital commitment

	2014 RMB'000	2013 RMB'000
Contracted but not provided in financial statements		
Commitment for acquisition of non-current assets	1,274	9,427

X. Other Matter

On 29 March 2012, the Company and its parent company, Mahindra Mauritius, entered into an equity transfer agreement in relation to Jiangxi Mahindra Yueda. Jiangxi Mahindra Yueda is a Sino-foreign equity joint venture established on 11 January 2005, in which Mahindra Mauritius holds 89.37% equity interest. Pursuant to the equity transfer agreement, Mahindra Mauritius will transfer all its equity interest in Jiangxi Mahindra Yueda to the Company with a consideration of RMB 47.69 million. On 5 September 2012, Jiangxi Mahindra Yueda renewed the business registration. As at 31 December 2012 and 31 December 2013, the Company has not yet paid the consideration to Mahindra Mauritius. Hence, Jiangxi Mahindra Yueda is not accounted for a subsidiary of the Company in the financial statements for the year ended 31 December 2012 and 31 December 2013.

The above agreement could not be fruitfully completed due to special reasons, and both parties decided to pursue a third party buyer, and the Company will not pay the consideration for acquisition of Jiangxi Mahindra Yueda to Mahindra Mauritius.

On 27 May 2014, the Company signed an equity transfer agreement with Gaoan Nante Dongteng Construction Machinery Manufacture Co. Ltd("Gaoan Nante"). Pursuant to this agreement, the Company has transferred all its equity interest of Jiangxi Mahindra Yueda to Gaoan Nante. On 17 June 2014, Jiangxi Mahindra Yueda renewed the business registration.

SUPPLEMENTARY INFORMATION

The attached financial statements in INR are prepared by management for the convenience of users, and do not form part of the audited financial statements.

The attached financial statements are translated in accordance with the following policy: all the financial statement items (including comparative figures) are translated at RMB1:00 = INR10.18, which is the spot rate at 31 December 2014.

BALANCE SHEET AT 31 DECEMBER 2014

	NOTE II	2014 INR	2013 INR
Current Assets:			
Currency funds.....	1	651,337,602.09	1,187,515,206.22
Notes receivable.....	2	6,311,600.00	154,437,739.54
Accounts receivable.....	3	3,374,057,812.06	2,230,012,477.02
Advances to suppliers.....		34,366,491.28	46,138,042.15
Other receivables.....	4	54,326,606.63	270,895,159.26
Inventories.....	5	1,355,760,285.49	1,485,668,434.46
Other current assets.....		5,427,433.41	8,335,723.60
Total Current Assets.....		<u>5,481,587,830.96</u>	<u>5,383,002,782.25</u>
Non-Current Assets:			
Fixed assets.....	6	2,625,164,162.69	2,157,557,330.05
Construction in progress.....	7	34,435,108.25	622,169,510.10
Intangible assets.....	8	907,354,286.80	744,512,309.81
Development expenditure.....	9	-	177,763,710.23
Total Non-Current Assets.....		<u>3,566,953,557.74</u>	<u>3,702,002,860.19</u>
TOTAL ASSETS.....		<u><u>9,048,541,388.70</u></u>	<u><u>9,085,005,642.44</u></u>

BALANCE SHEET AT 31 DECEMBER 2014 (CONT.)

	NOTE II	2014 INR	2013 INR
LIABILITIES AND OWNERS' EQUITY			
Current Liabilities			
Short-term borrowings	12	2,290,500,000.00	1,796,770,000.00
Notes payable	13	732,960,000.00	916,200,000.00
Accounts payable.....		1,487,811,774.42	1,124,128,940.45
Advances from customers		86,428,616.36	117,472,087.30
Employee benefits payable.....	14	81,120,459.47	88,897,063.17
Taxes payable.....	15	(661,819,252.39)	(656,536,850.90)
Interest payable.....		9,570,423.33	12,243,428.79
Other payables	16	617,738,969.68	519,454,115.13
Non-current liabilities due within one year.....	17	386,840,000.00	386,840,000.00
Other current liabilities	18	93,671,769.02	106,108,413.09
Total Current Liabilities		<u>5,124,822,759.90</u>	<u>4,411,577,197.03</u>
Non-Current Liabilities:			
Long-term borrowings.....	19	–	386,840,000.00
TOTAL LIABILITIES		<u>5,124,822,759.90</u>	<u>4,798,417,197.03</u>
OWNERS' EQUITY:			
Paid-in capital	20	5,232,520,000.00	5,232,520,000.00
Accumulated losses	21	(1,308,801,371.20)	(945,931,554.59)
TOTAL OWNERS' EQUITY		<u>3,923,718,628.80</u>	<u>4,286,588,445.41</u>
TOTAL LIABILITIES AND OWNERS' EQUITY		<u><u>9,048,541,388.70</u></u>	<u><u>9,085,005,642.44</u></u>

The accompanying notes are part of the financial statements.

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2014

	NOTE II	2014 INR	2013 INR
Operating income	22	6,722,959,460.15	7,162,540,377.55
Less: Operating costs.....	23	5,916,603,164.95	6,419,463,166.77
Sales tax		876,873.34	–
Selling and distribution expenses		357,936,484.17	349,804,453.91
Administrative expenses		584,194,926.30	515,049,269.65
Financial expenses	24	133,572,998.14	91,423,788.13
Impairment loss in respect of assets	25	104,862,954.12	47,633,368.95
Operating loss		<u>(375,087,940.87)</u>	<u>(260,647,237.89)</u>
Add: Non-operating income	26	20,008,417.41	12,319,562.26
Less: Non-operating expenses.....		7,790,293.15	4,485,987.01
Total loss		<u>(362,869,816.61)</u>	<u>(252,813,662.64)</u>
Less: Income tax expenses.....	27	–	–
Net loss		<u>(362,869,816.61)</u>	<u>(252,813,662.64)</u>
Other comprehensive income		–	–
Total comprehensive expense		<u><u>(362,869,816.61)</u></u>	<u><u>(252,813,662.64)</u></u>

The accompanying notes are part of the financial statements.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2014

	NOTE II	2014 INR	2013 INR
Cash Flows from Operating Activities			
Cash receipts from the sale of goods and the rendering of services		6,480,298,756.27	7,777,160,166.92
Receipts of tax refunds		72,060,846.76	75,066,546.83
Other cash receipts relating to operating activities		215,915,001.93	96,780,743.37
Sub-total of cash inflows		<u>6,768,274,604.95</u>	<u>7,949,007,457.12</u>
Cash payments for goods purchased and services received.....		6,004,544,558.13	6,843,765,251.29
Cash payments to and on behalf of employees.....		746,238,874.56	730,463,979.34
Payments of all types of taxes.....		31,427,660.17	27,258,100.44
Other cash payments relating to operating activities		303,569,879.61	503,703,402.09
Sub-total of cash outflows		<u>7,085,780,972.46</u>	<u>8,105,190,733.16</u>
Net Cash Flows from Operating Activities		<u>(317,506,367.51)</u>	<u>(156,183,276.04)</u>
Cash Flows from Investing Activities			
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets.....		88,842.79	211,859.75
Other cash receipts relating to investing activities		152,700,000.00	128,064,400.00
Sub-total of cash inflows.....		<u>152,788,842.79</u>	<u>128,276,259.75</u>
Cash payments to acquire and construct fixed assets, intangible assets and other long-term assets		114,703,407.14	202,148,405.30
Other cash payments relating to investing activities		-	152,700,000.00
Sub-total of cash outflows		<u>114,703,407.14</u>	<u>354,848,405.30</u>
Net Cash Flows from Investing Activities		<u>38,085,435.65</u>	<u>(226,572,145.55)</u>
Cash Flows from Financing Activities			
Cash receipts from investors making investment in the enterprise.....		-	448,938,000.00
Cash receipts from borrowings		1,730,600,000.00	2,916,570,000.00
Other cash receipts relating to financing activities.....		694,886,800.00	132,860,000.00
Sub-total of cash inflows		<u>2,425,486,800.00</u>	<u>3,497,848,000.00</u>
Cash repayments of amounts borrowed		<u>2,352,190,800.00</u>	<u>2,794,848,000.00</u>
Cash payments for distribution of dividends or profit or interest expenses.....		188,856,072.27	197,866,136.07
Other cash payments relating to financing activities		-	52,243,760.00
Sub-total of cash outflows.....		<u>2,541,046,872.27</u>	<u>3,044,519,896.07</u>
Net Cash Flows from Financing Activities		<u>(115,560,072.27)</u>	<u>453,328,103.93</u>
Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents.....		-	-
Net Increase in Cash and Cash Equivalents		<u>(394,981,004.13)</u>	<u>70,572,682.34</u>
Add: Opening balance of Cash and Cash Equivalents.....		703,965,206.22	633,392,523.88
Closing Balance of Cash and Cash Equivalents	28	<u>308,984,202.09</u>	<u>703,965,206.22</u>

STATEMENT OF CHANGES IN OWNERS' EQUITY FOR THE YEAR ENDED 31 DECEMBER 2014

	Paid-in capital INR	Capital reserve INR	Accumulated losses INR	Total owners' equity INR
I. Balance at 1 January 2014	5,232,520,000.00	-	(949,931,554.59)	4,286,588,445.41
II. Changes for the year				
(I) Net loss	-	-	(362,869,816.61)	(362,869,816.61)
(II) Owner's contributions in capital	-	-	-	-
III. Balance at 31 December 2014	<u>5,232,520,000.00</u>	<u>-</u>	<u>(1,308,801,371.20)</u>	<u>(3,923,718,628.80)</u>
I. Balance at 1 January 2013	4,783,582,000.00	-	(693,117,891.95)	4,090,464,108.05
II. Changes for the year				
(I) Net loss	-	-	(252,813,662.64)	(252,813,662.64)
(II) Owner's contributions in capital	448,938,000.00	-	-	448,938,000.00
III. Balance at 31 December 2013	<u>5,232,520,000.00</u>	<u>-</u>	<u>(945,931,554.59)</u>	<u>4,286,588,445.41</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

I. GENERAL

Mahindra Yueda (Yancheng) Tractor Co., Ltd. (the "Company") was a limited company incorporated in Yancheng, Jiangsu on 28 November 2008. The Company principally engages in the production, sales and after-sales service of tractors, mechanised farm implements, other farm machineries and farm machinery parts.

The Company's parent company is Mahindra Overseas Investment Company (Mauritius) Ltd. ("Mahindra Mauritius"), and the ultimate holding company is Mahindra & Mahindra Limited.

The registered capital of the Company at date of establishment is INR 2,697,700,000.00, among which Mahindra Mauritius contributed INR 1,375,827,000.00, accounting for 51% of the registered capital, and Yueda Yancheng Tractor Manufacturing Co., Ltd. ("Yueda Tractor") contributed INR 1,321,873,000.00, accounting for 49% of the registered capital.

On 29 December 2009, the Company increased the registered capital by INR 1,618,620,000.00, among which Mahindra Mauritius contributed INR 825,496,200.00, accounting for 51% of the capital increment, and Yueda Tractor contributed INR 793,123,800.00, accounting for 49% of the capital increment. The registered capital after increment is INR 4,316,320,000.00.

On 30 March 2012, the board of directors of the Company passed a resolution to increase the registered capital by INR 916,200,000.00, among which Mahindra Mauritius shall contribute INR 467,262,000.00, accounting for 51% of the capital increment, and Yueda Tractor shall contribute INR 448,938,000.00, accounting for 49% of the capital increment. The registered capital after increment is INR 5,232,520,000.00.

Details of capital contributions paid by the investing parties are set out in Note II.20.

II. NOTES TO THE FINANCIAL STATEMENTS

1. Currency funds

	2014 INR	2013 INR
Cash	62,289.18	101,394.53
Bank balance	308,921,912.91	703,863,811.69
Other currency funds	342,353,400.00	483,550,000.00
	651,337,602.09	1,187,515,206.22

Among which the restricted currency funds are as follows:

	2014 INR	2013 INR
Other currency funds		
– Pledged for bank acceptance bills	326,778,000.00	320,670,000.00
– Pledged for bank borrowings	–	162,880,000.00
– Pledged for letter of credit	15,270,000.00	–
– Others	305,400.00	–
Total	342,353,400.00	483,550,000.00

2. Notes receivables

	2014 RMB	2013 INR
Bank acceptance bills	6,311,600.00	154,437,739.54

3. Accounts receivable

The aging analysis of accounts receivable is as follows:

	2014				2013			
	Gross amount INR	Ratio %	Bad debt provision INR	Net book value INR	Gross amount INR	Ratio %	Bad debt provision INR	Net book value INR
Within 1 year	3,041,944,708.50	87	15,419,616.27	3,026,525,092.33	2,006,979,935.90	87	15,958,921.83	1,991,021,014.07
1-2 years	270,577,321.24	8	15,178,384.07	255,398,937.17	205,724,527.42	9	51,878,358.47	153,846,168.95
2-3 years	100,295,185.99	3	67,671,979.09	32,623,206.90	62,035,286.72	3	310,176.46	61,725,110.26
Over 3 years	61,695,963.70	2	2,185,387.94	59,510,575.76	25,380,364.32	1	1,960,180.58	23,420,183.74
Total	3,474,513,179.43	100	100,455,367.37	3,374,057,812.06	2,300,120,114.36	100	70,107,637.34	2,230,012,477.02

Changes in the bad debt provision for uncollectible accounts receivable are as follows:

	2014 INR	2013 INR
Balance at beginning of year	70,107,637.34	30,295,700.36
Additions	31,850,599.15	39,811,936.98
Written off	(1,502,869.12)	–
Balance at end of year	100,455,367.37	70,107,637.34

4. Other receivables

The aging analysis of other receivables is as follows:

	2014				2013			
	Gross amount INR	Ratio %	Bad debt provision INR	Net book value INR	Gross amount INR	Ratio %	Bad debt provision INR	Net book value INR
Within 1 year	39,046,400.06	38	-	39,046,400.06	267,305,833.78	99	-	267,305,833.78
1-2 years	63,259,212.55	62	48,151,400.00	15,107,812.55	-	-	-	-
2-3 years	-	-	-	-	3,460,802.98	1	-	3,460,802.98
Over 3 years	172,394.02	-	-	172,394.02	128,522.50	-	-	128,522.50
Total	102,478,006.63	100	48,151,400.00	54,326,606.63	270,895,159.26	100	-	270,895,159.26

Changes in the bad debt provision for uncollectible other receivables are as follows:

	2014 INR	2013 INR
Balance at beginning of year	-	-
Additions	48,151,400.00	-
Balance at end of year	48,151,400.00	-

5. Inventories

	2014 INR	2013 INR
Cost		
Raw materials	763,164,808.02	742,775,029.90
Work-in-progress	122,941,914.30	172,486,639.90
Finished goods	515,248,928.36	591,141,174.88
	1,401,355,650.68	1,506,402,844.68
Less: provision for the decline in value of inventories	45,595,365.19	20,734,410.22
Total of inventories	1,355,760,285.49	1,485,668,434.46

Changes in write-down of inventories are as follows:

	1/1/2014 INR	Additions INR	31/12/2014 INR
Provision for decline in value of inventories: Raw materials	20,734,410.22	24,860,954.97	45,595,365.19

6. Fixed assets

	Buildings INR	Plant and machinery INR	Electronic equipment, furniture & fixtures INR	Transportation equipment INR	Total INR
Cost					
1 January 2014	1,654,145,022.82	1,289,493,138.87	118,050,862.14	42,858,642.09	3,104,547,665.92
Additions	-	819,202.93	1,180,062.44	52,936.00	2,052,201.36
Transfer from construction in progress	316,917,835.85	323,751,467.98	46,607,634.15	-	687,276,937.98
Adjustment arising from construction cost audit	(17,928,341.67)	15,742,605.48	-	-	(2,185,736.20)
Disposals	-	(19,545.60)	(563,498.83)	(995,909.40)	(1,578,953.83)
31 December 2014	1,953,134,517.00	1,629,786,869.66	165,275,059.90	41,915,668.69	3,790,112,115.25
Accumulated Depreciation					
Additions	216,221,224.77	647,929,147.02	55,170,744.24	27,669,219.84	946,990,335.86
Charges for the year	61,544,653.58	137,895,126.13	14,489,610.57	5,572,339.09	219,501,729.37
Eliminated on disposals	-	(19,154.69)	(548,966.78)	(975,991.21)	(1,544,112.68)
31 December 2014	277,765,878.35	785,805,118.46	69,111,388.03	32,265,567.72	1,164,947,952.56
Net book value					
1 January 2014	1,437,923,798.05	641,563,991.85	62,880,117.90	15,189,422.25	2,157,557,330.05
31 December 2014	1,675,368,638.65	843,981,751.20	96,163,671.87	9,650,100.97	2,625,164,162.69
Net book value of pledged fixed assets (Note)					
1 January 2014	1,155,867,538.95	585,475,369.04	-	-	1,741,342,907.99
31 December 2014	1,098,561,565.05	508,664,574.19	-	-	1,607,226,139.24

Note: The assets were pledged as collateral for short-term and long-term borrowings, details refer to Note II 12 and 19.

MAHINDRA YUEDA (YANCHENG) TRACTOR CO., LTD.

7. Construction in progress

Items	1/1/2014 INR	Additions INR	Completed and transferred to fixed assets INR	31/12/2014 INR
Engine project and others	622,169,510.10	99,542,536.13	(687,276,937.98)	34,435,108.25
Including: Capitalisation of borrowing costs	53,657,488.16			3,942,041.51

During the year, borrowing costs capitalised amounted to INR 32,375,429.16 (2013: INR 27,782,223.63), the capitalisation rate was 6.85% (2013: 6.62%) for calculation of capitalised borrowing costs arising from the general borrowing pool

8. Intangible assets

	Know-how INR	Land use right INR	Trademark INR	Software INR	Total INR
Cost					
1 January 2014	–	740,463,460.15	103,677,100.38	28,796,915.25	872,937,475.78
Additions	200,644,849.43	–	–	462,580.93	201,107,430.36
31 December 2014	200,644,849.43	740,463,460.15	103,677,100.38	29,259,496.18	1,074,044,906.14
Accumulated Depreciation					
1 January 2014	–	70,527,762.07	51,081,822.84	6,815,581.06	128,425,165.97
Charges for the year	6,688,161.56	15,370,108.90	10,558,813.78	5,648,369.13	38,265,453.37
31 December 2014	6,688,161.56	85,897,870.97	61,640,636.62	12,463,950.19	166,690,619.34
Net book value					
1 January 2014	–	669,935,698.08	52,595,277.54	21,981,334.19	744,512,309.81
31 December 2014	193,956,687.87	654,565,589.18	42,036,463.76	16,795,545.99	907,354,286.80
Remaining years for amortisation	5	43-47	5	1-5	

As at 31 December 2014, land use right with a carrying value of INR 560,717,552.34 (2013: INR 574,070,885.76) was pledged as collateral for bank borrowings of INR 763,500,000.00 (2013: INR 575,170,000.00).

9. Development expenditure

	1/1/2014 INR	Additions INR	Transfer out Intangible assets INR	Profit or loss INR	31/12/2014 INR
Development expenditure	177,763,710.23	61,315,979.22	200,644,849.43	38,434,840.02	–

10. Provision for impairment loss of assets

	1/1/2014 INR	Provided for the year INR	Written off INR	31/12/2014 INR
Bad debt provision	70,107,637.34	80,001,999.15	1,502,869.12	148,606,767.37
Provision for decline in value of inventories	20,734,410.22	24,860,954.97	–	45,595,365.19
Total	90,842,047.56	104,862,954.12	1,502,869.12	194,202,132.56

11. Assets with restrictions on ownership

	2014 INR	2013 INR
Category of assets with restrictions on ownership		
I. Assets pledged as collateral		
Buildings	1,098,561,565.05	1,155,867,538.95
Plant & Machinery	508,664,574.19	585,475,369.04
Land use rights	560,717,552.34	574,070,885.76
	2,167,943,691.58	2,315,413,793.75
II. Pledged bank deposit (Note II. 1)	342,353,400.00	483,550,000.00
	2,510,297,091.58	2,798,963,793.75

12. Short-term Borrowings

Category	2014 INR	2013 INR
Guarantee loans (note 1)	1,399,750,000.00	1,018,000,000.00
Collateral loans (note 2)	839,850,000.00	575,170,000.00
Pledge loans (note 3)	–	152,700,000.00
Trade financing	50,900,000.00	50,900,000.00
Total	2,290,500,000.00	1,803,830,000.00

Notes:

- As at 31 December 2014, INR 1,018,000,000.00 in the guarantee loans was supported by a Letter of Comfort issued by Mahindra & Mahindra Limited, the ultimate holding company of the Company, and INR 381,750,000.00 was credit supported by the third party 'Yanchen Rong Nan Machinery Manufacturing Co., Ltd.'
- For category and amount of collateral assets, refer to Notes II.6 and 8.
- As at 31 December 2013, the amount was pledged by a bank deposit of INR 162,880,000.00, details refer to Note II.1.

13. Notes payable

	2014 INR	2013 INR
Bank acceptance	732,960,000.00	916,200,000.00

14. Employee benefits payable

Items	1/1/2014 INR	Accruals INR	Payments INR	31/12/2014 INR
Wages or salaries, bonuses, allowances, subsidies	84,514,149.17	514,715,946.62	(521,494,569.59)	77,735,526.20
Staff welfare	–	37,022,848.47	(37,022,848.47)	–
Including: Medical insurance	–	29,409,070.82	(29,409,070.82)	–
Injury insurance	–	5,751,080.65	(5,751,080.65)	–
Maternity insurance	–	1,862,697.00	(1,862,697.00)	–
Housing funds	–	27,882,759.39	(27,882,759.39)	–
Union running costs and employee education costs	1,423,164.00	72,116,727.32	(72,987,626.32)	552,265.00
Planned contribution	–	74,871,452.93	(74,871,452.93)	–
Including: Basic pensions	–	69,648,757.45	(69,648,757.45)	–
Unemployment insurance	–	5,222,695.48	(5,222,695.48)	–
Union running costs and employee education costs	2,959,750.00	11,852,536.13	(11,979,617.86)	2,832,668.27
Total	88,897,063.17	738,462,270.86	(746,238,874.56)	81,120,459.47

15. Tax payable

	2014 INR	2013 INR
VAT	(676,354,087.30)	(666,322,615.43)
Other taxes	14,534,834.91	9,785,764.53
	(661,819,252.39)	(656,536,850.90)

16. Other payables

	2014 INR	2013 INR
Sales discounts and allowances	351,494,181.83	253,423,055.05
Borrowings	172,876,252.73	132,340,000.00
Purchase of fixed assets	64,116,403.97	78,948,228.88
Others	29,252,131.15	54,742,831.20
Total	617,738,969.68	519,454,115.13

MAHINDRA YUEDA (YANCHENG) TRACTOR CO., LTD.

17. Non-current liabilities due within one year

	2014 INR	2013 INR
Long-term borrowings due within one year (Note II.19)	<u>386,840,000.00</u>	<u>386,840,000.00</u>

18. Other current liabilities

	2014 INR	2013 INR
Product quality warranty and other accrued expenses	<u>93,671,769.02</u>	<u>106,108,413.09</u>

19. Long-term borrowings

	2014 INR	2013 INR
Pledged loans	386,840,000.00	773,680,000.00
Less: long-term borrowings due within one year (Note II. 17)	<u>386,840,000.00</u>	<u>386,840,000.00</u>
Long-term borrowings due after one year	<u>-</u>	<u>386,840,000.00</u>

For category of pledged assets for pledge loans, refer to Note II.6. The above borrowings carried at an interest rate of 7.68% per annum.

20. Paid-in capital

The registered capital of the Company is INR 5,232,520,000.00; which has been fully paid-up by 31 December 2013. The investors' capital contributions which have been made in accordance with the Company's memorandum and articles are as follows:

	2014		2013	
	INR	Ratio %	INR	Ratio %
Mahindra Mauritius	2,668,585,200.00	51	2,668,585,200.00	51
Yueda Tractors	2,563,934,800.00	49	2,563,934,800.00	49
	<u>5,232,520,000.00</u>	<u>100</u>	<u>5,232,520,000.00</u>	<u>100</u>

The above capital contributions have been verified by capital verification report Suzhengzhong Yanzi (2009) No. 4, (2009) No. 6, (2009) No. 66, (2012) No. 24 and (2014) No. 2 issued by Jiangsu Zheng Zhong Certified Public Accountants Co., Ltd..

21. Accumulated losses

	2014 INR	2013 INR
Accumulated losses at beginning of year	(945,931,554.59)	(693,117,891.95)
Add: Net loss of the year	(362,869,816.61)	(252,813,662.64)
Accumulated losses at end of year	<u>(1,308,801,371.20)</u>	<u>(945,931,554.59)</u>

22. Operating income

	2014 INR	2013 INR
Principal operating activities	6,425,513,236.26	6,894,104,431.84
Export sales	1,037,090,275.17	800,423,658.93
Domestic sales	5,388,422,961.09	6,093,680,772.91
Other operating activities	297,446,223.89	268,435,945.71
Others	297,446,223.89	268,435,945.71
Total	<u>6,722,959,460.15</u>	<u>7,162,540,377.55</u>

23. Operating costs

	2014 INR	2013 INR
Principal operating activities	5,628,826,121.09	6,161,427,755.08
Cost of export sales	923,761,757.75	711,576,082.98
Cost of domestic sales	4,705,064,363.34	5,449,851,672.10
Other operating activities	287,777,043.86	258,035,411.69
Others	287,777,043.86	258,035,411.69
Total	<u>5,916,603,164.95</u>	<u>6,419,463,166.77</u>

24. Financial expenses

	2014 INR	2013 INR
Interest expense	218,558,495.87	196,107,294.82
Less: Capitalised interest (Note II. 7)	32,375,429.06	37,782,223.63
Less: Interest income	54,763,986.16	84,558,794.89
Subtotal	131,419,080.65	73,766,276.30
Exchange differences	(269,898.78)	8,287,408.00
Others	2,423,816.27	9,370,103.84
Total	133,572,998.14	91,423,788.14

25. Asset impairment

	2014 INR	2013 INR
Bad debt losses	80,001,999.15	39,811,936.98
Write-down of inventories	24,860,954.97	7,635,000.00
Total	104,862,954.12	47,446,936.98

26. Non-operating income

	2014 INR	2013 INR
Government grants	14,485,480.34	11,853,296.78
Gains on disposal of fixed assets	54,001.64	97,613.78
Compensation and donation income (Note III.3 (c))	674,372.78	-
Others	4,794,562.65	368,651.70
Total	20,008,417.41	12,319,562.26

27. Income tax

	2014 INR	2013 INR
Current tax expense	-	-
Under provision in prior years	-	-
	-	-

Reconciliation of income tax expenses to the accounting loss is as follows:

	2014 INR	2013 INR
Accounting loss	(362,869,816.61)	(252,813,662.64)
Income tax expenses calculated at 15% (2013: 15%)	(54,430,472.46)	(37,922,049.40)
Tax effect of expenses that are not deductible for tax purposes	2,542,566.57	2,528,445.18
Effect of unrecognized deductible losses and temporary deductible differences	71,332,009.96	37,794,778.02
Effect of using previously unrecognized temporary deductible differences	(19,444,104.07)	(2,401,173.80)
Income tax expense	-	-

Deferred tax assets are not recognised for the following deductible temporary differences and deductible losses due to the unpredictability of future profit streams:

	2014 INR	2013 INR
Temporary deductible differences	408,258,144.73	161,025,102.60
Deductible losses	771,004,431.01	699,129,060.91
Total	1,179,262,575.74	860,154,163.51

The deductible losses which are not recognised as deferred tax assets will expire in the following years:

	2014 INR	2013 INR
2017 (Note)	564,793,866.11	564,793,866.42
2018	52,592,282.79	134,335,194.49
2019	153,618,281.81	-
Total	771,004,431.01	699,129,060.91

Note: The deductible losses which will expire in 2017&2018 has been adjusted according to authentication report on 2012&2013 income tax final assessment.

28. Cash and cash equivalents

	2014 INR	2013 INR
Cash on hand	62,289.18	101,394.53
Bank demand deposits	308,921,912.91	703,863,811.69
Cash and cash equivalent balances	308,984,202.09	703,965,206.22
Restricted cash and cash equivalents (Note II. 1)	342,353,400.00	483,550,000.00

29. Supplementary information to the cash flow statement

	2014 INR	2013 INR
Reconciliation of net loss to cash flow from operating activities		
Net loss	(362,869,816.61)	(252,813,662.64)
Add: Provision for asset impairment	104,862,954.12	47,446,936.98
Depreciation of fixed assets	219,501,729.37	210,936,517.73
Amortisation of intangible assets	38,265,453.37	29,465,356.44
Gains on disposal of fixed assets, intangible assets and other long-term assets	(54,001.64)	(97,613.78)
Financial expenses	186,183,066.81	158,325,071.18
Decrease in inventories (less increase)	105,047,194.00	(391,224,967.93)
Increase in operating receivables	(997,372,800.96)	(45,144,801.03)
Increase in operating payables (less decrease)	247,733,254.03	298,708,018.29
Decrease in restricted cash and cash equivalents (less increase)	141,196,600.00	(211,784,136.28)
Net cash flow from operating activities	(317,506,367.51)	(156,183,276.04)
Net changes in cash and cash equivalents		
Closing balance of cash	308,984,202.09	703,965,206.22
Less: Opening balance of cash	703,965,206.22	633,392,523.88
Net increase in cash and cash equivalents	(394,981,004.13)	70,572,682.34

III. Related Party Relationships and Transactions

(1) Nature of relationship with related parties where a control relationship exists:

Name	Registered place	Relationship with the Company	Proportion of voting power and shareholdings
Mahindra Mauritius	Mauritius	Parent company	51%
Mahindra & Mahindra Limited	India	Ultimate holding company	51%

(2) Nature of relationship with related parties where a control relationship does not exist:

Name	Relationship with the Company
Jiangxi Mahindra Yueda Tractor Co., Ltd. ("Jiangxi Mahindra Yueda")	Refer to Note VI
Yueda Tractor	the Chinese investor

(3) Significant transactions between the Company and the above related parties in current year:

(a) Sales and purchases

Sales and purchases between the Company and its related parties are as follows:

	2014 INR	2013 INR
Sales		
– Jiangxi Mahindra Yueda	–	25,883,054.06
Purchases		
– Mahindra & Mahindra Limited	23,054,980.62	5,712,471.17
– Jiangxi Mahindra Yueda	5,465,598.53	85,157,272.71
– Yueda Tractor	98,783.46	7,141,136.54
	28,619,362.61	98,010,880.41

(b) Loans

Details of the loans between the Company and its related party are as follows:

	Amount incurred during 2014 INR	Balance as of 31/12/2014 INR	Amount incurred during 2013 INR	Balance as of 31/12/2013 INR	Annual interest rate %
Lent to (collect from)					
– Yueda Tractor	(728,480,800.00)	–	(122,160,000.00)	–	7.2%
Borrowed from					
– Yueda Tractor	636,860,800.00	40,720,000.00	132,340,000.00	132,340,000.00	7.2%

(c) Others

Details of other transactions between the Company and its related party are as follows:

	2014 INR	2013 INR
Interest Income		
– Jiangxi Mahindra Yueda	1,759,104.00	7,542,044.08
Interest Expense		
– Yueda Tractor	14,193,444.64	–

(d) Balance due to/from related parties

Accounts	Name of related parties	2014 INR	2013 INR
Other receivables	Mahindra & Mahindra Limited	–	5,039,091.86
Other payables	Yueda Tractor	82,447,366.68	171,012,273.35
	Mahindra & Mahindra Limited	16,028,571.25	–
		98,475,937.93	171,012,273.35

IV. Financial Instruments and Risk Management

The Company's major financial instruments include currency funds, borrowings, accounts receivable, other receivables, notes payable, account payables and other payables. Details of these financial instruments are disclosed in Note II. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

1. Risk management objectives and policies

The Company's risk management objectives are to achieve proper balance between risks and yield, minimise the adverse impacts of risks on the Company's operation performance, and maximise the benefits of the shareholders and other equity investors. Based on these risk management objectives, the Company's basic risk management strategy is to identify and analyse the industry's exposure to various risks, establish appropriate bottom line for risk tolerance, implement risk management, and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

1.1. Market risk

1.1.1. Currency risk

Currency risk is the risk that losses will occur because of changes in foreign exchange rates. The Company's exposure to the currency risk is primarily associated with USD. Except for overseas sales denominated in USD, the Company's other principal activities are denominated and settled in RMB. As at 31 December 2014, except for the following assets denominated in USD, the other assets and liabilities balances are all denominated in RMB. Those assets denominated in USD are exposed to currency risk and may influence the operating results of the Company.

	2014 INR	2013 INR
Currency funds	<u>22,059,256.29</u>	<u>2,884,159.53</u>

The Company closely monitors the effects of changes in the foreign exchange rates on the Company's currency risk exposures. Currently, the Company has not taken any measurements to mitigate the currency risk.

1.1.2. Interest rate risk – risk of changes in cash flow

The Company's cash flow interest risk relates primarily to variable-rate borrowings through the variable-rate bank borrowings. As at 31 December 2014, variable-rate bank borrowings amounted to INR 590,440,000.00 (2013: INR 773,680,000.00).

1.2. Credit risk

As at 31 December 2014, the Company's maximum exposure to credit risk which will cause a financial loss to the Company due to failure to discharge an obligation by the counterparties.

In order to minimize the credit risk, the Company has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Company reviews the recoverable amount of each individual trade debt at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the management of the Company consider that the Company's credit risk is significantly reduced.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

The Company has adopted a policy of only dealing with creditworthy counterparties, and has no significant concentration of credit risk.

1.3. Liquidity risk

In the management of the liquidity risk, the Company monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Company's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

The following is the maturity analysis for financial assets and financial liabilities held by the Company which is based on undiscounted remaining contractual obligations:

	Within 1 year INR	1-5 years INR	Undiscounted cash flows INR	Net book value INR
Financial assets:				
Currency funds	651,337,602.09	–	651,337,602.09	651,337,602.09
Notes receivable	6,311,600.00	–	6,311,600.00	6,311,600.00
Accounts receivable	3,374,057,812.06	–	3,374,057,812.06	3,374,057,812.06
Other receivables	54,326,606.63	–	54,326,606.63	54,326,606.63
	<u>4,086,033,620.78</u>	<u>–</u>	<u>4,086,033,620.78</u>	<u>4,086,033,620.78</u>
Financial liabilities:				
Short-term borrowings	2,328,615,599.70	–	2,328,615,599.70	2,290,500,000.00
Notes payable	732,960,000.00	–	732,960,000.00	732,960,000.00
Accounts payable	1,487,811,774.42	–	1,487,811,774.42	1,487,811,774.42
Interest payable	9,570,423.33	–	9,570,423.33	9,570,423.33
Other payables	617,738,969.68	–	617,738,969.68	617,738,969.68
Non-current liabilities due within one year	398,723,724.80	–	398,723,724.80	386,840,000.00
	<u>5,575,420,491.93</u>	<u>–</u>	<u>5,575,420,491.93</u>	<u>5,525,421,167.43</u>

2. Fair value

Fair values of the financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis or using prices from observable current market transactions.

The management considers that the carrying amounts of financial assets and financial liabilities recorded at amortized cost in the financial statements approximate their fair values.

3. Sensitivity analysis

The Company adopts sensitivity analysis techniques to analyze how the entity's profit and loss for the period and owners' equity would have been affected by changes in the relevant risk variables that were reasonably possible. As it is unlikely that risk variables will change in an isolated manner, and the interdependence between risk variables will have significant effect on the amount ultimately influenced by the changes in a single risk variable, the following items are based on the assumption that each risk variable has changes on a stand-alone basis.

3.1. *Currency risk*

Where all other variables are held constant, the reasonably possible changes in the foreign exchange rate may have the following pre-tax effect on the profit or loss for the period or equity:

Item	Changes in exchange rate	2014	2013
		Effect on profits INR	Effect on profits INR
USD	5% increase against RMB	1,102,962.79	144,207.95
USD	5% decrease against RMB	(1,102,962.79)	(144,207.95)

 3.2 *Sensitivity analysis on interest rate risk*

The sensitivity analyses below have been determined based on the exposure to interest rates for financial instruments at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Company's profit for the year ended 31 December 2014 would decrease/increase by INR 2,952,200.00 (2013: INR 3,868,400.00). This is mainly attributable to the Company's exposure to interest rates on its variable rate borrowing.

V. COMMITMENTS

Capital commitment

	2014 INR '000	2013 INR '000
Contracted but not provided in financial statements		
Commitment for acquisition of non-current assets	12,969.32	95,966.86

VI. Other Matter

On 29 March 2012, the Company and its parent company, Mahindra Mauritius, entered into an equity transfer agreement in relation to Jiangxi Mahindra Yueda. Jiangxi Mahindra Yueda is a Sino-foreign equity joint venture established on 11 January 2005, in which Mahindra Mauritius holds 89.37% equity interest. Pursuant to the equity transfer agreement, Mahindra Mauritius will transfer all its equity interest in Jiangxi Mahindra Yueda to the Company with a consideration of INR 48.548 million. On 5 September 2012, Jiangxi Mahindra Yueda renewed the business registration. As at 31 December 2012 and 31 December 2013, the Company has not yet paid the consideration to Mahindra Mauritius. Hence, Jiangxi Mahindra Yueda is not accounted for a subsidiary of the Company in the financial statements for the year ended 31 December 2012 and 31 December 2013.

The above agreement could not be fruitfully completed due to special reasons, and both parties decided to pursue a third party buyer, and the Company will not pay the consideration for acquisition of Jiangxi Mahindra Yueda to Mahindra Mauritius.

On 27 May 2014, the Company signed an equity transfer agreement with Gaoan Nante Dongteng Construction Machinery Manufacture Co. Ltd. ("Gaoan Nante"). Pursuant to this agreement, the Company has transferred all its equity interest of Jiangxi Mahindra Yueda to Gaoan Nante. On 17 June 2014, Jiangxi Mahindra Yueda renewed the business registration.

DIRECTORS' REPORT

Your Directors present their Report together with the audited accounts of the Company for the period ended 31st March 2015.

Company Operations

Your Company was primarily focused on development and testing of its engineering beta prototypes and making design changes to ensure it launches with a high quality product, that has innovative features and is positioned to provide a fun, no hassles riding and ownership experience to the consumers in the United States. The Company assembled six (6) more prototypes in August 2014 to validate and test several of the design and engineering changes followed by creation of engineering documentation and assembly of six (6) additional market testing bikes in February 2015, two of which were sent to the Formula E racing events in Florida and Los Angeles. To broaden the spectrum of its product offerings, the Company contracted with a third party to manufacture Electric Bikes to its specifications and currently has exclusive rights to assemble and sell them in the US. Your company entered into a contract with Edelman to boost its marketing and public relations efforts and launched its website and e-commerce site in September 2014. It continues to explore innovative marketing and sales channels as it prepares to launch its products, the GenZe 2.0 and sell the Electric bike in the US.

Financial Highlights

This was the second full year of operations for your Company that commenced operations on April 1, 2013 as a 100%

subsidiary of Mahindra USA Inc. During the year, the Company increased its Authorized Share Capital and made an offering of its shares to Mahindra Overseas Investment Company (Mauritius) Limited (MOICML). Effective December 1, 2014, the Company is a 100% subsidiary of MOICML. Its expenditures for the year were primarily for development of product and supply chain and for the exploration of marketing channels for selling and distribution of its Genze 2.0 electric two-wheeler and the electric bike. The Company acquired several leased facilities during the year – one in Ann Arbor, Michigan for the setting up of assembly operations for this two-wheeler product and the others in Portland, Oregon and Torrance, Los Angeles as fulfillment centers to warehouse and services its products. The Company also moved its Headquarters to Fremont, California, and opened up its first retail store in Palo Alto, California. Your company launched the electric bike this fiscal year in its store and through e-commerce and plans to launch the innovative Genze 2.0 in the coming fiscal year and work towards becoming the market leader in the two-wheeler transportation segment.

For and on behalf of the Board

Vishwesh (Vish) Palekar
President & CEO

May 6, 2015
Fremont, California

INDEPENDENT AUDITORS' REPORT

Board of Directors

Mahindra Tractor Assembly, Inc.

We have audited the accompanying balance sheets of Mahindra Tractor Assembly, Inc. ('the Company') as of March 31, 2015 and March 31, 2014 and the related statement of loss, stockholder's equity/deficit and cash flow for the years ended on March 31, 2015 and March 31, 2014. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly in all material respects, the financial position of the Company as of March 31, 2015 and March 31, 2014 and the results of its operations and the cash flows for the years then ended, in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of matter

The presentation of financial information in Indian rupees in the financial statements is not a required part of the basic financial statements. We have verified the arithmetic accuracy of the presentation based upon exchange rate provided by the Company's management. We did not audit and do not express an opinion on such information, and our opinion is not modified with respect to this matter.

Other matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary financial information as per Note T includes the balance sheet as on November 30, 2014 and the statements of income, stockholder's equity and cash flows for the period ended November 30, 2014 and is presented for purpose of consolidation with Mahindra USA, Inc., the parent company till November 30, 2014 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

KNAV P.A.
Atlanta, Georgia
April 29, 2015

BALANCE SHEET AS OF MARCH 31, 2015

	As at March 31, 2015		As at March 31, 2014	
	USD	INR	USD	INR
ASSETS				
Current Assets:				
Cash and Cash Equivalents	605,739	37,943,501	787,505	49,329,313
Accounts receivables, net.....	1,539,404	96,428,235	64,896	4,065,070
Inventories	953,694	59,739,395	–	–
Prepaid and other current assets.....	162,293	10,166,047	25,697	1,609,660
Deferred tax asset, current.....	158,783	9,946,179	127,926	8,013,285
Total current assets	3,419,913	214,223,357	1,006,024	63,017,328
Non-current assets				
Property, plant and equipment.....	3,861,601	241,890,697	1,076,361	67,423,253
Security deposit	122,226	7,656,230	17,001	1,064,880
Deferred tax asset, non-current.....	83,737	5,245,286	92,509	5,794,824
Total non-current assets	4,067,564	254,792,213	1,185,871	74,282,957
Total assets	7,487,477	469,015,570	2,191,895	137,300,285
LIABILITIES AND STOCKHOLDER'S EQUITY (DEFICIT)				
Current liabilities:				
Short term borrowings.....	12,939	810,493	56,210	3,520,996
Accounts payable	1,646,494	103,136,369	1,513,538	94,808,003
Accrued expenses and other current liabilities	508,466	31,850,337	396,612	24,843,761
Total current liabilities	2,167,899	135,797,199	1,966,360	123,172,760
Non-current liabilities				
Advance from customers.....	24,250	1,519,020	–	–
Advance from related party	500,000	31,320,000	500,000	31,320,000
Total non-current liabilities	524,250	32,839,020	500,000	31,320,000
Total liabilities	2,692,149	168,636,219	2,466,360	154,492,760
Stockholder's equity (deficit)				
Common stock of \$ 1.00 par 6,800,000 authorized (March 31, 2014 - 10,000) shares issued 5,610,000 (March 31, 2014 - 10,000)	5,610,000	351,410,400	10,000	626,400
Accumulated deficit.....	(814,672)	(51,031,049)	(284,465)	(17,818,875)
Total stockholder's equity (deficit)	4,795,328	300,379,351	(274,465)	(17,192,475)
Total liabilities and stockholder's equity (deficit)	7,487,477	469,015,570	2,191,895	137,300,285

(The accompanying notes are an integral part of these financial statements)

STATEMENTS OF LOSS FOR THE YEAR ENDED MARCH 31, 2015

	For the year ended March 31, 2015		For the year ended March 31, 2014	
	USD	INR	USD	INR
Service revenue	12,079,686	756,671,520	8,518,543	533,601,534
Sale of E Bikes & accessories	147,874	9,262,829	–	–
	12,227,560	765,934,349	8,518,543	533,601,534
Expenses				
Cost of goods sold	82,467	5,165,715	–	–
Salaries and employee benefits	5,802,946	363,496,534	4,102,858	257,003,025
Selling, distribution and administration.....	3,923,261	245,753,084	1,893,967	118,638,105
Product development expense.....	1,462,522	91,612,404	1,607,673	100,704,668
Interest expense.....	13,652	855,154	–	77,566,172
Foreign withholding tax	1,050,436	65,799,310	1,238,285	–
Depreciation	401,084	25,123,875	25,519	1,598,510
Legal and professional fees	112,247	7,031,165	156,217	9,785,378
Total operating expenses	12,848,615	804,837,241	9,024,519	565,295,858
Other income	70,000	4,384,800	3,000	187,920
Loss before income tax	(551,055)	(34,518,092)	(502,976)	(31,506,404)
Deferred tax benefit	22,085	1,383,404	220,436	13,808,111
Current tax expense.....	(1,237)	(77,486)	(1,925)	(120,582)
Net loss for the year	(530,207)	(33,212,174)	(284,465)	(17,818,875)

(The accompanying notes are an integral part of these financial statements)

STATEMENT OF STOCKHOLDER'S EQUITY (DEFICIT)

	Common stock		Common stock		Accumulated deficit	Total stockholder's equity (deficit)
	Authorized		Issued and outstanding			
	Shares	Value USD	Shares	Value USD		
Balance as at April 01, 2013.....	10,000	10,000	10,000	10,000	-	10,000
Net loss for the year.....			-	-	(284,465)	(284,465)
Balance as at March 31, 2014.....	10,000	10,000	10,000	10,000	(284,465)	(274,465)
Balance as at April 01, 2014.....	10,000	10,000	10,000	10,000	(284,465)	(274,465)
Common stock authorized and issued during the year	6,790,000	6,790,000	5,600,000	5,600,000	-	5,600,000
Net loss for the year.....	-	-	-	-	(530,207)	(530,207)
Balance as at March 31, 2015.....	6,800,000	6,800,000	5,610,000	5,610,000	(814,672)	(4,795,328)

	Common stock		Common stock		Accumulated deficit	Total stockholder's equity (deficit)
	Authorized		Issued and outstanding			
	Shares	Value INR	Shares	Value INR		
Balance as at April 01, 2013.....	10,000	626,400	10,000	626,400	-	626,400
Net loss for the year.....	-	-	-	-	(17,818,875)	(17,818,875)
Balance as at March 31, 2014.....	10,000	626,400	10,000	626,400	(17,818,875)	(17,192,475)
Balance as at April 01, 2014.....	10,000	626,400	10,000	626,400	(17,818,875)	(17,192,475)
Common stock authorized and issued during the year	6,790,000	425,325,600	5,600,000	350,784,000	-	350,784,000
Net loss for the year.....	-	-	-	-	(33,212,174)	(33,212,174)
Balance as at March 31, 2015.....	6,800,000	425,952,000	5,610,000	351,410,400	(51,031,049)	(300,379,351)

(The accompanying notes are an integral part of these financial statements)

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2015

	For the year ended March 31, 2015		For the year ended March 31, 2014	
	USD	INR	USD	INR
Cash flows from operating activities				
Net loss	(530,207)	(33,212,174)	(284,465)	(17,818,875)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities				
Deferred tax benefit	(22,085)	(1,383,404)	(220,436)	(13,808,111)
Depreciation	401,084	25,123,875	25,519	1,598,510
	(151,208)	(9,471,703)	(479,382)	(30,028,476)
Net change in non-cash operating working capital				
Accounts receivables, net.....	(1,614,719)	(101,145,967)	(64,896)	(4,065,070)
Prepaid and other current assets.....	(136,596)	(8,556,387)	(25,697)	(1,609,660)
Inventories	(953,694)	(59,739,403)	–	0
Security deposit	(105,225)	(6,591,289)	(17,000)	(1,064,880)
Accounts payables.....	132,956	8,328,366	1,513,538	94,808,003
Accrued expenses and other current liabilities	252,066	15,789,394	396,612	24,843,761
Net cash flows (used in) provided by operating activities	(2,576,420)	(161,386,989)	1,323,175	82,883,678
Cash flows from investing activities				
Purchase of property, plant and equipment.....	(3,186,324)	(199,591,318)	(1,101,880)	(69,021,761)
Net cash flows used in investing activities	(3,186,324)	(199,591,318)	(1,101,880)	(69,021,761)
Cash flow from financing activities				
Short term borrowings, net proceeds (repayments)	(43,272)	(2,710,504)	56,210	3,520,996
Advance from related party			500,000	31,320,000
Customer deposits.....	24,250	1,519,020	–	–
Issuance of common stock	5,600,000	350,784,000	–	–
Net cash flows from financing activities.....	5,580,978	349,592,516	556,210	34,840,996
Net increase (decrease) in cash and cash equivalents	(181,766)	(11,385,791)	777,505	48,702,913
Cash and cash equivalents at the beginning.....	787,505	49,329,292	10,000	626,400
Cash and cash equivalents at the end	605,739	37,943,501	787,505	49,329,313
Supplemental cash flow information				
Income taxes paid	1,964	123,025	Nil	Nil
Interest paid	13,652	855,161	Nil	Nil

(The accompanying notes are an integral part of these financial statements)

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2015

NOTE A – NATURE OF OPERATIONS

Mahindra Tractor Assembly, Inc. (“MTAI” or the “Company”) a company incorporated in the State of Delaware on January 25, 2013 commenced business on April 1, 2013. The Company was owned by Mahindra USA, Inc. (“MUSA”), a Texas Corporation, which sells tractors, parts, attachments and accessories in North America under wholesale distribution agreements till November 2014. MUSA is a subsidiary of Mahindra & Mahindra Limited (“M&M”); a public listed Indian company (“the ultimate parent company”).

Ownership of MTAI was transferred from Mahindra USA, Inc. to Mahindra Overseas Investment Company Mauritius Limited (“MOICM”) in November, 2014, by issuance of 5,600,000 additional shares of \$1 each. Further 10,000 shares held by Mahindra USA, Inc. were also transferred to the new parent company, MOICM.

The Company was formed to sell electric powered scooters (hereinafter the “Mahindra GenZe Product” or “the Product”) in North America.

On April 1, 2013, MTAI, entered into an agreement with M&M., to develop the Product, establish the component supply chain and determine the marketing channels for future sales of the Product. The scope of services that the Company renders to M&M per the agreement includes –

1. Engaging the services of design, pro typing, engineering experts for development of the Product.
2. Engaging with state level and other authorities for testing of product and other statutory and other approvals as may be necessary for development of the Product.
3. Registering the use of intellectual property resulting out of the services engagement.
4. Establish a reliable supply chain for the entire bill of materials developed for the Product.
5. Determine and develop alternative marketing channels for the Product.

The agreement shall continue until March 31, 2020 and can be extended by mutual consultation in writing.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies applied in the preparation of the accompanying financial statements is as follows:

1. Basis of preparation

- a. The accompanying financial statements are prepared under the historical cost convention on the accrual basis of accounting in accordance with the accounting and reporting requirements of generally accepted accounting principles in the United States (“US GAAP”) to reflect the financial position, results of operation and cash flows of the Company. The Company meets the definition of non-public entity and accordingly, relaxations from specific disclosures have been considered wherever available.
- b. The financial statements are for the year April 1, 2014 to March 31, 2015 and April 1, 2013 to March 31, 2014.
- c. The financial information in this report is shown in both US Dollars (USD) and in Indian Rupees (INR). For March, 31, 2015 and March 31, 2014, dollar amounts are translated for convenience into Indian rupees at exchange rate of 62.64 INR per dollar average of the telegraphic transfer buying and selling rates quoted by the Mumbai branch of State Bank of India on March 31, 2015. Within the notes to the financial statements, Indian rupee amounts are shown parenthetically following the U.S. dollar amount.
- d. Certain reclassifications, regroupings and reworking have been made in the financial statements of prior periods to conform to the classifications used in the current year. These changes had no impact on previously reported net income or stockholders’ equity/deficit.

2. Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires

management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

3. Cash and cash equivalents

The Company considers all cash accounts, money market accounts, and certificates of deposit with maturities of less than three months to be cash and cash equivalents. Cash balances in bank accounts are insured by the Federal Deposit Insurance Corporation up to an aggregate of \$250,000.

4. Revenue recognition

The Company renders research and development services that are reimbursed by a third party. Revenues on this cost-plus contract are recognized as the services are performed. The Company’s effort, measured on a monthly basis, represents the contractual milestone or output measure, which is the contractual earnings pattern.

The Company recognizes revenues when assembled E-Bikes have been shipped pursuant to a purchase order or other contractual arrangement, the sales price is fixed or determinable, and collectability is reasonably assured. The Company’s revenues are also generated from the sale of accessories.

5. Government incentive

The Company receives incentive from the Michigan Economic Development Council in the form of grants. Grants are recognized at their fair values in the statement of loss where there is a reasonable assurance that grant is received and all attaching conditions will be complied with.

6. Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation. Cost of items of property, plant and equipment comprise cost of purchase and other costs necessarily incurred to bring it to the condition and location necessary for its intended use. The Company depreciates property, plant and equipment over the estimated useful life using the straight-line method. Upon retirement or disposal of assets, the cost and accumulated depreciation will be eliminated from the accounts and the resulting gain or loss will be credited or charged to operations.

The estimated useful life used to determine depreciation is:

Engineering equipment	3 years
Factory equipment	5 years
Computers	3 years
Vehicles	2-5 years
Leasehold improvements	Lease term

The cost of property, plant and equipment not ready for use before such date are disclosed under capital work-in-progress.

7. Impairment of long-lived assets

Long-lived assets, including certain identifiable intangible assets, to be held and used are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. Such assets are considered to be impaired if the carrying amount of the assets is higher than the future undiscounted net cash flows expected to be generated from the assets. The impairment amount to be recognized is measured by the amount by which the carrying value of the assets exceeds its fair value.

8. Accounts receivable & allowance for doubtful accounts

Accounts receivable from ultimate parent company represent service fee receivable. Trade receivables represents receivable on sale of E-Bikes and accessories. The Company does not maintain an allowance for doubtful account for the parent company receivable. For the trade receivables, the Company follows the specific identification method for recognizing allowance for doubtful debts. Management analyzes composition of the accounts receivable aging, historical bad debts, current economic trends and customer credit worthiness of each accounts receivable when evaluating the adequacy of the allowance for doubtful accounts. Allowance for doubtful debt is included in marketing and selling expenses in the statements of comprehensive income.

9. *Research and development costs*

Revenue expenditure on research and development is expensed as incurred. Capital expenditure incurred on equipment and facilities that are acquired or constructed for research and development activities and having alternative future uses is capitalized as tangible assets when acquired or constructed.

10. *Income taxes*

In accordance with the provisions of Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 740 "Income Taxes," income taxes are accounted for using the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss carry-forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. The deferred tax asset is reduced by a valuation allowance if it is more likely than not that some portion or all of the asset will not be realized.

11. *Inventories*

Inventories are stated at the lower of cost and market value. Cost is determined using the weighted average method. Cost in the case of raw materials comprises the purchase price and attributable direct costs, less trade discounts. Cost in the case of work-in-progress and finished goods comprise direct labor, material cost and production overheads. A write down of inventory to the lower of cost or market value at the close of a fiscal period creates a new cost basis and is not marked up based on changes in underlying facts and circumstances. Inventories are reviewed on a periodic basis for identification and write-off of slow moving, obsolete and impaired inventory. Such write-downs, if any, are included in cost of revenues.

12. *Fair value measurements and financial instruments*

The Company applies fair value measurements to certain assets, liabilities and transactions that are periodically measured at fair value.

Assets and liabilities recorded at fair value in the financial statements are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Hierarchical levels which are directly related to the amount of subjectivity associated with the inputs to the valuation of these assets or liabilities are as follows:

Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access as of the measurement date.

Level 2 – inputs other than quoted prices included within Level 1 that are directly observable for the asset or liability or indirectly observable through corroboration with observable market data.

Level 3 – unobservable inputs for the asset or liability only used when there is little, if any, market activity for the asset or liability at the measurement date.

This hierarchy requires the Company to use observable market data, when available, and to minimize the use of unobservable inputs when determining fair value.

The Company's financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities. The estimated fair value of cash, accounts receivable, accounts payable and accrued liabilities approximate their carrying amounts due to the short-term nature of these instruments. None of these instruments are held for trading purposes.

13. *Operating leases*

Lease rent expenses on operating leases are charged to expense over the lease term. Certain operating lease agreements provide for scheduled rent increases over the lease term. Rent expense for such leases is recognized on a straight-line basis over the lease term.

NOTE C - CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise of the following:

	As at March 31, 2015		As at March 31, 2014	
	USD	INR	USD	INR
Balances with banks	605,675	37,939,481	786,849	49,288,221
PayPal account	64	4,020	656	41,092
	<u>605,739</u>	<u>37,943,501</u>	<u>787,505</u>	<u>49,329,313</u>

Cash balances in bank account (Silicon Valley Bank) are insured by the Federal Deposit Insurance Corporation up to an aggregate of USD 250,000 [INR 15,660,000] (previous year – USD 250,000 [INR 15,660,000]). At March 31, 2015 and March 31, 2014, the Company had USD 355,739 [INR 22,283,490] and USD 537,505 (INR 33,669,313) cash at risk, respectively.

NOTE D - ACCOUNTS RECEIVABLE, NET OF ALLOWANCES

Accounts receivable comprise of:

	As at March 31, 2015		As at March 31, 2014	
	USD	INR	USD	INR
Receivable from parent company	1,498,740	93,881,074	64,896	4,065,070
Trade receivables	40,664	2,547,161		
Accounts receivable, net of allowances	<u>1,539,404</u>	<u>96,428,235</u>	<u>64,896</u>	<u>4,065,070</u>

NOTE E – INVENTORIES

Inventories comprise of the following:

	As at March 31, 2015		As at March 31, 2014	
	USD	INR	USD	INR
Raw material	45,911	2,875,832	-	-
Semi-finished goods#	907,142	56,823,353	-	-
Work in progress	642	40,210	-	-
	<u>953,694</u>	<u>59,739,395</u>	<u>-</u>	<u>-</u>

E bikes in semi knocked down condition.

NOTE F – PREPAID AND OTHER CURRENT ASSETS

Prepaid and other current assets comprise of the following:

	As at March 31, 2015		As at March 31, 2014	
	USD	INR	USD	INR
Prepaid expenses	85,568	5,359,995	24,197	1,515,700
Other receivables#	75,505	4,729,632	500	31,320
Other deposits	1,220	76,421	1,000	62,640
	<u>162,293</u>	<u>10,166,047</u>	<u>25,697</u>	<u>1,609,660</u>

#includes grant receivable from Michigan Economic Development Council.

NOTE G – PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment comprise of the following:

	As at March 31, 2015		As at March 31, 2014	
	USD	INR	USD	INR
Engineering equipment	261,038	16,351,435	183,758	11,510,601
Factory equipment	411,937	25,803,762	47,476	2,973,897
Computer equipment	86,542	5,420,989	5,602	350,909
Computer software	40,431	2,532,614	-	-
Leasehold improvements	512,725	32,117,118	235,024	14,721,903
Furniture equipment	91,526	5,733,197	-	-
Company vehicles	101,960	6,386,772	49,715	3,114,148
Capital work in progress	2,782,043	174,267,193	580,305	36,350,305
Total	4,288,202	268,613,080	1,101,880	69,021,763
Accumulated depreciation	(426,601)	(26,722,383)	(25,519)	(1,598,510)
	<u>3,861,601</u>	<u>241,890,697</u>	<u>1,076,361</u>	<u>67,423,253</u>

MAHINDRA TRACTOR ASSEMBLY INC

Depreciation expense for the year is USD 401,084 [INR 25,123,875], (March 31, 2014 USD 25,519 [INR 1,598,510]).

NOTE H – SHORT TERM BORROWINGS

Short term borrowings consist of amounts payable to Bank of America and are outstanding corporate credit card bills. The amount outstanding as at March 31, 2015 is USD 12,939 [INR 810,493] (Previous year USD 56,210 [INR 3,520,996]).

NOTE I-ACCOUNTS PAYABLE

Account payable comprise of the following:

	As at March 31, 2015		As at March 31, 2014	
	USD	INR	USD	INR
Trade payables	688,678	43,138,775	555,722	34,810,417
Due to group companies (Refer note P)	957,816	59,997,594	957,816	59,997,586
	<u>1,646,494</u>	<u>103,136,369</u>	<u>1,513,538</u>	<u>94,808,003</u>

NOTE J – ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

Accrued expenses comprise of:

	As at March 31, 2015		As at March 31, 2014	
	USD	INR	USD	INR
Accrued bonus	332,153	20,806,086	332,455	20,824,966
Accrued paid time off	134,089	8,399,329	43,154	2,703,167
Accrued payroll taxes	25,410	1,591,666	-	-
Accrued miscellaneous	15,616	978,213	19,078	1,195,046
Accrued income taxes	1,198	75,043	1,925	120,582
	<u>508,466</u>	<u>31,850,337</u>	<u>396,612</u>	<u>24,843,761</u>

NOTE L – LINE OF CREDIT

The Company obtained a USD 1 million [INR 62,640,000] line of credit on February 18, 2014 with interest at LIBOR plus 2.50% per annum for LIBOR loan(banks' prime rate plus 1.50% per annum for bank rate loan) from Bank of America, N.A. All current assets of the Company serve as collateral for this credit arrangement. The Company amended the agreement on September 19, 2014 to increase the line of credit to USD 2 million [INR 125,280,000]. The interest rates amended to LIBOR plus 1.50% per annum for LIBOR loan (banks' prime rate plus 0.75% per annum for bank rate loan).The line of credit outstanding at the year ended March 31, 2015 is NIL. Interest expense during the year was \$ 13,652 [INR 855,161] (March 31, 2014 \$ Nil [INR Nil])

NOTE M- COMMITMENTS AND CONTINGENCIES

Litigations

There was no outstanding litigation as at balance sheet date March 31, 2015 and during the year then ended.

Lease obligations

The Company has following lease obligations:

- 1) East Ellsworth Road,Ann Arbor, Michigan for light industrial and office use. The period of lease is from January 1, 2014 to December 31, 2016 with an option to extend the lease for additional term of 3 years. The rent expense for this lease is USD 11,500 per month [INR 690,690].In addition to this Company has provided a security deposit of USD 17,000 for period of three years.
- 2) 2901, Bay View Drive, Fremont, California for office use. The period of lease is from June 1, 2014 to May 31, 2019. The rent expense for this lease is USD 6,000 per month [INR 375,840].In addition to this Company has provided a security deposit of USD 16,716 for period of five years.

- 3) 429 University, Palo Alto, California for office use. The period of lease was from May 1, 2014 to February 28, 2015. Thereafter the lease is an ongoing lease on monthly basis- cancellable at any time. The rent expense for this lease is USD 10,500 per month [INR 776,673].In addition to this Company has provided a security deposit of USD 52,500 on the lease.
- 4) 2908 Oregon Court, Unit I-17, Torrance,Louisiana for office use. The period of lease is from June 1, 2014 to August 31, 2017. The rent expense for this lease is USD 2,090 per month [INR 130,918].In addition to this Company has provided a security deposit of USD 7,600 for period of three years.
- 5) 6907 NE 79th Court, Portland, Oregon for office use. The period of lease is from September 1, 2014 to August 31, 2019. The rent expense for this lease is USD 2,219 per month [INR 138,998].In addition to this Company has provided a security deposit of USD 7,494 for period of five years.
- 6) Palo Alto, California for office use. The period of the lease was April 1, 2013 to September 30, 2014. The rent for this lease is USD 4,950 per month [INR 297,297] till November 30, 2013 and USD 5,160 per month [INR 309,910] till September 30, 2014. This lease was terminated in October 2014.
- 7) Phoenix Drive, Ann Arbor, Michigan for industrial use. The period of lease was October 1, 2012 to March 31, 2014. The rent for this lease is USD 5,310 per month [INR 318,919]. The term was renewed for one month and expired on April 30, 2014.

The rent expense for the year ended March 31, 2015 is USD 392,375 [INR 24,578,370] (previous year USD 183,792 [INR 11,512,731])

As at March 31, 2015 future rental commitments for the leases are as follows:

(Amounts in USD)

Year ending March 31	2908, Oregon Court, Torrance, CA	E Ellsworth Road, Ann Arbor, MI	Fremont, CA	Portland, OR	Total
	2016	25,080	138,000	72,000	
2017	25,080	103,500	72,000	26,628	227,208
2018	10,450		72,000	26,628	109,078
2019			72,000	26,628	98,628
2020			12,000	11,095	23,095

(Amounts in INR)

Year ending March 31	2908, Oregon Court, Torrance, CA	E Ellsworth Road, Ann Arbor, MI	Fremont, CA	Portland, OR	Total
	2016	1,571,011	8,644,320	4,510,080	
2017	1,571,011	6,483,240	4,510,080	1,667,978	14,232,309
2018	654,588		4,510,080	1,667,978	6,832,646
2019			4,510,080	1,667,978	6,178,058
2020			751,680	694,991	1,446,671

NOTE N – INCOME TAXES

The provision for income tax expense (benefit) is as follows:

	For the year ended March 31, 2015		For the year ended March 31, 2014	
	USD	INR	USD	INR
Federal deferred tax benefit	(22,222)	(1,391,986)	(220,257)	(13,796,898)
Current state tax	1,237	77,486	1,925	120,582
State deferred tax	137	8,582	(179)	(11,213)
	<u>(20,848)</u>	<u>(1,305,918)</u>	<u>(218,511)</u>	<u>(13,687,529)</u>

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's net deferred income taxes are as follows:

	Year ended March 31, 2015		Year ended March 31, 2014	
	USD	INR	USD	INR
Non-current deferred tax liability				
Plant, property and equipment	(133,212)	(8,344,400)	(23,727)	(1,486,259)
Non-current deferred tax assets				
Research & development tax credit	216,949	13,589,686	116,236	7,281,083
Foreign tax credit	1,696,247	106,252,912	884,746	55,420,489
Less: Valuation allowance	(1,696,247)	(106,252,912)	(884,746)	(55,420,489)
Non-current deferred tax assets, net	83,737	5,245,286	92,509	5,794,957
Current deferred tax assets				
Accrued vacation	45,665	2,860,456	14,697	920,620
Accrued bonus	113,118	7,085,723	113,229	7,092,665
Current deferred tax assets, net	158,783	9,946,179	127,926	8,013,285

The Company has provided a valuation allowance of USD 1,696,247 [INR 106,252,912] and USD 844,746 [INR 52,914,889] as of March 31, 2015 and March 31, 2014, respectively, against the net deferred tax assets. The change in valuation allowance is USD 811,501 [INR 50,832,423] during the year ended March 31, 2015.

As on March 31, 2015, the Company has the following carry forwards:

	Research and development credit		Foreign tax credit	
	USD	INR	USD	INR
Amount	216,949	13,589,685	1,696,247	106,252,912
Expiry will start from	Tax year 2033		Tax year 2023	

In assessing the realization of deferred tax assets, the likelihood of whether it is more likely than not that some portion or all of the deferred tax assets will not be realized must be considered. The ultimate realization of deferred tax assets is dependent on the generation of future taxable income during the periods in which temporary difference become deductible. Management considers the projected future taxable income and tax planning strategies in making this assessment. Based on the level of projections for future taxable income for which the deferred tax assets are deductible, the management believes there exists significant uncertainties regarding the realization of deferred tax assets on the foreign tax credits and accordingly, a valuation allowance of \$ 1,696,247 [INR 106,252,912] has been recorded as on March 31, 2015.

The Company recognizes the financial statement impact of a tax position when it is more likely than not that the position will be sustained upon examination. The adoption of this standard had no material effect on the Company's financial position, results of operation or cash flows

The tax years 2012 and 2013 remains subject to examination by the taxing authorities.

NOTE O – RELATED PARTY TRANSACTIONS

The Company had transactions with-

A. Ultimate parent company

- Mahindra & Mahindra Limited
- Mahindra North America Technical Center Inc.
- Mahindra Overseas Investment Company Mauritius Limited

	March 31, 2015		March 31, 2014	
	USD	INR	USD	INR
Balances at the end of the year				
<i>Long term advance from</i>				
– Mahindra & Mahindra Limited	500,000	31,320,000	500,000	31,320,000
<i>Receivable for services</i>				
– Mahindra & Mahindra Limited	1,498,740	93,881,074	64,896	4,065,085
– Mahindra North America Technical Center Inc.	21,468	1,344,756	–	–
<i>Payable</i>				
– Mahindra & Mahindra Limited	957,816	59,997,594	957,816	59,997,594
Transactions during the year				
<i>Revenue from</i>				
– Mahindra & Mahindra Limited	12,079,686	756,671,531	8,518,543	533,601,534
<i>Issuance of common stock</i>				
– Mahindra Overseas Investment Company Mauritius Limited	5,600,000	350,784,000		

These related party transactions are in the normal course of business operations and have been valued in these financial statements at the exchange amount which is the amount of consideration established and agreed to by the related parties.

NOTE P–OTHER INCOME

Other income comprises of:

	For the year ended March 31, 2015		For the year ended March 31, 2014	
	USD	INR	USD	INR
Michigan business development program	70,000	4,384,800	–	–
Settlement of advance	–	–	3,000	187,920
	70,000	4,384,800	3,000	187,920

The Company during the calendar year 2013 was awarded a \$ 300,000 business development grant for a project with Michigan Economic Development Council. During the year the Company has achieved a milestone required to receive \$70,000 of the grant money.

NOTE Q – CONCENTRATIONS

Financial instruments that have a potential to subject the Company to concentrations of credit risk comprise principally of cash equivalents and accounts receivable. The fair values of these financial instruments approximate their book values. During the year ended March 31, 2015, the Company received 99% of its revenue from its ultimate parent company. As of March 31, 2015, 99% of the accounts receivable are from this customer.

NOTE R – COMMON STOCK

Ownership of the MTAI was transferred from Mahindra USA, Inc. to Mahindra Overseas Investment Company Mauritius Limited ("MOICM") on November 30, 2014, by issuance of 5,600,000 additional shares of \$1 each. Further 10,000 shares held by Mahindra USA Inc. were also transferred to the new parent company. MOICM.

The authorized share capital of the Company was changed and increased to 6,800,000 common shares of a par value of \$ 1 each and issued share capital as at March 31, 2015 is 5,610,000 shares at \$ 1 each. Each share carries an equal voting right and is entitled to an equal share in the assets of the Company at liquidation.

NOTE S – SUBSEQUENT EVENTS

Subsequent events have been evaluated through April 29 2015 which is the date the financial statements were issued. No material subsequent event has been noted.

NOTE T – SUPPLEMENTARY INFORMATION**BALANCE SHEETS**

	As at	
	November 30, 2014	March 31, 2014
	USD	USD
ASSETS		
Current assets		
Cash and cash equivalents	3,253,451	787,505
Accounts receivables, net.....	1,156,265	64,896
Inventories	413,130	–
Prepaid and other current assets.....	114,910	25,697
Deferred tax asset, current	131,476	127,926
Total current assets	5,069,232	1,006,024
Non-current assets		
Property, plant and equipment.....	3,123,881	1,076,361
Security deposit	123,725	17,001
Deferred tax asset, non-current.....	92,509	92,509
Total non-current assets	3,340,115	1,185,871
Total assets	8,409,347	2,191,895
Current liabilities		
Short term borrowings.....	48,128	56,210
Accounts payable	2,027,954	1,513,538
Accrued expenses and other current liabilities	540,390	396,612
Total current liabilities	2,616,472	1,966,360
Non-current liabilities		
Advance from customers.....	30,218	–
Advance from related party	500,000	500,000
Total non-current liabilities	530,218	500,000
Total liabilities	3,146,690	2,465,235
Stockholder's equity (deficit)		
Common stock of \$ 1.00 par 6,800,000 authorized (March 31, 2014 - 10,000) shares issued 5,610,000 (March 31, 2014 - 10,000)	5,610,000	10,000
Accumulated deficit.....	(347,343)	(284,465)
Total stockholder's equity (deficit)	5,262,657	(274,465)
Total liabilities and stockholder's equity (deficit)	8,409,347	2,191,895

STATEMENT OF LOSS

	For the period ended November 30, 2014	For the year ended March 31, 2014
	USD	USD
Service revenue	8,460,119	8,518,543
Sale of E Bikes	50,126	-
	8,510,245	8,518,543
Expenses		
Cost of goods sold.....	40,463	-
Salaries and employee benefits.....	3,774,822	4,102,858
Selling, distribution and administration	2,607,005	1,893,967
Product development	1,052,152	1,607,673
Foreign tax	763,022	1,238,285
Depreciation	259,529	25,519
Legal and professional fees.....	79,481	156,217
Total operating expenses	8,576,474	9,910,870
Other income	-	3,000
Loss before income tax	(66,229)	(502,976)
Deferred tax benefit	3,550	220,436
Income tax	(199)	(1,925)
Net loss for the year	(62,878)	(284,465)

STATEMENT OF STOCKHOLDER'S EQUITY (DEFICIT)

	Common stock		Common stock		Accumulated deficit USD	Total stockholder's equity (deficit) USD
	Authorized		Issued and outstanding			
	Shares	Value USD	Shares	Value USD		
Balance as at April 01, 2013.....	10,000	10,000	10,000	10,000	–	10,000
Net loss for the year.....	–	–	–	–	(284,465)	(284,465)
Balance as at March 31, 2014.....	10,000	10,000	10,000	10,000	(284,465)	(274,465)
Balance as at April 01, 2014.....	10,000	10,000	10,000	10,000	(284,465)	(274,465)
Common stock authorized and issued during the year	6,790,000	6,790,000	5,600,000	5,600,000	–	5,600,000
Net loss for the year.....	–	–	–	–	(62,878)	(62,878)
Balance as at November 30, 2014.....	6,800,000	6,800,000	5,610,000	5,610,000	(347,343)	5,262,657

STATEMENTS OF CASH FLOWS

	For the year ended November 30, 2014 USD	For the year ended March 31, 2014 USD
Cash flows from operating activities		
Net loss	(62,878)	(284,465)
Adjustments to reconcile net loss to net cash provided by operating activities		
Deferred tax benefit	(3,550)	(220,436)
Depreciation	259,529	25,519
Net change in non-cash operating working capital		
Accounts receivables, net.....	(1,091,369)	(64,896)
Prepaid and other current assets.....	(89,214)	(25,697)
Inventories	(413,130)	-
Security deposit	(106,725)	(17,000)
Accounts payables.....	514,416	1,513,538
Accrued expenses and other current liabilities	143,778	396,612
Net cash flows provided by operating activities	849,143	1,323,175
Cash flows from investing activities		
Purchase of property, plant and equipment.....	(2,307,048)	(1,101,880)
Net cash flows used in investing activities	(2,307,048)	(1,101,880)
Cash flow from financing activities		
Short term borrowings.....	(8082)	56,210
Advance from related party	30,219	500,000
Issuance of common stock	5,600,000	-
Net cash flows from financing activities.....	5,622,137	556,210
Net increase in cash and cash equivalents	2,465,946	777,505
Cash and cash equivalents at the beginning.....	787,505	10,000
Cash and cash equivalents at the end	3,253,451	787,505
Supplemental cash flow information		
Income taxes paid	1,964	Nil
Interest paid	13,652	Nil

DIRECTORS' REPORT TO THE SHAREHOLDERS

Dear Shareholders

Your Directors present their Fourth Report together with the audited accounts of your Company for the year ended 31st March 2015.

PRINCIPAL ACTIVITY & REVIEW OF BUSINESS

Your Company participates, as a constructor of motorcycles, in FIM MotoGP World Motorcycle Racing Championship and the Junior World Championship in the Moto3 (250cc, 4 stroke class).

Your Company staff consists of four (4) contractual employees and eight (8) administration/technical and managerial staff. The organization works out of a 2 rented office space one office at Turbenthal in Switzerland and a second office in Italy at Besozzo, Varese province (near Milan) from where the Company conducts all its design, development and manufacturing activities.

Mahindra Racing SRL has four major partnerships - Mahindra & Mahindra Ltd & Total Oil India Pvt. Ltd. for sponsorship, Suter Racing Technology for technical development and manufacture of the racing bikes and Box 55 (Team Aspar) for participating in the Moto3 World and Junior World Championships.

Major Achievements for F 2015:

- Three podium finishes – the best ever for an Indian Constructor in the 2014 season of the FIM Moto GP World Motorcycle Racing Championship in the Moto 3 class
- Overall 3rd Place in Constructors' Rankings in the above championship

FINANCIAL HIGHLIGHTS

	(Amount in Euro/INR.)			
	2015	2015	2014	2014
	Euro	INR	Euro	INR
	Lakhs	Lakhs	Lakhs	Lakhs
Total Income	51.02	3,452.01	47.73	3,229.49
Profit before Depreciation & Taxation	(0.12)	(7.94)	0.37	24.89
Depreciation	0.12	7.99	0.02	1.55
Profit before Tax	(0.24)	(15.93)	0.34	23.33
Taxation	0.56	37.99	0.37	24.94
Profit/(Loss) for the year	(0.80)	(53.92)	(0.02)	(1.60)
Profit/(Loss) carried to Balance Sheet	(0.80)	(53.92)	(0.02)	(1.60)

The Financial Statements at March 31, 2015 highlight a loss equal to Euro 79,689 (INR 53,91,758) which represents an acceptable outcome taking into account that, on one hand, your Company has been winning races and, on the other hand, we have entered into manufacturing activities, with the purpose to achieve and maintain a good standing in FIM World & Junior World Motorcycle Moto3 Championship (250cc 4 stroke) and in the Italian championship, has been incurring several expenses and also making for medium- and long-term investments which were met from the sponsorship income received from Mahindra & Mahindra Limited.

SHARE CAPITAL

The Equity share capital of your Company is Euro 551,000 (INR 37,280,660) This year new shares worth Euro 531,000 have been allotted for carrying out the design, development and manufacturing activities. Working capital loan has been taken from Barclays Bank to meet the working capital needs of the Company.

DIRECTORS

The Directors of your Company are Mr. S. P. Shukla – (Chairman of the Company), Mr. Ruzbeh Irani, Mr Prashant Kamat, Mr. Mufaddal Abbas Choonia – Director and Chief Executive Officer of the company.

HOLDING COMPANY

Your Company's holding company is Mahindra Overseas Investment Company (Mauritius) Limited, which is a subsidiary of Mahindra & Mahindra Limited. Hence, Mahindra & Mahindra Limited is the ultimate Parent company.

For & on Behalf of the Board

S. P. Shukla
Chairman

Place : Mumbai
Date : 07th May, 2015

AUDITORS' REPORT

TO THE SHAREHOLDERS OF MAHINDRA RACING S.R.L.

1. We have audited the annual accounts for the business year of Mahindra Racing S.r.l. as at 31 March 2015. It is the responsibility of the directors of Mahindra Racing S.r.l. to draw-up the annual accounts. It is our responsibility to express our professional opinion on the annual accounts based on our auditing.
2. Our audit was made according to the CONSOB principles and criteria for auditing. In conformity with the aforesaid principles and criteria, the audit was planned and carried out to acquire every element necessary to control if the annual accounts were invalidated by important errors and if they, on the whole, result as reliable. Auditing procedures include the examination, by spot checking, of the elements supporting the totals and the information contained in the annual accounts, as well as an evaluation of the adequacy and correctness of the accounting criteria used and the reasonableness of the estimates made by the directors. We believe that the work carried

out supplies us a reasonable basis on which to express our professional opinion.

For the opinion on the previous year's annual accounts, the data for which were presented for comparison according to the legal requisites, we would refer you to our report issued on 30th April 2014.

3. In our opinion, the annual accounts of Mahindra Racing S.r.l. at 31 March 2015 conform to the regulations governing the criteria for their drawing-up; they have therefore been drawn-up with clarity and represent the financial situation and the economic result of the Company in a true and correct manner.

RB Audit Italia S.r.l.
Dott. Roberto Mallardo
(Partner)

Rome, May 7th 2015

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2015

	Notes	2015	2015	2014	2014
		EURO	INR	EURO	INR
INCOME					
Sponsorship.....		3,846,502	260,254,325	4,223,279	285,747,057
Manufacturing Income.....		1,253,668	84,823,145	547,397	37,036,873
Bank Interest.....		2,590	175,255	2,446	165,471
		5,102,760	345,252,725	4,773,122	322,949,401
EXPENSES					
Repairs and maintenance		2,720,625	184,077,488	1,647,202	111,449,687
Depreciation.....		11,810	799,086	2,285	154,624
Rent.....		201,262	13,617,387	71,848	4,861,220
Legal and professional fees.....		1,640,038	110,965,004	2,631,412	178,041,355
Miscellaneous Expenses.....		13,893	939,979	87,498	5,920,098
Bank charges.....		12,311	832,962	10,051	680,020
Conveyance		487,811	33,055,292	249,271	16,865,690
Audit Fees.....		10,000	676,600	20,132	1,362,131
Telephone & Postal Expenses		6,510	440,473	7,426	502,461
Staff Welfare.....		4,417	298,875	6,570	444,545
Transportation Charges.....		17,610	1,191,493	4,932	333,677
		5,126,288	346,844,693	4,738,627	320,615,508
OPERATING (LOSS)/PROFIT.....		(23,528)	(1,591,913)	34,494	2,333,893
Investment written off		-	-	-	-
Impairment of available for sale financial asset		-	-	-	-
Realised gain on disposal of investment.....		-	-	-	-
(LOSS)/PROFIT BEFORE TAX		(23,528)	(1,591,913)	34,494	2,333,893
Tax expense		56,161	3,799,835	36,867	2,494,428
(LOSS)/PROFIT FOR THE YEAR		(79,689)	(5,391,748)	(2,373)	(160,535)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(79,689)	(5,391,748)	(2,373)	(160,535)

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2015

Notes	2015	2015	2014	2014
	EURO	INR	EURO	INR
		(Note 1)		(Note 1)
ASSETS				
Non-current assets				
Plant & Machinery	117,475	7,948,359	-	-
Computer	2,325	157,316	3,838	259,679
Available-for-sale financial assets.....	-	-	-	-
Loans.....	-	-	-	-
	119,800	8,105,675	3,838	259,679
Current assets				
Miscellaneous Expenditure	772	52,236	1,544	104,467
Sundry Debtors.....	134,316	9,087,815	225,690	15,270,185
Tax credits	110,162	7,453,549	300,138	20,307,337
Prepayments	338,116	22,876,912	-	-
Closing Stock.....	365,709	24,743,903	845,041	57,175,474
Cash and cash equivalents.....	213,205	14,425,458	236,150	15,977,909
Other Current Assets.....	30,258	2,047,279	20,703	1,400,765
	1,192,538	80,687,152	1,629,266	110,236,138
Total assets	1,312,339	88,792,827	1,633,104	110,459,817
EQUITY AND LIABILITIES				
Equity				
Stated capital	551,000	37,280,660	20,000	1,353,200
(Accumulated losses)/Retained earnings	(81,571)	(5,519,092)	(1,882)	(127,336)
	469,429	31,761,568	18,118	1,225,864
Non-current liabilities				
Borrowings.....	-	-	-	-
Current liabilities				
Payables and accruals	554,703	37,531,214	1,594,150	107,860,189
Bank Loan Short term	240,160	16,249,202	-	-
Other Payables	48,047	3,250,843	20,836	1,409,764
	842,910	57,031,259	1,614,986	109,269,953
Total equity and liabilities	1,312,339	88,792,827	1,633,104	110,495,817

Approved by the Board of Directors on 07.05.2015 and signed on its behalf by:

Director

Director

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2015

	2015	2015	2014	2014
	EURO	INR	EURO	INR
Cash flows from operating activities				
(Loss)/profit before taxation	(23,528)	(1,591,913)	34,494	2,333,893
Adjustments for:				
Depreciation.....	11,810	799,086	2,285	154,624
Impairment loss on available-for-sale financial asset.....	-	-	-	-
Realised gain on disposal of investment.....	-	-	-	-
Unrealised foreign exchange loss/(gain).....	-	-	-	-
Interest income	-	-	-	-
Interest expense	-	-	-	-
Dividend income.....	-	-	-	-
	(11,718)	(792,828)	36,779	2,488,517
Adjustments for working capital changes:				
Increase in Current Assets	413,011	27,944,304	(908,961)	(66,371,821)
Increase/(decrease) in Current Liabilities	(1,012,236)	(68,487,896)	1,201,574	81,298,497
Cash flows generated from operating activities.....	(610,943)	(40,543,592)	257,392	14,926,676
Taxes paid	(56,161)	(3,799,835)	(36,867)	(2,494,421)
Interest paid	-	-	-	-
Net cash flows generated from/(used in) operating activities	(667,105)	(45,136,322)	220,525	14,920,704
Cash flows from investing activities				
Purchase of available-for-sale financial assets.....	-	-	-	-
Purchase of property, plant & equipment	(127,000)	(8,592,820)	-	-
Proceeds from disposal of available-for-sale financial assets	-	-	-	-
Dividend received	-	-	-	-
Net cash flows (used in)/from investing activities.....	(127,000)	(8,592,820)	-	-
Cash flows from financing activities				
Share Capital	531,000	35,927,460	-	-
Loans repaid to bank	-	-	-	-
Loans from bank.....	240,160	16,249,201	-	-
Loan repayment received.....	-	-	-	-
Proceeds from issue of shares	-	-	-	-
Loans given.....	-	-	-	-
Shareholder's loan.....	-	-	-	-
Net cash flows generated from/(used in) financing activities.....	771,160	52,176,661	-	-
(Decrease)/increase in cash and cash equivalents	(22,945)	(1,552,481)	220,525	14,920,704
Cash & Bank Balances				
Opening Balance	236,150	15,977,909	15,625	1,057,188
Closing Balance.....	213,205	14,425,458	236,150	15,977,909
Cash and cash equivalents made up of:				
Cash at bank	213,205	14,425,458	236,150	15,977,909

NOTES TO THE FINANCIAL STATEMENTS AT 31/03/2015

Introduction

Dear Partners/Shareholders,

The present financial statement, presented to your attention for examination and approval, shows an operating loss equal to Euro 79,689.

General

Your company is engaged in the field of management and organization of technical and race teams for the participation in sports competition in the motorcycle sector, at professional level, in national and international competitions. Your company is also active in the field of promotion and management of the brand and merchandising activities.

Basis of Preparation of Financial Statements

These financial statements have been drawn up in accordance with articles 2423 ff of the Italian Civil Code, as appears from these Notes, which have been prepared pursuant to articles. 2427 of the Italian Civil Code and are an integral part of the financial statements within the meaning and for the purposes of articles 2423.

The financial statements' values are represented in units of Euro by rounding of the related amounts. Any rounding difference has been indicated under the heading "Reserve rounding Euro" between the items "Quota-holders capital" and "Rounding in Euro" under the item "extraordinary income and charges" in the Profit and Loss Account.

Basis of Accounting

The criteria used for drawing up the financial statements at March 31, 2015 do not differ from those used for the drafting of the financial statements of the previous financial year, particularly in terms of evaluations and in the continuity of the same principles.

The evaluation of the financial statements' items has been carried out on the basis of the general criteria of prudence and accrual, on a continuative basis of the activities, by evaluating the economic function of the assets as well as of the liabilities taken into account.

The application of the prudential basis of the accounting resulted in the evaluation of the single components of each value or asset or liability, in order to avoid any offset between losses that should have been recognized and/or profits that should have not been recognised if not realised.

In compliance to the accruals method, the effects of the transactions and of the other events have been reflected on the accounts and attributed to the fiscal year to which the transactions and the events refer, and not to the one in which the related collections and payments have occurred.

The fact that the evaluations considers the economic function of the assets or liabilities taken into account, which expresses the principle of prevalence of the substance over the form - mandatory where not conflicting with other specific rules governing the financial statements - makes it possible to represent the transactions according to the economic reality underlying the formal aspects.

In particular, the following accounting policies have been applied:

Fixed assets

Tangible assets

The Tangible Assets have been recorded at their purchase cost and are adjusted by the relevant accumulated depreciation funds.

The book value includes the ancillary costs as well as the costs incurred for the use of the fixed tangible asset, less any trade discounts and any significant cash discounts.

The depreciation charged to the Profit and Loss Account has been calculated on the basis of the remaining "useful life" of the assets, taking into account their use, destination and economic-technical life, and we believe that this is well reflected by the following rates, in the year in which the asset has been put to use:

- Computers : 25%

Accounts receivable

The Account receivables have been recorded at their presumed realisable value.

Misc. Expenditure to the extent not written off.

The start-up and expansion costs, having a utility that stretches over the years, have been recorded as assets with the approval of the Board of Statutory Auditors and are to be written off over 4 years.

Accounts payable

Accounts payable have been recorded at their nominal value, adjusted by any returns of goods or credit notes.

Accrued liabilities/income – prepayments/deferred income

These have been determined on an actual accruals basis of the financial period.

For long term accruals have been verified the conditions that led to its original registration, adopting, if necessary, appropriate changes.

The Accrued Incomes measure the income and expenses which competence is anticipated or delayed with respect to the numeracy and/or documental evidence; said incomes are independent from the date of payment or collection of the connected income and expenses, related to two or more financial years and divisible on a time basis.

Income taxes

The income taxes are accrued in accordance with the competence principle and include as following indicated:

- the accruals for the taxes paid or to be paid in the financial year, determined according to the current rates and regulation;

Recognition of income

The financial revenues and those deriving from the carrying out of services are acknowledged on an accrual basis.

Assets

A) Application of Funds

Values shown in Euro's & Rupees (1 Euro = 67.66) for convenient conversion terms, as on 31st March, 2015.

	As At 31.03.2015		As At 31.03.2014	
	Euro	Rs.	Euro	Rs.
1. Fixed Assets				
Gross Block	134,742	9,116,644	7,742	523,824
Less: Depreciation	14,942	1,010,976	3,904	264,145
Net Block	119,800	8,105,668	3,838	259,679
2. Current Assets				
Accounts receivable				
a) Tax credits	140,420	9,500,817	300,952	20,362,441
b) Prepaid Expenses	338,116	22,876,929	-	-
c) Receivables	134,316	9,087,827	245,579	16,615,846
	612,852	41,465,572	546,531	36,978,287
c) Cash & Bank Balances				
Bank Account (Rome)	105,618	7,146,114	196,321	13,283,070
Bank Account (Bologna)	-	-	3,966	268,339
Bank Account (Swiss)	105,641	7,147,670	28,146	1,904,375
Cash in Hand	1,946	131,666	7,717	522,125
(The Balance reflects the liquid assets And the cash in hand and cash Equivalents at the year end)	213,205	14,425,450	236,150	15,977,909

	As At 31.03.2015		As At 31.03.2014	
	Euro	Rs.	Euro	Rs.
d) Closing Stock	365,709	24,743,903	845,041	57,175,474
e) Misc. Expenditure to the extent not written off.				
Start up cost	1,544	104,467	2,316	156,701
Less : Expensed out this year	772	52,234	772	52,234
Balance not written off	772	52,234	1,544	104,467
Total Application of Funds	1,312,339	88,792,827	1,633,104	110,495,817
B) Sources of Funds				
1. Share Capital				
Share Capital	551,000	37,280,660	20,000	1,353,200
Retained earnings	(81,571)	(5,519,092)	(1,882)	(127,336)
	469,429	31,761,568	18,118	1,225,864
2. Current Liabilities				
Accounts Payable to Suppliers	554,703	37,531,214	1,594,150	107,860,189
Bank Loan	240,160	16,249,202	-	-
Other accounts payable	48,047	3,250,843	20,836	1,409,764
	842,910	57,031,259	1,614,986	109,269,953
Total Sources of Funds	1,312,339	88,792,827	1,633,104	110,495,817

Note:

- a) The company has no revaluation reserve and no statutory reserve
- b) Misc. Expenses to the extent not written off consist of start up cost

Profit & Loss Account

	As At 31.03.2015		As At 31.03.2014	
	Euro	Rs.	Euro	Rs.
A) Revenue				
Sponsorship income	3,846,502	260,254,325	4,223,279	285,747,057
Manufacturing Income	1,253,668	84,823,145	547,397	37,036,873
Bank Interest	2,590	175,255	2,446	165,471
	5,102,760	345,252,725	4,773,112	322,949,401

	As At 31.03.2015		As At 31.03.2014	
	Euro	Rs.	Euro	Rs.
B) Expenses				
Repairs & Maintenance	2,720,625	184,077,488	1,647,202	111,449,687
Depreciation	11,810	799,086	2,285	154,624
Rent	201,262	13,617,387	71,848	4,861,220
Legal & Professional Fees	1,640,038	110,965,004	2,631,412	178,041,355
Miscellaneous Expenses	13,893	939,979	87,498	5,920,098
Bank Charges	12,311	832,962	10,051	680,020
Conveyance	487,811	33,005,292	249,271	16,865,690
Audit Fees	10,000	676,600	20,132	1,362,131
Telephone & Postal Expenses	6,510	440,473	7,426	502,461
Staff Welfare	4,417	298,875	6,570	444,545
Transportation	17,610	1,191,493	4,932	333,677
	5,126,288	346,844,639	4,738,627	320,615,508
C) Taxes				
Current Taxes	56,161	3,799,835	36,867	2,494,428

Information on the financial instruments issued by the company

The company did not issue any financial instrument.

Information related to the fair value of the derived financial instruments

The company does not possess any derived financial instrument.

Information related to operations carried out with related parties

The company has not carried out any operation with related parties.

Information related to agreements not resulting from the balance sheet

The company does not have any agreement that does not result from the balance sheet.

Other information

The Directors receive no compensation for their activity.

These financial statements, composed of the balance sheet, profit and loss account and notes, are a true and fair view of the company's state of affairs and economic result for the year and correspond to the underlying accounting records.

Directors' Report to the Shareholders

Dear Shareholders

Your Director present their First Report together with the audited accounts of your Company for the period ended 31st March 2015.

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

select suitable accounting policies and then apply them consistently;

make judgments and accounting estimates that are reasonable and prudent;

prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

FINANCIAL HIGHLIGHTS:

For the period 1st April, 2014 to 31st March, 2015

	GBP Lakhs	INR Lakhs
Total Income	36.55	3,383.07
Profit before Depreciation & Taxation	(0.08)	(7.40)
Depreciation	0.00	0.00
Profit before Tax	(0.08)	(7.40)
Taxation	0.00	0.00
Profit/(Loss) for the year	(0.08)	(7.40)
Profit/(Loss) carried to Balance Sheet	(0.08)	(7.40)

The Financial Statements at March 31, 2015 highlight a loss equal to GBP 8,475 (INR 784,446) which represents an acceptable outcome taking into account that, on one hand, your Company has been winning races and, on the other hand, we have entered into being a constructor, with the purpose to achieve and maintain a good standing in Formule E Racing, has been incurring several expenses and also making for medium- and long-term investments as constructor which were met from the sponsorship income received from Mahindra & Mahindra Limited and other sponsor's.

SHARE CAPITAL

The Equity share capital of your Company is GBP 20,000 (INR 1,851,200).

DIRECTORS

The Directors of your company are Dr. Pawan Goenka – (Chairman of the Company), Mr. S. P. Shukla, Mr. Ruzbeh Irani, Mr. Chetan

DISCLOSURE OF INFORMATION TO AUDITOR

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware, and

that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

PRINCIPAL ACTIVITY & REVIEW OF BUSINESS

Your Company was formed during the year and has a team participating successfully in the FIA Formula E Championship as the only Indian team. This is the new world championship for electric vehicles.

Your Company staff consists of 15 contractual employees inclusive of 2 drivers, 6 technical staff and 2 administration/managerial staff. The organization works out of a rented office space in London.

Mahindra Racing UK Limited has six major partnerships- Mahindra & Mahindra Ltd, IHG Hotels, Tag Heuer, OneAll Sports, AVIS and P & G for sponsorship and Mahindra Reva Electric Vehicles Pvt. Ltd, FIA & Capsicum Motorsport for manufacture of the cars and technical support.

Major Achievements for F2015:

- Formulated the company and contracted partners with 100% compliance
- Grew the fan base of Mahindra Racing globally
- Set lap records at a few races and finished 5 races in 5th or 6th position
- Record number of fan boost for our driver Bruno Senna

(Amount in GBP/INR.)

Mani, Mr. Dilbagh Gill – Director and Chief Executive Officer of the Company, Mr. Chandrashekar Joshi – Director.

Holding Company

Your Company's holding company is Mahindra Overseas Investment Company (Mauritius) Limited, which is a subsidiary of Mahindra & Mahindra Limited. Hence, Mahindra & Mahindra Limited is the ultimate Parent company.

For & on Behalf of the Board

Place: London
Date: 30th April, 2015

AUDITORS' REPORT

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MAHINDRA RACING UK LIMITED

We have audited the financial statements of Mahindra Racing UK Limited for the period ended 31 March 2015, which comprise the Profit and Loss Account, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

This report is made solely to the company's shareholders, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an Auditor's Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2015 and of its loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and to take advantage of the small companies' exemption from the requirement to prepare a Strategic Report or in preparing the Directors' Report.

MHA Macintyre Hudson
John Coverdale FCA
(Senior Statutory Auditor)

Place: London
Date: May 07th 2015

STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 MARCH 2015

	Notes	2015	2015	2014	2014
		GBP	INR	GBP	INR
INCOME					
Sponsorship.....		3,224,498	298,459,515	-	-
Other Sponsorship		430,595	39,855,896	-	-
		3,655,093	338,315,411	-	-
EXPENSES					
FIA, Carlin & Constructor Cost		2,947,082	272,781,890	-	-
Legal & Professional Charges		346,787	32,098,582	-	-
Conveyance Expenses		56,853	5,262,341	-	-
Telephone & Postal Expense		883	81,741	-	-
Insurance Expenses		118,394	10,958,515	-	-
Marketing Expenses		154,742	14,322,913	-	-
Bank Charges		1,176	108,879	-	-
Depreciation.....		160	14,810	-	-
Miscellaneous Expenses		37,491	3,470,151	-	-
		3,663,568	339,099,823	-	-
OPERATING (LOSS)/PROFIT		(8,475)	(784,412)	-	-
Investment written off		-	-	-	-
Impairment of available for sale financial asset		-	-	-	-
Realised gain on disposal of investment.....		-	-	-	-
(LOSS)/PROFIT BEFORE TAX		(8,475)	(784,412)	-	-
Tax expense		-	-	-	-
(LOSS)/PROFIT FOR THE YEAR		(8,475)	(784,412)	-	-
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(8,475)	(784,412)	-	-

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2015

	Notes	2015	2015	2014	2014
		GBP	INR (Note 1)	GBP	INR (Note 1)
ASSETS					
Non-current assets					
Computer		811	75,066	-	-
Available-for-sale financial assets.....		-	-	-	-
Loans.....		-	-	-	-
		811	75,066	-	-
Current assets					
Sundry Debtors.....		669,454	61,964,622	-	-
VAT Receivable.....		55,292	5,117,785	-	-
Deposits		24,000	2,221,440	-	-
Prepayments.....		146,667	13,575,537	-	-
Cash and cash equivalents.....		338,385	31,320,961	-	-
		1,233,798	114,200,345	-	-
Total assets		1,234,609	114,275,411	-	-
EQUITY AND LIABILITIES					
Equity					
Stated capital.....		20,000	1,851,200	-	-
(Accumulated losses)/Retained earnings		(8,475)	(784,446)	-	-
		11,525	1,066,754	-	-
Non-current liabilities					
Borrowings.....		-	-	-	-
Current liabilities					
Payables and accruals		687,819	63,664,527	-	-
Other Payables		535,265	49,544,130	-	-
		1,223,084	113,208,657	-	-
Total equity and liabilities		1,234,609	114,275,411	-	-

Approved by the Board of Directors on 30.04.2015 and signed on its behalf by:

Director

Director

STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 MARCH 2015

	2015	2015	2014	2014
	GBP	INR	GBP	INR
Cash flows from operating activities				
(Loss)/profit before taxation	(8,475)	(784,412)	-	-
<i>Adjustments for:</i>				
Depreciation.....	160	14,810	-	-
Impairment loss on available-for-sale financial asset.....	-	-	-	-
Realised gain on disposal of investment.....	-	-	-	-
Unrealised foreign exchange loss/(gain).....	-	-	-	-
Interest income	-	-	-	-
Interest expense	-	-	-	-
Dividend income.....	-	-	-	-
	(8,315)	(769,602)	-	-
<i>Adjustments for working capital changes:</i>				
Increase in Current Assets	(895,413)	(82,879,385)	-	-
Increase/(decrease) in Current Liabilities	1,223,083	113,208,562	-	-
Cash flows generated from operating activities.....	319,356	30,329,178	-	-
Taxes paid.....	-	-	-	-
Interest paid	-	-	-	-
Net cash flows generated from/(used in) operating activities	319,356	30,329,178	-	-
Cash flows from investing activities				
Purchase of available-for-sale financial assets.....	-	-	-	-
Purchase of property, plant & equipment	(971)	(89,876)	-	-
Proceeds from disposal of available-for-sale financial assets.....	-	-	-	-
Dividend received	-	-	-	-
Net cash flows (used in)/from investing activities.....	(971)	(89,876)	-	-
Cash flows from financing activities				
Share Capital	20,000	1,851,200	-	-
Loans repaid to bank	-	-	-	-
Loans from bank.....	-	-	-	-
Loan repayment received.....	-	-	-	-
Proceeds from issue of shares	-	-	-	-
Loans given.....	-	-	-	-
Shareholder's loan.....	-	-	-	-
Net cash flows generated from/(used in) financing activities.....	20,000	1,851,200	-	-
(Decrease)/increase in cash and cash equivalents	338,385	31,320,900	-	-
Cash & Bank Balances				
Opening Balance.....	-	-	-	-
Closing Balance.....	338,385	31,320,900	-	-
Cash and cash equivalents made up of:				
Cash at bank	338,385	31,320,900	-	-

Notes to the financial statements at 31/03/2015

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008). The financial statements have also been prepared on the going concern basis which is dependent upon the financial support of the company's ultimate parent undertaking.

1.2 Turnover

Turnover comprises revenue recognised by the company in respect of sponsorship income receivable in the period.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Computer equipment - 33% straight line

1.4 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

1.5 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the Profit and Loss Account.

1.6 Research and development

The company incurs costs in developing cars for racing. The degree of technological change and constant revisions to cars for these purposes means that the company has adopted a policy of charging all such costs to the Profit and Loss Account as they are incurred.

2. RELATED PARTY TRANSACTIONS

During the period the company received sponsorship income amounting to £3,224,498 from Mahindra & Mahindra Limited, its ultimate parent undertaking. At the balance sheet date there was an amount of £199,540 owed to this company and an amount of £144,443 owed to that same company.

3. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The company's immediate parent undertaking is Mahindra Overseas Investment Company (Mauritius) Limited, a company incorporated in Mauritius. The ultimate parent undertaking is Mahindra & Mahindra Limited, a company incorporated in India.

Assets

A) Application of Funds

Values shown in GBP's & Rupees (1 GBP = 92.56) for convenient conversion terms, Conversion rate should be as on 31st March, 2015.

	As At 31.03.2015		As At 31.03.2014	
	GBP	Rs.	GBP	Rs.
1. Fixed Assets				
Gross Block	971	89,876	-	-
Less: Depreciation	160	14,810	-	-
Net Block	811	75,066	-	-
2. Current Assets				
Accounts receivable				
a) Tax credits	55,292	5,117,785	-	-
b) Deposits	24,000	2,221,440	-	-
c) Prepaid Expenses	146,667	13,575,536	-	-
d) Receivables	669,454	61,964,622	-	-
	895,413	82,879,384	-	-
e) Cash & Bank Balances				
HSBC Account (GBP Account)	65,924	6,101,925	-	-
HSBC Account (Euro Account)	272,461	25,219,036	-	-
(The Balance reflects the liquid assets And the cash in hand and cash Equivalents at the year end)	338,385	31,320,961	-	-
Total Application of Funds	1,234,609	114,275,411	-	-

B) Sources of Funds

1. Share Capital

Share Capital	20,000	1,851,200	-	-
Retained earnings	(8,475)	(784,446)	-	-
	11,525	1,066,754	-	-

2. Current Liabilities

Accounts Payable to Suppliers	687,819	63,664,527	-	-
Other accounts payable	535,265	49,544,130	-	-
	1,223,084	113,208,657	-	-
Total Sources of Funds	1,234,609	114,275,411	-	-

Note:

a) The company has no revaluation reserve and no statutory reserve

Profit & Loss Account

A) Revenue

M & M Sponsorship income	3,224,498	298,459,515	-	-
Other Sponsorship	430,595	39,855,896	-	-
	3,655,093	338,315,411	-	-

	As At 31.03.2015		As At 31.03.2014	
	GBP	Rs.	GBP	Rs.
B) Expenses				
FIA, Carlin & Constructor Cost	2,947,082	272,781,890	-	-
Legal & Professional Charges	346,787	32,098,582	-	-
Conveyance Expenses	56,853	5,262,341	-	-
Telephone & Postal Expense	883	81,741	-	-
Insurance Expenses	118,394	10,958,515	-	-
Marketing Expenses	154,742	14,322,913	-	-
Bank Charges	1,176	108,879	-	-
Depreciation	160	14,810	-	-
Miscellaneous Expenses	37,491	3,470,151	-	-
	3,663,568	339,099,823	-	-

Information on the financial instruments issued by the company

The company did not issue any financial instrument.

Information related to the fair value of the derived financial instruments

The company does not possess any derived financial instrument.

Information related to operations carried out with related parties

The company has not carried out any operation with related parties.

Information related to agreements not resulting from the balance sheet

The company does not have any agreement that does not result from the balance sheet.

Other information

The Directors receive no compensation for their activity.

These financial statements, composed of the balance sheet, profit and loss account and notes, are a true and fair view of the company's state of affairs and economic result for the year and correspond to the underlying accounting records.

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors present their Fifth Report together with the Audited financial statements of your Company for the financial year ended 31st March, 2015.

Financial Highlights	(Amount in AED/INR.)			
	For the year ended 31 st March, 2015		For the year ended 31 st March, 2014	
	AED	INR	AED	INR
Total Income	24,002,847	407,328,314	21,604,771	352,157,767
Profit/(Loss) before Depreciation & Interest	3,483,793	59,119,967	1,225,017	19,967,777
Depreciation	729,198	12,374,490	694,767	11,324,702
Profit/(Loss) before Interest	2,754,595	46,745,477	530,250	8,643,075
Interest	218,376	3,705,841	324,017	5,281,477
Profit/(Loss) for the year	2,536,219	43,039,636	206,233	3,361,597
Balance carried to Balance Sheet	2,536,219	43,039,636	206,233	3,361,597

Review of Operations

During the year your Company's Net Profit has grown by twelve (12) times compared to the previous year. Your Company is gratified to be the Company in UAE which has received VPAM certification with zero penetration. Your Company has developed APC (Armoured personnel carrier) on Toyota chassis and was able to secure the initial order for the same from Africa market. Your Company has got into diversified line of business like parts sales and ambulance vehicle etc. Your Company continues to enjoy good reputation in the market due to its excellent product quality and customer commitment. New product category like VPAM certified vehicle and APC will bring better result in the coming years.

Dividend

Your Board has not considered recommendation of dividend in view of carry forward losses of the company.

Directors

Current composition of Board of Directors is as follows:

1) Mr. Shriprakash Shukla (Chairman), 2) Mr. Pattathu Sultan Mohamed Habibulla Khan (Vice Chairman), 3) Mr. Zhooben Dosabhoy Bhiwandiwalla, 4) Mr. Kandasamy Chandrasekar, 5) Mr. Mukul Verma, 6) Mr. Yousef Mohammed Esmaeel Mohammed Al Belooshi and 7) Mr. Mohamed Farook Rawoof Ali.

Directors' Responsibility Statement

Your Directors state that:

- (i) in the preparation of the annual accounts, the applicable International Financial Reporting Standards (IFRS) have been followed;

- (ii) the Directors in the selection of the accounting policies, consulted the Statutory Auditors and these have been applied consistently and reasonable and prudent judgments and estimates have been made so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2015 and of the Profit of the Company for the year ended on that date;
- (iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records and for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) the annual accounts have been prepared on a going concern basis;
- (v) Proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Audit Committee

The Audit Committee of your Company comprises of Mr. Shriprakash Shukla (nominee of Mahindra Overseas Investment Company (Mauritius) Limited), Mr. Zhooben Dosabhoy Bhiwandiwalla (nominee of Mahindra Overseas Investment Company (Mauritius) Limited), Mr. Yousef Mohammed Esmaeel Mohammed Al Belooshi (nominee of RAK Transport Investment Company LLC) and Mr. Mohammed Farook Rawoof Ali (nominee of Arabia Holding Limited).

The Committee met once during the year under review.

Remuneration Committee

The Remuneration Committee of your Company comprises of Mr. Shriprakash Shukla, Mr. Mukul Verma, Mr. Yousef Mohammed Esmaeel Mohammed Al Belooshi and Mr. Pattatu Sultan Mohamed Habibulla Khan.

The Committee met once during the year under review.

Auditors

Messrs. Deloitte & Touche (M.E), Sharjah-UAE the Auditors of your Company, have expressed their willingness to be re-appointed, for the financial year ending on March 31, 2016.

The shareholders are requested to appoint Auditors for the current financial year and fix their remuneration.

Acknowledgements

Your Board takes this opportunity to thank all the stakeholders for their valuable contribution towards the growth of your Company during the year under review.

For and on Behalf of the Board

Shriprakash Shukla
Chairman

Place: Mumbai
Date: 18th May, 2015

INDEPENDENT AUDITOR’S REPORT

To the Shareholders of
Mahindra Emirates Vehicle Armouring FZ-L.L.C.
Ras Al Khaimah, UAE

Report on the financial statements

We have audited the accompanying financial statements of **Mahindra Emirates Vehicle Armouring FZ-L.L.C. (the “Company”)**, which comprise the statement of financial position as at 31 March 2015 and the statements of comprehensive income, changes in equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Management’s responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. An audit also includes evaluating the appropriateness of accounting policies

used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of **Mahindra Emirates Vehicle Armouring FZ-L.L.C.** as at 31 March 2015 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of matters

Without qualifying our opinion, we draw attention to Note 2.3 to the financial statements, the INR Amounts in the accompanying financial statements are presented as supplementary information solely for the convenience of users. Such supplementary information does not form part of the financial statements. We have not audited this supplementary information and, accordingly, we do not express an opinion on this supplementary information.

Report on Other Legal and Regulatory Requirements

Also, in our opinion, the Company has maintained proper books of account and the physical inventory was properly conducted. We obtained all the information which we considered necessary for our audit. According to the information available to us, there were no contraventions during the year of the U.A.E. Federal Commercial Companies Law No. 8 of 1984, as amended, or the Company’s Articles of Association which might have materially affected the financial position of the Company or its financial performance.

Deloitte & Touche (M.E.)

Samir Madbak
Registration No. 386

18 May 2015

STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2015

	Notes	Unaudited Supplementary Information (refer note 2.3)		Unaudited Supplementary Information (refer note 2.3)	
		2015 AED	2015 INR	2014 AED	2014 INR
ASSETS					
Non-current assets					
Property and equipment	5	2,154,886	36,568,415	1,967,580	32,071,554
Current assets					
Inventories		2,351,626	39,907,093	1,118,642	18,233,865
Trade and other receivables	6	1,956,378	33,199,735	6,611,553	107,768,314
Cash and cash equivalents	7	1,736,423	29,467,098	37,135	605,301
Total current assets		6,044,427	102,573,926	7,767,330	126,607,480
Total assets		8,199,313	139,142,341	9,734,910	158,679,034
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	8	10,000,000	169,700,000	10,000,000	163,000,000
Statutory reserve	8	274,245	4,653,937	20,623	336,155
Accumulated losses		(4,701,085)	(79,777,412)	(6,983,682)	(113,834,017)
Total equity		5,573,160	94,576,525	3,036,941	49,502,138
Non-current liabilities					
Provision for employees' end of service benefits	9	331,799	5,630,629	245,806	4,006,639
Current liabilities					
Bank borrowings	10	–	–	2,872,945	46,829,004
Shareholders' loan	11	–	–	1,000,000	16,300,000
Trade and other payables	12	2,294,354	38,935,187	2,579,218	42,041,253
Total current liabilities		2,294,354	38,935,187	6,452,163	105,170,257
Total liabilities		2,626,153	44,565,816	6,697,969	109,176,896
Total equity and liabilities		8,199,313	139,142,341	9,734,910	158,679,034

For and on behalf of the Board

Shriprakash Shukla

Chairman

K. Chandrasekar

Director

Mohamed Farook Rawoof Ali.

Rajiv Gupta

CEO

Johnmon Xavier

CFO

The accompanying notes form an integral part of these financial statements.

Place: Mumbai

Date : 18th May 2015

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2015

	Notes	Unaudited Supplementary Information (refer note 2.3)		Unaudited Supplementary Information (refer note 2.3)	
		2015 AED	2015 INR	2014 AED	2014 INR
Revenue		24,002,847	407,328,314	21,553,061	351,314,894
Cost of revenue		(16,310,698)	(276,792,545)	(17,197,117)	(280,313,007)
Gross profit		7,692,149	130,535,769	4,355,944	71,001,887
General and administrative expenses	13	(4,190,086)	(71,105,759)	(3,488,645)	(56,864,914)
Business promotion expenses		(606,487)	(10,292,084)	(263,167)	(4,289,622)
Finance cost		(218,376)	(3,705,841)	(324,017)	(5,281,477)
Other expenses		(140,981)	(2,392,449)	(125,592)	(2,047,150)
Other income		-	-	51,710	842,873
Profit for the year		2,536,219	43,039,636	206,233	3,361,597
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		2,536,219	43,039,636	206,233	3,361,597

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2015

	Share capital	Statutory reserve	Accumulated losses	Total
	AED	AED	AED	AED
Balance at 31 March 2013	9,000,000	–	(7,169,292)	1,830,708
Additional capital contribution during the year	1,000,000	–	–	1,000,000
Total comprehensive income for the year	–	–	206,233	206,233
Transfer to statutory reserve	–	20,623	(20,623)	–
Balance at 31 March 2014	10,000,000	20,623	(6,983,682)	3,036,941
Total comprehensive income for the year	–	–	2,536,219	2,536,219
Transfer to statutory reserve	–	253,622	(253,622)	–
Balance at 31 March 2015	10,000,000	274,245	(4,701,085)	5,573,160

Unaudited Supplementary Information (refer note 2.3)

	Share capital	Statutory reserve	Accumulated losses	Total
	INR	INR	INR	INR
Balance at 31 March 2013	134,280,000	–	(106,965,834)	27,314,166
Additional capital contribution during the year	16,300,000	–	–	6,300,000
Total comprehensive income for the year	–	–	3,361,597	3,361,597
Transfer to statutory reserve	–	336,155	(336,155)	–
Effect of foreign exchange differences	12,420,000	–	(9,893,625)	2,526,375
Balance at 31 March 2014	163,000,000	336,155	(113,834,017)	49,502,138
Total comprehensive income for the year	–	–	43,039,636	43,039,636
Transfer to statutory reserve	–	4,303,965	(4,303,965)	–
Effect of foreign exchange differences	6,700,000	13,817	(4,679,066)	2,034,751
Balance at 31 March 2015	169,700,000	4,653,937	(79,777,412)	94,576,525

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2015

	Unaudited Supplementary Information (refer note 2.3)		Unaudited Supplementary Information (refer note 2.3)	
	2015 AED	2015 INR	2014 AED	2014 INR
Cash flows from operating activities				
Profit for the year	2,536,219	43,039,636	206,233	3,361,597
Adjustments for:				
Depreciation of property and equipment	729,198	12,374,490	694,767	11,324,702
Provision for employees' end of service benefits	100,381	1,703,465	60,271	982,417
Finance cost	218,376	3,705,841	324,017	5,281,477
Operating cash flow before changes in operating assets and liabilities	3,584,174	60,823,432	1,285,288	20,950,193
(Increase)/decrease in inventories	(1,232,984)	(20,923,738)	2,165,214	35,292,988
Decrease/(increase) in trade and other receivables	4,655,175	78,998,320	(5,616,456)	(91,548,233)
(Decrease)/increase in trade and other payables	(284,864)	(4,834,142)	401,433	6,543,358
Cash generated from / (used in) operating activities	6,721,501	114,063,872	(1,764,521)	(28,761,694)
Employees' end of service benefits paid	(14,388)	(244,164)	(1,947)	(31,736)
Finance cost paid	(218,376)	(3,705,841)	(263,242)	(4,290,845)
Net cash generated from / (used in) operating activities	6,488,737	110,113,867	(2,029,710)	(33,084,275)
Cash flows from investing activities				
Purchase of property and equipment	(916,504)	(15,553,072)	(51,926)	(846,394)
Cash used in investing activities	(916,504)	(15,553,072)	(51,926)	(846,394)
Cash flows from financing activities				
Share capital introduced	–	–	1,000,000	16,300,000
Repayment of bank borrowings	(2,872,945)	(48,753,877)	(281,619)	(4,590,390)
(Decrease)/ increase shareholders' loan	(1,000,000)	(16,970,000)	1,000,000	16,300,000
Net cash (used in)/generated from financing activities	(3,872,945)	(65,723,877)	1,718,381	28,009,610
Net increase/ (decrease) in cash and cash equivalents	1,699,288	28,836,918	(363,255)	(5,921,059)
Cash and cash equivalents at beginning of the year	37,135	605,301	400,390	5,973,819
Effect of foreign exchange differences	–	24,879	–	552,541
Cash and cash equivalents at end of the year (Note 7)	1,736,423	29,467,098	37,135	605,301

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

1. General

Mahindra Emirates Vehicle Armouring FZ - L.L.C. – Ras Al Khaimah (the “Company”), is registered in the Emirate of Ras Al Khaimah, United Arab Emirates as a free zone – Limited Liability Company under the trade and industrial licences issued by RAK Investment Authority, Government of Ras Al Khaimah.

The principal activities of the Company are trading and assembling of automobiles, specialised vehicles, auto spare parts & components, auto accessories, special accessories fitting, tyres and rims and manufacturing of vehicle bodies and vehicle upholstery services.

The registered address of the Company is P.O. Box 39893, Ras Al Khaimah, United Arab Emirates.

2. Application of new and revised International Financial Reporting Standards (“IFRSs”)

2.1 New and revised IFRSs applied with no material effect on the financial statements

The following new and revised IFRSs, which became effective for annual periods beginning on or after 1 April 2014, have been adopted in these financial statements. The application of these revised and new IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

- Amendments to IAS 32 Financial Instruments: Presentation relating to application guidance on the offsetting of financial assets and financial liabilities.
- Amendments to IAS 36 recoverable amount disclosures: The amendments restrict the requirements to disclose the recoverable amount of an asset or CGU to the period in which an impairment loss has been recognised or reversed. They also expand and clarify the disclosure requirements applicable when an asset or CGU’s recoverable amount has been determined on the basis of fair value less costs of disposal.
- Amendments to IAS 39 Financial Instruments: Recognition and Measurement, Novation of Derivatives and Continuation of Hedge Accounting.

The amendment allows the continuation of hedge accounting when a derivative is novated to a clearing counterparty and certain conditions are met.

- Amendments to IFRS 10, IFRS 12 and IAS 27 – Guidance on Investment Entities.
On 31 October 2012, the IASB published a standard on investment entities, which amends IFRS 10, IFRS 12, and IAS 27 and introduces the concept of an investment entity in IFRSs.

2.2 New and revised IFRSs in issue but not yet effective and not early adopted

The Company has not early applied the following new standards, amendments and interpretations that have been issued but are not yet effective:

New and revised IFRSs

- Amendments to IFRS 7 *Financial Instruments*: Disclosures relating to disclosures about the initial application of IFRS 9.
- IFRS 7 *Financial Instruments*: Additional hedge accounting disclosures (and consequential amendments) resulting from the introduction of the hedge accounting chapter in IFRS 9.

Effective for annual periods beginning on or after

When IFRS 9 is first applied

When IFRS 9 is first applied

New and revised IFRSs

- IFRS 9 Financial Instruments (2009) issued in November 2009 introduces new requirements for the classification and measurement of financial assets. IFRS 9 Financial Instruments (2010) revised in October 2010 includes the requirements for the classification and measurement of financial liabilities, and carrying over the existing derecognition requirements from IAS 39 Financial Instruments: Recognition and Measurement.

IFRS 9 Financial Instruments (2013) was revised in November 2013 to incorporate a hedge accounting chapter and permit the early application of the requirements for presenting in other comprehensive income the own credit gains or losses on financial liabilities designated under the fair value option without early applying the other requirements of IFRS 9.

Finalised version of IFRS 9 (IFRS 9 Financial Instruments (2014)) was issued in July 2014 incorporating requirements for classification and measurement, impairment, general hedge accounting and derecognition.

IFRS 9 (2009) and IFRS 9 (2010) were superseded by IFRS 9 (2013) and IFRS 9 (2010) also superseded IFRS 9 (2009). IFRS 9 (2014) supersedes all previous versions of the standard. The various standards also permit various transitional options. Accordingly, entities can effectively choose which parts of IFRS 9 they apply, meaning they can choose to apply: (1) the classification and measurement requirements for financial assets: (2) the classification and measurement requirements for both financial assets and financial liabilities: (3) the classification and measurement requirements and the hedge accounting requirements provided that the relevant date of the initial application is before 1 February 2015.

- IFRS 15 Revenue from Contracts with Customers : IFRS 15 provided a single, principle based five step model to be applied to all contracts with customers. 1 January 2017
- Annual Improvements to IFRSs 2012 - 2014 Cycle that include amendments to IFRS 5, IFRS 7, IAS 19 and IAS 34. 1 January 2016
- Amendments to IAS 16 and IAS 38 to clarify the acceptable methods of depreciation and amortization. 1 January 2016
- Amendments to IFRS 11 to clarify accounting for acquisitions of Interests in Joint Operations. 1 January 2016
- Amendments to IAS 16 and IAS 41 require biological assets that meet the definition of a bearer plant to be accounted for as property, plant and equipment in accordance with IAS 16. 1 January 2016

Effective for annual periods beginning on or after

1 January 2018

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015 (CONTINUED)

New and revised IFRSs	Effective for annual periods beginning on or after
<ul style="list-style-type: none"> • Amendments to IFRS 10 and IAS 28 clarify that the recognition of the gain or loss on the sale or contribution of assets between an investor and its associate or joint venture depends on whether the assets sold or contributed constitute a business. 	1 January 2016
<ul style="list-style-type: none"> • Amendments to IAS 27 allow an entity to account for investments in subsidiaries, joint ventures and associates either at cost, in accordance with IAS 39/IFRS 9 or using the equity method in an entity's separate financial statements. 	1 January 2016
<ul style="list-style-type: none"> • Amendments to IFRS 10, IFRS 12 and IAS 28 clarifying certain aspects of applying the consolidation exception for investment entities. 	1 January 2016
<ul style="list-style-type: none"> • Amendments to IAS 1 to address perceived impediments to preparers exercising their judgment in presenting their financial reports. 	1 January 2016
<ul style="list-style-type: none"> • Annual Improvements to IFRSs 2010 - 2012 Cycle that includes amendments to IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 38 and IAS 24. 	1 July 2014
<ul style="list-style-type: none"> • Annual Improvements to IFRSs 2011 - 2013 Cycle that includes amendments to IFRS 1, IFRS 3, IFRS 13 and IAS 40. 	1 July 2014
<ul style="list-style-type: none"> • Amendments to IAS 19 Employee Benefits clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service. 	1 July 2014

Management anticipates that these new standards, interpretations and amendments will be adopted in the Company's financial statements for the period beginning 1 April 2015 or as and when they are applicable and adoption of these new standards, interpretations and amendments, may have no material impact on the financial statements of the Company in the period of initial application.

2.3 Convenience translation

In addition to presenting the financial statements in AED, supplementary information in INR has been prepared for the convenience of users of the financial statements.

All amounts are translated from AED to INR at the closing exchange rate at 31 March 2015 INR 16.97 to 1 AED (31 March 2014: INR 16.3).

3. Summary of significant accounting policies

3.1 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

3.2 Basis of preparation

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments. Historical cost is generally based on the fair value of consideration given in exchange for assets.

The principal accounting policies adopted are set out below.

3.3 Revenue recognition

Revenue represents the invoiced value of goods sold during the year, net of discounts and returns.

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;

- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

3.4 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and impairment (if any).

The cost of property and equipment is their purchase cost, together with any incidental expenses of acquisition.

Depreciation is charged as to write off the cost of property and equipment, on a straight line basis over the expected useful economic lives of the assets concerned. The useful lives used for this purpose are:

	Life
Leasehold improvements	10 years
Machinery and equipment	7-8 years
Prototype	4 years
Motor vehicles	4 years
Furniture and equipment	4 years

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the profit or loss.

3.5 Impairment of tangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash generating units, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015 (CONTINUED)

3.6 Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined on an average cost basis and includes invoiced cost, freight and handling costs. Net realisable value represents the estimated selling price less all estimated costs to be incurred in marketing, selling and distribution.

3.7 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3.8 Employee benefits

Annual leave and leave passage

An accrual is made for estimated liability for employees' entitlement to annual leave and leave passage as a result of services rendered by eligible employees up to the reporting date.

Provision for employee's end of services benefits

Provision is made for the full amount of end of service benefits due to employees in accordance with the U.A.E. Labour Law, for their period of service up to the reporting date.

The provision relating to annual leave and leave passage is disclosed as a current liability, while that relating to end of service benefits is disclosed as a non-current liability.

3.9 Foreign currency

For the purpose of these financial statements U.A.E Dirhams (AED) is the functional and the presentation currency of the Company.

Transactions in currencies other than AED (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in the profit or loss in the period in which they arise.

3.10 Leasing

Operating lease payments are recognised as an expense on a straight line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

3.11 Financial assets

The Company has the following financial assets: Cash and cash equivalents and trade and other receivables (other than prepaid expenses and advance to suppliers). These financial assets are classified as "loans and receivables". The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts

estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

Cash and cash equivalents

Cash and cash equivalents comprise of cash on hand and balance with banks in current accounts, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Loans and receivables

Loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are initially measured at fair value plus transaction costs and subsequently measured at amortised cost, using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial asset have been impacted.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account.

When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay.

3.12 Financial liabilities and equity instruments issued by the Company

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement and the definitions of financial liabilities and an equity instruments.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015 (CONTINUED)
Financial liabilities

Bank borrowings, trade and other payables and shareholders' loan (other than advance from customers) are classified as 'other financial liabilities.'

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability or where appropriate, a shorter period.

Other financial liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs and are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis, except for the short term payable when the recognition of interest would be immaterial.

De-recognition of financial liabilities

The Company de-recognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

4. Critical accounting judgements and key sources of estimation uncertainty

While applying the accounting policies as stated in Note 3, management of the Company has made certain judgements, estimates and assumptions that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period of the revision in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgments in applying the accounting policies

In the process of applying Company's accounting policies, the management is of the opinion that there is no instance of application of judgements which is expected to have a significant effect on the amounts recognised in the financial statements, apart from those involving estimations described below.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Allowance for slow moving inventories

Management has considered the requirement for an allowance for slow moving inventories. Management estimate the allowance for slow moving and obsolete inventories on the basis of prior experience, physical condition and expected future use of such inventory. Management has determined that there is no slow moving inventory except for provision created as at 31 March 2015.

Allowance for doubtful debts

Allowance for doubtful debts is determined using a combination of factors to ensure that the trade receivables are not overstated due to uncollectibility. The allowance for doubtful debts for all customers is based on a variety of factors, including the overall quality and aging of the receivables, continuing credit evaluation of the customers' financial conditions and collateral requirements from customers in certain circumstances.

Useful lives and residual values of property and equipment

As described in note 3, the Company reviews the estimated useful lives of property and equipment at the end of each annual reporting period. Management has determined that these expectations do not differ from estimates.

5. Property and equipment

	Leasehold improvements	Machinery and equipment	Prototype	Motor vehicles	Furniture and equipment	Total
	AED	AED	AED	AED	AED	AED
Cost						
31 March 2013	1,166,809	997,302	977,510	298,000	459,540	3,899,161
Additions during the year	–	30,000	–	–	21,926	51,926
31 March 2014	1,166,809	1,027,302	977,510	298,000	481,466	3,951,087
Additions during the year	–	–	896,117	–	20,387	916,504
31 March 2015	1,166,809	1,027,302	1,873,627	298,000	501,853	4,867,591
Accumulated depreciation						
31 March 2013	227,468	261,178	437,843	142,857	219,394	1,288,740
Charge for the year	116,680	142,835	244,377	74,500	116,375	694,767
31 March 2014	344,148	404,013	682,220	217,357	335,769	1,983,507
Charge for the year	116,681	146,756	290,631	63,126	112,004	729,198
31 March 2015	460,829	550,769	972,851	280,483	447,773	2,712,705
Carrying amount						
31 March 2015	705,980	476,533	900,776	17,517	54,080	2,154,886
31 March 2014	822,661	623,289	295,290	80,643	145,697	1,967,580
Unaudited Supplementary Information (refer note 2.3)						
	Leasehold improvements	Machinery and equipment	Prototype	Motor vehicles	Furniture and equipment	Total
	INR	INR	INR	INR	INR	INR
Cost						
31 March 2013	17,408,790	14,879,746	14,584,449	4,446,160	6,856,337	58,175,482
Additions during the year	–	489,000	–	–	357,394	846,394
Effects of foreign exchange differences	1,610,197	1,376,277	1,348,964	411,240	634,165	5,380,843
31 March 2014	19,018,987	16,745,023	15,933,413	4,857,400	7,847,896	64,402,719
Additions during the year	–	–	15,207,105	–	345,967	15,553,072
Effects of foreign exchange differences	781,762	688,292	654,932	199,660	322,582	2,647,228
31 March 2015	19,800,749	17,433,315	31,795,450	5,057,060	8,516,445	82,603,019
Accumulated depreciation						
31 March 2013	3,393,823	3,896,776	6,532,618	2,131,426	3,273,358	19,228,001
Charge for the year	1,901,884	2,328,211	3,983,345	1,214,349	1,896,913	11,324,702
Effects of foreign exchange differences	313,906	360,425	604,223	197,144	302,764	1,778,462
31 March 2014	5,609,613	6,585,412	11,120,186	3,542,919	5,473,035	32,331,165
Charge for the year	1,980,077	2,490,449	4,932,008	1,071,248	1,900,708	12,374,490
Effects of foreign exchange differences	230,578	270,689	457,087	145,630	224,965	1,328,949
31 March 2015	7,820,268	9,346,550	16,509,281	4,759,797	7,598,708	46,034,604
Carrying amount						
31 March 2015	11,980,481	8,086,765	15,286,169	297,263	917,737	36,568,415
31 March 2014	13,409,374	10,159,611	4,813,227	1,314,481	2,374,861	32,071,554

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015 (CONTINUED)
6. Trade and other receivables

	Unaudited Supplementary Information (refer note 2.3)		Unaudited Supplementary Information (refer note 2.3)	
	2015	2015	2014	2014
	AED	INR	AED	INR
Trade receivables	1,232,910	20,922,483	5,717,769	93,199,635
Advances to suppliers	100,904	1,712,341	411,999	6,715,584
Prepaid expenses	347,346	5,894,462	306,457	4,995,249
Deposits and other receivables	275,218	4,670,449	175,328	2,857,846
	<u>1,956,378</u>	<u>33,199,735</u>	<u>6,611,553</u>	<u>107,768,314</u>

Trade receivables include due from a related party amounting to AED Nil (INR Nil) (31 March 2014: AED 1,935 (INR 31,541)).

The average credit period ranges between 60-90 days. Trade receivables more than 90 days are provided for based on estimated irrecoverable amounts, determined by reference to past default experience in addition to specific provision made on identified customers.

Before accepting any new customer, the Company assesses the potential customer's credit quality and defines credit limits by customer.

Trade receivables disclosed above include amounts that are past due at the end of the reporting period but against which the Company has not recognised an allowance for doubtful receivables because there has not been a significant change in credit quality and the amounts (the receivable is more than 90 days outstanding) are still considered recoverable. The Company does not hold any collateral or other credit enhancements over these balances nor does it have a legal right of offset against any amounts owed by the Company to the counterparty.

Analysis of receivables past due but not impaired:

	Unaudited Supplementary Information (refer note 2.3)		Unaudited Supplementary Information (refer note 2.3)	
	2015	2015	2014	2014
	AED	INR	AED	INR
90-180 days	-	-	1,230,147	20,051,396
Above 180 days	232,870	3,951,804	-	-
	<u>232,870</u>	<u>3,951,804</u>	<u>1,230,147</u>	<u>20,051,396</u>

7. Cash and cash equivalents

	Unaudited Supplementary Information (refer note 2.3)		Unaudited Supplementary Information (refer note 2.3)	
	2015	2015	2014	2014
	AED	INR	AED	INR
Current account with bank	226,562	3,844,757	24,455	398,617
Cash on hand	9,861	167,341	12,680	206,684
Fixed deposit	1,500,000	25,455,000	-	-
	<u>1,736,423</u>	<u>29,467,098</u>	<u>37,135</u>	<u>605,301</u>

The effective average interest rate on deposits was 0.65% (2014: Nil).

8. Share capital and statutory reserve
8.1 Share capital

	Unaudited Supplementary Information (refer note 2.3)		Unaudited Supplementary Information (refer note 2.3)	
	2015	2015	2014	2014
	AED	INR	AED	INR
Issued and fully paid up: 10,000 ordinary shares of AED 1,000 each (31 March 2014: 10,000 ordinary shares of AED 1,000 each)	10,000,000	169,700,000	10,000,000	163,000,000

At 31 March 2015

The contribution by the Shareholders is as follows:

	No. of shares	Percentage %	Amount AED
Mahindra Overseas Investment Company (Mauritius) Limited, Mauritius	5,100	51	5,100,000
RAK Transport Investment Company L.L.C., Ras Al Khaimah	1,200	12	1,200,000
Arabia Holding Limited, Ras Al Khaimah	3,700	37	3,700,000
	<u>10,000</u>	<u>100</u>	<u>10,000,000</u>

Unaudited Supplementary Information (refer note 2.3)

The contribution by the Shareholders is as follows:

	No. of shares	Percentage %	Amount INR
Mahindra Overseas Investment Company (Mauritius) Limited, Mauritius	5,100	51	86,547,000
RAK Transport Investment Company L.L.C., Ras Al Khaimah	1,200	12	20,364,000
Arabia Holding Limited, Ras Al Khaimah	3,700	37	62,789,000
	<u>10,000</u>	<u>100</u>	<u>169,700,000</u>

At 31 March 2014

The contribution by the Shareholders is as follows:

	No. of shares	Percentage %	Amount AED
Mahindra Overseas Investment Company (Mauritius) Limited, Mauritius	5,100	51	5,100,000
RAK Transport Investment Company L.L.C., Ras Al Khaimah	1,200	12	1,200,000
Arabia Holding Limited, Ras Al Khaimah	3,700	37	3,700,000
	<u>10,000</u>	<u>100</u>	<u>10,000,000</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015 (CONTINUED)
Unaudited Supplementary Information (refer note 2.3)

The contribution by the Shareholders is as follows:

	No. of shares	Percentage %	Amount INR
Mahindra Overseas Investment Company (Mauritius) Limited, Mauritius	5,100	51	83,130,000
RAK Transport Investment Company L.L.C., Ras Al Khaimah	1,200	12	19,560,000
Arabia Holding Limited, Ras Al Khaimah	3,700	37	60,310,000
	10,000	100	163,000,000

8.2 Statutory reserves

According to the requirements of the U.A.E. Federal Commercial Companies Law No 8 of 1984, as amended, 10% of the net profit for the year is required to be transferred to statutory reserve. The Company may resolve to discontinue such annual transfer when the statutory reserve is equal to 50% of the paid up share capital. The reserve is not available for distribution except in the circumstances stipulated by law.

9. Provision for employees' end of service benefits

Movements in the net liability were as follows:

	Unaudited Supplementary Information (refer note 2.3)		Unaudited Supplementary Information (refer note 2.3)	
	2015 AED	2015 INR	2014 AED	2014 INR
Balance at the beginning of the year	245,806	4,006,639	187,482	2,797,231
Amounts charged to income	100,381	1,703,465	60,271	982,417
Amount paid	(14,388)	(244,164)	(1,947)	(31,736)
Effects of foreign exchange differences	–	164,689	–	258,727
Balance at the end of the year	331,799	5,630,629	245,806	4,006,639

10. Bank borrowings

	Unaudited Supplementary Information (refer note 2.3)		Unaudited Supplementary Information (refer note 2.3)	
	2015 AED	2015 INR	2014 AED	2014 INR
Term loan	–	–	241,095	3,929,849
Trust receipt	–	–	2,211,310	36,044,353
Overdraft	–	–	420,540	6,854,802
	–	–	2,872,945	46,829,004
Bank borrowings were repayable as follows:				
On demand or within one year	–	–	2,872,945	46,829,004

The Company obtained a bank overdraft facility of AED 7 million. Bank borrowings are secured against Demand Promissory Note, letter of installment with acceleration clause, letter of continuing security, possessory pledge over plant and machinery and assignment of lease hold right on land mortgage of factory building and letter of comfort from Shareholders. The outstanding balance as at 31 March 2015 was Nil (31 March 2014: AED 420,540).

11. Shareholders' loan

During the previous year, the Company obtained a loan amounting to AED 1 million (INR 16.3 million) from the shareholders of the Company in proportion of their shareholding. The loan has been completely repaid during the year.

12. Trade and other payables

	Unaudited Supplementary Information (refer note 2.3)		Unaudited Supplementary Information (refer note 2.3)	
	2015 AED	2015 INR	2014 AED	2014 INR
Trade payables	350,131	5,941,723	1,066,604	17,385,645
Advances received from customers	718,259	12,188,855	512,558	8,354,695
Accrued expenses and other payables	1,225,964	20,804,609	1,000,056	16,300,913
	2,294,354	38,935,187	2,579,218	42,041,253

Trade payables include due to related parties amounting to AED Nil (INR Nil) (31 March 2014: AED 265,401 (INR 4,326,036)).

The Company has financial risk management policies in place to ensure that all payables are paid within credit timeframe.

13. General and administrative expenses

	Unaudited Supplementary Information (refer note 2.3)		Unaudited Supplementary Information (refer note 2.3)	
	2015 AED	2015 INR	2014 AED	2014 INR
Staff salaries and benefits	2,576,473	43,722,747	2,167,629	35,332,353
Rent	284,160	4,822,195	283,127	4,614,970
Depreciation	545,327	9,254,199	512,330	8,350,979
Miscellaneous expenses	584,899	9,925,736	525,559	8,566,612
Allowance for slow moving inventory	199,227	3,380,882	–	–
	4,190,086	71,105,759	3,488,645	56,864,914

14. Related party transactions

Related parties include the Company's major Shareholders, Directors and businesses controlled by them and their families over which they exercise significant management influence as well as key management personnel.

During the year, the Company entered into the following transactions with related parties:

	Unaudited Supplementary Information (refer note 2.3)		Unaudited Supplementary Information (refer note 2.3)	
	2015 AED	2015 INR	2014 AED	2014 INR
Purchases	770	13,067	536,331	8,742,206
Sales	546,830	9,279,705	264,240	4,307,117
Royalty	–	–	19,832	323,262
Finance cost	61,650	1,046,201	60,775	990,633

Transactions with related parties were carried out at terms agreed with management.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015 (CONTINUED)
Compensation of key management personnel:

	Unaudited Supplementary Information (refer note 2.3)		Unaudited Supplementary Information (refer note 2.3)	
	2015	2015	2014	2014
	AED	INR	AED	INR
Salaries and benefits	415,966	7,058,943	372,559	6,072,719

15. Operating lease arrangements

The Company has leased two plots of land from RAK Investment Authority under an operating lease agreement for a period of 10 years. The Company does not have an option to purchase the leased land at the expiry of lease period.

At 31 March 2015, the minimum lease commitments under the lease agreement were as follows:

	Unaudited Supplementary Information (refer note 2.3)		Unaudited Supplementary Information (refer note 2.3)	
	2015	2015	2014	2014
	AED	INR	AED	INR
Within one year	711,428	12,072,933	711,428	11,596,268
In second to fifth year	2,845,710	48,291,699	2,845,710	46,385,073
After five years	433,176	7,350,997	1,144,603	18,657,036
	<u>3,990,314</u>	<u>67,715,629</u>	<u>4,701,741</u>	<u>76,638,377</u>

16. Contingent liabilities

	Unaudited Supplementary Information (refer note 2.3)		Unaudited Supplementary Information (refer note 2.3)	
	2015	2015	2014	2014
	AED	INR	AED	INR
Letters of guarantee	-	-	312,260	5,089,838

17. Capital risk management

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximising the return to the Shareholder.

The capital structure of the Company consists of cash and cash equivalents and equity, comprising share capital and accumulated losses.

18. Financial instruments
18.1 Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 3 to the financial statements.

18.2 Categories of financial instruments

	2015 AED	2014 AED
Financial assets		
Loans and receivables (including cash and cash equivalents)	<u>3,244,551</u>	<u>5,930,232</u>
Financial liabilities		
Amortised cost	<u>1,576,095</u>	<u>5,939,605</u>

Unaudited Supplementary Information (refer note 2.3)	Unaudited Supplementary Information (refer note 2.3)
2015 INR	2014 INR

Financial assets

Loans and receivables (including cash and cash equivalents)	<u>55,060,030</u>	<u>96,662,782</u>
---	-------------------	-------------------

Financial liabilities

Amortised cost	<u>26,746,332</u>	<u>96,815,562</u>
----------------	-------------------	-------------------

Management considers that the carrying amounts of the financial assets and financial liabilities recorded in the financial statements approximate their fair values.

18.3 Financial risk management objectives

The Company's Finance Department, co-ordinates access to domestic financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports. These risks include market risk (including currency risk, fair value interest rate risk and price risk), credit risk and liquidity risk.

18.4 Market risk

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

Market risk exposures are measured using sensitivity analysis.

There has been no change to the Company's exposure to market risks or the manner in which it manages and measures the risk.

18.5 Foreign currency risk management

There are no significant exchange rate risks as substantially all financial assets and financial liabilities are denominated in Arab Emirates Dirhams or US Dollars to which the Dirham is fixed.

18.6 Interest rate risk management

The Company's does not have any interest bearing assets or liabilities as on 31 March 2015.

18.7 Credit risk

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Company, and arises principally from the Company's accounts receivables. The Company has adopted a policy of only dealing with creditworthy counterparties.

The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific non-related counter-parties, and continually assessing the creditworthiness of such non-related counter-parties.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Approximately 57% (31 March 2014: 44%) of the Company's revenue is attributable to sales transactions with a single customer. The credit risk on liquid funds is limited because the counterparties are banks registered in the United Arab Emirates.

The carrying amount of financial assets recorded in the financial statements represents the Company's maximum exposure to credit risk.

18.8 Liquidity risk management

Liquidity risk refers to the risk that an entity will encounter difficulty in meeting obligations associated with its financial liabilities at maturity date.

The Company manages the liquidity risk by maintaining adequate reserves, sufficient cash and cash equivalent and arranging the contributions from the Shareholders to ensure that the funds are available to meet its commitments for liabilities as they fall due. All financial assets and liabilities are expected to be matured within one year from the end of the reporting period.

19 Approval of the financial statements

The financial statements were approved by the Directors and authorised for issue 18 May 2015.

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors present their Sixth Report along with the Audited Accounts of your Company for Financial Year ended 31st March, 2015.

Financial Highlights and State of Company's Affairs

Particulars	For the year ended 31 st March, 2015	For the year ended 31 st March, 2014
		(Rs. in lakhs)
Gross Income.....	1891.30	2042.08
Less: Excise duty.....	126.43	52.36
Net Income	1764.87	1989.72
Profit before Taxation, Depreciation and Amortisation.....	(460.99)	(616.66)
Less: Depreciation / Amortisation	458.84	381.78
Profit / (Loss) for the year	(919.83)	(998.44)
Loss brought forward	(7321.72)	(6323.30)
Transition Depreciation Adjustment to reserves.....	(29.00)	-
Balance carried forward to Balance Sheet	(8270.55)	(7321.74)
Net Worth	8,531.68	1,380.51

No material changes and commitments have occurred between the closure of the financial year to which the financial statements relate and the date of this report which would affect the financial position of the Company.

Operations

During the year under review, your Company sold/fabricated 72 Vehicles, which includes 40 Nos. Up-Armoured Rakshak, 11 Nos. Up-Armoured Scorpions, 2 Nos. Marksman, 9 Nos. Police Special Purpose Vehicle, 3 Nos. of Rakshak Plus & 7 Nos. Interceptor vehicles.

Rakshak Plus vehicle was commercialised in financial year 2014, however, the Company has executed the order of the vehicle for the first time. Besides, the Company has successfully developed and delivered Interceptor vehicle built on XYLO base vehicle.

Your Company has received RFPs from MoD and submitted bids for Light Specialist Vehicle (LSV) for 171 Nos. and Armoured Light Specialist Vehicle (ALSV) for 1,300 Nos.

Your Company has also received the RFP from MoD for procurement of 702 Nos. of Light Armoured Multi Role Vehicles. Bids will be submitted in Financial Year 2016.

The FICV project Expression of Interest (Eoi) is still awaited. However the MoD has made it clear that the project will be taken up with participation of the Indian Industry.

Your Company has also supplied this year the protective gears and layer seats to Gun Carriage Factory, Jabalpur for production of the indigenous 155mm Dhanush (Bofors) Gun.

Your Company has also received a LoU from Thales, Australia stating selection of your Company for delivery of Wheel Assembly for their Hawkei Vehicles. This is part of the Offsets obligations of Thales in India. The wheel assemblies are under development.

Dividend

In view of the loss, your Directors do not recommend any dividend for the year under review.

Erosion of Net Worth

The accumulated losses of the Company as at 31st March, 2015 have resulted in erosion of more than 50% of its peak Net Worth during the immediately preceding four financial years. Hence, the Company continues to be a potentially sick Company within the meaning of Section 23 of the Sick Industrial Companies (Special Provisions) Act, 1985 ("SICA"). The Company has accordingly complied with the provisions of the SICA and has filed a Report with the Board for Industrial and Financial Reconstruction, New Delhi pursuant to the provisions of Section 23(1)(a)(i) of SICA in the previous year. The Company will comply with further compliance as may be required under SICA. The parent Company is ensuring infusion of required funds to revive the business of the Company.

Conversion of Company from Private to Public

The shareholders of the Company vide a Special Resolution passed on 5th March, 2014 had approved the conversion of the status of the Company from Private to Public. The Company has received the approval from the office of the Registrar of Companies (ROC), Maharashtra on 24th November, 2014 for the same. Accordingly, the name of the Company stands changed from Defence Land Systems India Private Limited to Defence Land Systems India Limited with effect from 24th November, 2014.

Share Capital

During the year under review, the authorised share capital of your Company stood at Rs. 170 crores. The issued, subscribed and paid up share capital of the Company is Rs. 166 crores comprising of 16,60,00,000 Equity Shares of the face value Rs. 10/- each.

Directors

Mr. S. P. Shukla (DIN: 00007418), Director, retires by rotation and, being eligible, offers himself for re-appointment at the forthcoming Annual General Meeting.

Lt. Gen. Jaswinder Pal Singh (Retd.) (DIN: 07138659) was appointed as an Independent & Additional Director w.e.f. 31st March, 2015 and Ms. Neelam Deo (DIN: 02817083) was appointed as a Women Independent & Additional Director w.e.f. 31st March, 2015 as per the provisions of Section 149 and 161 of the Companies Act, 2013 for the period of 1 (One) year. The above Independent Additional Directors have vast experience and knowledge which would be of immense benefit to the Company.

The Company has received a notice from the Members under Section 160 of the Companies Act, 2013, signifying their intention to propose Lt. Gen. Jaswinder Pal Singh (Retd.) and Ms. Neelam Deo as the candidates for the office of Director at the forthcoming Annual General Meeting of the Company.

The Company has received the declarations from Lt. Gen. Jaswinder Pal Singh (Retd.) and Ms. Neelam Deo, the Independent Directors, to the effect that they meet the criteria of independence as provided in sub-section 6 of Section 149 of the Companies Act, 2013.

Number of Meetings

Your Board of Directors met four times during the year under review viz. 28th May, 2014, 17th September, 2014, 4th December, 2014 and 17th February, 2015.

Directors' Responsibility Statement

Pursuant to Section 134(5) of the Companies Act, 2013, your Directors, based on the representation received, and after due enquiry, confirm that:

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed;
- (ii) they have, in the selection of the accounting policies, consulted the Statutory Auditors and these have been applied consistently and reasonable and prudent judgments and estimates have been made so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2015 and of the Loss of the Company for the year ended on that date;
- (iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) the annual accounts have been prepared on a going concern basis; and

- (v) proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Evaluation of Performance

The Board of Directors has adopted a process for annual evaluation of its own performance and that of its committees and individual directors. Questionnaires/Feedback templates for annual evaluation, based on the criteria approved by the Board, were circulated to each Board member and responses were submitted to the Chairman of the Nomination and Remuneration Committee and the Chairman of the Board for facilitating the formal annual evaluation.

Key Managerial Personnel

Mr. Mukesh Gupta tendered his resignation as a Chief Financial Officer of the Company w.e.f. 30th June, 2014 and Mr. Jagjeet Singh was appointed as a Chief Financial Officer w.e.f. from 29th December, 2014 in accordance with the provisions of Section 203 of the Companies Act, 2013.

Further, Mr. Rajesh Parte resigned as the Company Secretary of the Company w.e.f. 17th February, 2015 and Mr. Govind Agarwal was appointed as a Company Secretary w.e.f. 19th March, 2015 in accordance with the provisions of Section 203 of the Companies Act, 2013.

Committees of the Board

(A) Nomination and Remuneration Committee

The Nomination and Remuneration Committee was reconstituted by the Board by passing a circular resolution on 31st March, 2015 consequent to the appointment of Lt. Gen. Jaswinder Pal Singh (Retd.) and Ms. Neelam Deo as the Independent Directors of the Company.

The Nomination and Remuneration Committee consists of following members:

Lt. Gen. Jaswinder Pal Singh (Retd.), Chairman
Mr. S. P. Shukla
Ms. Neelam Deo.

The Committee met thrice during the year under review i.e. on 4th December, 2014, 17th September, 2014 and 17th February, 2015 and complied with the terms of reference assigned to the Committee.

(B) Audit Committee

The Audit Committee was reconstituted by the Board by passing a circular resolution on 31st March, 2015 consequent to the appointment of Lt. Gen. Jaswinder Pal Singh (Retd.) and Ms. Neelam Deo as the Independent Directors of the Company.

The Audit Committee consists of following members:

Ms. Neelam Deo, Chairman
Mr. Mukul Verma
Lt. Gen. Jaswinder Pal Singh (Retd.)

The Committee met twice during the year on 28th May, 2014 and 17th September, 2014 and complied with the terms of reference assigned to the Committee.

Remuneration Policy

In line with the principles of transparency and consistency and upon recommendation of the Nomination and Remuneration Committee, your Board has approved:

- Policy on the appointment/removal of directors and senior management personnel, together with the criteria for determining qualifications, positive attributes and independence of directors.
- Policy on the remuneration of directors, key managerial personnel and other employees.

These policies are provided as Annexure I and form part of this report.

Risk Management Policy

Your Company has formulated Risk Management Policy including therein the elements of risks which in the opinion of Board may threaten the existence of the Company.

Your Board is hopeful that the implementation of the policy will be helpful to the Company in avoiding the risks and enabling the Company to manage the same, if confronted with.

Corporate Social Responsibility (CSR)

Provisions relating to CSR enumerated under Section 135 of the Companies Act, 2013 are not applicable to your Company and accordingly, your Company does not have a CSR policy. However, during the year under review, your Company has undertaken following activities under its CSR programme:

- a. To abreat the road traffic awareness among local public, few signage and Display Boards were placed on different roads.
- b. A Clean India Campaign was organized wherein employees carried out cleaning of area in the vicinity of the Plant at Prithla, Haryana.
- c. Participation in the celebration of Republic Day programme of the district.

Policy on Prevention of Sexual Harassment

During the year under review, no complaints were received under the Sexual Harassment of Women at work place (Prevention, Prohibition and Redressal) Act, 2013.

Auditors

(A) Statutory Auditors

Messrs. Deloitte Haskins & Sells, Chartered Accountants, (Firm registration Number 01512N) retire as Auditors of your Company at the forthcoming Annual General Meeting and have given their written consent for re-appointment and have also confirmed that the said appointment would be in conformity with Sections 139 and 141 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014. The members are requested to appoint Auditors from the conclusion of forthcoming Annual General Meeting until the conclusion of next Annual General Meeting and fix their remuneration.

The Auditors' Report does not contain any qualifications, reservations or adverse remarks.

(B) Secretarial Auditors

Your Company has appointed Mr. Sachin Bhagwat as a Secretarial Auditor of the Company in accordance with the provisions of Section 204 of the Companies Act, 2013.

In terms of provisions of sub-section (1) of Section 204 of the Companies Act, 2013, the Company has annexed with this Board Report, a Secretarial Audit Report given by the Secretarial Auditor, and the said Secretarial Report, in prescribed form MR 3 at Annexure II forms part of this Report.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The particulars relating to the Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo, as required under Section 134(3)(m) of the Companies Act, 2013 read with the Companies Rule 8 (3) of The Companies (Accounts) Rules, 2014 are given as Annexure III to this Report.

Particulars of Employees as required under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Being unlisted company, provisions of Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable to your Company.

Particulars of Public Deposits, loans, guarantees or investments under Section 186 of the Companies Act, 2013.

Your Company has not accepted deposits from the public or its employees during the year under review. There were no deposits which are not in compliance with requirement of chapter V of the Companies Act, 2013.

Your Company has not made any loans, investments and guarantees which are required to be disclosed in the annual accounts of the Company pursuant to Section 186 of the Companies Act, 2013.

Your Company has not made any loans/advances which are, required to be disclosed in the annual accounts of the Company pursuant to clause 32 of Listing Agreement between the ultimate parent Company, Mahindra and Mahindra Limited and Stock Exchanges.

Particulars of Transactions with Related Parties

Particulars of material contracts or arrangements with related parties are given in form AOC – 2 as Annexure IV and the same forms part of this Report.

Extract of Annual Return

Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014 an extract of the Annual Return as on 31st March, 2015 is attached herewith as Annexure V and forms part of this Report.

Internal Financial Controls

Pursuant to Rule 8 of the Companies (Accounts) Rules, 2014 based on the representation received and after due enquiry, your Directors confirm that they have laid down internal financial controls with reference to the Financial Statements and these controls are adequate.

General

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions/ events on these items during the year under review:

1. Issue of equity shares with differential rights as to dividend, voting or otherwise.
2. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and the Company's operations in future.
3. There were no Shares having voting rights not exercised directly by the employees and for the purchase of which or subscription to which loan was given by the Company.

Acknowledgements

Your Directors are pleased to take this opportunity to thank the bankers, customers, vendors, all the other stakeholders for their co-operation to the Company during the year under review.

For and on behalf of the Board

S. P. Shukla
Director
(DIN: 00007418)

Mukul Verma
Director
(DIN: 02428217)

Mumbai,
18th May 2015

ANNEXURE I TO THE DIRECTORS' REPORT

1. POLICY FOR REMUNERATION OF THE DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES

Purpose

This Policy sets out the approach to Compensation of Directors, Key Managerial Personnel and other employees in Defence Land Systems India Limited.

Policy Statement

We have a well-defined Compensation policy for Directors, Key Managerial Personnel and all employees, including the Chairman, Presidents and other Members of the Group Executive Board who are employees of the Company. The overall compensation philosophy which guides us is that in order to achieve global leadership and dominance in domestic markets, we need to attract and retain high performers by compensating them at levels that are broadly comparable with the median of the comparator basket while differentiating people on the basis of performance, potential and criticality for achieving competitive advantage in the business.

In order to effectively implement this, we have built our Compensation structure by a regular annual benchmarking over the years with relevant players across the industry we operate in.

NON-EXECUTIVE INCLUDING INDEPENDENT DIRECTORS:

The Nomination and Remuneration Committee (NRC) shall decide the basis for determining the compensation, both Fixed and variable, to the Non Executive Directors, including Independent Directors, whether as commission or otherwise. The NRC shall take into consideration various factors such as director's participation in Board and Committee meetings during the year, other responsibilities undertaken, such as membership or Chairmanship of committees, time spent in carrying out their duties, role and functions as envisaged in Schedule IV of the Companies Act 2013 and Clause 49 of the Listing Agreement with Stock Exchanges (where applicable) and such other factors as the NRC may consider deem fit for determining the compensation. The Board shall determine the compensation to Non-Executive Directors within the overall limits specified in the Shareholders resolution.

Executive Directors:

The remuneration to Chairman & Managing Director and Executive Director(s) shall be recommended by NRC to the Board. The remuneration consists of both fixed compensation and variable compensation and shall be paid as salary, commission, performance bonus, stock options (where applicable), perquisites and fringe benefits as approved by the Board and within the overall limits specified in the Shareholders resolution. While the fixed compensation is determined at the time of their appointment, the variable compensation will be determined annually by the NRC based on their performance.

Key Managerial Personnel (KMPs)

The terms of remuneration of Chief Financial Officer (CFO) shall be determined by the NRC from time to time. The terms of remuneration of the Company Secretary shall be finalised/revised either by any Director or such other person as may be authorised by the Board from time to time. The remuneration shall be consistent with the competitive position of the salary for similar positions in the industry and their Qualifications, Experience, Roles and Responsibilities. Pursuant to the provisions of Section 203 of the Companies Act 2013 the Board shall approve the remuneration at the time of their appointment.

The remuneration to directors, KMPs and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

Employees

We follow a differential approach in choosing the comparator basket for benchmarking, depending upon the level in the organization:

- a. For all employees from Operational to Executive Band, we benchmark with a set of comparators from the same industry.
- b. For Strategic band and above, we have a position-based approach and the comparator basket includes benchmarks from across relevant industries.

We have a CTC (Cost to Company) concept which includes a fixed component (Guaranteed Pay) and a variable component (Performance pay). The percentage of the variable component increases with increasing hierarchy levels, as we believe employees at higher positions have a far greater impact and influence on the overall business result. The CTC is reviewed once every year and the compensation strategy for positioning of individuals takes into consideration the following elements:

- Performance
- Potential
- Criticality
- Longevity in grade

Remuneration for the new employees other than KMPs and Senior Management Personnel will be decided by the HR, in consultation with the concerned business unit head at the time of hiring, depending upon the relevant job experience, last compensation and the skill-set of the selected candidate.

The Company may also grant Stock Options to the Employees and Directors (other than Independent Directors and Promoter) in accordance with the ESOP Scheme of the Company and subject to the compliance of the applicable statutes and regulations.

II. POLICY ON APPOINTMENT OF DIRECTORS AND SENIOR MANAGEMENT AND SUCCESSION PLANNING FOR ORDERLY SUCCESSION TO THE BOARD AND THE SENIOR MANAGEMENT

DEFINITIONS

The definitions of some of the key terms used in this Policy are given below:

“**Board**” means Board of Directors of the Company.

“**Company**” means DEFENCE LAND SYSTEMS INDIA LIMITED.

“**Committee(s)**” means Committees of the Board for the time being in force.

“**Employee**” means employee of the Company whether employed in India or outside India including employees in the Senior Management Team of the Company.

“**HR**” means the Human Resource department of the Company.

“**Key Managerial Personnel**” (KMP) refers to key managerial personnel as defined under the Companies Act, 2013 and includes:

- (i) Managing Director (MD), or Chief Executive Officer (CEO); or Manager; or Whole time Director (WTD);
- (ii) Chief Financial Officer (CFO); and
- (iii) Company Secretary (CS).

“**Nomination and Remuneration Committee**” (NRC) means Nomination and Remuneration Committee of Board of Directors of the Company for the time being in force.

“**Senior Management**” means personnel of the Company who are members of its Core Management Team excluding Board of Directors comprising of all members of management one level below the executive directors including the functional heads.

I. APPOINTMENT OF DIRECTORS

- The NRC reviews and assesses Board composition and recommends the appointment of new Directors. In evaluating the suitability of individual Board member, the NRC shall take into account the following criteria regarding qualifications, positive attributes and independence of director:
 1. All Board appointments will be based on merit, in the context of the skills, experience, independence and knowledge, for the Board as a whole to be effective.
 2. Ability of the candidates to devote sufficient time and attention to his professional obligations as Independent Director for informed and balanced decision making.
 3. Adherence to the Code of Conduct and highest level of Corporate Governance in letter and in spirit by the Independent Directors.

- Based on recommendation of the NRC, the Board will evaluate the candidate(s) and decide on the selection of the appropriate member. The Board through the Chairman & Managing Director will interact with the new member to obtain his/her consent for joining the Board. Upon receipt of the consent, the new Director will be co-opted by the Board in accordance with the applicable provisions of the Companies Act 2013 and Rules made thereunder.

REMOVAL OF DIRECTORS

If a Director is attracted with any disqualification as mentioned in any of the applicable Act, rules and regulations thereunder or due to non - adherence to the applicable policies of the company, the NRC may recommend to the Board with reasons recorded in writing, removal of a Director subject to the compliance of the applicable statutory provisions.

SENIOR MANAGEMENT PERSONNEL

The NRC shall identify persons who are qualified to become directors and who may be appointed in senior management team in accordance with the criteria laid down above.

Senior Management personnel are appointed or promoted and removed/relieved with the authority of Chairman & Managing Director based on the business need and the suitability of the candidate. The details of the appointment made and the personnel removed one level below the Key Managerial Personnel during a quarter shall be presented to the Board.

II. SUCCESSION PLANNING:

Purpose

The Talent Management Policy sets out the approach to the development and management of talent in the Mahindra Group to ensure the implementation of the strategic business plans of the Group and the Group Aspiration of being among the Top 50 globally most-admired brands by 2021.

Board:

The successors for the Independent Directors shall be identified by the NRC at least one quarter before expiry of the scheduled term. In case of separation of Independent Directors due to resignation or otherwise, successor will be appointed at the earliest but not later than the immediate next Board meeting or three months from the date of such vacancy, whichever is later.

The successors for the Executive Director(s) shall be identified by the NRC from among the Senior Management or through external source as the Board may deem fit.

The NRC will accord due consideration for the expertise and other criteria required for the successor.

The Board may also decide not to fill the vacancy caused at its discretion.

Senior Management Personnel:

A good succession-planning program aims to identify high growth individuals, train them and feed the pipelines with new talent. It will ensure replacements for key job incumbents in KMPs and senior management positions in the organization.

Significantly, we have a process of identifying Hi-pots and critical positions. Successors are mapped for these positions at the following levels:

1. Emergency successor
2. Ready now
3. Ready in 1 to 2 years
4. Ready in 2 to 5 years
5. Ready in more than 5 years

in order to ensure talent readiness as per a laddered approach.

Policy Statement

The Talent Management framework of the Mahindra Group has been created to address three basic issues:

- 1) Given the strategic business plans, do we have the skills and competencies required to implement them? If not, how do we create them – by developing them internally or through lateral induction from outside?
- 2) For critical positions, what is the succession pipeline?
- 3) What are the individual development plans for individuals both in the succession pipeline as well as others?

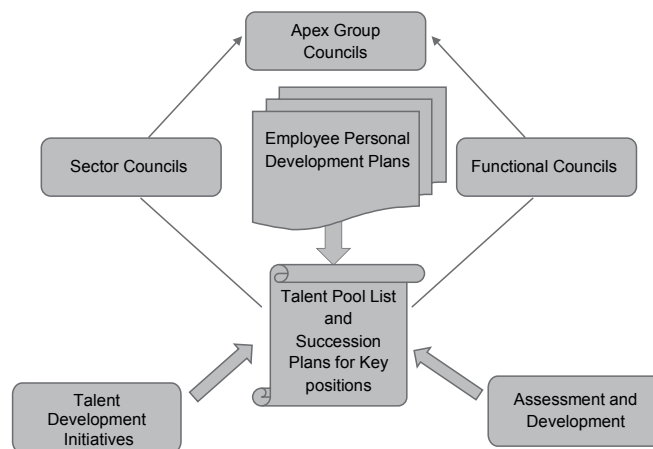
The framework lays down an architecture and processes to address these questions using the 3E approach:

- a) **Experience** i.e. both long and short-term assignments. This has 70% weightage
- b) **Exposure** i.e. coaching and mentoring – 20% weightage
- c) **Education** i.e. learning and development initiatives – 10% weightage

The Talent Management process is applicable to all employees. Over the years, the Talent Management framework has become a well-structured and process-oriented system which is driven by an interactive and

collaborative network of Talent Councils at the Group and Sector Levels. These Talent Councils, which consist mainly of Senior business leaders supported by HR, are a mix of Sector (Business) and Functional Councils coordinated by an Apex Talent Council, headed by the Group Chairman. The Apex Council reviews the work done by the Talent Councils and facilitates movement of talent across Sectors. The Sector / Functional Councils meet regularly throughout the year and the Apex Council interacts with each one of them separately once a year, and in addition conducts an integrated meeting where the Chairpersons of all the Councils are present.

The Talent Management process can be represented pictorially as under:



The talent pipeline is maintained and developed so as to ensure that there is a seamless flow of talent. An important part of this exercise is drawing up and implementing IDAPs (Individual Development Action Plans) for every Executive concerned using the 3E approach mentioned above.

For and on behalf of the Board

S. P. Shukla
 Director
 (DIN: 00007418)

Mukul Verma
 Director
 (DIN: 02428217)

Mumbai,
 18th May 2015

ANNEXURE II TO THE DIRECTORS' REPORT

SECRETARIAL AUDIT REPORT

FORM MR 3

For the financial year ended 31 March, 2015

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
Defence Land Systems India Limited
Mahindra Towers, P. K. Kurne Chowk
Worli
Mumbai 400 018

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Defence Land Systems India Limited. (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conduct/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31 March, 2015, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31 March, 2015 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder; **(Not applicable to the Company)**
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder; **(Not applicable to the Company during the Audit period)**
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations framed thereunder to the extent of foreign direct investment, overseas direct investment and external commercial borrowings; **(Not applicable to the Company during the Audit period)**
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; **(Not applicable to the Company)**

- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992; **(Not applicable to the Company)**
- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; **(Not applicable to the Company during the Audit period)**
- (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; **(Not applicable to the Company)**
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **(Not applicable to the Company during the audit period)**
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; **(Not applicable to the Company)**
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **(Not applicable to the Company)** and
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; **(Not applicable to the Company)**
- (vi) No other law was specifically applicable to the Company.

I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by the Institute of Company Secretaries of India. **(Not applicable to the Company during the audit period)**
- (ii) Listing Agreements entered into by the Company with Stock Exchanges, if applicable. **(Not applicable to the Company)**

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

I further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

DEFENCE LAND SYSTEMS INDIA LIMITED
(FORMERLY KNOWN AS DEFENCE LAND SYSTEMS INDIA PRIVATE LIMITED)

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

As per the minutes of the meetings duly recorded and signed by the Chairman, the decisions of the Board were unanimous and no dissenting views have been recorded.

I further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period except for the offer and allotment of equity shares on rights basis to the members of the Company, no specific events / actions took place having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards etc. referred to above.

Place: Pune
Date: 25 April 2015

Sachin Bhagwat
ACS: 10189
CP: 6029

ANNEXURE III TO THE DIRECTORS' REPORT

PARTICULARS AS PER THE COMPANIES (ACCOUNTS) RULES, 2014 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2015.

A. CONSERVATION OF ENERGY

- i. the steps taken or impact on conservation of energy:
 - a. Replacement of existing boundary 150 watts Sodium lights with 85 watts CFL lights helped us to save energy consumption.
 - b. Review of Aspect & Impact of all departments done to Identify and Ensure adequate Environmental Controls on all Environmental Emissions.
 - c. Controlled usage of ACs, replacement of Focus Lights with CFLs and shutting down Servers on weekends resulted in Energy Saving.
 - d. Energy use is related to emission of Green House Gases. Energy Saving of 11% & 4%.
- ii. the steps taken by the company for utilizing alternate sources of energy: Nil
- iii. the capital investment on energy conservation equipments: Nil

B. TECHNOLOGY ABSORPTION

i) the efforts made towards technology absorption

- a) Vehicle Dynamics (mobility, performance analysis and prediction), Electrical & Electronics Architecture, Survivability & Lethality aspects of Armoured, Up-armoured, Mine Protected & Special Purpose Vehicle models meeting customer requirements.
- b) Weight optimization of Armoured Fighting Vehicles through exploring light armour materials which meet desired protection level & mobility requirements, facilitates manufacturability of hull and cabin based on weld & bolt on concepts.
- c) To meet RFP requirements from customer for on time delivery of orders, to explore / adaptation of already proved & enhanced performance Power Pack and drive-line system for better mobility performance of platforms like Light Strike Vehicle (LSV), Light Bullet Proof Vehicle (LBPV), Mine Protected Vehicle (MPV), Armoured Light Strike vehicle (ALSV) and Multi role Light Armoured Vehicle (LAM)
- d) As part of new product development process, to carry out continual improvements & value additions on existing platforms like
 - Better utilization of cabin space through optimization of location of armoured glass windows.
 - Improve ride comfort quality, ergonomics, aspects related to safety, maintainability and serviceability, ballistic & blast protection parameters of existing armoured & up-armoured platforms based on Scorpio & its variants.
- e) In-house verification and validation (Testing & trials) of armoured, up – armoured & General Service Vehicles prior to submission for homologation / customer trials.
- f) Design & development of vehicles by conducting study in different terrains of different states in India (Off Road, Secondary roads, marshy roads, hilly terrains, Sandy areas etc.) in order to meet customer operational requirements of vehicles.
- g) Ensure reliability, robustness and ruggedness of vehicle design systems & subsystems by conducting CAE and in-house accelerated durability testing of vehicle systems and sub-systems.

ii) the benefits derived like product improvement, cost reduction, product development or import substitution:

- a) Developed new light weight ballistic composite material & tested successfully for meeting desired ballistic requirements. It will also help for upcoming future armour vehicle projects.
- b) Acquired enhanced knowledge base on side mine blast requirement. It will be helpful in executing upcoming armour & mine protected vehicle projects.

- c) Enhancement of core competencies in survivability, suspension, Power Train, Safety, electrical & electronics related to vehicles.
- d) Built interceptor vehicles using LIDAR(Light Detection & Ranging) technology.
- e) With regard to value addition in existing products, concept for new feature created for de-misting of armoured glass window of BP Scorpio.

iii) Technology imported during last 3 years

Sr. No.	Technology imported	Year of import	Status
1	Armoured Glass Windshield – BP Scorpio	2014-15	Absorbed
2	Castor Wheel Assy	2014-15	Absorbed

iv) The expenditure incurred on Research and Development

During the year under review, the Company has incurred expenditure of Rs 598.15 Lacs towards its research and development activities.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO (in terms of actual inflow and outflow)

Total Foreign Exchange Earned and Used:

(Rupees in Lakhs)

	For the FY ended 31 st March, 2015	For the FY ended 31 st March, 2014
Total Foreign Exchange Earned	NIL	4.21
Total Foreign Exchange Used	45.26	NIL

For and on behalf of the Board

Mumbai, 18th May, 2015

S. P. Shukla
Director
(DIN: 00007418)

Mukul Verma
Director
(DIN: 02428217)

ANNEXURE IV TO THE DIRECTORS' REPORT

FORM NO. AOC-2

(Pursuant to clause (h) of sub-section (3) of Section 134 of the Act
and Rule 8(2) of the Companies (Accounts) Rules, 2014.

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transaction under third proviso thereto.

1. Details of contracts or arrangements or transactions not at Arm's length basis – Nil
2. Details of Material contracts or arrangements or transactions at Arm's length basis.*

Sr. No.	Name (s) of the related party	Nature of relationship	Nature of Contracts/ arrangements/ transaction	Salient terms of the contracts or arrangements or transaction including the value, if any	Amount	Date of approval by the Board
					(Rs. in lacs)	
1	Mahindra & Mahindra Limited	Holding Company	Purchase of Raw Material	Purchase of Base vehicle & Components	66.66	–
2	Mahindra & Mahindra Limited	Holding Company	Income - Job Work Charges	conversion of vehicle from BS-II to BS-III	9.46	–
3	Mahindra & Mahindra Limited	Holding Company	Income - Business support Fees	Business support fee on govt sales	63.04	–
4	Mahindra & Mahindra Limited	Holding Company	Purchase of Asset	Flexi vehicle purchased for employee	11.46	–
5	Mahindra & Mahindra Limited	Holding Company	Sales of Spares	Vehicle Repair and Spares sale	10.26	–
6	Mahindra & Mahindra Limited	Holding Company	Reimbursement of expenses	Shared Services of IT, Internal Audit, Secretarial work	30.66	–
7	Mahindra Integrated Business Solutions Pvt. Ltd.	Fellow Subsidiary	Professional Fees	Salary processing	1.52	–
8	Mahindra Defence Systems Limited	Fellow Subsidiary	Sales of Finished Goods	Job Work	1,355.14	–
9	Mahindra Defence Systems Limited	Fellow Subsidiary	Reimbursement of expenses	Shared service of CFO	1.03	–
10	Mahindra Holidays & Resorts India Limited	Fellow Subsidiary	Travel Agent	Air Ticketing	16.36	–
11	Mahindra Logistics Limited	Fellow Subsidiary	Freight & Customs Clearing	Customs Clearance and Freight	3.85	–
12	Mahindra Trucks and Buses Limited	Fellow Subsidiary	Purchase of components	Components purchase for MPVi Project	3.73	–
13	Mahindra Telephonics Integrated Systems Limited	Fellow Subsidiary	Rent Received	Rent received from premises leased out	132.44	–
14	Mahindra Defence Naval Systems Pvt Ltd	Fellow Subsidiary	Sales of spares	Sales of spares	0.21	–
15	Mahindra Heavy Engines Private Limited	Fellow Subsidiary	Purchase of components	Components purchase for MPVi Project	7.41	–

* Pursuant to Notification dated 14th August, 2014 issued by the Ministry of Corporate Affairs, New Delhi (G.S.R.590(E)).

For and on behalf of the Board

Mumbai,
18th May, 2015

S. P. Shukla
Director
(DIN: 00007418)

Mukul Verma
Director
(DIN: 02428217)

ANNEXURE V TO THE DIRECTORS' REPORT

Form No. MGT-9

Extract of Annual Return

as on the financial year ended on 31st March, 2015

[Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies
(Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

1.	CIN	U29268MH2009PLC190702
2.	Registration Date	4 th March, 2009
3.	Name of the Company	Defence Land Systems India Limited
4.	Category/Sub-Category of the Company	Company Limited by Shares/Indian Non Government Company
5.	Address of Registered Office and Contact details	Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai-400 018. Tel. No.: 022-24905828
6.	Whether listed Company (Yes/No)	No
7.	Name, Address and Contact details of Registrar and Transfer Agent, if any	Sharepro Services India Private Limited 13AB Samitha Warehousing Complex, 2 nd Floor, Saki Naka Telephone Exchange Lane, Sakinaka, Andheri (East), Mumbai – 400072. Tel: 022-67720400/300 Email: Sharepro@shareproservices.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sr. No.	Name and Description of Main Products/Services	NIC Code of the Product	% to total turnover of the Company
1	Fabrication/Armouring of vehicles	3040	91

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

Sr. No.	Name and Address of the Company	CIN/GIN	Holding/Subsidiary of the Company	% of shares held	Applicable Section
1.	Mahindra & Mahindra Limited Gateway Building, Apollo Bunder, Mumbai - 400001	L65990MH1945PLC004558	Holding Company	66.86	2(46)

IV. SHARE HOLDING PATTERN (Equity Share Capital Break-up as percentage of Total Equity)

i. Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1. Indian	–	–	–	–	–	–	–	–	–
Individual/HUF	–	–	–	–	–	–	–	–	–
Central Govt.	–	–	–	–	–	–	–	–	–
a. State Govt.	–	–	–	–	–	–	–	–	–

DEFENCE LAND SYSTEMS INDIA LIMITED
(FORMERLY KNOWN AS DEFENCE LAND SYSTEMS INDIA PRIVATE LIMITED)

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
b. Bodies Corp.	–	8,50,00,000	8,50,00,000	100	11,10,00,000	5,50,00,000	16.60,00,000	100	–
c. Bank/Fl	–	–	–	–	–	–	–	–	–
d) Any Other	–	–	–	–	–	–	–	–	–
Sub-Total - A(1)	–	8,50,00,000	8,50,00,000	100	11,10,00,000	5,50,00,000	16.60,00,000	100	–
2. Foreign	–	–	–	–	–	–	–	–	–
a. NRI-Individuals	–	–	–	–	–	–	–	–	–
b. Other Individuals	–	–	–	–	–	–	–	–	–
c. Body Corporate	–	–	–	–	–	–	–	–	–
d. Bank/Fl	–	–	–	–	–	–	–	–	–
e. Any Others	–	–	–	–	–	–	–	–	–
Sub-Total - A(2)	–	–	–	–	–	–	–	–	–
Total Share Holder of Promoters (1+2)	–	8,50,00,000	8,50,00,000	100	11,10,00,00	5,50,00,000	16.60,00,000	100	–
B. Public Shareholding									
1. Institutions	–	–	–	–	–	–	–	–	–
a. Mutual Funds	–	–	–	–	–	–	–	–	–
b. Banks/Fl	–	–	–	–	–	–	–	–	–
c. Cent. Govt.	–	–	–	–	–	–	–	–	–
d. State Govt.	–	–	–	–	–	–	–	–	–
e. Venture Capital	–	–	–	–	–	–	–	–	–
f. Insurance Co.	–	–	–	–	–	–	–	–	–
g. FIs	–	–	–	–	–	–	–	–	–
h. Foreign Venture Capital Fund	–	–	–	–	–	–	–	–	–
i. Others	–	–	–	–	–	–	–	–	–
Sub-Total - B(1)	–	–	–	–	–	–	–	–	–
2. Non-Institutions	–	–	–	–	–	–	–	–	–
a. Body Corp.	–	–	–	–	–	–	–	–	–
b. Individual	–	–	–	–	–	–	–	–	–
i. Individual shareholders holding nominal share capital upto Rs. 1 lakh	–	–	–	–	–	–	–	–	–
ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	–	–	–	–	–	–	–	–	–
c) Others	–	–	–	–	–	–	–	–	–
(i) NRI (Rep)	–	–	–	–	–	–	–	–	–
(ii) NRI (Non-Rep)	–	–	–	–	–	–	–	–	–
(iii) Foreign	–	–	–	–	–	–	–	–	–
(iv) OCB	–	–	–	–	–	–	–	–	–
(v) Trust	–	–	–	–	–	–	–	–	–

DEFENCE LAND SYSTEMS INDIA LIMITED
(FORMERLY KNOWN AS DEFENCE LAND SYSTEMS INDIA PRIVATE LIMITED)

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(vi) In Transit	-	-	-	-	-	-	-	-	-
Sub-Total - (B)(2)	-	-	-	-	-	-	-	-	-
Net Total (1+2)	-	-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs & ADRs									
Promoter and Promoter Group	-	-	-	-	-	-	-	-	-
Public	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	-	8,50,00,000	8,50,00,000	100	11,10,00,000	5,50,00,000	16,60,00,000	100	-

ii. Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	
1	Mahindra and Mahindra Limited	6,29,00,000	74%	0	11,10,00,000	66.86	0	
2	Mahindra Defence systems Limited	2,20,99,994	26%	0	5,49,99,994	33.13	0	
3	Mahindra Defence Systems Limited Jointly with V. S. Parthasarathy#	1	0	0	1	0	0	
4	Mahindra Defence Systems Limited Jointly with Zhooben Bhiwandiwala#	1	0	0	1	0	0	
5	Mahindra Defence Systems Limited Jointly with S. P. Shukla#	1	0	0	1	0	0	
6	Mahindra Defence Systems Limited Jointly with K. Chandrasekar#	1	0	0	1	0	0	
7	Mahindra Defence Systems Limited Jointly with Rajeev Dubey#	1	0	0	1	0	0	
8	Mahindra Defence Systems Limited Jointly with Narayan Shankar#	1		0	1	0	0	
	Total	8,50,00,000	100	0	16,60,00,000	100	0	0

Jointly held with Mahindra Defence Systems Limited for the purpose of compliance with statutory provision of Companies Act with regard to minimum number of members.

iii. Changes in Promoters' shareholding (Please specify, if there is no change)

Particulars	Shareholding at the beginning of the year		Cumulative shareholding during the year	
	No. of shares	% of Total Shares of the Company	No. of shares	% of Total Shares of the Company
At the beginning of the Year (Mahindra and Mahindra Limited)	6,29,00,000	74	6,29,00,000	74
Increase on 28 th May, 2014- Allotment by the Company	1,11,00,000	-	7,40,00,000	-
Increase on 7 th November, 2014- Allotment by the Company	3,70,00,000	-	11,10,00,000	66.86
At the beginning of the Year (Mahindra Defence Systems)	2,21,00,000	26	2,21,00,000	26
Increase on 28 th May, 2014- Allotment by the Company	39,00,000	-	2,60,00,000	-
Increase on 7 th November, 2015- Allotment by the Company	1,30,00,000	-	3,90,00,000	-
Increase on 31 st March, 2015- Allotment by the Company	1,60,00,000	-	5,50,00,000	33.13
At the end of the Year	-	-	16,60,00,000	100

iv. Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	Top Ten Shareholders	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	–	–	–	–	–
2.	–	–	–	–	–
3.	–	–	–	–	–

v. Shareholding of Directors and Key Managerial Personnel:

Sr. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Mahindra Defence Systems Limited Jointly with V. S. Parthasarathy	1	–	1	–
2.	Mahindra Defence Systems Limited Jointly with S. P. Shukla	1	–	1	–
3.	–	–	–	–	–

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment.

(Rs. in Crores)

PARTICULARS	SECURED LOANS EXCLUDING DEPOSITS	UNSECURED LOANS	DEPOSITS	TOTAL INDEBTEDNESS
Indebtedness at the beginning of the financial year 01.04.2014				
1) Principal Amount	34.19	3.82	–	38.01
2) Interest due but not paid	–	–	–	–
3) Interest accrued but not due	0.10	–	–	0.10
Total of (1+2+3)	34.29	3.82	–	38.11
Change in Indebtedness during the financial year				
+ Addition				
– Reduction	-34.29	-3.82	–	-38.11
Net change	-34.29	-3.82	–	-38.11
Indebtedness at the end of the financial year-31.03.2015				
1) Principal Amount	–	–	–	–
2) Interest due but not paid	–	–	–	–
3) Interest accrued but not due	–	–	–	–
Total of (1+2+3)	–	–	–	–

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Sr. No.	Particulars of Remuneration	Name of MD/WTD/Manager	Total Amount (Rs In Lacs)
		Mr. Sukhvinder Hayer, Manager	
1.	Gross Salary		
	a) Salary as per provisions contained in Section 17(1) of the Income Tax Act	37.09	37.09
	b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.55	0.55
	c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961	-	-
2.	Stock Option		
3.	Sweat Equity	-	-
4.	Commission	-	-
	- As % of Profit	-	-
	- Others, specify	-	-
5.	Others, please specify Provident Fund & other Funds	1.15	1.15
	Performance Bonus	6.60	6.60
	Total (A)	45.39	45.39
	Ceiling as per the Act	As per Schedule V of the Act	

B. Remuneration of other directors:

I. Independent Directors:-

Particulars of Remuneration	Name of Directors						Total Amount (Rs. in Lacs)
Fee for attending board committee meetings	-	-	-	-	-	-	-
Commission	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-
Total (1)	-	-	-	-	-	-	-

II. Other Non-Executive Directors:-

Other Non-Executive Directors							Total Amount (Rs. in Lacs)
Fee for attending board committee meetings	-	-	-	-	-	-	-
Commission	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-
Total (2)							
Total B = (1+2)							
Ceiling as per the Act	-						

C. Remuneration to Key Managerial Personnel Other Than MD/Manager/WTD

Sr. No.	Particulars of Remuneration	Name of the KMP			Total Amount (Rs. in Lacs)
		Mr. Govind Agarwal, CS (From 19 th March, 2015 to 31 st March, 2015)	Mr. Mukesh Gupta, CFO (From 1 st April, 2014 to 30 th June, 2014)	Mr. Jagjeet Singh, CFO (From 29 th December, 2014 to 31 st March, 2015)	
1.	Gross Salary				
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act	0.54	5.51	0.92	6.97
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	-	0.08	-	0.08
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	-	-	-	-
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission				
	- As % of Profit	-	-	-	-
	- Others, specify				
5.	Others, please specify Contribution to Provident Fund		0.21	-	0.21
	Performance Bonus	-	3.71	-	3.71
	Total (C)	0.54	9.51	0.92	10.97

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES (Under the Companies Act): None

	Type	Section of the Companies Act	Brief Description	Details of Penalty/Punishment/Compounding fees imposed	Authority (RD/NCLT/court)	Appeal made, if any (give details)
A. COMPANY						
Penalty	-	-	Not applicable	Not applicable	Not applicable	Not applicable
Punishment	-	-	Not applicable	Not applicable	Not applicable	Not applicable
Compounding	-	-	Not applicable	Not applicable	Not applicable	Not applicable
B. DIRECTORS						
Penalty	-	-	Not applicable	Not applicable	Not applicable	Not applicable
Punishment	-	-	Not applicable	Not applicable	Not applicable	Not applicable
Compounding	-	-	Not applicable	Not applicable	Not applicable	Not applicable
C. OTHER OFFICERS IN DEFAULT						
Penalty	-	-	Not applicable	Not applicable	Not applicable	Not applicable
Punishment	-	-	Not applicable	Not applicable	Not applicable	Not applicable
Compounding	-	-	Not applicable	Not applicable	Not applicable	Not applicable

For and on behalf of the Board

S. P. Shukla
Director
(DIN: 00007418)

Mukul Verma
Director
(DIN: 02428217)

Mumbai, 18th May, 2015

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF DEFENCE LAND SYSTEMS INDIA LIMITED (Formerly known as DEFENCE LAND SYSTEMS INDIA PRIVATE LIMITED)

Report on the Financial Statements

We have audited the accompanying financial statements of **DEFENCE LAND SYSTEMS INDIA LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of

material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2015, and its loss and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of the written representations received from the directors as on March 31, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.

- (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- (i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note 29(i) of the financial statements.
 - (ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Firm's Registration No. 015125N)

Jaideep Bhargava
Partner
(Membership No. 90295)

GURGAON, May 18, 2015

ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 under "Report on Other Legal and Regulatory Requirements" section of our report of even date)

- (i) In respect of its fixed assets:
- The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
 - The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (ii) In respect of its inventories:
- As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals other than for inventories lying with third parties at the end of the year for which confirmations have been obtained in most of the cases.
 - In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
 - In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the Register maintained under Section 189 of the Act.
- (iv) In our opinion and according to the information and explanations given to us and having regard to the explanations that some of the items purchased are of special nature and suitable alternative sources are not readily available for obtaining comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and the sale of goods and services. During the course of our audit, we have not observed any major weakness in such internal control system.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit during the year.
- (vi) Maintenance of cost records under sub-section (1) of Section 148 of the Companies Act, 2013 is not applicable to the Company.
- (vii) According to the information and explanations given to us in respect of statutory dues:
- Apart from Service Tax dues of Rs. 70.28 lakhs which for reasons explained in detail in note no. 38

to the financial statement are outstanding for a period exceeding six months as at the year end, the Company has generally been regular in depositing all undisputed statutory dues, including Provident Fund, Employees State Insurance, Income-Tax, Sales Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues applicable to it with the appropriate authorities and as informed to us, there are no other undisputed statutory dues as at year end outstanding for a period of more than six months from the date they became payable.

- There are no disputed dues in respect of Income-tax, Wealth Tax, Sales Tax, Customs Duty, Value Added Tax and Cess which have not been deposited. Details of dues of Excise Duty and Service Tax which have not been deposited as on March 31, 2015 on account of disputes are given below:

Name of Statute	Nature of Dues	Forum where dispute is pending	Amount (in Rs.)	Amount Paid under protest (in Rs.)	Period to which the amount relates
Central Excise Act	Excise Duty	CESTAT	104,549,611	18,681,271	2010-2014
Finance Act, 1994	Service Tax	Commissioner (Appeals)	5,645,103	-	2009-2013

* Amount as per demand orders including interest and penalty wherever indicated in the order.

- There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
- (viii) The Accumulated losses of the Company at the end of financial year are not less than fifty percent of its net worth and the company has incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (ix) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks and financial institution. The Company has not issued any debentures during the year.
- (x) According to the information and explanations given to us, the Company has not given any guarantees for loans taken by others from banks or financial institutions.
- (xi) In our opinion and according to the information and explanations given to us, the term loans have been applied by the Company for the purposes for which they were obtained.
- (xii) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Firm Registration No. 015125N)

Jaideep Bhargava
Partner
(Membership No. 090295)

GURGAON, May 18, 2015

BALANCE SHEET AS AT MARCH 31, 2015

Particulars	Notes	As at March 31, 2015	(In Rs.) As at March 31, 2014
I. EQUITY AND LIABILITIES			
Shareholders' funds			
a) Share capital	3	1,660,000,000	850,000,000
b) Reserves and surplus	4	(806,831,651)	(711,949,187)
		<u>853,168,349</u>	<u>138,050,813</u>
Non current liabilities			
a) Long-term borrowings	5	-	202,470,000
b) Other long-term liabilities	6	2,676,334	1,067,760
c) Long-term provisions	7	10,830,495	10,705,484
		<u>13,506,829</u>	<u>214,243,244</u>
Current liabilities			
a) Short-term borrowings	8	-	141,837,032
b) Trade payables	9	34,108,617	44,173,232
c) Other current liabilities	10	28,262,878	74,713,837
d) Short-term provisions	11	3,190,532	2,381,304
		<u>65,562,027</u>	<u>263,105,405</u>
Total		<u>932,237,205</u>	<u>615,399,462</u>
II. ASSETS			
Non current assets			
a) Fixed assets	12		
(i) Tangible assets		374,655,566	405,714,326
(ii) Intangible assets		18,672,804	28,208,294
(iii) Capital work in progress		-	175,180
(iv) Intangible assets under development		90,617,108	45,915,808
		<u>483,945,478</u>	<u>480,013,608</u>
b) Long-term loans and advances	13	24,708,321	14,994,202
c) Other non current assets	14	30,000,000	-
		<u>538,653,799</u>	<u>495,007,810</u>
Current assets			
a) Current Investments	15	22,120,069	-
b) Inventories	16	70,227,909	85,811,865
c) Trade receivables	17	60,304,742	17,865,571
d) Cash and cash equivalents	18	224,240,261	26,491
e) Short-term loans and advances	19	14,213,876	16,676,052
f) Other current assets	20	2,476,549	11,673
		<u>393,583,406</u>	<u>120,391,652</u>
Total		<u>932,237,205</u>	<u>615,399,462</u>

See accompanying notes forming part of the financial statements 1 to 47

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

Jaideep Bhargava
Partner

Place :
Date :

For and on behalf of **Board of Directors**

S P Shukla (Director)

Mukul Verma (Director)

Jagjeet Singh (Chief Financial Officer)

Sukhvindar Hayer (Manager)

Govind Agarwal (Company Secretary)

Place :
Date :

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2015

Particulars	Notes	For the year ended March 31, 2015	(in Rs.) For the year ended March 31, 2014
I Revenue from operations (gross)	21	162,989,520	187,509,450
Less: Excise duty		12,642,988	5,236,177
Revenue from operations (net)		<u>150,346,532</u>	<u>182,273,273</u>
II Other income	22	26,140,504	16,698,358
III Total revenue (I+II)		<u>176,487,036</u>	<u>198,971,631</u>
IV Expenses			
Cost of materials consumed	23	61,858,981	51,297,948
Purchases of Stock-in-trade	24	-	11,381,054
Changes in inventories of work in progress	25	-	3,362,290
Employee benefits expenses	26	71,815,040	78,378,468
Finance costs	27	15,662,168	42,077,442
Depreciation and amortisation expenses	12	45,883,817	38,177,659
Other expenses	28	73,249,855	74,140,335
Total expenses		<u>268,469,861</u>	<u>298,815,196</u>
V Profit/(loss) before tax (III-IV)		(91,982,825)	(99,843,565)
VI Tax expenses		-	-
VII Profit/(loss) for the year (V-VI)		(91,982,825)	(99,843,565)
VIII Earnings per share - basic / diluted (Face value Rs 10 per share) (in Rs.)	35	(0.78)	(1.17)

See accompanying notes forming part of the financial statements 1 to 47

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

Jaideep Bhargava
Partner

Place :
Date :

For and on behalf of **Board of Directors**

S P Shukla (Director)

Mukul Verma (Director)

Jagjeet Singh (Chief Financial Officer)

Sukhvindar Hayer (Manager)

Govind Agarwal (Company Secretary)

Place :
Date :

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2015

Particulars	For the year ended March 31, 2015	(in Rs.) For the year ended March 31, 2014
A. Cash flows from operating activities		
Profit/(loss) before tax	(91,982,825)	(99,843,565)
Adjustments for:		
Depreciation and amortisation expenses	45,883,817	38,177,659
Profit on sale of fixed assets	(369,256)	(145,014)
Loss on sale of fixed assets	61,422	529,970
Loss on fixed assets scrapped	23,400	771,670
Loss on write down of inventories	12,173,896	4,162,938
Interest on income tax refund	-	(457,703)
Dividend on Mutual Funds	(2,120,069)	-
Interest on short term deposits	(3,986,488)	-
Finance costs	14,374,486	39,566,045
Operating profit/(loss) before working capital changes	(25,941,617)	(17,238,000)
Changes in working capital:		
Adjustments for increase/(decrease) in operating assets:		
Long-term loans and advances	-	2,989,500
Inventories	3,410,060	20,792,454
Trade receivables	(42,439,171)	(16,700,699)
Short-term loans and advances	2,462,176	5,183,929
Other current assets	-	4,324,577
Adjustments for increase/(decrease) in operating liabilities:		
Long-term provisions	125,011	4,518,626
Other long term liabilities	1,608,574	1,067,760
Trade payables	(10,064,615)	(38,486,297)
Other current liabilities	1,411,236	(1,089,224)
Short-term provisions	809,228	1,274,190
Cash used in operations	(68,619,118)	(33,363,184)
Direct taxes (paid) / refund	(2,257,806)	2,880,011
Net cash flows from operating activities (A)	(70,876,924)	(30,483,173)
B. Cash flows from investing activities		
Purchase of fixed assets including capital advances	(72,675,226)	(33,663,575)
Sale of fixed assets	1,572,481	4,950,890
Purchase of current investments	(22,120,069)	-
Fixed deposit with bank as margin money	(31,256,640)	-
Interest on income tax refund	-	457,703
Interest from short term deposits	1,509,939	-
Dividend Income	2,120,069	-
Net cash flows from investing activities (B)	(120,849,446)	(28,254,982)
C. Cash flows from financing activities		
Proceeds from issue of equity shares capital	810,000,000	-
Proceeds from / (Repayment) of long-term borrowings	(238,200,000)	38,200,000
Proceeds from / (repayment) of short-term borrowings (net)	(141,837,032)	59,890,819
Finance costs	(15,279,468)	(39,384,351)
Net cash flow from financing activities (C)	414,683,500	58,706,468
Net increase/(decrease) in cash and cash equivalents (A+B+C)	222,957,130	(31,687)
Cash and cash equivalents at the beginning of the year	26,491	58,178
Cash and cash equivalents at the end of the year	222,983,621	26,491
Cash and cash equivalents	222,983,621	26,491
Other bank balances	1,256,640	-
Cash and cash equivalents (Note 18)	224,240,261	-

See accompanying notes forming part of the financial statements 1 to 47

In terms of our report attached

For Deloitte Haskins & Sells

Chartered Accountants

Jaideep Bhargava

Partner

Place :

Date :

For and on behalf of **Board of Directors**

S P Shukla (Director)

Mukul Verma (Director)

Jagjeet Singh (Chief Financial Officer)

Sukhvindar Hayer (Manager)

Govind Agarwal (Company Secretary)

Place :

Date :

Notes forming part of the financial statements

1. Corporate Information

Defence Land Systems India Limited (the Company) is engaged in the manufacturing of bulletproof and other special application vehicles meant for defence purposes which are primarily used by Defence forces, State Police forces, VIP and VVIP security. The registered office of the Company is in Mumbai and manufacturing facility in Palwal. The Company was originally incorporated as a public company in 2009 under the provisions of the Companies Act, 1956. Pursuant to resolution passed at the Extra Ordinary General Meeting of the Company on 5th March 2014, and granting of fresh certificate of incorporation from Registrar of Companies, the status of the Company has been converted from 'Private Company' to Public Company' w.e.f. 24th November 2014.

2. Significant accounting policies

2.1 Basis of accounting and preparation of financial statements

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act") / Companies Act, 1956 ("the 1956 Act"), as applicable. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

2.2 Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

2.3 Inventories

Inventories are valued at the lower of cost (moving weighted average basis) and the net realisable value after providing for obsolescence and other losses, where considered necessary. Cost includes all charges in bringing the goods to the point of sale, including octroi and other levies, transit insurance and receiving charges. Work-in-progress and finished goods include appropriate proportion of overheads and, where applicable, excise duty.

2.4 Depreciation and amortisation

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value.

Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets, in whose case the life of the assets has been assessed as under based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.:

– certain items of plant and machinery individually costing more than Rs. 5000 over their useful lives (2 years, 5 years, 7 years or 8 years, as the case may be) as determined by the Company.

– Vehicles - 5 years.

– Assets costing less than 5,000 each are fully depreciated in the year of capitalization.

Intangible assets are amortised over their estimated useful life as follows:

– Software expenditures: The expenditure incurred is amortised over three financial years equally.

– Designs and prototypes: The expenditure incurred are amortised over the estimated period of benefit, not exceeding five year.

The estimated useful life of the intangible assets and the amortisation period are reviewed at the end of each financial year and the amortisation method is revised to reflect the changed pattern.

2.5 Revenue recognition

Sales are recognised, net of returns and trade discounts, on transfer of significant risks and rewards of ownership to the buyer, which generally coincides with the dispatch of goods to customers. Sales include excise duty but exclude sales tax, value added tax and service tax. Income on service contracts is recognized as per the terms of contracts on an accrual basis.

2.6 Tangible fixed assets

Fixed assets are carried at cost less accumulated depreciation and impairment losses, if any. The cost of fixed assets includes incidental expenses incurred up to that date. Subsequent expenditure relating to fixed assets is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

Fixed assets acquired and put to use for project purpose are capitalised and depreciation thereon is included in the project cost till commissioning of the project.

Capital work-in-progress:

Projects under which assets are not ready for their intended use and other capital work-in-progress are carried at cost, comprising direct cost and related incidental expenses.

2.7 Intangible assets

Intangible assets are carried at cost less accumulated amortisation and impairment losses, if any. The cost of an intangible asset comprises its purchase price, including any import duties and other taxes (other than those subsequently recoverable from the taxing authorities), and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates. Subsequent expenditure on an intangible asset after its purchase / completion is recognised as an expense when incurred unless it is probable that such expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standards of performance and such expenditure can be measured and attributed to the asset reliably, in which case such expenditure is added to the cost of the asset.

Intangible assets under development:

Expenditure on Research and development (Refer Note 36) eligible for capitalisation are carried as Intangible assets under development where such assets are not yet ready for their intended use.

2.8 Foreign currency transactions and translations

Foreign currency transactions are recorded at the rates of exchange prevailing on the date of the transactions. Exchange differences on translation of foreign currency assets and liabilities and realised gains and losses on foreign exchange transactions are recognised in the Statement of profit and loss.

Premium / discount on forward exchange contracts, which are not intended for trading or speculation purposes, are amortised over the period of the contracts if such contracts relate to monetary items as at the Balance Sheet date.

2.9 Investments

Current investments are carried individually, at the lower of cost and fair value. Costs of investments include acquisition charges such as brokerage, fees and duties.

2.10 Employee benefits

Employee benefits include provident fund, employee state insurance scheme, gratuity, compensated absences and post-employment medical benefits.

Defined contribution plans

The Company's contribution to provident fund, employee state insurance scheme, etc are considered as defined contribution plans and are charged as an expense as they fall due based on the amount of contribution required to be made and when services are rendered by the employees.

Defined benefit plans

For defined benefit plans in the form of gratuity and Post retirement medical benefits, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each Balance Sheet date. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the period in which they occur. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation.

Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service.

Long-term employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the Balance Sheet date.

2.11 Earnings per share

Basic earnings per share is computed by dividing the profit / (loss) after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

2.12 Taxes on income

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 and other applicable tax laws.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward of losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that there will be sufficient future taxable income available to realise the assets. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each balance sheet date for their realisability.

2.13 Research and development expenses

Revenue expenditure pertaining to research is charged to the Statement of Profit and Loss. Development costs of products are also charged to the Statement of Profit and Loss unless a product's technical feasibility has been established, in which case such expenditure is capitalised. The amount capitalised comprises expenditure that can be directly attributed or allocated on a reasonable and consistent basis to creating, producing and making the asset ready for its intended use. Fixed assets utilised for research and development are capitalised and depreciated in accordance with the policies stated for Fixed Assets.

2.14 Impairment of assets

The carrying values of assets / cash generating units at each Balance Sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use.

Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, except in case of revalued assets.

2.15 Provisions and contingencies

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes.

2.16 Provision for warranty

The estimated liability for product warranties is recorded when products are sold. These estimates are established using historical information on the nature, frequency and average cost of warranty claims and management estimates regarding possible future incidence based on corrective actions on product failures.

3. Share capital

	As at March 31, 2015	As at March 31, 2014
(in Rs.)		
Particulars	As at March 31, 2015	As at March 31, 2014
Authorised		
170,000,000 (Previous year:170,000,000)		
Equity shares of Rs. 10 each	1,700,000,000	1,700,000,000
Issued, subscribed and fully paid up		
166,000,000 (Previous year:85,000,000)		
Equity shares of Rs.10 each fully paid up	1,660,000,000	850,000,000
	1,660,000,000	850,000,000

The Company has only one class of shares referred to as equity shares having a par value of Rs. 10. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amount, in proportion to their shareholding.

a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting year.

Particulars	As at March 31, 2015		As at March 31, 2014	
	Equity shares Nos.	in Rs.	Equity shares Nos.	in Rs.
Shares outstanding at the beginning of the year	85,000,000	850,000,000	85,000,000	850,000,000
Shares issued during the year	81,000,000	810,000,000	-	-
Shares outstanding at the end of the year	166,000,000	1,660,000,000	85,000,000	850,000,000

b. Details of shareholders holding more than 5% shares in the Company

Name of shareholder	As at 31 March 2015		As at 31 March 2014	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Mahindra & Mahindra Limited*	111,000,000	67%	62,900,000	74%
Mahindra Defence Systems Limited#	55,000,000	33%	22,100,000	26%

* Holding company by virtue of holding more than one-half of equity share capital in the Company.

Subsidiary company of the holding company, Mahindra & Mahindra Limited.

DEFENCE LAND SYSTEMS INDIA LIMITED
(FORMERLY KNOWN AS DEFENCE LAND SYSTEMS INDIA PRIVATE LIMITED)

c. Aggregate number of shares issued for consideration other than cash

Particulars	Aggregate No. of shares	
	As at March 31, 2015	As at March 31, 2014

Equity shares fully paid up allotted pursuant to a contract without payment being received in cash	27,379,850	27,379,850
--	------------	------------

4. Reserves and surplus

Particulars	(in Rs.)	
	As at March 31, 2015	As at March 31, 2014

Securities premium account		
Opening balance	20,223,840	20,223,840
Add/less : Movement during the year	-	-
Closing balance Sub-total - A	20,223,840	20,223,840

Surplus/(deficit) in statement of profit and loss

Opening balance	(732,173,027)	(632,329,462)
Add: Profit/(loss) for the year	(91,982,825)	(99,843,565)
Less: Depreciation on transition to Schedule II of the Companies Act, 2013 on tangible fixed assets with nil remaining useful life (Refer note 12)	(2,899,639)	-
Closing balance Sub-total - B	(827,055,491)	(732,173,027)
Total A + B	(806,831,651)	(711,949,187)

5. Long-term borrowings

Particulars	(in Rs.)	
	As at March 31, 2015	As at March 31, 2014

Secured		
Term loan from financial institution	-	238,200,000
Less: Current maturities transferred to "other current liabilities" (Refer note 10)	-	35,730,000
Total	-	202,470,000

Term loan was from a financial institution and carries interest @11% p.a. During the year, the Company has pre-paid the entire loan. The loan was repayable in 20 equal quarterly installments commenced from August 7, 2014. The loan was secured by way of first pari passu charge over its entire movable fixed assets and by way of first pari passu charge over its immovable assets.

6. Other Long-term liabilities

Particulars	(in Rs.)	
	As at March 31, 2015	As at March 31, 2014

Security deposit received	2,676,334	1,067,760
Total	2,676,334	1,067,760

7. Long-term provisions

Particulars	(in Rs.)	
	As at March 31, 2015	As at March 31, 2014

Provision for employee benefits		
Gratuity*	5,497,810	5,420,440
Compensated absences	4,368,078	4,598,732
Provision for post retirement medical benefits*	964,607	686,312
Total	10,830,495	10,705,484

* Refer note 32b

8. Short-term borrowings

Particulars	(in Rs.)	
	As at March 31, 2015	As at March 31, 2014

Secured		
Cash credit from bank*	-	100,871,164
Buyer's credit from bank*	-	2,806,272
	<u>-</u>	<u>103,677,436</u>
Unsecured		
Cash credit from bank	-	38,159,596
	<u>-</u>	<u>141,837,032</u>

*Secured by first charge by way of hypothecation of stock and book debts both present and future.

9. Trade payables

Particulars	(in Rs.)	
	As at March 31, 2015	As at March 31, 2014

Due to Micro and small enterprises*	663,429	403,102
Other trade payables	33,445,188	43,770,130
Total	34,108,617	44,173,232

* Refer note 31

10. Other current liabilities

Particulars	(in Rs.)	
	As at March 31, 2015	As at March 31, 2014

Current maturities of long-term debt	-	35,730,000
Security Deposit	1,067,760	-
Capital creditors	1,509,316	12,736,529
Statutory remittances (contributions to PF and ESIC, withholding taxes, VAT, service tax, etc.)*	16,408,151	16,180,151
Interest payable on statutory remittances	5,619,134	4,354,015
Advances from customers	3,658,517	4,808,160
Interest accrued but not due on borrowings	-	904,982
Total	28,262,878	74,713,837

* Refer note 38

11. Short-term provisions

Particulars	(in Rs.)	
	As at March 31, 2015	As at March 31, 2014

Provision for employee benefits		
Gratuity*	153,025	259,255
Compensated absences	195,670	378,130
Provision for post employment medical benefits*	622,837	604,919
Others		
Provision for warranty#	2,219,000	1,139,000
Total	3,190,532	2,381,304

* Refer note 32b

Refer note 30

DEFENCE LAND SYSTEMS INDIA LIMITED
(FORMERLY KNOWN AS DEFENCE LAND SYSTEMS INDIA PRIVATE LIMITED)

12. Fixed assets

Description of assets	Gross block			Accumulated depreciation/ amortisation					Net block		
	As at March 31, 2014	Additions	Deductions	As at March 31, 2015	As at March 31, 2014	For the year	Eliminated on disposal of assets	Transition adjustment recorded against surplus balance in statement of Profit and Loss*	As at March 31, 2015	As at March 31, 2015	As at March 31, 2014
(in Rs.)											
(A) Tangible assets											
Land - Freehold	81,262,449	2,379,400	-	83,641,849	-	-	-	-	-	83,641,849	81,262,449
Buildings	229,883,629	-	-	229,883,629	30,224,343	7,250,089	-	-	37,474,432	192,409,197	199,659,286
Plant and equipment	114,219,866	1,606,526	282,874	115,543,518	38,770,202	12,593,572	270,714	2,259,855	53,352,915	62,190,603	75,449,664
Office Equipments	4,959,527	434,080	43,979	5,349,628	1,224,906	3,045,680	41,780	153,538	4,382,344	967,284	3,734,621
Furniture and fixtures	18,737,978	-	-	18,737,978	4,425,799	2,140,095	-	7,414	6,573,308	12,164,670	14,312,179
Vehicles	51,052,023	4,879,149	5,845,494	50,085,678	19,755,896	11,152,466	4,583,479	478,832	26,803,715	23,281,963	31,296,127
Sub total (A)	500,115,472	9,299,155	6,172,347	503,242,280	94,401,146	36,181,902	4,895,973	2,899,639	128,586,714	374,655,566	
Previous year	504,052,976	2,821,841	6,759,345	500,115,472	69,534,126	26,458,627	1,591,607	-	94,401,146		405,714,326
(B) Intangible assets											
Technical softwares	16,272,285	166,425	-	16,438,710	13,616,641	2,664,889	-	-	16,281,530	157,180	2,655,644
Designs and prototypes	37,886,904	-	2,701,767	35,185,137	12,334,254	7,037,026	2,701,767	-	16,669,513	18,515,624	25,552,650
Sub total (B)	54,159,189	166,425	2,701,767	51,623,847	25,950,895	9,701,915	2,701,767	-	32,951,043	18,672,804	
Previous year	33,993,173	22,176,016	2,010,000	54,159,189	15,470,193	11,719,032	1,238,330	-	25,950,895		28,208,294
TOTAL (A+B)	554,274,661	9,465,580	8,874,114	554,866,127	120,352,041	45,883,817	7,597,740	2,899,639	161,537,757	393,328,370	
Previous year	538,046,149	24,997,857	8,769,345	554,274,661	85,004,319	38,177,659	2,829,937	-	120,352,041		433,922,620
(C) Capital work in progress										-	175,180
(D) Intangible assets under development										90,617,108	45,915,808
Total (A+B+C+D)										483,945,478	480,013,608

* Refer Note 39

13. Long-term loans and advances

Particulars	(in Rs.)		DWS Mutual Fund - DWS Insta Cash Plus Fund - Daily Dividend	Total	No of units	Face Value
	As at March 31, 2015	As at March 31, 2014				
Unsecured, considered good			452,169	-		
Capital advances	8,752,000	1,295,687				
Security deposits	865,766	865,766				
Advance income tax	15,090,555	12,832,749				
Total	24,708,321	14,994,202	22,120,069			
Repurchase price Rs. 22,120,069						
Mutual Fund						
Kotak Mahindra Mutual Fund - Kotak Floater Short Term - Daily Dividend (Regular Plan)						
			15,662	1,000		
			(-)	(-)		
ICICI Prudential Mutual Fund - ICICI Prudential Money Market Fund - Regular Plan - Daily dividend)						
			58,161	100		
			(-)	(-)		
DWS Mutual Fund - DWS Insta Cash Plus Fund - Daily Dividend						
			4,508	100		
			(-)	(-)		

14. Other non-current assets

Particulars	(in Rs.)		DWS Mutual Fund - DWS Insta Cash Plus Fund - Daily Dividend	Total	No of units	Face Value
	As at March 31, 2015	As at March 31, 2014				
Balance with Bank						
In deposit account*	30,000,000	-				
Total	30,000,000	-				

* Pledged with a bank

15. Current Investments (At lower of cost or fair value, unless other specified)

Particulars	(in Rs.)		Particulars	As at March 31, 2015	As at March 31, 2014
	As at March 31, 2015	As at March 31, 2014			
Unquoted non trade investments:			Raw materials and components	63,770,086	79,939,477
Debt Mutual funds			(includes in transit of Rs. 87,488; previous year: Rs. Nil)		
Kotak Mahindra Mutual Fund - Kotak Floater Short Term - Daily Dividend (Regular Plan)	15,844,231	-	Stores and spares	913,868	1,039,281
ICICI Prudential Mutual Fund - ICICI Prudential Money Market Fund - Regular Plan - Daily dividend)	5,823,669	-	Loose tools	5,543,955	4,833,107
			Total	70,227,909	85,811,865

DEFENCE LAND SYSTEMS INDIA LIMITED
(FORMERLY KNOWN AS DEFENCE LAND SYSTEMS INDIA PRIVATE LIMITED)

17. Trade receivables

Particulars	(in Rs.)	
	As at March 31, 2015	As at March 31, 2014
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Unsecured, considered good	1,265,442	697,946
Doubtful	–	284,410
Less: Allowance for doubtful trade receivables	–	284,410
Sub-total - A	1,265,442	697,946
Other trade receivables		
Unsecured, considered good	59,039,300	17,167,625
Sub-total - B	59,039,300	17,167,625
Total	60,304,742	17,865,571

18. Cash and cash equivalents

Particulars	(in Rs.)	
	As at March 31, 2015	As at March 31, 2014
(A) Cash on hand	26,597	26,491
(B) Balances with Banks:		
(i) In current accounts	12,957,024	–
(ii) In deposit accounts	210,000,000	–
Sub-total - B	222,957,024	–
Cash and cash equivalent (As per AS-3 Cash flow statement)	222,983,621	26,491
(C) Other Bank Balance:		
In deposit accounts*	1,256,640	–
Sub-total - C	1,256,640	–
*held as margin money against guarantee		
Total (A) + (B) + (C)	224,240,261	26,491

19. Short-term loans and advances

Particulars	(in Rs.)	
	As at March 31, 2015	As at March 31, 2014
Unsecured, considered good		
Advances for supply of goods and services	5,797,203	3,597,379
Loans and advances to employees	114,731	164,662
Security deposits	1,179,000	2,134,297
Prepaid expenses	1,489,660	1,961,197
Balance with government authorities	5,633,282	8,818,517
Total	14,213,876	16,676,052

20. Other current asset

Particulars	(in Rs.)	
	As at March 31, 2015	As at March 31, 2014
Interest accrued on deposits	2,476,549	–
Receivables on sale of fixed assets	–	11,673
Total	2,476,549	11,673

21. Revenue from operations

Particulars	(in Rs.)	
	For the year ended March 31, 2015	For the year ended March 31, 2014
Sale of manufactured products (gross)	150,184,028	164,419,094
Sales of traded goods	–	12,553,822
Less: Excise duty	12,642,988	5,236,177
Sale of products (Net) Sub-total - A	137,541,040	171,736,739
Other operating revenues		
Sale of services	7,248,148	5,578,267
Scrap sales (net of excise duty of Rs. 51,741; previous year: Rs. 124,054)	5,557,344	4,958,267
Sub-total - B	12,805,492	10,536,534
Revenue from operations Total A + B	150,346,532	182,273,273

Particulars	(in Rs.)	
	For the year ended March 31, 2015	For the year ended March 31, 2014
Details of sale of manufactured products		
VIP Discreet Vehicle	25,272,192	116,140,290
Light Armoured Vehicle	100,882,195	24,820,518
Rapid Intervention Vehicle	–	4,180,833
Police Special Purpose Vehicle	15,558,266	12,378,285
Miscellaneous Spares	8,471,375	6,899,168
	150,184,028	164,419,094
Details of sale of traded goods		
Artillery Spares	–	12,553,822
Total	–	12,553,822

22. Other income

Particulars	(in Rs.)	
	For the year ended March 31, 2015	For the year ended March 31, 2014
Rental income	11,787,429	2,857,155
Dividend received	2,120,069	–
Interest on fixed deposits	3,986,488	–
Interest income on refund of income tax	–	457,703
Excess provision/unclaimed balances written back	7,675,888	13,154,426
Profit on sale of fixed assets	369,256	145,014
Other miscellaneous income	201,374	84,060
Total	26,140,504	16,698,358

23. Cost of materials consumed

Particulars	(in Rs.)	
	For the year ended March 31, 2015	For the year ended March 31, 2014
Raw material and components consumed (including processing charges of Rs. 1,622,742) (previous year: Rs. 1,041,599)	61,858,981	51,297,948
	61,858,981	51,297,948
Materials consumed comprise:		
BP Glass	9,636,206	13,995,365
BP Steel (including processing charges)	10,807,176	9,457,682
Ballistic Fabric	265,801	3,110,197
Run Flat Wheel Assembly	10,821,159	9,163,608
Base Vehicle	2,090,750	1,073,915
Paints and Paint items	1,797,700	1,645,534
Miscellaneous Components and other charges	26,440,189	12,851,647
Total	61,858,981	51,297,948

DEFENCE LAND SYSTEMS INDIA LIMITED
(FORMERLY KNOWN AS DEFENCE LAND SYSTEMS INDIA PRIVATE LIMITED)

24. Purchases of stock-in-trade

Particulars	(in Rs.)		Particulars	(in Rs.)	
	For the year ended March 31, 2015	For the year ended March 31, 2014		For the year ended March 31, 2015	For the year ended March 31, 2014
Artillery spares	-	11,381,054	-Others	229,281	254,905
Total	-	11,381,054	Loss on fixed assets scrapped	23,400	771,670

25. Changes in inventories of work in progress

Particulars	(in Rs.)		Particulars	(in Rs.)	
	For the year ended March 31, 2015	For the year ended March 31, 2014		For the year ended March 31, 2015	For the year ended March 31, 2014
Inventories at the end of the year			Loss on sale of fixed assets	61,422	529,970
Work-in progress	-	-	Loss on write down of inventories	12,173,896	4,162,938
Inventories at the beginning of the year			Communication expenses	1,098,221	1,210,391
Work-in progress	-	3,362,290	Travelling and conveyance expenses	7,139,894	6,084,188
Net change in inventories	-	3,362,290	Security charges	1,897,903	2,134,249

26. Employee benefits expense

Particulars	(in Rs.)		Particulars	(in Rs.)	
	For the year ended March 31, 2015	For the year ended March 31, 2014		For the year ended March 31, 2015	For the year ended March 31, 2014
Salaries, wages, bonus, etc.	64,623,536	68,163,398	Auditors' remuneration		
Contribution to provident fund	4,073,308	3,928,541	- Statutory audit	1,000,000	1,000,000
Gratuity expense	343,903	2,799,598	- Tax audit	150,000	150,000
Staff welfare	2,774,293	3,486,931	- Other services	-	165,000
Total	71,815,040	78,378,468	- Out of pocket expenses	5,000	16,700

27. Finance costs

Particulars	(in Rs.)	
	For the year ended March 31, 2015	For the year ended March 31, 2014
Interest expense on borrowings	14,200,837	39,566,045
Interest expense on statutory remittances	1,287,682	2,511,397
Other borrowing cost	173,649	-
Total	15,662,168	42,077,442

28. Other expenses

Particulars	(in Rs.)	
	For the year ended March 31, 2015	For the year ended March 31, 2014
Stores consumed	837,150	760,171
Tools consumed	88,672	28,537
Power and fuel	5,206,789	4,840,403
Rent including lease rentals	84,000	232,000
Rates and taxes	2,301,945	12,276,615
Insurance	2,547,888	2,123,557
Repairs and maintenance		
-Buildings	4,968,773	1,334,304
-Machinery	5,362,670	4,834,116

29. Contingent liabilities and commitments (not provided for)

Particulars	(in Rs.)	
	As at March 31, 2015	As at March 31, 2014
(i) Contingent Liabilities*		
Excise duty	54,440,809	46,898,264
Service tax	5,645,103	-
(ii) Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	13,733,357	6,058,860

* Matters are subject to legal proceedings in the ordinary course of business. The legal proceedings, when ultimately concluded will not, in the opinion of the management, have a material effect on the results of the operations or financial position.

30. Provision for warranties

Company provides warranty on its products from one to three years. The movement of this provision is as follows:

Particulars	(in Rs.)	
	For the year ended March 31, 2015	For the year ended March 31, 2014
Opening provision	1,139,000	831,000
Add: Provision made during the year	2,219,000	1,139,000
Less: Provision utilised	1,139,000	831,000
Closing provision	2,219,000	1,139,000

DEFENCE LAND SYSTEMS INDIA LIMITED
(FORMERLY KNOWN AS DEFENCE LAND SYSTEMS INDIA PRIVATE LIMITED)

31. Disclosure as per Micro, Small and Medium Enterprises Development Act, 2006 (MSMED)

(in Rs.)

Micro, Small and Medium enterprises have been identified by the Company on the basis of the information available. Total outstanding dues of Micro and Small enterprises, which are outstanding for more than the stipulated period are given below:

Particulars	(in Rs.)	
	For the year ended March 31, 2015	For the year ended March 31, 2014
Amount payable to supplier under MSMED (suppliers) as at the end of year	492,335	390,614
– Principal	489,780	385,763
– Interest due there on	2,555	4,851
Payment made to supplier beyond the appointed day during the year		
– Principal	7,997,861	688,943
– Interest due there on	–	–
Amount of interest due and payable for delay in payment (which has been paid but beyond the appointed day during the year) but without adding the interest under MSMED	171,094	12,488
Amount of interest accrued and remaining unpaid as at the end of year	173,649	17,339
Amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	–	–

32. Disclosure under Accounting Standard (AS) -15 'Employee Benefits' (Revised): Employee benefits provided to employees as under:

a. Defined contribution plan

Particulars	(in Rs.)	
	For the year ended March 31, 2015	For the year ended March 31, 2014
I. Provident fund	4,073,308	3,928,541
II. Employee state insurance corporation	404,481	349,478
III. Labour welfare fund	32,011	35,007

b. Defined benefit plan

Particulars	(in Rs.)			
	Gratuity		Post retirement medical benefits	
	For the year ended March 31, 2015	For the year ended March 31, 2014	For the year ended March 31, 2015	For the year ended March 31, 2014
I. Change in present obligation during the year				
Present value of obligation at the beginning	5,679,695	3,187,669	1,291,231	177,098
Current service cost	1,130,643	1,386,497	136,561	9,875
Interest cost	443,584	286,890	122,356	15,939
Benefits paid	(372,763)	(307,572)	–	–
Actuarial (gain)/ loss on obligation	(1,230,324)	1,126,211	37,296	1,088,319
Present value of obligation at the end	5,650,835	5,679,695	1,587,444	1,291,231
II. Net asset/(liability) recognized in the balance sheet				

Particulars	Gratuity		Post retirement medical benefits	
	For the year ended March 31, 2015	For the year ended March 31, 2014	For the year ended March 31, 2015	For the year ended March 31, 2014
Present value of obligation at the end	5,650,835	5,679,695	1,587,444	1,291,231
Fair value of plan assets at the end	–	–	–	–
Net asset/(liability) as at the end	(5,650,835)	(5,679,695)	(1,587,444)	(1,291,231)
Classification into current and non-current liability				
Short-term liability	(153,025)	(259,255)	(622,837)	(604,919)
Long-term liability	(5,497,810)	(5,420,440)	(964,607)	(686,312)
III. Expense recognized in the statement of profit and loss				
Current service cost	1,130,643	1,386,497	136,561	9,875
Interest cost	443,584	286,890	122,356	15,939
Actuarial (gain)/ loss on obligation	(1,230,324)	1,126,211	37,296	1,088,319
Total expense	343,903	2,799,598	296,213	1,114,133

IV. Actuarial assumptions

Discount rate	7.81%	9.00%	7.81%	9.00%
Employee turnover rate	Age(Yrs) Rate	Age(Yrs) Rate	Age(Yrs) Rate	Age(Yrs) Rate
	Upto 30 4%	Upto 30 3%	Upto 30 4%	Upto 30 3%
	31–45 3%	31–45 2%	31–45 3%	31–45 2%
	> 45 2%	> 45 1%	> 45 2%	> 45 1%
Salary escalation rate	7.50%	10.00%	–	–
Medical premium inflation rate	–	–	3%	3%
V. Effect of one percentage point change in the assumed medical inflation rate			1% increase	1% decrease
Effect on the aggregate service and interest cost of post employment medical benefits			11,094	(8,885)
Effect on the accumulated post employment medical benefits obligation			139,386	(122,187)

The estimate of future salary increase, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market

DEFENCE LAND SYSTEMS INDIA LIMITED
(FORMERLY KNOWN AS DEFENCE LAND SYSTEMS INDIA PRIVATE LIMITED)

VI. Other disclosures - Gratuity

Particulars	For the period				
	For the year ended March 31, 2015	For the year ended March 31, 2014	For the year ended March 31, 2013	For the year ended March 31, 2012	March 4, 2009 to March 31, 2011
Defined benefit obligation	5,650,835	5,679,695	3,187,669	3,382,370	2,263,599
Net asset/(liability)	(5,650,835)	(5,679,695)	(3,187,669)	(3,382,370)	(2,263,599)
Experience Adjustment on actuarial (gain)/ loss on plan obligation	(316,913)	144,079	(1,028,759)	254,942	(229,460)

33. As the Company's business activities falls within in a single primary business segment viz. 'Fabrication of armoured / unarmoured vehicles' and is a single geographical segment, the disclosure requirements of AS-17, 'Segment Reporting' notified under the Companies (Accounting Standards) Rules, 2006 are not applicable.

34. Related party transactions

A) List of related parties:

1 Holding company	Mahindra & Mahindra Limited
2 Investor in respect of which the Company is an Associate	Mahindra Defence Systems Limited (subsidiary of Mahindra & Mahindra Limited)
3 Fellow subsidiaries	(i) Mahindra Logistics Limited (ii) Mahindra Defence Naval Systems Private Limited (iii) Mahindra Integrated Business Solutions Private Limited (iv) Mahindra Holidays & Resorts India Limited (v) Mahindra Telephonics Integrated Systems Limited (vi) Mahindra Trucks & Buses Limited (vii) Mahindra Heavy Engines Private Limited (viii) Mahindra Engineering Services Limited# # Ceases to be a fellow subsidiary consequent to merger with Tech Mahindra Limited
4 Key management personnel	(i) Mr S P Shukla, Director (ii) Mr Sukhvinder Hayer, Manager

B) The related party transactions are as under:

Nature of transactions	(in Rs.)					
	For the year ended Mach 31, 2015			For the year ended March 31, 2014		
	Holding company	Fellow subsidiaries	Investor in respect of which the Company is an Associate	Holding company	Fellow subsidiaries	Investor in respect of which the Company is an Associate
Issue of equity share capital	481,000,000	-	329,000,000	-	-	-
Purchases (Gross of taxes)						
a) Goods	6,666,334	67,799	-	1,400,606	136,290	998,408
b) Fixed assets	1,146,404	1,113,661	-	896,843	11,844,024	-

c) Services (including shared services)	-	2,172,932	103,063	-	3,190,954	16,699,333
d) Rent	-	-	-	-	-	-
e) Reimbursement of expenses	3,020,930	-	-	1,058,522	-	-
Sales (Gross of taxes)						
a) Goods	835,302	21,494	135,514,244	4,048,606	-	158,413,736
b) Services	6,494,575	-	-	5,393,699	-	3,054,751
c) Rent	-	13,244,355	-	-	3,210,293	-
d) Fixed Assets	-	-	-	-	114,731	-
Expenses recovered	946,000	-	-	-	-	-
Closing balance as the year end						
Receivables	5,219,032	4,284,961	45,308,167	2,423,294	692,244	6,296,003
(Payable)	-	(806,700)	-	-	(8,905,397)	-
Security deposit received	-	(3,744,094)	-	-	(1,067,760)	-

Significant related party transactions included in the above are as under:

Particulars	Company /Key Managerial Personnel Name	(in Rs.)	
		For the year ended March 31, 2015	For the year ended March 31, 2014
Issue of equity share capital	Mahindra Defence Systems Limited	329,000,000	-
Remuneration to key management personnel	Mr. Sukhvinder Hayer, Manager	3,882,822	3,823,145
Purchase of goods	Mahindra Defence Systems Limited	-	998,408
Purchase of fixed assets	Mahindra Heavy Engines Private Limited	740,592	-
	Mahindra Truck & Buses Ltd.	373,069	-
	Mahindra Engineering Services Limited	-	11,824,044
Purchase of services	Mahindra Logistics Limited	384,883	611,196
	Mahindra Holiday & Resorts India Limited	1,636,139	-
	Mahindra Defence Systems Limited	103,063	16,699,333
	Mahindra Engineering Services Limited	-	1,976,926
Sale of goods	Mahindra Defence Systems Limited	135,514,244	158,413,736
Sale of services	Mahindra Defence Systems Limited	-	3,054,751
Rent received	Mahindra Telephonics Integrated Systems Limited	13,244,355	3,210,293
Closing balance as at the year end- Receivables/(Payables)	Mahindra Heavy Engines Private Limited	(740,592)	-
	Mahindra Logistics Limited	(47,830)	(93,667)
	Mahindra Defence Systems Limited	45,308,167	6,296,003
	Mahindra Telephonics Integrated Systems Limited	4,263,467	692,244
	Mahindra Engineering Services Limited	-	(8,198,171)
Security deposit received	Mahindra Telephonics Integrated Systems Limited	3,744,094	1,067,760

DEFENCE LAND SYSTEMS INDIA LIMITED
(FORMERLY KNOWN AS DEFENCE LAND SYSTEMS INDIA PRIVATE LIMITED)

35. Earnings per share

Particulars		For the year ended March 31, 2015	For the year ended March 31, 2014
Profit/(loss) after taxation as per the statement of profit and loss - Rs.	(A)	(91,982,825)	(99,843,565)
Weighted average number of equity shares outstanding during the year - Nos.	(B)	117,564,384	85,000,000
Earnings per share: (face value-Rs. 10 per share) Basic/diluted - Rs.	(A/B)	(0.78)	(1.17)

36. Research and development expenditure

- Debited to the statement of profit and loss - Rs 21,589,758 (previous year Rs. 16,619,970) (excluding depreciation and amortisation of Rs. 16,808,743) (previous year: Rs. 16,354,129)
- Capitalization of assets and development work in progress- Rs. 38,224,647 (previous year: Rs. 32,028,039)

37. Deferred taxes asset (net)

- Deferred tax assets and liability are being offset as they relate to taxes on income levied by the same governing taxation laws.
- The Company has carried out its tax computation in accordance with the Accounting Standard - 22 'Accounting for Taxes on Income'. In view of absence of virtual certainty of realisation of unabsorbed tax losses, deferred tax assets have been recognised only to the extent of deferred tax liabilities. Major components of deferred tax assets / liabilities are as follows:

(in Rs.)

Particulars	As at March 31, 2015	As at March 31, 2014
Deferred tax liability on		
(i) Depreciation on fixed assets	4,439,720	18,967,183
Deferred tax assets on		
(i) Unabsorbed depreciation and brought forward business losses	4,439,720	18,967,183

38. The Company, inter alia, is into the business of bullet proofing and fabrication of vehicles. It carries out such work on vehicles that are either registered in the name of its customers or which are yet to be registered in the name of customers and hence are unregistered.

Up to 31st December 2011, the Company treated the work carried out on registered vehicles as job work and paid Works Contract tax on them while in respect of unregistered vehicles, since work was performed by the Company prior to their sales, it was considered as manufacture and excise duty was paid on them. However, in the year 2012, the Company was legally advised that the determination of the taxes payable should not be based on whether the work is carried out on registered or unregistered vehicles, but on the basis of the actual nature of work performed on the vehicles. On this basis, the Company was advised, that certain activities of the company are classifiable as 'Services' which will attract Service tax and certain others as 'Manufacture' on which Excise duty is payable. Although, the Company had good reasons to believe that its practices as above were right, as a matter of abundant caution, it had changed over to a revised method of paying Excise duty and Service tax with effect from 1st January 2012. Further, based on its revised practice, it had provided for the possible exposure of service tax amounting to Rs.70.28 lacs for the period upto 31st December 2011 as per the revised method to be deposited on receipt of clarification sought from the concerned authorities.

In the year 2013, the concerned tax authorities had taken up the matter and after reviewing the activities carried out by the Company, had concluded that all the activities are in the nature of Manufacture and raised an excise duty demand cum show cause notice on the Company. Based thereon, the Company is paying except in case of one product where it has, based

on legal advice, submitted to the concerned authorities that the activity performed by it is not in the nature of manufacturing activity and involves rendering of services on which service tax is payable. The management is confident of matter being resolved in its favor and has decided not to pay service tax amounting to Rs.70.28 lacs pertaining to the period till 31st December 2011 provided for in the year 2012 till further response is received from the concerned tax authorities. The amount is fully provided in the books of accounts including interest for delayed payments.

39. Pursuant to the enactment of the Companies Act, 2013 w.e.f. April 1, 2014, the Company has reviewed the estimated economic useful lives of its fixed assets generally in accordance with that provided in the Schedule II to the Companies Act, 2013. As a result (after considering the transitional provision specified in the schedule II), the Depreciation charge for the current year is higher by Rs. 12,018,173 and depreciation amounting to Rs. 2,899,639 (net of deferred tax of Rs Nil) has been adjusted from the opening balance of retained earnings.

40. The details of disputed excise duty and service tax as on March 31, 2015 which have not been deposited are as follows:

Name of the statute	Nature of duties	Forum where pending	Amount demanded in Rs.*	Amount paid under protest in Rs.	Period to which amount relate
Central Excise Act	Excise duty	CESTAT	104,549,611	18,681,271	2010-2014
Finance Act, 1994	Service Tax	Commissioner (Appeals)	5,645,103	-	2009-2013

*Amount as per demand orders including interest and penalty wherever indicated in the order.

41. The unhedged of foreign currency exposures are as under:

Particulars	As at March 31, 2015		As at March 31, 2014	
	Amount in foreign currency	Amount in Rs.	Amount in foreign currency	Amount in Rs.
Payables				
USD	-	-	84,292	5,097,955
EURO	31,000	2,228,900	-	-
GBP	3,086	303,560	409	41,216

42. Value of imports on CIF basis

(in Rs.)

Particulars	For the year ended March 31, 2015	For the year ended March 31, 2014
Raw materials and components	9,455,400	13,882,072
Traded parts - Artillery spares	-	11,381,054
Capital assets	5,035,448	-
Total	14,490,848	25,263,126

43. Value of imported and indigenous materials consumed

(in Rs.)

Particulars	For the year ended March 31, 2015		For the year ended March 31, 2014	
	Value	%	Value	%
Imported	20,834,910	33.68%	27,227,266	53.08%
Indigenous	41,024,071	66.32%	24,070,682	46.92%
Total	61,858,981	100.00%	51,297,948	100.00%

DEFENCE LAND SYSTEMS INDIA LIMITED
(FORMERLY KNOWN AS DEFENCE LAND SYSTEMS INDIA PRIVATE LIMITED)

44. Expenditure in foreign currency (on accrual basis)

		(in Rs.)
Particulars	For the year ended March 31, 2015	For the year ended March 31, 2014
Foreign Travelling	1,149,579	-
Engineering consultancy services*	3,375,000	-
Total	4,524,579	-

* included under intangible assets under development

46. The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.

47. Previous year's figures have been recast/ regrouped wherever required.

For and on behalf of **Board of Directors**

S P Shukla
(Director)

Mukul Verma
(Director)

Jagjeet Singh
(Chief Financial Officer)

45. Earnings in foreign currency

		(in Rs.)
Particulars	For the year ended March 31, 2015	For the year ended March 31, 2014
Business support services	-	421,425

Sukhvindar Hayer
(Manager)

Govind Agarwal
(Company Secretary)

Place :

Date :

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors present their Third Report along with the Audited Accounts of your Company for Financial Year ended 31st March, 2015.

Financial Highlights and State of Company's Affairs

Particulars	(Rs. in Lakhs)	
	For the year ended 31 st March, 2015	For the period ended 31 st March, 2014
Gross Income	5936.72	4693.54
Profit Before Taxation, Depreciation and Amortisation	63.47	541.03
Less Depreciation/Amortisation	131.51	182.51
Profit/(Loss) before taxation	(68.04)	358.52
Less: Provision for taxation for the year	14.43	143.08
Add: Deferred Tax (Liability)/Asset	94.44	48.69
Profit/(Loss) for the year after taxation	11.97	264.12
Balance of Profit/(Loss) from earlier years	269.29	5.16
Transition Depreciation Adjustment to reserves	11.14	-
Balance carried forward	270.12	269.29
Net Worth	7,735.17	3,334.35

No material changes and commitments have occurred between the closure of the financial year to which the financial statements relate and the date of this report which would affect the financial position of the Company.

Operations

The trials on "No Cost No Commitment" basis for a major defence project for the Navy related to the Naval Surface Surveillance Radar program have been conducted in December 2014 with the support of ELTA being sub-contractor.

Your Company has received an order from U P Police for city surveillance this year. The implementation phase of this order has been completed successfully in March, 2015. Your Company is expecting similar type of orders in near future.

Your Company has submitted a response to RFP issued by Boeing Company (USA) for long term training service support contract for simulator of C17 aircraft to Air force Pilots.

Dividend

With a view to conserve resources, your Directors do not recommend dividend for the year under review.

Subsidiaries & Associates

As on 31st March, 2015 your Company had the following two subsidiaries:

(A) Mahindra Telephonics Integrated Systems Limited (MTISL)

Your Company pursuant to the Joint Venture with Telephonics Corporation, USA, had incorporated a public company viz. Mahindra Telephonics Integrated Systems Limited (JV Company), wherein your Company holds 74% of the Share Capital of the JV Company and balance 26%

is held by Telephonics Corporation, USA. During the year, the JV Company earned a revenue of Rs. 153.17 lakhs and registered a loss of Rs. 608.59 lakhs.

(B) Mahindra Defence Naval Systems Private Limited (MDNSPL)

Mahindra Defence Naval Systems Private Limited is a wholly owned subsidiary of your Company. During the year, MDNSPL earned a revenue of Rs. 931.94 lakhs and recorded a profit of Rs. 53.37 lakhs.

As on 31st March, 2015 your Company had the following Associate Company:

Defence Land Systems India Limited (DLSIL)

Defence Land Systems India Limited (during the year name changed from Defence Land Systems India Private Limited) is an Associate Company as your Company holds 33% of the paid up share capital of DLSIL. During the year, DLSIL earned a revenue of Rs. 1629.90 lakhs and registered a loss of Rs. 919.83 lakhs.

Share Capital

During the year under review, the authorised share capital of your Company stood at Rs. 50 crores divided into 5,00,00,000 Equity Shares of Rs. 10 each.

The issued, subscribed and paid up share capital of the Company as at 31st March, 2015 was Rs. 716.93 lakhs divided into 71,69,294 Equity Shares of Rs. 10 each.

Board of Directors

During the year under review, Mr. Samir Advani (DIN: 06698207) tendered his resignation from the Board of Directors of the Company as a Whole Time Director w.e.f. 31st March, 2015. Your Directors place on record their appreciation of the services rendered by Mr. Samir Advani during his tenure as a Director of the Company.

Mr. S. P. Shukla (DIN: 00007418), Director, retires by rotation and, being eligible, offers himself for re-appointment at the forthcoming Annual General Meeting.

Number of Meetings

Your Board of Directors met four times during the year under review i.e. on 28th May, 2014, 17th September, 2014, 4th December, 2014 and 17th February, 2015.

Directors' Responsibility Statement

Pursuant to section 134(5) of the Companies Act, 2013, your Directors, based on the representation received, and after due enquiry, confirm that:

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed;
- (ii) they have, in the selection of the accounting policies, consulted the Statutory Auditors and these have been applied consistently and reasonable and prudent judgments and estimates have been made so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2015 and of the Profit of the Company for the year ended on that date;
- (iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) the annual accounts have been prepared on a going concern basis; and
- (v) proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Key Managerial Personnel

During the year under review, Mr. Nihar Avasare tendered his resignation as a Company Secretary of the Company w.e.f. 20th November, 2014 and Mr. Rajesh Parte was appointed as a Company Secretary w.e.f. 17th February, 2015 in accordance with the provisions of Section 203 of Companies Act, 2013. Further, Mr. Samir Advani tendered his resignation as a Whole Time Director w.e.f. 31st March 2015.

Committees of the Board

Nomination and Remuneration Committee

The Nomination and Remuneration Committee comprises of Mr. V S Parthasarathy and Mr. Zhooben Bhiwandiwala, as the Members of the Committee.

Risk Management Policy

Your Company has formulated Risk Management Policy including therein the elements of risks which in the opinion of Board may threaten the existence of the Company.

Your Board is hopeful that the implementation of the policy will be helpful to the Company in avoiding the risks and enabling the Company to manage the same, if confronted with.

Policy on Prevention of Sexual Harassment

During the year under review no complaints were received under the Sexual Harassment of women at work place (Prevention, Prohibition and Redressal) Act, 2013.

Corporate Social Responsibility (CSR)

Provisions relating to CSR enumerated under Section 135 of the Companies Act, 2013 are not applicable to your Company and accordingly, your Company does not have a CSR policy.

Auditors

Messrs. Deloitte Haskins & Sells, Chartered Accountants, Gurgaon (Firm registration Number 015125N) were appointed, as Auditors of your Company, from the conclusion of 2nd Annual General Meeting (AGM) held on 17th September, 2014 till the conclusion of 7th AGM. In terms of Section 139(1) of Companies Act, 2013, such appointment is required to be ratified by the members at every AGM.

As required under the provisions of section 139 and 141 of the Companies Act, 2013, your Company has obtained a written consent from the above Auditors to the effect that their appointment would be in conformity with the conditions and criteria specified therein.

The members are requested to ratify the appointment of Auditors so made at the forthcoming AGM and fix their remuneration.

There were no qualifications, reservations or adverse remarks made by the Auditors in their Report.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The particulars relating to the Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo, as required under section 134(3)(m) of the Companies Act, 2013 read with the Companies Rule 8(3) of The Companies (Accounts) Rules, 2014 are given as Annexure I to this Report.

Particulars of Employees as required under Rule 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Being unlisted company, provisions of Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable to your Company.

Particulars of public deposits, loans, guarantees or investments

Your Company has not accepted any deposits from the public or its employees during the year under review. There were no

deposits which are not in compliance with requirements of chapter V of the Companies Act, 2013.

During the year under review, your Company has invested in Subsidiaries and Associate Company. For details of investments please refer to note no 9 to notes to accounts.

Your Company has not made any loans/advances which are required to be disclosed in the annual accounts of the Company pursuant to Clause 32 of the Listing Agreement between the parent Company, Mahindra and Mahindra Limited and stock exchanges.

Particulars of Transactions with Related Parties

Particulars of material contracts or arrangements with related parties in form AOC-2 are given in Annexure II and the same forms part of this Report.

Extract of Annual Return

Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014 an extract of the Annual Return as on 31st March, 2015 in the form MGT-9 is attached herewith as Annexure III and the same forms part of this Report.

Internal Financial Controls

Pursuant to Rule 8 of the Companies (Accounts) Rules, 2014 based on the representation received and after due enquiry your directors confirm that they have laid down internal financial controls with reference to the Financial Statements and these controls are adequate.

General

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions/ events on these items during the year under review

- 1 Issue of equity with differential right as to dividend, voting or otherwise.
- 2 No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and the Company's operations in future.
- 3 There were no Shares having voting rights not exercised directly by the employees and for the purchase of which or subscription to which loan was given by the Company.

Acknowledgements

Your Directors are pleased to take this opportunity to thank the bankers, customers, vendors, all the other stakeholders for their co-operation to the Company during the year under review.

For and on behalf of the Board

S. P. Shukla
Chairman
DIN: 00007418

Mumbai, 19th May, 2015

ANNEXURE I TO THE DIRECTORS' REPORT

PARTICULARS AS PER THE COMPANIES (ACCOUNTS) RULES, 2014 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2015.

A. CONSERVATION OF ENERGY

- (a) the steps taken or impact on conservation of energy: **Nil**
- (b) the steps taken by the company for utilizing alternate sources of energy: **Nil**
- (c) the capital investment on energy conservation equipments: **Nil**

B. TECHNOLOGY ABSORPTION

- (i) the efforts made towards technology absorption - **Nil**
- (ii) the benefits derived like product improvement, cost reduction, product development or import substitution: **Nil**
- (iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year) -
 - (a) the details of technology imported: **Not Applicable**
 - (b) the year of import: **Nil**
 - (c) whether the technology been fully absorbed: **Not Applicable**
 - (d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof: **Not Applicable**
- (iv) the expenditure incurred on Research and Development: **Nil**

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

Total Foreign Exchange Earned and Used:

	(Rupees in Lakhs)	
	For the Financial Year Ended 31st March, 2015	For the Financial Year ended 31 st March, 2014
Total Foreign Exchange Earned	157.35	820.16
Total Foreign Exchange Used	68.39	203.75

For and on behalf of the Board

S. P. Shukla
Chairman
DIN: 00007418

Mumbai, 19th May, 2015

ANNEXURE II TO THE DIRECTORS' REPORT**Form No. AOC-2**

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arm's length transaction under third proviso thereto.

- 1 Details of contracts or arrangements or transactions not at Arm's length basis **Nil**
- 2 Details of Material contracts or arrangements or transactions at Arm's length basis. *

Sr. No.	Names(s) of Related Party & nature of relationship	Nature of Contracts/ arrangements/ transaction	Duration of the Contracts/ arrangements/ transaction	Salient terms of the Contracts or arrangements or transaction including the value, if any (Rs.)	Date of approval by the board	Amount paid as advances, if any
1.	Mahindra Telephonics Integration Systems Limited (Subsidiary Company)	Shared Services	April, 2014 to March, 2015	1,05,26,558	N.A.	N.A.
		Investment		11,10,00,000	N.A.	N.A.
2.	Defence Land Systems India Limited (Associate Company)	Job work	April, 2014 to March, 2015	10,91,32,606	N.A.	N.A.
		Investment		32,90,00,000	N.A.	N.A.
3.	Mahindra & Mahindra Limited (Holding Company)	Rent	April, 2014 to March, 2015	15,838,092	N.A.	N.A.
		Reimbursement		10,473,169	N.A.	N.A.
		Sale of Service		15,581,286	N.A.	N.A.
		Purchase of Vehicle		28,314,784	N.A.	N.A.

* Pursuant to Notification dated 14th August, 2014 issued by the Ministry of Corporate Affairs, New Delhi (G.S.R. 590(E)).

For and on behalf of the Board

S. P. Shukla
Chairman
DIN: 00007418

Mumbai, 19th May, 2015

ANNEXURE III TO THE DIRECTORS' REPORT**Form No. MGT-9****Extract of Annual Return**

as on the financial year ended on 31st March, 2015

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

1.	CIN	U75220MH2012PLC233889
2.	Registration Date	30 th July, 2012
3.	Name of the Company	Mahindra Defence Systems Limited
4.	Category/Sub-Category of the Company	Company Limited by shares/Indian Non Government
5.	Address of Registered office and contact details	Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400 018 Tel. No.: 022 24905828
6.	Whether listed Company (Yes/No)	No
7.	Name, Address and Contact details of Registrar and Transfer Agent, if any	None

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sr. No.	Name and Description of Main Product/Services	NIC Code of the Product	% to total turnover of the Company.
1.	Bullet proofing Business	30400	28
2.	System Integrator	62020	44
3.	Consulting Business	74904	22

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

Sr. No.	Name and Address of the Company	CIN/GIN	Holding/ Subsidiary of the Company	% of shares held	Applicable Section
1.	Mahindra and Mahindra Limited Gateway Building Apollo Bunder, Mumbai - 400001	L65990MH1945PLC004558	Holding Company	100	2 (46)
2.	Mahindra Defence Naval Systems Private Limited Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400018	U75144MH2012PTC231267	Subsidiary	100	2 (87)
3.	Mahindra Telephonics Integrated Systems Limited Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400018	U75302MH2013PLC242268	Subsidiary	74	2 (87)
4.	Defence Land Systems India Limited Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400018	U29268MH2009PLC190702	Associate	33	2 (6)

IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i. Category-wise Share Holding.

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1. Indian									
a. Individual/HUF	-	6	6	-	-	6	6	-	-
b. Central Govt.	-	-	-	-	-	-	-	-	-
c. State Govt.	-	-	-	-	-	-	-	-	-
d. Bodies Corp.	-	42,53,461	42,53,461	100	-	71,69,288	71,69,288	100	-
e. Bank/FI	-	-	-	-	-	-	-	-	-
f. Any Other	-	-	-	-	-	-	-	-	-
Sub-Total- A-(1)	-	42,53,467	42,53,467	100	-	71,69,294	71,69,294	100	-
2. Foreign	-								
a. NRI-Individuals	-	-	-	-	-	-	-	-	-
b. Other Individuals	-	-	-	-	-	-	-	-	-
c. Body Corporate	-	-	-	-	-	-	-	-	-
d. Bank/FI	-	-	-	-	-	-	-	-	-
e. Any Others	-	-	-	-	-	-	-	-	-
Sub Total- A (2)	-	-	-	-	-	-	-	-	-
Total Share Holder of Promoters (1+2)	-	42,53,467	42,53,467	100	-	71,69,294	71,69,294	100	-
B. Public Shareholding									
1. Institution	-	-	-	-	-	-	-	-	-
Mutual Funds	-	-	-	-	-	-	-	-	-
Bank/FI	-	-	-	-	-	-	-	-	-
Cent. Govt.	-	-	-	-	-	-	-	-	-
State Govt.	-	-	-	-	-	-	-	-	-
Venture Capital	-	-	-	-	-	-	-	-	-
Insurance Co.	-	-	-	-	-	-	-	-	-
FIs	-	-	-	-	-	-	-	-	-
Foreign Portfolio Corporate	-	-	-	-	-	-	-	-	-
Foreign Venture Capital Fund	-	-	-	-	-	-	-	-	-
Sub-Total-B (1)	-	-	-	-	-	-	-	-	-
2. Non-Institution	-	-	-	-	-	-	-	-	-
a. Body Corp.	-	-	-	-	-	-	-	-	-
b. Individual	-	-	-	-	-	-	-	-	-

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
i. Individual shareholders holding nominal share capital upto ₹ 1 lakh	-	-	-	-	-	-	-	-	-
ii. Individual shareholders holding nominal share capital in excess of ₹ 1 Lakh	-	-	-	-	-	-	-	-	-
c. Others									
i. NRI (Rep)	-	-	-	-	-	-	-	-	-
ii. NRI (Non-Rep)	-	-	-	-	-	-	-	-	-
iii. Foreign National	-	-	-	-	-	-	-	-	-
iv. OCB	-	-	-	-	-	-	-	-	-
v. Trust	-	-	-	-	-	-	-	-	-
vi. In Transit	-	-	-	-	-	-	-	-	-
Sub-Total-B (2)	-	-	-	-	-	-	-	-	-
Net Total (1+2)	-	-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs & ADRs									
Promoter and Promoter Group	-	-	-	-	-	-	-	-	-
Public	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	-	42,53,467	42,53,467	100	-	71,69,294	71,69,294	100	-

ii. Shareholding of Promoters:

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	
1	Mahindra and Mahindra Limited	42,53,461	100	0	71,69,288	100	0	-
2	Narayan Shankar*	1	-	0	1	-	0	-
3	Chandrasekar Kandasamy*	1	-	0	1	-	0	-
4	Parthasarathy Vankipuram Srinivasa*	1	-	0	1	-	0	-
5	Durgashankar Subramaniam*	1	-	0	1	-	0	-
6	Rajeev Bidyanand Dubey*	1	-	0	1	-	0	-
7	Zhooben Dosabhoy Bhiwandiwala*	1	-	0	1	-	0	-
	Total	42,53,467	100	0	71,69,294	100	0	-

* Nominees of Mahindra and Mahindra Limited for the purpose of complying with statutory provisions of Companies Act with regard to minimum number of members.

iii. Change in Promoters' Shareholding

PARTICULARS	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No of shares	% of total shares of the Company	No of shares	% of total shares of the Company
At the beginning of the year (Mahindra and Mahindra Limited)	42,53,467	100	42,53,467	100
Increase:- On 19 th MAY, 2014 -Allotment by the Company	5,03,635	-	47,57,102	-
Increase:- On 23 rd August, 2014 -Allotment by the Company	1,47,117	-	49,04,219	-
Increase:- On 23 rd August, 2014 -Allotment by the Company	9,59,576	-	58,63,795	-
Increase:- On 4 th December, 2014 -Allotment by the Company	1,47,117	-	60,10,912	-
Increase:- On 17 th February, 2015 -Allotment by the Company	98,078	-	61,08,990	-
Increase:- On 31 st March, 2015 -Allotment by the Company	10,60,304	-	71,69,294	-
At the end of the year	-	-	71,69,294	100

iv. Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	Top Ten Shareholders	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
-	-	-	-	-	-

v. Shareholding of Directors and Key Managerial Personnel:

Sr. No.	For Each of the Directors and KMP Name of the Director/KMP	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Parthasarathy Vankipuram Srinivasa	1	0.00	1	0.00
2.	Zhooben Bhiwandiwala	1	0.00	1	0.00

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(₹ In Crores)

Particulars	Secured Loans Excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year 01.04.2014	N.A.	N.A.	N.A.	N.A.
1) Principal Amount				
2) Interest due but not paid				
3) Interest accrued but not due				
Total of (1+2+3)				
Change in Indebtedness during the financial year	N.A.	N.A.	N.A.	N.A.
+ Addition				
- Reduction				
Net change				
Indebtedness at the end of the financial year-31.03.2015	N.A.	N.A.	N.A.	N.A.
1) Principal Amount				
2) Interest due but not paid				
3) Interest accrued but not due				
Total of (1+2+3)	N.A.	N.A.	N.A.	N.A.

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-Time Directors and/or Manager:

Sr. No.	Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount (₹ In Lacs)
		Mr. Samir Advani (WTD)	
1.	Gross Salary		
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act	35.50	35.50
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	0.29	0.29
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961		-
2.	Stock Option		-
3.	Sweat Equity		-
4.	Commission – As % of Profit – Others, specify		-
5.	Others, please specify Provident Fund & other Funds		-

Sr. No.	Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount (₹ In Lacs)
	Performance Bonus	12.35	12.35
	Total (A)	48.14	48.14
	Ceiling as per the Act	As per schedule -V of the Act.	

B. Remuneration of other directors:

I. Independent Directors:- Nil

Particulars of Remuneration	Name of Directors					Total Amount (₹ In Lacs)
Fee for attending board committee meetings	-	-	-	-	-	-
Commission	-	-	-	-	-	-
Others	-	-	-	-	-	-
Total (1)	-	-	-	-	-	-

II. Other Non-Executive Directors:- Nil

Other Non-Executive Directors							Total Amount (₹ In Lacs)
Fee for attending board committee meetings	-	-	-	-	-	-	-
Commission	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-
Total (2)							
Total B = (1+2)							
Ceiling as per the Act	-						

C. Remuneration to Key Managerial Personnel Other Than MD/Manager/WTD

Sr. No.	Particulars of Remuneration	Name of the KMP		Total Amount (₹ In Lacs)
		Mr. Mukul Verma CFO	Mr. Rajesh Parte CS	
1.	Gross Salary			
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act	36.06	–	36.06
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	0.29	–	0.29
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	–	–	–
2.	Stock Option	–	–	–
3.	Sweat Equity	–	–	–
4.	Commission – As % of Profit – Others, specify	–	–	–
5.	Others	–	2.54	2.54
	Performance Bonus	12.87	–	12.87
	Total (C)	49.22	2.54	51.76

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES: Nil

	Type	Section of the Companies Act	Brief Description	Details of Penalty/Punishment/Compounding fees imposed	Authority (RD/NCLT/court)	Appeal made, if any (give details)
A. COMPANY						
Penalty	–	–	Not applicable	Not applicable	Not applicable	Not applicable
Punishment	–	–	Not applicable	Not applicable	Not applicable	Not applicable
Compounding	–	–	Not applicable	Not applicable	Not applicable	Not applicable
B. DIRECTORS						
Penalty	–	–	Not applicable	Not applicable	Not applicable	Not applicable
Punishment	–	–	Not applicable	Not applicable	Not applicable	Not applicable
Compounding	–	–	Not applicable	Not applicable	Not applicable	Not applicable
C. OTHER OFFICERS IN DEFAULT						
Penalty	–	–	Not applicable	Not applicable	Not applicable	Not applicable
Punishment	–	–	Not applicable	Not applicable	Not applicable	Not applicable
Compounding	–	–	Not applicable	Not applicable	Not applicable	Not applicable

For and on behalf of the Board

S. P. Shukla
Chairman
DIN: 00007418

Mumbai, 19th May, 2015

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MAHINDRA DEFENCE SYSTEMS LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **MAHINDRA DEFENCE SYSTEMS LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2015, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account
 - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of the written representations received from the directors as on March 31, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
 - (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - (i) The Company has no pending litigations in its financial statements.
 - (ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Firm's Registration No. 015125N)

Jaideep Bhargava
(Partner)
(Membership No. 90295)

GURGAON, 19th May, 2015

ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 under "Report on Other Legal and Regulatory Requirements" section of our report of even date)

- (i) In respect of its fixed assets:
- (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
 - (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (ii) In respect of its inventories:
- (a) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals other than for inventories lying with third parties at the end of the year for which confirmations have been obtained.
 - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the Register maintained under Section 189 of the Act.
- (iv) In our opinion and according to the information and explanations given to us and having regard to the explanations that some of the items purchased are of special nature and suitable alternative sources are not readily available for obtaining comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and the sale of goods and services. During the course of our audit, we have not observed any major weakness in such internal control system.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit during the year.
- (vi) Maintenance of cost records under sub-section (1) of Section 148 of the Companies Act, 2013 is not applicable to the Company.
- (vii) According to the information and explanations given to us in respect of statutory dues:
- (a) the Company has generally been regular in depositing all undisputed statutory dues, including Provident Fund, Income-Tax, Service Tax, Sales Tax, Value Added Tax, Professional Tax, Cess and other material statutory dues applicable to it with the appropriate authorities and as informed to us, there are no other undisputed statutory dues as at year end outstanding for a period of more than six months from the date they became payable.
 - (b) There are no dues of Income-tax, Wealth Tax, Sales Tax, Excise Duty, Service Tax, Customs Duty, Value Added Tax and Cess which have not been deposited as on March 31, 2015 on account of disputes.
 - (c) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
- (viii) As the Company has been registered for a period of less than five years, the provisions of paragraph 4(viii) of the Order is not applicable.
- (ix) In our opinion and according to the information and explanations given to us, the Company has not taken any loans from banks and financial institutions and has not issued any debentures during the year.
- (x) According to the information and explanations given to us, the Company has not given any guarantees for loans taken by others from banks or financial institutions.
- (xi) According to the information and explanations given to us, the Company has not taken any term loans during the year.
- (xii) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

FOR DELOITTE HASKINS & SELLS
Chartered Accountants
(Firm's Registration No. 015125N)

Jaideep Bhargava
(Partner)
(Membership No. 090295)

GURGAON, 19th May, 2015

BALANCE SHEET AS AT MARCH 31, 2015

Particulars	Notes	(Amount in Rs.)	
		As at March 31, 2015	As at March 31, 2014
I. EQUITY AND LIABILITIES			
Shareholders' fund			
Share capital.....	2	71,692,940	42,534,670
Reserves and surplus.....	3	701,823,759	290,900,213
		773,516,699	333,434,883
Share application money pending allotment.....		–	22,200,000
Non current liabilities			
Long-term provisions.....	4	16,404,855	13,129,095
Current liabilities			
Trade payables.....	5	250,695,133	57,428,204
Other current liabilities.....	6	23,647,015	26,168,625
Short-term provisions.....	7	515,916	384,547
		274,858,064	83,981,376
Total		1,064,779,618	452,745,354
II. ASSETS			
Non-current assets			
Fixed assets			
	8		
Tangible assets.....		16,583,828	20,396,271
Intangible assets.....		–	3,848,680
Capital work in progress.....		–	–
		16,583,828	24,244,951
Non-current investment.....	9	627,313,400	187,313,400
Deferred tax assets (net).....	10	14,810,304	4,868,699
Long-term loans and advances.....	11	30,645,799	32,659,254
Other non-current assets.....	12	3,768,913	400,000
		693,122,244	249,486,304
Current assets			
Current investments.....	13	–	39,230,030
Trade receivables.....	14	43,288,989	86,495,008
Inventory.....	15	9,654,939	1,648,850
Cash and cash equivalents.....	16	236,989,525	8,901,383
Short-term loans and advances.....	17	28,255,998	23,522,274
Other current assets.....	18	53,467,923	43,461,505
		371,657,374	203,259,050
Total.....		1,064,779,618	452,745,354

See accompanying notes forming part of the financial statements

1 to 38

In terms of our report attached

For Deloitte Haskins & Sells

Chartered Accountants

Jaideep Bhargava
Partner**Mukul Verma**
Chief Financial OfficerPlace : Gurgaon
Date : 19/05/2015**For and on behalf of Board of Directors****S. P. Shukla** Director**V S Parthasarathy** Director**Rajesh Parte** Company SecretaryPlace : Mumbai
Date : 19/05/2015

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2015

(Amount in Rs.)

Particulars	Notes	For the year ended March 31, 2015	For the year ended March 31, 2014
I. Revenue from operations	19	574,827,007	468,103,835
Other income.....	20	18,845,224	1,250,523
Total revenue		593,672,231	469,354,358
II. Expenses			
Cost of materials consumed.....	21	133,842,862	46,778,551
Job work charges for fabrication.....		122,904,687	132,027,894
Employee benefits expenses.....	22	146,305,488	134,146,615
Depreciation and amortisation expenses.....	8	13,150,590	18,250,828
Finance costs	23	31,219	95,798
Other expenses	24	184,241,229	102,202,237
Total expenses		600,476,075	433,501,923
III. Profit/(Loss) before exceptional item and tax (I-II)		(6,803,844)	35,852,435
IV. Tax expense			
Current tax.....		6,287,059	14,101,935
Income tax relating to earlier period		(4,844,439)	206,770
Deferred tax charge/(benefits)		(9,443,615)	(4,868,699)
Profit for the year (III-IV)		1,197,151	26,412,429
Earning per share (Face value of Rs. 10 per share) (in Rs.)	32		
– Basic		0.23	8.42
– Diluted		0.23	8.42
See accompanying notes forming part of the financial statements	1 to 38		

In terms of our report attached

For Deloitte Haskins & Sells

Chartered Accountants

Jaideep Bhargava
Partner**Mukul Verma**
Chief Financial OfficerPlace : Gurgaon
Date : 19/05/2015**For and on behalf of Board of Directors****S. P. Shukla** Director**V S Parthasarathy** Director**Rajesh Parte** Company SecretaryPlace : Mumbai
Date : 19/05/2015

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2015

Particulars	(Amount in Rs.)	
	For the year ended March 31, 2015	For the year ended March 31, 2014
A. Cash flows from operating activities		
Profit before tax	(6,803,844)	35,852,435
Adjustments for:		
Interest income on deposits	(1,930,775)	(207,124)
Depreciation and amortisation expenses	13,150,590	18,250,828
Profit on sale of fixed assets	(329,337)	(337,942)
Loss on sale of fixed assets/discarded	151,924	155,025
Profit on sale of unquoted trade current investments	(75,002)	-
Dividend income on unquoted non-trade current investments	(1,317,672)	(705,457)
Finance costs	31,219	95,798
Operating profit before working capital changes	2,877,102	53,103,563
Changes in working capital:		
Adjustments for (increase)/decrease in operating assets:		
Long-term loans and advances	(378,485)	(184,881)
Inventory	(8,006,089)	(946,402)
Trade receivables	43,206,019	10,839,107
Short-term loans and advances	(4,733,724)	(13,366,875)
Other current assets	(10,135,444)	17,760,816
Adjustments for increase/(decrease) in operating liabilities:		
Long-term provisions	3,275,760	(2,313,683)
Trade payables	193,266,929	14,549,532
Other current liabilities	(2,057,510)	19,608,829
Short-term provisions	131,369	(2,881,350)
Cash flows from operation	217,445,927	96,168,656
Direct taxes paid	(21,250,650)	(22,247,268)
Net cash flows from operating activities (A)	196,195,278	73,921,388
B. Cash flows from investing activities		
Investment in shares of subsidiary company	(417,800,030)	(59,199,970)
Investments in unquoted non-trade current investments (net)	39,230,030	(39,230,030)
Purchase of fixed assets	(8,713,648)	(5,297,407)
Sale of fixed assets	1,325,874	3,128,117
Profit on sale of unquoted trade current investments	75,002	-
Bank Balance not considered as cash and cash equivalent	(16,067,282)	(6,720,830)
Dividend income on unquoted non-trade current investments	1,317,672	705,457
Interest income on deposits	2,059,801	-
Net cash flows from investing activities (B)	(398,572,581)	(106,614,663)
C. Cash flows from financing activities		
Proceeds from issue of equity shares including share premium	417,798,295	-
Share application money pending allotment	-	22,200,000
Interest paid	(31,219)	(95,798)
Net cash flows from financing activities (C)	417,767,076	22,104,202
Net increase/(decrease) in cash and cash equivalents (A+B+C)	215,389,773	(10,589,073)
Cash and cash equivalents at the beginning of the year	2,180,553	12,769,626
Cash and cash equivalents at the end of the year	217,570,326	2,180,553
Add: other bank balances (refer note 16)	19,419,199	6,720,830
Cash and Cash equivalent as per note 16	236,989,525	8,901,383
See accompanying notes forming part of the financial statements	1 to 38	

In terms of our report attached

For Deloitte Haskins & Sells
Chartered AccountantsJaideep Bhargava
PartnerMukul Verma
Chief Financial Officer

For and on behalf of Board of Directors

S. P. Shukla

Director

V S Parthasarathy

Director

Rajesh Parte

Company Secretary

Place : Gurgaon

Date : 19/05/2015

Place : Mumbai

Date : 19/05/2015

Notes forming part of the financial statements

1.1 Corporate information

Mahindra Defence Systems Limited is a Public Limited Company incorporated on July 30, 2012 under the Companies Act, 1956. The Company is a subsidiary of Mahindra & Mahindra Limited. The Company is engaged in design, development, manufacture, supply, dealing, operating, trading, overhaul, repair, maintenance and service of all kinds of defence vehicle and other defence equipment including training to armed forces people through specific equipments. The Company is also engaged in business of consultancy, training, implementation, management and audit in the areas of information security, physical security, homeland security, critical infrastructure security, IT systems & network security, applications security, web & software security, change management & training, business continuity, disaster recovery, governance, loss prevention, fraud risk management, forensics, third party assessment and other allied areas with the objective of derisking the business and mitigation of loss arising from such security Risks.

1.2 Significant accounting policies

i Basis of accounting and preparation of financial statements

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act")/Companies Act, 1956 ("the 1956 Act"), as applicable. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

ii Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known/materialise.

iii Inventories

Inventories are valued at the lower of cost (moving weighted average basis) and the net realisable value after providing for obsolescence and other losses, where considered necessary. Cost includes all charges in bringing the goods to the point of sale, including octroi and other levies, transit insurance and receiving charges. Work-in-progress and finished goods include appropriate proportion of overheads and, where applicable, excise duty.

iv Depreciation and amortization

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value.

Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets, in whose case the life of the assets has been assessed as under based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.:

Vehicles - 5 years

Two wheeler – 5 years

Mobiles – 2 years

Humidity Monitor – 7 years

Any asset of less than Rs. 5000 – 1 year

Intangible assets comprising of technical knowledge and development expenditure, etc. are amortised over a period of three years or less depending on the estimated useful life of the assets remaining as at balance sheet date.

The estimated useful life of the intangible assets and amortization period are reviewed at the end of each financial year and the amortisation method is revised to reflect the changed pattern.

v Revenue recognition

Sales are recognised, net of returns and trade discounts, on transfer of significant risks and rewards of ownership to the buyer, which generally coincides with the dispatch of goods to customers. Sales include excise duty but exclude sales tax, value added tax and service tax.

Income on service contracts is recognized as per the terms of contracts on an accrual basis.

Interest income is accounted on accrual basis, dividend income is accounted for when right to receive it is established. Other income is accounted on accrual basis.

vi Tangible fixed assets

Fixed assets are carried at cost less accumulated depreciation and impairment losses, if any. The cost of fixed assets comprises its purchase price, including any import duties and other taxes (other than those subsequently recoverable from the taxing authorities), and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates. Subsequent expenditure relating to fixed assets is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

vii Intangible fixed assets

Intangible assets are carried at cost less accumulated amortisation and impairment losses, if any. The cost of an intangible asset comprises its purchase price, including any import duties and other taxes (other than those subsequently recoverable from the taxing authorities), and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates. Subsequent expenditure on an intangible asset after its purchase/completion is recognised as an expense when incurred unless it is probable that such expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standards of performance and such expenditure can be measured and attributed to the asset reliably, in which case such expenditure is added to the cost of the asset.

viii Foreign currency transactions and translations

Foreign currency transactions are recorded at the rates of exchange prevailing on the date of the transactions. Exchange differences on translation of foreign currency assets and liabilities and realised gains and losses on foreign exchange transactions are recognised in the Statement of profit and loss.

Premium/discount on forward exchange contracts, which are not intended for trading or speculation purposes, are amortised over the period of the contracts if such contracts relate to monetary items as at the Balance Sheet date. Any Profit or loss arising on cancellation or renewal of such a forward exchange contract is recognized an income or as expenses in the period in which such cancellation or renewal is made.

ix Investments

Long-term investments are carried individually at cost less provision for diminution, other than temporary, in the value of such investments. Current investments are carried individually, at the lower of cost and fair value. Costs of investment include acquisition charges such as brokerage, fees and duties.

x Employee benefits

Employee benefits include provident fund, post-retirement medical benefit, gratuity and compensated absences.

Defined contribution plans

The Company's contribution to provident fund is considered as defined contribution plans and is charged as an expense as it fall due based on the amount of contribution required to be made and when services are rendered by the employees.

Defined benefit plans

For defined benefit plans in the form of gratuity and post-retirement medical benefit, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each Balance Sheet date. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the period in which they occur. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation.

Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits includes performance, incentives and compensated absences which are expected to accrue within twelve months after the end of the period in which the employee rendered the related services.

Long-term employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the Balance Sheet date.

xi Earnings per share

Basic earnings per share is computed by dividing the profit/(loss) after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit/(loss) after tax as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations.

xii Taxes on income

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and tax provisions of the Income Tax Act, 1961.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward of losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that there will be sufficient future taxable income available to realise the assets. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each balance sheet date for their realisability.

xiii Provisions and contingencies

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes. Contingent assets are not recognized in the financial statements.

xiv Service tax Input credit

Service tax input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is reasonable certainty in availing/utilising the credits.

xv Lease

Assets leased by the Company in its capacity as a lessee, where substantially all the risks and rewards of ownership vest in the Company are classified as finance leases. Such leases are capitalised at the inception of the lease at the lower of the fair value and the present value of the minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost so as to obtain a constant periodic rate of interest on the outstanding liability for each year.

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rentals under operating leases are recognised in the Statement of Profit and Loss as per the lease terms.

xvi Cash and Cash equivalent

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

xvii Cash flow statement

Cash flows are reported using the indirect method, whereby profit/(loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

xviii Operating Cycle

Based on the nature of products/activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

2 Share capital

(Amount in Rs.)

Particulars	As at	
	March 31, 2015	March 31, 2014
Authorised		
50,000,000 (Previous year 50,000,000)		
Equity shares of Rs.10 each with voting rights	500,000,000	500,000,000
Total	500,000,000	500,000,000
Issued, subscribed and paid up		
7,169,294 (Previous year 4,253,467)		
Equity shares of Rs.10 each fully paid up with voting rights	71,692,940	42,534,670
Total	71,692,940	42,534,670

The Company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share.

Reconciliation of the equity shares outstanding at the beginning and at the end of the reporting period

Particulars	As at March 31, 2015		As at March 31, 2014	
	Nos.	(Amount in Rs.)	Nos.	(Amount in Rs.)
Shares outstanding at the beginning of the year	4,253,467	42,534,670	2,380,000	23,800,000
Add: Fresh issue of equity shares during the year	2,915,827	29,158,270	1,873,467	18,734,670
Shares outstanding at the end of the year	7,169,294	71,692,940	4,253,467	42,534,670

Details of shareholders holding more than 5% shares in the Company

Particulars	As at March 31, 2015		As at March 31, 2014	
	Nos.	%	Nos.	%
Mahindra & Mahindra Limited*	7,169,294	100.00%	4,253,467	100.00%

* Holding company by virtue of holding more than 50% equity share capital in the Company.

Aggregate number of shares issued for consideration other than cash

Particulars	Aggregate no. of shares	
	As at March 31, 2015	As at March 31, 2014
Equity shares allotted as fully paid up on acquisition of assets/liabilities from Mahindra & Mahindra Limited (the holding company) refer note 26	Nil	877,355
Equity Shares allotted as fully paid up on acquisition of equity shares of Mahindra Defence Naval Systems Private Limited, a fellow subsidiary, from Mahindra and Mahindra Limited	Nil	996,112

3 Reserves and surplus

Particulars	(Amount in Rs.)	
	As at March 31, 2015	As at March 31, 2014
Share premium account *		
Opening balance	263,971,500	–
Add/less: Movement during the year	410,840,025	263,971,500
Closing balance	674,811,525	263,971,500
Surplus in the statement of profit and loss		
Opening balance	26,928,713	516,284
Add: Profit for the year	1,197,151	26,412,429
Less: Depreciation on transition to Schedule II of the Companies Act, 2013 on tangible fixed assets with nil remaining useful life (Net of deferred tax) (refer note 31)	1,113,630	–

(Amount in Rs.)

Particulars	As at		
	March 31, 2015	March 31, 2014	
Closing balance	Sub total B	27,012,234	26,928,713
	Total A+B	701,823,759	290,900,213

* Represents premium on issue and allotment of 2,915,827 (previous year 1,873,467) fresh equity shares at a premium of Rs. 140.90 per equity share (previous year Rs. 140.90).

4 Long-term provisions

Particulars	(Amount in Rs.)	
	As at March 31, 2015	As at March 31, 2014
Provision for gratuity *	10,857,361	8,390,919
Provision for Compensated absences	4,368,819	3,657,721
Provision for post retirement medical benefit *	1,178,675	1,080,455
	16,404,855	13,129,095

* refer note 27 b

5 Trade payables

Particulars	(Amount in Rs.)	
	As at March 31, 2015	As at March 31, 2014
Trade payables other than micro and small enterprises *	250,695,133	57,428,204
	250,695,133	57,428,204

* Based on the information available with the Company, no supplier has been identified, who is registered under the Micro, Small and Medium Enterprise Development Act, 2006.

6 Other current liabilities

Particulars	(Amount in Rs.)	
	As at March 31, 2015	As at March 31, 2014
Capital creditors	–	464,100
Statutory remittances (contribution to provident fund, withholding taxes, VAT, service tax, etc.)	14,565,191	12,205,738
Advances from customers	9,081,824	7,055,147
Unearned income	–	6,443,640
	23,647,015	26,168,625

7 Short-term provisions

Particulars	(Amount in Rs.)	
	As at March 31, 2015	As at March 31, 2014
Provision for gratuity *	210,930	111,107
Provision for Compensated absences	241,339	209,403
Provision for post retirement medical benefit *	63,647	64,037
	515,916	384,547

* refer note 27 b

8 Fixed assets

Assets	Cost					Accumulated depreciation/amortisation						Net block
	As at March 31, 2014	Additions pursuant to asset purchase agreement*	Additions during the year	Disposals during the year	As at March 31, 2015	Upto March 31, 2014	For the year	On Disposals	Transition adjustment recorded against Surplus balance in Statement of Profit and Loss **	As at March 31, 2015	As at 31st March, 2015	As at 31st March, 2014
(A) TANGIBLE ASSETS												
Plant and equipment	1,000	–	507,574	–	508,574	950	16,479	–	–	17,429	491,145	50
Office equipments	3,104,852	–	56,269	448,968	2,712,153	237,954	2,186,810	379,311	280,855	2,326,308	385,845	2,866,898
Computers	8,400,463	–	2,140,731	1,117,277	9,423,917	2,089,750	3,475,950	993,160	1,330,765	5,903,305	3,520,612	6,310,713
Furniture and fixtures	4,363,533	–	118,935	18,948	4,463,520	336,224	687,685	3,831	–	1,020,078	3,443,442	4,027,309
Vehicles	8,978,541	–	5,426,039	1,687,227	12,717,353	1,787,240	2,934,986	747,657	–	3,974,569	8,742,784	7,191,301
Sub total (A)	24,848,389	–	8,249,548	3,272,420	29,825,517	4,452,118	9,301,910	2,123,959	1,611,620	13,241,689	16,583,828	
Previous year	–	23,426,607	4,948,911	3,527,129	24,848,389	–	5,034,047	581,929	–	4,452,118		20,396,271
(B) INTANGIBLE ASSETS												
Technical knowledge	7,697,361	–	–	–	7,697,361	3,848,681	3,848,680	–	–	7,697,361	–	3,848,680
Development expenditure	9,368,100	–	–	–	9,368,100	9,368,100	–	–	–	9,368,100	–	–
Sub total (B)	17,065,461	–	–	–	17,065,461	13,216,781	3,848,680	–	–	17,065,461	–	
Previous year	–	16,252,820	812,641	–	17,065,461	–	13,216,781	–	–	13,216,781	–	3,848,680
TOTAL (A+B)	41,913,850	–	8,249,548	3,272,420	46,890,978	17,668,899	13,150,590	2,123,959	1,611,620	30,307,150	16,583,828	
Previous year	–	39,679,427	5,761,552	3,527,129	41,913,850	–	18,250,828	581,929	–	17,668,899	–	24,244,951

(C) Capital work-in-progress
Total (A+B+C)

 – –
16,583,828 24,244,951

* refer note 26

** refer note 31

9 Non-current investments

(Amount in Rs.)

Particulars	As at	As at
	March 31, 2015	March 31, 2014
Long term investments (at cost, unless otherwise stated)		
Investments in equity shares		
Trade and unquoted		
- In associate company		
<u>Equity shares of Rs. 10 each fully paid</u>		
55,000,000 (previous year 22,100,000)		
Equity shares of Defence Land Systems India Limited	329,000,100	100
- In Subsidiary company		
<u>Equity shares of Rs. 10 each fully paid</u>		
14,800,000 (previous year - 3,700,000)		
Equity shares of Mahindra Telephonics Integration Systems Limited	148,000,000	37,000,000
15,031,330 (previous year - 15,031,330)		
Equity shares of Mahindra Defence Naval Systems Private Limited	150,313,300	150,313,300
	627,313,400	187,313,400

10 Deferred tax assets

(Amount in Rs.)

Particulars	As at	As at
	March 31, 2015	March 31, 2014
Deferred tax asset on		
Depreciation	3,976,032	1,656,519
Provision for employee benefit	1,487,185	337,090
Provision for doubtful debts	3,919,348	2,018,619
Others	5,427,739	856,471
Deferred tax asset	14,810,304	4,868,699

11 Long-term loans and advances

(Amount in Rs.)

Particulars	As at	As at
	March 31, 2015	March 31, 2014
Security deposit account	4,280,245	3,901,760
Advance income tax (net of tax provision of Rs. 17,645,115 (previous year Rs. 16,202,495))	26,365,554	6,557,524
Advances given to related party*	–	22,199,970
	30,645,799	32,659,254

* Represents share application money given to Mahindra Telephonics Integrated Systems Limited.

12 Other non-current assets

(Amount in Rs.)

Particulars	As at	As at
	March 31, 2015	March 31, 2014
Deposits pledged with government authorities and bank	3,768,913	400,000
	3,768,913	400,000

13 Current investments

(Amount in Rs.)

Particulars	As at	As at
	March 31, 2015	March 31, 2014
Unquoted non - trade investments in:		
Debt mutual funds		
Units of face value of Rs. 10 each		
Nil (Previous year 82,434.88) Unit of ICICI Pru money market fund regular plan - growth (Repurchase value Rs. Nil (previous year - 14,616,480))	–	14,599,209

Particulars	(Amount in Rs.)	
	As at March 31, 2015	As at March 31, 2014
Nil (Previous year 24,353.61) Unit of Birla sunlife cash plus - growth regular plan (Repurchase value Rs. Nil (previous year - 5,011,976))	-	5,002,008
Nil (previous year 14,177.34) Unit of Taurus liquid fund existing plan -super insti -growth (Repurchase value Rs. Nil (previous year - 19,652,940))	-	19,628,813
	-	39,230,030

14 Trade receivables

Particulars	(Amount in Rs.)	
	As at March 31, 2015	As at March 31, 2014
Trade receivable outstanding for a period exceeding six months from the date they were due for payment		
Unsecured, considered good	10,789,053	10,952,533
Unsecured, considered doubtful	15,397,149	10,075,715
Less :Allowance for doubtful receivables	15,397,149	10,075,715
Sub total A	10,789,053	10,952,533
Other trade receivables		
Unsecured, considered good	32,499,936	75,542,475
Sub total B	32,499,936	75,542,475
Total	43,288,989	86,495,008

15 Inventory

(At lower of cost and net realisable value)

Particulars	(Amount in Rs.)	
	As at March 31, 2015	As at March 31, 2014
Raw materials (Including goods in transit of Rs. Nil (previous year Rs. 824,425))	9,654,939	1,648,850
	9,654,939	1,648,850

16 Cash and cash equivalents

Particulars	(Amount in Rs.)	
	As at March 31, 2015	As at March 31, 2014
A Cash and cash equivalents (as per AS 3 Cash Flow Statement)		
Balance with banks		
- In current accounts	191,570,326	2,180,553
- In demand deposit accounts	26,000,000	-
Total - Cash and cash equivalent (as per AS 3 Cash Flow Statement)	217,570,326	2,180,553
B Other bank balances		
- In earmarked account and balance held as margin money or commitments	19,419,199	6,720,830
Total cash and cash equivalent (A+B)	236,989,525	8,901,383

17 Short-term loans and advances

Particulars	(Amount in Rs.)	
	As at March 31, 2015	As at March 31, 2014
Unsecured, considered good		
Balance with government authorities	9,044,964	5,144,283
Advance to supplier of services	1,736,446	6,759,983
Advance to employees	331,563	348,287

Particulars	(Amount in Rs.)	
	As at March 31, 2015	As at March 31, 2014
Security deposits	2,129,217	4,313,904
Prepaid expenses	15,013,808	6,955,817
	28,255,998	23,522,274

18 Other current assets

Particulars	(Amount in Rs.)	
	As at March 31, 2015	As at March 31, 2014
Unbilled revenue	51,042,979	40,608,461
Recoverable expenses	2,219,705	2,518,779
Interest accrued on deposit	205,239	334,265
	53,467,923	43,461,505

19 Revenue from operations

Particulars	(Amount in Rs.)	
	For the year ended March 31, 2015	For the year ended March 31, 2014
Sale of products*	164,806,853	184,253,887
Sale of services	410,020,154	283,526,373
Other operating income	-	323,575
Revenue from operations	574,827,007	468,103,835
*Sale of products includes:-		
Light armoured vehicles fabricated by job worker	163,814,853	181,773,887
Others	992,000	2,480,000
Total	164,806,853	184,253,887

20 Other income

Particulars	(Amount in Rs.)	
	For the year ended March 31, 2015	For the year ended March 31, 2014
Interest income on deposits	1,930,775	207,124
Profit on sale of fixed assets	329,337	337,942
Dividend income on unquoted trade current investments	1,317,672	705,457
Liabilities no longer required written back	15,192,438	-
Profit on sale of unquoted trade current investments	75,002	-
	18,845,224	1,250,523

21 Cost of materials consumed

Particulars	(Amount in Rs.)	
	For the year ended March 31, 2015	For the year ended March 31, 2014
Materials consumed*	133,842,862	46,778,551
	133,842,862	46,778,551
*Materials consumed includes:-		
Base vehicles purchased from holding company for fabrication of light armoured vehicles by job worker	37,857,026	44,887,351
Cameras & IT equipments	90,211,535	1,891,200
Others	5,774,301	-
Total	133,842,862	46,778,551

22 Employee benefits expenses

Particulars	(Amount in Rs.)	
	For the year ended March 31, 2015	For the year ended March 31, 2014
Salaries, wages, bonus, etc	131,881,616	122,034,028
Contribution to provident fund	6,154,746	5,988,913
Gratuity Expense (refer note 27 b)	3,528,991	1,199,930
Post retirement medical benefit	97,830	119,437
Expense on Employee Stock Option (ESOP) Scheme *	824,859	924,189
Employee welfare	3,817,446	3,880,118
	146,305,488	134,146,615

* represents reimbursement of cost of holding company, towards ESOP's granted by the Holding company to employees of the Company

23 Finance cost

Particulars	(Amount in Rs.)	
	For the year ended March 31, 2015	For the year ended March 31, 2014
Interest on borrowings	508	-
Interest on delay payment of taxes	30,711	95,798
	31,219	95,798

24 Other expenses

Particulars	(Amount in Rs.)	
	For the year ended March 31, 2015	For the year ended March 31, 2014
Electricity expenses	1,181,615	1,207,953
Rent including lease rent (refer note 30)	24,976,882	19,831,703
Rates and taxes	1,934,779	1,237,233
Repairs and maintenance-plant and machinery	2,022,141	103,132
Repairs and maintenance-Others	6,064,188	3,817,013
Insurance	7,129,383	8,395,878
Auditors' remuneration		
- Statutory audit fee	1,000,000	700,000
- Out of pocket expenses	4,500	5,056
Legal and professional charges	8,512,356	3,037,614
Subcontracting and Service charges	94,801,432	26,602,412
Travelling and conveyance expenses	20,263,412	16,867,656
Printing and stationery	1,092,911	1,050,069
Communication expenses	3,021,993	3,321,932
Software charges	2,848,313	962,325
Advertisement	-	4,454,397
Selling and marketing expenses	363,645	353,073
Loss on sale of fixed assets/discarded	151,924	155,025
Provision for doubtful debts	5,321,434	6,532,748
Foreign exchange loss (net)	87,039	1,301,971
Miscellaneous expenses	3,463,282	2,265,047
	184,241,229	102,202,237

25 The estimated amount of contract remaining to be executed on capital account and not provided for as at March 31, 2015 is Rs. Nil (previous year - Nil).

26 In the previous year on April 1, 2013 Company has purchased assets/liabilities including fixed assets and current assets of two divisions of Mahindra and Mahindra Limited (the holding company) namely Mahindra Defence Systems and Mahindra Special Service Group at its book value

under the assets purchase agreement entered into between the Company and Mahindra and Mahindra Limited. The net consideration amounting to Rs. 132,392,825 had been discharged by way of issue of 877,355 fully paid up equity shares of Rs. 10 each at premium of Rs. 140.90 per share.

27 Disclosure under Accounting Standard (AS) -15 'Employee Benefit' (Revised): Employee benefit provided to employee as under
a Defined contribution plan

Particulars	(Amount in Rs.)	
	For the year ended March 31, 2015	For the year ended March 31, 2014
I Provident Fund	6,154,746	5,988,913
b Defined benefits plan - Gratuity and post retirement medical benefit (Unfunded)		

Particulars	Gratuity		Post retirement Medical benefit	
	For the year ended March 31, 2015	For the year ended March 31, 2014	For the year ended March 31, 2015	For the year ended March 31, 2014
I Change in present obligation during the year				
Present value of obligation at the beginning	8,502,026	-	1,144,492	-
Transferred pursuant to assets purchase agreement (refer note 26)	-	7,530,557	-	1,025,055
Interest cost	664,008	677,750	105,726	92,255
Current service cost	2,676,139	2,277,704	60,473	56,036
Benefits paid	(962,726)	(228,461)	-	-
Actuarial (gain)/loss on obligation	188,844	(1,755,524)	(68,369)	(28,854)
Present value of obligation at the end	11,068,291	8,502,026	1,242,322	1,144,492
II Amount to be recognised in the balance sheet				
Present value of obligation at the year end	11,068,291	8,502,026	1,242,322	1,144,492
Fair value of plan asset at the year end	-	-	-	-
Net asset/(liability) recognised in balance sheet	(11,068,291)	(8,502,026)	(1,242,322)	(1,144,492)
Further classification into short-term and long-term provisions				
Long-term provisions	10,857,361	8,390,919	1,178,675	1,080,455
Short-term provisions	210,930	111,107	63,647	64,037
III Expenses recognised in statement of profit and loss				
Current service cost	2,676,139	2,277,704	60,473	56,036
Interest cost	664,008	677,750	105,726	92,255
Net actuarial (gain)/loss	188,844	(1,755,524)	(68,369)	(28,854)
Total expenses	3,528,991	1,199,930	97,830	119,437
V Actuarial assumptions				
Discount rate	7.81%	9.00%	7.81%	9.00%
Employee turnover rate				
18 to 30 years	4.00%	3.00%	4.00%	3.00%
30 to 45 years	3.00%	2.00%	3.00%	2.00%
above 45 years	2.00%	1.00%	2.00%	1.00%
Salary escalation	10.00%	10.00%	-	-
Insurance premium inflation	-	-	3.00%	3.00%

Particulars	Gratuity		Post retirement Medical benefit	
	For the year ended	For the year ended	For the year ended	For the year ended
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
VI Medical inflation sensitivity				
Impact of -1% medical inflation on projected benefit obligation			(118,721)	(111,405)
Impact of +1% medical inflation on projected benefit obligation			130,897	121,757
Impact of -1% medical inflation on service and interest cost			(6,762)	(6,383)
Impact of +1% medical inflation on service and interest cost			7,696	7,236

Notes

- The discount rate is based on the prevailing market yields of Indian government securities as at the balance sheet date for the estimated term of obligation
- The estimate of future salary increase, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.
- The gratuity plan is unfunded

Demographic assumptions

Retirement age	60 years
Mortality rate	IALM (2006-08)

29 Segment reporting

A Business segments

Based on the guiding principles given in Accounting Standard (AS) - 17 'Segment Reporting' notified under Companies (accounting Standards)

Rules, 2006, the Company's business segments include: Defence products and service, Non-defence products and services.

B Geographical segments

Since the Companies activities/operations are primarily within the country and considering the nature of products/services it deals in, the risks and returns are same and as such there is only one geographical segment.

C Segment accounting policies

In addition to the significant accounting policies applicable to the business segment as set out in note 1 above, the accounting policies in relation to segment accounting are as under:

a Segment assets and liabilities

Segment assets include all operating assets used by a segment and consist principally of operating cash, debtors, inventories, investments and fixed assets, net of allowances and provisions which are reported as direct offsets in the balance sheet. Segment liabilities include all operating liabilities and consist principally of creditors and accrued liabilities. Segment assets and liabilities do not include share capital, reserves and surplus, income-tax (current and deferred tax) and certain other assets and liabilities not allocable to the segments on a reasonable basis. While most of the assets/liabilities can be directly attributed to individual segments, the carrying amount of certain assets/liabilities pertaining to two or more segments are allocated to the segments on a reasonable basis.

b Segment revenue and expenses

Joint revenue and expenses of segments are allocated amongst them on a reasonable basis. All other segment revenue and expenses are directly attributable to the segments.

c Unallocated expenses

Unallocated expenses represent general administrative expenses, head-office expenses and other expenses that arise at the Company level and relate to the Company as a whole. As such, these expenses have not been considered in arriving at the segment results.

Particulars	For the year ended March 31, 2015				For the year ended March 31, 2014			
	Defence	Non-Defence	Unallocated	Total	Defence	Non-Defence	Unallocated	Total
Segment revenue								
External sales and service income	198,467,510	376,359,497	-	574,827,007	292,178,824	175,601,436	-	467,780,260
Other income (excluding interest income)	16,652,577	261,872	-	16,914,449	1,301,468	65,506	-	1,366,974
Total revenue	215,120,087	376,621,369	-	591,741,456	293,480,292	175,666,942	-	469,147,234
Segment results	(21,424,847)	13,721,447	(1,000,000)	(8,703,400)	28,806,557	7,634,552	(700,000)	35,741,109
Interest income				1,930,775				207,124
Profit for the year before finance costs and tax				(6,772,625)				35,948,233
Finance costs				(31,219)				(95,798)
Profit for the year before tax				(6,803,844)				35,852,435
Provision for current tax				6,287,059				14,101,935
Deferred tax charge/(benefits)				(9,443,615)				(4,868,699)
Provision for taxation relating to earlier year				(4,844,439)				206,770
Profit for the year				1,197,151				26,412,429
Other information								
Segment assets	705,821,850	317,781,910	41,175,858	1,064,779,618	335,641,681	105,677,450	11,426,223	452,745,354
Total assets	705,821,850	317,781,910	41,175,858	1,064,779,618	335,641,681	105,677,450	11,426,223	452,745,354
Segment liabilities	80,357,913	209,905,006	1,000,000	291,262,919	53,553,905	42,856,566	700,000	97,110,471
Share capital and reserves				773,516,699				333,434,883
Share application money received				-				22,200,000
Total liabilities				1,064,779,618				452,745,354
Capital expenditure*	1,702,858	6,546,690		8,249,548	2,504,252	3,257,300	-	5,761,552
Depreciation	6,789,012	7,973,197	-	14,762,209	15,245,096	3,005,732	-	18,250,828
Non cash expenses other than depreciation	-	5,430,141	-	5,430,141	3,489,945	3,042,803	-	6,532,748

*excluding addition amounting to Rs. Nil (Previous year 39,679,427) pursuant to assets purchase agreement (refer note 26)

29 Related party transactions

A) Name of related party		Nature of Relationship	A) Name of related party		Nature of Relationship
1	Mahindra & Mahindra Limited (M&M)	Holding company		Mahindra Integrated Business Solutions Private Limited	Fellow subsidiary
2	Defence Land Systems India Limited (formerly Defence Land Systems India Private Limited)	Fellow subsidiary and associate company		Mahindra Logistic Limited	Fellow subsidiary
	Mahindra Defence Naval Systems Private Limited	Subsidiary Company		Mahindra Holiday & Resorts India Limited	Fellow subsidiary
	Mahindra Telephonics Integrated Systems Limited	Subsidiary Company		Mahindra EPC Services Private Limited	Fellow subsidiary
	Mahindra Emirates Vehicle Armouring	Fellow subsidiary		Mahindra Retail Private Limited	Fellow subsidiary
	Mahindra Life Space Developers Limited	Fellow subsidiary		Mahindra & Mahindra Financial Services Limited	Fellow subsidiary
	Mahindra Vehicle Manufacturers Limited	Fellow subsidiary		Mahindra Hinoday Industries Limited*	Fellow subsidiary
	Mahindra First Choice Service Limited	Fellow subsidiary		* seized to be related party w.e.f 4th October 2013	Fellow subsidiary
			3	Codr Samir Advani #	Whole Time Director

B) Details of transactions with above related parties (Inclusive of taxes):

(Amount in Rs.)

Nature of transaction	For the year ended match 31, 2015			Key Managerial Person	For the year ended match 31, 2014			Key Managerial Person
	Holding company	Subsidiaries	Fellow Subsidiaries		Holding company	Subsidiaries	Fellow Subsidiaries	
Purchases								
Purchase of goods	37,382,068				46,637,276			
Purchase of service			4,616,149				6,501,076	
Acquisition of asset/liabilities (refer note 26)					136,225,990			
Job work charges			135,514,245				158,413,737	
Purchase of Fixed asset	1,152,774	247,574						
Sales								
Sale of service	20,091,862		2,126,694		14,785,753	337,080	5,619,562	
Sale of shared service		12,067,443	103,063			17,694,589	16,699,333	
Sale of goods							998,408	
Royalty income							323,575	
Sale of fixed assets						1,708,439		
Other transactions								
Office Rent	17,795,680				14,010,182			
Reimbursement of expenses paid	8,682,075		75,971	-	14,838,014			
Reimbursement of expenses received	1,791,094		52,577			26,694,194		
Investment in equity shares of subsidiaries		111,000,000				187,313,300		
Investment in equity shares of fellow subsidiaries			329,000,000					
Issue of equity shares (including premium)	439,998,294				282,706,170			
Remuneration to Key Managerial person				4,813,971				1,447,051
Share application money paid						22,199,970		
Share application money received					22,200,000			
Outstanding balances								
Trade receivables (Including advances to vendors)		3,574,401	607,007		1,506,036		1,139,425	-
Trade payables (including customer advances)	(19,031,524)		(45,402,752)				(8,104,867)	-

Significant related party transaction included in the above are as under:-

Particulars	(Amount in Rs.)		Particulars	(Amount in Rs.)	
	For the year ended March 31, 2015	For the year ended March 31, 2014		For the year ended March 31, 2015	For the year ended March 31, 2014
Job work charges					
Defence Land Systems India Limited	135,514,245	158,413,737	Mahindra Emirets Vehicle Armouring PLC	-	323,575
Sale of shared service			Mahindra Telephonics Integrated Systems Limited	3,434,022	-
Defence Land Systems India Limited	103,063	16,699,333	Mahindra EPC Services Private Limited	86,522	246,652
Mahindra Telephonics Integrated Systems Limited	11,913,350	9,550,600	Mahindra Defence Naval Systems Private Limited	140,379	-
Mahindra Defence Naval Systems Private Limited	154,093	8,143,989	Mahindra Vehicle Manufacturers Limited	2,323	(94,756)
Investment in subsidiaries			Mahindra Integrated Business Solutions Private Limited	(10,315)	(10,338)
Mahindra Telephonics Integrated Systems Limited	111,000,000	37,000,000			
Mahindra Defence Naval Systems Private Limited	-	150,313,300	30	The Company has entered into cancelable/non cancelable operating lease arrangements for certain office premises. The non-cancelable leases are for a period of 1 to 3 years and cancellable lease can be arrangements are normally renewed on expiry. Operating lease charge amounting to Rs. 24,976,882 (previous year Rs. 19,831,703) has been debited to the statement of profit and loss during the year. Future minimum lease payments under non cancellable operating leases as of March 31, 2015 are as follows:	
Investment in subsidiaries					
Defence Land Systems India Limited	329,000,000	-			
Sale of service					
Mahindra Life Space Developers Limited	-	612,362			
Mahindra Logistic Limited	347,137	1,353,817			
Mahindra EPC Services Private Limited	717,305	1,661,128			
Mahindra Hinoday Industries Limited	-	764,048			
Mahindra & Mahindra Financial Services Limited	221,349	-			
Mahindra Holiday & Resorts India Limited	614,048	348,316			
Sale of assets					
Mahindra Telephonics Integrated Systems Limited	-	1,708,439			
Purchase of services					
Mahindra Logistic Limited	493,997	337,104			
Mahindra Holiday & Resorts India Limited	3,972,488	2,940,130			
Defence Land Systems India Limited	-	3,054,751			
Reimbursement of expenses received					
Mahindra Telephonics Integrated Systems Limited	-	26,694,194			
Reimbursement of expenses paid					
Mahindra Logistic Limited	75,971	-			
Mahindra Holiday & Resorts India Limited	52,577	-			
Royalty income					
Mahindra Emirets Vehicle Armouring PLC	-	323,575			
Share application money paid					
Mahindra Telephonics Integrated Systems Limited	-	22,199,970			
Closing balance as the year end -Receivables/(Payables)					
Defence Land Systems India Limited	(45,308,167)	(6,296,009)			
Mahindra Logistic Limited	518,162	569,198			
Mahindra Holiday & Resorts India Limited	(84,270)	(1,703,764)			

30 The Company has entered into cancelable/non cancelable operating lease arrangements for certain office premises. The non-cancelable leases are for a period of 1 to 3 years and cancellable lease can be arrangements are normally renewed on expiry. Operating lease charge amounting to Rs. 24,976,882 (previous year Rs. 19,831,703) has been debited to the statement of profit and loss during the year. Future minimum lease payments under non cancellable operating leases as of March 31, 2015 are as follows:

Particulars	For the year ended March 31, 2015	For the year ended March 31, 2014
Details of leasing arrangements		
Future minimum lease payments		
not later than one year	7,661,481	5,705,700
later than one year and not later than five years	4,383,859	8,537,760
later than five years	-	-

31 During the year, pursuant to the notification of Schedule II to the Companies Act, 2013 with effect from April 1, 2014, the Company revised the estimated useful life of some of its assets to align the useful life with those specified in Schedule II except mentioned in note 1.2 (iv). Further, assets individually costing Rs. 5,000 or less that were depreciated fully in the year of purchase are continue to be depreciated fully in the year of purchase. The details of previously applied depreciation method, rates/ useful life are as follows:

Asset	Previous depreciation rate/useful life	Revised useful life based on SLM
Plant and equipment	4.76%/~21 years	13/7 years
Office equipments	4.76%/~21 years	10 years
Mobiles	50%/~2 years	2 years
Computers	16.21%/~6 years	3 years
Furniture and Fixtures	6.34%/~15 years	10 years
Vehicles	15%/~6 years	5 years

Pursuant to the transition provisions prescribed in Schedule II to the Companies Act, 2013, the Company has fully depreciated the carrying value of assets, net of residual value, where the remaining useful life of the asset was determined to be nil as on April 1, 2014, and has adjusted an amount of Rs. 1,113,630 (net of deferred tax of Rs. 497,990) against the opening Surplus balance in the Statement of Profit and Loss under Reserves and Surplus.

The depreciation expense in the Statement of Profit and Loss for the year is lower by Rs. 4,877,516 consequent to the change in the useful life of the assets.

32 Earnings per share

Particulars		(Amount in Rs.)	
		For the year ended March 31, 2015	For the year ended March 31, 2014
Profit for the year as per the statement of profit and loss - Rs.	(A)	1,197,151	26,412,429
Weighted average number of equity shares outstanding during the year - Nos.	(B)	5,238,943	3,135,150
Effect of potential dilutive equity shares due to share application money pending allotment - in Nos.	(C)	-	2,397
Weighted average number of equity shares in computing diluted earnings per share - in Nos.	(D)	5,238,943	3,137,547
Earnings per share (in Rs.):			
- Basic	(A/B)	0.23	8.42
Earnings per share (in Rs.):			
- Diluted	(A/D)	0.23	8.42

33 Value of import on CIF basis

Particulars	(Amount in Rs.)	
	For the year ended March 31, 2015	For the year ended March 31, 2014
Capital assets	-	800,003
Spares & Consumables	794,134	-

34 Earnings in foreign currency on accrual basis

Particulars	(Amount in Rs.)	
	For the year ended March 31, 2015	For the year ended March 31, 2014
Sale of services	25,734,504	82,016,417

35 Expenses in foreign currency on accrual basis

Particulars	(Amount in Rs.)	
	For the year ended March 31, 2015	For the year ended March 31, 2014
Purchase of services	3,450,048	17,208,618
Travelling expenses	773,190	1,534,231
Software cost	1,821,598	831,729

36 The unhedged foreign currency exposures are as under:

Particulars	As at March 31, 2015		As at March 31, 2014	
	Amount in foreign currency	(Amount in Rs)	Amount in foreign currency	(Amount in Rs)
Receivables				
USD	27,001	1,682,551	207,557	12,440,480
Payables				
USD	-	-	193,718	11,610,965

37 The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.

38 Previous year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosure.

For and on behalf of Board of Directors

Mukul Verma Chief Financial Officer
S. P. Shukla Director
V. S. Parthasarathy Director
Rajesh Parte Company Secretary

Place : Mumbai
 Date : 19/05/2015

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors present their Second Report along with the Audited Accounts of your Company for Financial Year ended 31st March, 2015.

Financial Highlights and State of Company's Affairs

	(Rs. in Lakhs)	
	For the year ended 31st March, 2015	For the year ended 31 st March, 2014
Total Income	164.33	0.41
Profit/(Loss) before Interest, Depreciation and Taxation	(575.67)	(684.39)
Depreciation	32.91	1.76
Profit/(Loss) before Tax	(608.58)	(686.15)
Net Profit/(Loss)	(608.58)	(686.15)
Balance of Profit/(Loss) brought forward from last year	(686.15)	–
Balance of Profit/(Loss) carried forward	(1294.73)	(686.15)
Net Worth	705.26	(186.15)

No material changes and commitments have occurred between the closure of the financial year to which the financial statements relate and the date of this report which would affect the financial position of the Company.

Operations

Your Company had started its operations last year to manufacture Telephonics Dynamic Headsets (TDH) in a temporary leased facility, co-located with Defence Land Systems India Limited (DLSIL) at Prithla in the State of Haryana. From that facility, your Company successfully completed first order of 10,000 no of TDH sets meeting all quality specifications.

Your Company completed state of art infrastructure on new 23,000 sq. ft. area taken on lease from DLSIL to manufacture Radar and other defence systems at the same location at Prithla. The new facility meets all the standards to manufacture high-end and strategic electronic products for airborne and defence products. The HASS/HALT (Highly Accelerated Stress Screen/Highly Accelerated Life Test) facility is installed for the reliability testing and production screening for electronic and electromechanical devices, necessary for Air-borne products. Production of TDH has started in new facility and successfully completed 2nd order of 6,000 TDH.

Your Company established production line for one sub-system of RDR Radar, Control panel and started its production. Infrastructure for rest of the radar sub-systems is under progress and will be completed by June, 2015. Your Company will start production of complete RDR radar from July, 2015. Your Company has acquired AS 9100 Rev. C Aerospace certification and Industrial License, necessary for air-borne products production. The required necessary legal approvals and licenses viz. factory license amendment, factory drawing approval, fire NOC etc. have also been taken for new facility. The new facility at Prithla has been equipped with various safety equipments like Fire Hydrant, Smoke Detectors, Sprinklers, fire alarms and fire extinguishers.

Your Company had submitted proposal for supply of Surface Surveillance Radar (SSR) to Indian Navy. Its trial has been successfully completed with user. All other vendors also have completed the trial. Trial evaluation committee report is likely

to be announced shortly. The Company has also submitted proposal for supply of Precision Approach Radar (PAR) to Indian Navy and Air force in association with Exelis, USA. Its No Cost –No Commitment trial is expected next year. The Company has also participated in offset program to supply Cable Harness to Boeing.

Your Company had received fully integrated Mobile Surveillance System (MSS) from Telephonics on bailment basis. Field Trial was successfully conducted with BSF at Anupgarh, Rajasthan. User is satisfied with its performance and is keen to procure such system.

Your Company has recruited a group of fresh Graduate Engineer Trainees (GETs) and technicians for upcoming projects. The Company has organized various capability building trainings programs. Few more senior level positions will be recruited in subsequent year.

Dividend

In view of the loss, Your Directors do not recommend any dividend for the year under review.

Share Capital**Authorised Share Capital**

During the year under review, the authorised share capital of your Company was increased from Rs. 10 Crore to Rs. 35 Crore.

Further Issue of Share Capital

Your Company during the year made further issue of equity shares of Rs. 10/- each on Rights basis and pursuant to the same the issued, subscribed and paid up capital of your Company stands increased to Rs. 20 Crore as on 31st March, 2015.

Directors

Mr. Joseph Battaglia (DIN: 05309645) and Mr. V. S. Parthasarathy (DIN: 00125299), Directors, retire by rotation and, being eligible, offer themselves for re-appointment at the forthcoming Annual General Meeting.

During the year under review, Mr. Melvin French, (DIN: 05310581) Director tendered his resignation from the Board of the Company w.e.f. 25th September, 2014. Your Directors place on record their appreciation for the guidance provided by Mr. Melvin French during his tenure as a Director of the Company.

Mr. Hector Colon (DIN: 06719821) was appointed as an Additional Director w.e.f. from 7th November, 2014, being a nominee of Telephonics Corporation. Air Chief Marshal Krishnaswamy Srinivasapuram (Retd.) (DIN: 00056250), Dr. Devi Singh (DIN: 00015681) and Rear Admiral Sanjiv Kapoor (Retd.) (DIN: 07138582) were appointed as Additional Independent Directors w.e.f. 30th March, 2015 as per the provisions of section 149 and 161 of the Companies Act, 2013 for the period of 1 (One) year. All the three Independent Directors have vast experience which is expected to be of immense benefit to your Company.

The Company has received the notices from the Members under section 160 of the Companies Act, 2013, signifying their intention to propose Mr. Hector Colon, Air Chief Marshal Krishnaswamy Srinivasapuram (Retd.), Dr. Devi Singh and Rear Admiral Sanjiv Kapoor (Retd.) as the candidates for the office of Directors at the forthcoming Annual General Meeting of the Company.

Your Company has received the declarations from Air Chief Marshal Krishnaswamy Srinivasapuram (Retd.), Dr. Devi Singh and Rear Admiral Sanjiv Kapoor (Retd.), the Independent Directors, to the effect that they meet the criteria of independence as provided in sub section 6 of Section 149 of Companies Act, 2013.

Number of Meetings

Your Board of Directors met four times during the year under review i.e. on 28th May, 2014, 17th September, 2014, 3rd December, 2014 and 2nd March, 2015.

Directors' Responsibility Statement

Pursuant to section 134(5) of the Companies Act, 2013, your Directors, based on the representation received, and after due enquiry, confirm that:

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed;
- (ii) they have, in the selection of the accounting policies, consulted the Statutory Auditors and these have been applied consistently and reasonable and prudent judgments and estimates have been made so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2015 and of the Loss of the Company for the year ended on that date;
- (iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) the annual accounts have been prepared on a going concern basis; and
- (v) proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Code of Conduct

Your Company has, adopted Code of Conduct for Corporate Governance ("the Code") for its Directors and Senior Management Personnel and Employees. This Code enunciates the underlying principles governing the conduct of your Company's business and seek to reiterate the fundamental precept that good governance must and would always be an integral part of your Company's ethos.

Your Company has for the year under review, received declarations from the Board Members affirming compliance with Code of Conduct for Directors and Senior Management Employees.

Key Managerial Personnel

Mr. H. J. Kamath tendered his resignation as a Chief Executive Officer and Manager of the Company w.e.f. 4th November, 2014 and Mr. Jayantaraj Chatterjee was appointment as a Chief Executive Officer of the Company w.e.f. 2nd March, 2015 in accordance with provisions of Section 203 of Companies Act, 2013.

Mr. Mukul Verma was appointed as a Chief Financial Officer (CFO) of the Company w.e.f. 1st April, 2014, who resigned w.e.f. 31st May, 2015. Mr. Pankaj Gupta was appointed as a CFO of the Company w.e.f. 1st June, 2014, who tendered his resignation as a CFO of the Company w.e.f. 13th October, 2014. Mr. Arun Gupta was appointed as a CFO w.e.f. 2nd March, 2015 in accordance with the provisions of Section 203 of the Companies Act, 2013.

Mr. Nihar Avasare was appointed as a Company Secretary of the Company w.e.f. 1st April, 2014, who resigned w.e.f. 20th November, 2014. Mr. Rajesh Parte was appointed as a Company Secretary w.e.f. 2nd March, 2015 in accordance with the provisions of Section 203 of the Companies Act, 2013.

Committees of the Board

Nomination and Remuneration Committee

The Nomination and Remuneration Committee was reconstituted by the Board by passing circular resolution on 30th March, 2015 following the appointment of Air Chief Marshal Krishnaswamy Srinivasapuram (Retd.), Dr. Devi Singh and Rear Admiral Sanjiv Kapoor (Retd.) as the Independent Directors.

The Nomination and Remuneration Committee consists of following members:

Air Chief Marshal Krishnaswamy Srinivasapuram (Retd.),
Chairman
Mr. S P. Shukla
Mr. Joseph Battaglia
Dr. Devi Singh
Rear Admiral Sanjiv Kapoor (Retd.).

The Committee met once during the year under review i.e. on 2nd March, 2015. The Committee at its meeting held on 19th May, 2015, had carried out the evaluation of every director's performance (except the Independent Directors).

Audit Committee

The Audit Committee was reconstituted by the Board by passing circular resolution on 30th March, 2015 following the

appointment of Air Chief Marshal Krishnaswamy Srinivasapuram (Retd.), Dr. Devi Singh and Rear Admiral Sanjiv Kapoor (Retd.) as Independent Directors.

The Audit Committee consists of following members:

Dr. Devi Singh, Chairman
Rear Admiral Sanjiv Kapoor (Retd.)
Mr. V. S. Parthasarathy
Mr. Hector Colon
Air Chief Marshal Krishnaswamy Srinivasapuram (Retd.)

The Committee met thrice during the year i.e. on 28th May, 2014, 17th September, 2014 and 2nd March, 2015 and complied with the terms of reference assigned to the Committee.

Policy for Remuneration of Directors, Key Managerial Personnel and other Employees and Criteria for Appointment/Removal of Directors and Senior Management Personnel

In line with the principles of transparency and consistency and upon recommendation of the Nomination and Remuneration Committee, your Board has approved

- Policy on the appointment/removal of directors and senior management personnel, together with the criteria for determining qualifications, positive attributes and independence of directors
- Policy on the remuneration of directors, key managerial personnel and other employees

These policies are provided as Annexure I and form part of this report.

Risk Management Policy

Your Company has formulated Risk Management Policy including therein the elements of risks which in the opinion of Board may threaten the existence of the Company.

Your Board is hopeful that the implementation of the policy will be helpful to the Company in avoiding the risks and enabling the Company to manage the same, if confronted with.

Corporate Social Responsibility (CSR)

Provisions relating to CSR enumerated under Section 135 of the Companies Act, 2013 are not applicable to your Company and accordingly, your Company has not adopted a CSR policy. However, during the Year under review, Your Company has undertaken various activities under its CSR programme in Prithla Village for the welfare of Local Residents. The employees of your Company have also participated in tree plantation programme.

The Sexual Harassment of Women at Workplace (Prevention, Prohibition And Redressal) Act, 2013

During the year under review, no complaints were received under the Sexual Harassment of Women at work place (Prevention, Prohibition and Redressal) Act, 2013.

Auditors

Messrs. S. V. Ghatalia & Associates LLP, Chartered Accountants, (ICAI registration Number 103162W) retire as Auditors of your Company at the forthcoming Annual General Meeting and have given their written consent for appointment and would be in conformity with the provisions of section 139 and 141 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014. The members are requested to appoint Auditors from the conclusion of forthcoming 2nd Annual General Meeting until the conclusion of 7th Annual General Meeting and fix their remuneration.

The Auditors' Report does not contain any qualification, reservation or adverse remark.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The particulars relating to the Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo, as required under section 134(3)(m) of the Companies Act, 2013 read with the Companies Rule 8 (3) of the Companies (Accounts) Rules, 2014 are given as Annexure II to this Report.

Particulars of Employees as required under Rule 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Being unlisted company, provisions of Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable to your Company.

Particulars of public deposits, loans, guarantees or investments under Section 186 of the Companies Act, 2013.

Your Company has not accepted deposits from the public or its employees during the year under review. There were no deposits which are not in compliance with requirement of chapter V of the Companies Act, 2013.

Your Company has not made any loans, investments and guarantees which are required to be disclosed in the annual accounts of the Company pursuant to Section 186 of the Companies Act, 2013.

Your Company has not made any loans/advances which are required to be disclosed in the annual accounts of the Company pursuant to clause 32 of Listing Agreement between the ultimate parent Company, Mahindra and Mahindra Limited and Stock Exchanges.

Particulars of Transactions with Related Parties

Particulars of material contracts or arrangements with related parties referred to in sub section 1 of Section 188 of the Companies Act, 2013 are given in the prescribed form AOC – 2 as Annexure III and the same forms part of this Report.

Extract of Annual Return

Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration)

Rules, 2014 an extract of the Annual return as on 31st March, 2015 in Form MGT-9 is attached herewith as Annexure IV and forms part of this Report.

Internal Financial Controls

Pursuant to Rule 8 of the Companies (Accounts) Rules, 2014 based on the representation received and after due enquiry your directors confirm that they have laid down internal finance controls with reference to the Financial Statements and these controls are adequate.

General

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions/ events on these items during the year under review:

1. Issue of equity shares with differential rights as to dividend, voting or otherwise.
2. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and the Company's operations in future.

3. There were no Shares having voting rights not exercised directly by the employees and for the purchase of which or subscription to which loan was given by the Company.

Acknowledgements

Your Directors are pleased to take this opportunity to thank the bankers, customers, vendors, all the other stakeholders for their co-operation to the Company during the year under review.

For and on behalf of the Board

S. P. Shukla
Director
DIN: 00007418

Joseph J. Battaglia
Director
DIN: 05309645

Mumbai, 19th May, 2015

ANNEXURE I TO THE DIRECTORS' REPORT

I. POLICY FOR REMUNERATION OF THE DIRECTORS, KEYMANAGERIAL PERSONNEL AND OTHER EMPLOYEES

Purpose

This Policy sets out the approach to Compensation of Directors, Key Managerial Personnel and other employees in Mahindra Telephonics Integrated Systems Limited ("MTIS").

Policy Statement

The Mahindra Group has a well-defined Compensation policy for Directors, Key Managerial Personnel and all employees, including the Chairman, Presidents and other Members of the Group Executive Board who are employees of the Company. The overall compensation philosophy which guides us is that in order to achieve global leadership and dominance in domestic markets, we need to attract and retain high performers by compensating them at levels that are broadly comparable with the median of the comparator basket while differentiating people on the basis of performance, potential and criticality for achieving competitive advantage in the business.

In order to effectively implement this, we have built our Compensation structure by a regular annual benchmarking over the years with relevant players across the industry we operate in.

NON-EXECUTIVE INCLUDING INDEPENDENT DIRECTORS:

The Nomination and Remuneration Committee (NRC) shall decide the basis for determining the compensation, both Fixed and variable, to the Non Executive Directors, including Independent Directors, whether as commission or otherwise. The NRC shall take into consideration various factors such as director's participation in Board and Committee meetings during the year, other responsibilities undertaken, such as membership or Chairmanship of committees, time spent in carrying out their duties, role and functions as envisaged in Schedule IV of the Companies Act 2013 and Clause 49 of the Listing Agreement with Stock Exchanges (where applicable) and such other factors as the NRC may consider deem fit for determining the compensation. The Board shall determine the compensation to Non-Executive Directors within the overall limits specified in the Shareholders resolution.

Executive Directors

The remuneration to Chairman &/or Managing Director and Executive Director(s) shall be recommended by NRC to the Board. The remuneration consists of both fixed compensation and variable compensation and shall be paid as salary, commission, performance bonus, stock options (where applicable), perquisites and fringe benefits as approved by the Board and within the overall limits specified in the Shareholders resolution. While the fixed compensation is determined at the time of their appointment, the variable compensation will be determined annually by the NRC based on their performance.

Key Managerial Personnel (KMPs)

The terms of remuneration of Chief Financial Officer (CFO) shall be determined by the NRC from time to time. The terms of remuneration of the Company Secretary shall be finalised/ revised either by any Director or such other person as may be authorised by the Board from time to time. The remuneration shall be consistent with the competitive position of the salary for similar positions in the industry and their Qualifications, Experience, Roles and Responsibilities. Pursuant to the provisions of section 203 of the Companies Act 2013 the Board shall approve the remuneration at the time of their appointment.

The remuneration to directors, KMPs and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

Employees

We follow a differential approach in choosing the comparator basket for benchmarking, depending upon the level in the organization:

- a. For all employees from Operational to Executive Band, we benchmark with a set of comparators from the same industry.
- b. For Strategic band and above, we have a position-based approach and the comparator basket includes benchmarks from across relevant industries.

We have a CTC (Cost to Company) concept which includes a fixed component (Guaranteed Pay) and a variable component (Performance pay). The percentage of the variable component increases with increasing hierarchy levels, as we believe employees at higher positions have a far greater impact and influence on the overall business result. The CTC is reviewed once every year and the compensation strategy for positioning of individuals takes into consideration the following elements:

- Performance
- Potential
- Criticality
- Longevity in grade

Remuneration for the new employees other than KMPs and Senior Management Personnel will be decided by the HR, in consultation with the concerned business unit head at the time of hiring, depending upon the relevant job experience, last compensation and the skill-set of the selected candidate.

Subject to approval by the Board and Shareholders, as may be applicable, the Employees and Directors (other than Independent Directors) may also be granted Stock Options or equivalent benefits in accordance with the ESOP Scheme or similar scheme as may be approved and subject to the compliance of the applicable statutes and regulations.

II. POLICY ON APPOINTMENT OF DIRECTORS AND SENIOR MANAGEMENT AND SUCCESSION PLANNING FOR ORDERLY SUCCESSION TO THE BOARD AND THE SENIOR MANAGEMENT

DEFINITIONS

The definitions of some of the key terms used in this Policy are given below.

“**Board**” means Board of Directors of the Company.

“**Company**” means Mahindra Telephonics Integrated Systems Limited.

“**Committee(s)**” means Committees of the Board for the time being in force.

“**Employee**” means employee of the Company whether employed in India or outside India including employees in the Senior Management Team of the Company.

“**HR**” means the Human Resource department of the Company.

“**Key Managerial Personnel**” (KMP) refers to key managerial personnel as defined under the Companies Act, 2013 and includes:

- (i) Managing Director (MD), or Chief Executive Officer (CEO); or Manager; or Whole time Director (WTD)
- (ii) Chief Financial Officer (CFO); and
- (iii) Company Secretary (CS).

“**Nomination and Remuneration Committee**” (NRC) means Nomination and Remuneration Committee of Board of Directors of the Company for the time being in force.

“**Senior Management**” means personnel of the Company who are members of its Core Management Team excluding Board of Directors comprising of all members of management one level below the executive directors including the functional heads.

I. APPOINTMENT OF DIRECTORS

- The NRC reviews and assesses Board composition and recommends the appointment of new Directors. In evaluating the suitability of individual Board member, the NRC shall take into account the following criteria regarding qualifications, positive attributes and independence of director:
 1. All Board appointments will be based on merit, in the context of the skills, experience, independence and knowledge, for the Board as a whole to be effective.
 2. Ability of the candidates to devote sufficient time and attention to his professional obligations as Independent Director for informed and balanced decision making
 3. Adherence to the Code of Conduct and highest level of Corporate Governance in letter and in spirit by the Independent Directors
- Based on recommendation of the NRC, the Board will evaluate the candidate(s) and decide on the selection of the appropriate member. The Board through the

Chairman &/or Managing Director will interact with the new member to obtain his/her consent for joining the Board. Upon receipt of the consent, the new Director will be co-opted by the Board in accordance with the applicable provisions of the Companies Act 2013 and Rules made thereunder.

REMOVAL OF DIRECTORS

If a Director is attracted with any disqualification as mentioned in any of the applicable Act, rules and regulations thereunder or due to non - adherence to the applicable policies of the company, the NRC may recommend to the Board with reasons recorded in writing, removal of a Director subject to the compliance of the applicable statutory provisions.

SENIOR MANAGEMENT PERSONNEL

The NRC shall identify persons who are qualified to become directors and who may be appointed in senior management team in accordance with the criteria laid down above.

Senior Management personnel are appointed or promoted and removed/relieved with the authority of Chairman &/or Managing Director based on the business need and the suitability of the candidate. The details of the appointment made and the personnel removed one level below the Key Managerial Personnel during a quarter shall be presented to the Board.

II. SUCCESSION PLANNING

Purpose

The Talent Management Policy sets out the approach to the development and management of talent in the Mahindra Group to ensure the implementation of the strategic business plans of the Group and the Group Aspiration of being among the Top 50 globally most-admired brands by 2021.

Board

The successors for the Independent Directors shall be identified by the NRC atleast one quarter before expiry of the scheduled term. In case of separation of Independent Directors due to resignation or otherwise, successor will be appointed at the earliest but not later than the immediate next Board meeting or three months from the date of such vacancy, whichever is later.

The successors for the Executive Director(s) shall be identified by the NRC from among the Senior Management or through external source as the Board may deem fit.

The NRC will accord due consideration for the expertise and other criteria required for the successor.

The Board may also decide not to fill the vacancy caused at its discretion.

Senior Management Personnel

A good succession-planning program aims to identify high growth individuals, train them and feed the pipelines with new talent. It will ensure replacements for key job incumbents in KMPs and senior management positions in the organization.

Significantly, we have a process of identifying Hi-pots and critical positions. Successors are mapped for these positions at the following levels:

1. Emergency successor
2. Ready now
3. Ready in 1 to 2 years
4. Ready in 2 to 5 years
5. Ready in more than 5 years

in order to ensure talent readiness as per a laddered approach.

Policy Statement

The Talent Management framework of the Mahindra Group has been created to address three basic issues:

- 1) Given the strategic business plans, do we have the skills and competencies required to implement them? If not, how do we create them – by developing them internally or through lateral induction from outside?
- 2) For critical positions, what is the succession pipeline?
- 3) What are the individual development plans for individuals both in the succession pipeline as well as others?

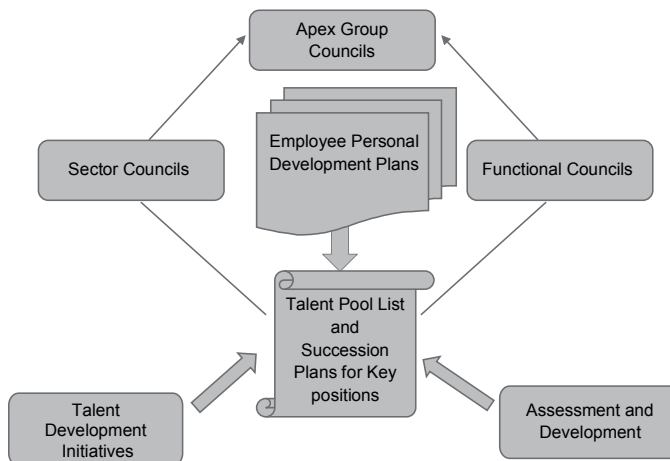
The framework lays down an architecture and processes to address these questions using the 3E approach:

- a) **Experience** i.e. both long and short-term assignments. This has 70% weightage
- b) **Exposure** i.e. coaching and mentoring – 20% weightage
- c) **Education** i.e. learning and development initiatives – 10% weightage

The Talent Management process is applicable to all employees. Over the years, the Talent Management framework has become a well-structured and process-oriented system which is driven by an interactive and collaborative network of Talent Councils at the Group and Sector Levels. These Talent Councils, which consist mainly of Senior business leaders supported by HR, are a mix of Sector (Business) and Functional Councils coordinated by an Apex Talent Council,

headed by the Group Chairman. The Apex Council reviews the work done by the Talent Councils and facilitates movement of talent across Sectors. The Sector/Functional Councils meet regularly throughout the year and the Apex Council interacts with each one of them separately once a year, and in addition conducts an integrated meeting where the Chairpersons of all the Councils are present.

The Talent Management process can be represented pictorially as under:



The talent pipeline is maintained and developed so as to ensure that there is a seamless flow of talent. An important part of this exercise is drawing up and implementing IDAPs (Individual Development Action Plans) for every Executive concerned using the 3E approach mentioned above.

For and on behalf of the Board

S. P. Shukla
Director
DIN: 00007418

Joseph J. Battaglia
Director
DIN: 05309645

Mumbai, 19th May, 2015

ANNEXURE II TO THE DIRECTORS' REPORT

PARTICULARS AS PER THE COMPANIES (ACCOUNTS) RULES, 2014 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2015.

A. CONSERVATION OF ENERGY

- (a) the steps taken or impact on conservation of energy:
NIL
- (b) the steps taken by the company for utilizing alternate sources of energy:
NIL
- (c) the capital investment on energy conservation equipments:
NIL

B. TECHNOLOGY ABSORPTION

- i) the efforts made towards technology absorption - NA
- ii) the benefits derived like product improvement, cost reduction, product development or import substitution: - NA
- iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year) –
 - (a) the details of technology imported: NA
 - (b) the year of import: NA
 - (c) whether the technology been fully absorbed: NA
 - (d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof: NA
- iv. the expenditure incurred on Research and Development: NA

C. FOREIGN EXCHANGE EARNINGS AND OUTGO: (in terms of actual inflow and outflow)

Total Foreign Exchange Earned and Used:

	For the Financial Year Ended 31st March, 2015	(Rupees in Lakhs) For the Financial Year Ended 31st March, 2014
Total Foreign Exchange Earned	153.16	NIL
Total Foreign Exchange Used	33.97	50.95

For and on behalf of the Board

S. P. Shukla
Director
DIN: 00007418

Joseph J. Battaglia
Director
DIN: 05309645

Mumbai, 19th May, 2015

ANNEXURE III TO THE DIRECTORS' REPORT**FORM NO. AOC - 2**

**(Pursuant to clause (h) of sub-section (3) of section 134 of the Act
and Rule 8(2) of the Companies (Accounts) Rules, 2014.**

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arm's length transaction under third proviso thereto.

1. Details of contracts or arrangements or transactions not at Arm's length basis- Nil**2. #Details of Material contracts or arrangements or transactions at Arm's length basis.***

Sr. No.	Name of Related Party	Nature of relationship	Nature of contracts/ arrangements/transaction	Salient terms of contracts or arrangements or the transaction including the value	Duration of transaction	Amount in Rs. lakhs	Date of approval by Board
1.	Telephonics Corporation, USA (TC)	Joint Venture Company	Sale of Goods & Services	Sales	2014-15	153.16	NA
			Lease Rent for Equipment***	Lease rental paid	2014-15	19.15	NA
			Issue of Shares (including share application money)**	Subscription to rights issue	2014-15	390.00	NA
2	Mahindra Defence Systems Ltd (MDS)	Holding Company	Issue of Shares (including share application money)**	Subscription to rights issue	2014-15	1,110.00	NA
			Shared Service Charges as per agreement ***	Services received	2014-15	105.26	NA
3	Defence Land Systems India Ltd.	Fellow subsidiary	Lease Rent for factory-cum-office at Prithla ***	Lease rental paid	2014-15	117.87	NA
			Charges for Power & Fuel	Services received	2014-15	15.14	NA
			Reimbursement of expenses	Services received	2014-15	0.28	NA
4	Mahindra & Mahindra Ltd	Ultimate Holding Company	Purchase of Vehicles	Vehicles purchased	2014-15	27.11	NA
			Shared services charges ***	Services Received	2014-15	6.93	NA
			Guest house charges ***	Services received	2014-15	0.76	NA
5	Mahindra Integrated Business Solutions	Fellow subsidiary	Charges for outsourcing of data-entry services ***	Services received	2014-15	0.99	NA

* Advance is not paid for any of the transaction.

** Includes Rs. 221.99 lakhs for MDS and Rs. 76.34 lakhs for TC issued out of share application money outstanding as on 31st March, 2014.

*** Amount is net of service tax amount.

Pursuant to Notification dated 14th August, 2014 issued by the Ministry of Corporate Affairs, New Delhi (G.S.R. 590(E))

For and on behalf of the Board

S. P. Shukla
Director
DIN: 00007418

Joseph J. Battaglia
Director
DIN: 05309645

Mumbai, 19th May, 2015

ANNEXURE IV – TO THE DIRECTORS’ REPORT
Form No. MGT-9
Extract of Annual Return as on the financial year ended on 31st March, 2015
[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]
I. REGISTRATION AND OTHER DETAILS:

1.	CIN	U75302MH2013PLC242268
2.	Registration Date	22 nd April, 2013
3.	Name of the Company	Mahindra Telephonics Integrated Systems Limited
4.	Category/Sub-Category of the Company	Company Limited by Shares/Indian Non Government Company
5.	Address of Registered office and contact details	Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400 018 Tel. No.: 022 24905828
6.	Whether listed Company (Yes/No)	No
7.	Name, Address and Contact details of Registrar and Transfer Agent, if any	None

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sr. No.	Name and Description of Main Product/Services	NIC Code of the Product	% to total turnover of the company
1	Telephonics Dynamic Headsets (TDH)	26109	100

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

Sr. No.	Name and Address of the Company	CIN/GIN	Holding/ Subsidiary of the Company	% of shares held	Applicable Section
1	Mahindra Defence Systems limited Mahindra Towers, P.K. Kurne Chowk, Worli, Mumbai – 400018	U75220MH2012PLC233889	Holding Company	74	2(46)
2	Mahindra and Mahindra Limited Gateway Building, Apollo Bunder, Mumbai - 400018	L65990MH1945PLC004558	Holding Company	–	2(46)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)
i. Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1. Indian	–	–	–	–	–	–	–	–	–
a. Individual/HUF	–	–	–	–	–	–	–	–	–
b. Central Govt.	–	–	–	–	–	–	–	–	–
c. State Govt.	–	–	–	–	–	–	–	–	–
d. Bodies Corp.	–	37,00,000	37,00,000	74	–	1,48,00,000	1,48,00,000	74	–
e. Bank/FI	–	–	–	–	–	–	–	–	–
f. Any Other	–	–	–	–	–	–	–	–	–
Sub-Total-A-(1)	–	37,00,000	37,00,000	74	–	1,48,00,000	1,48,00,000	74	–

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
2. Foreign	-								
a. NRI-Individuals	-	-	-	-	-	-	-	-	-
b. Other Individuals	-	-	-	-	-	-	-	-	-
c. Body Corporate	-	13,00,000	13,00,000	26	-	52,00,000	52,00,000	26	-
d. Bank/FI	-	-	-	-	-	-	-	-	-
e. Any Others	-	-	-	-	-	-	-	-	-
Sub Total-A (2)	-	13,00,000	13,00,000	26	-	52,00,000	52,00,000	26	-
Total ShareHolder of Promoters (1+2)	-	50,00,000	50,00,000	100	-	2,00,00,000	2,00,00,000	100	-
B. Public Share holding									
1. Institution	-	-	-	-	-	-	-	-	-
a. Mutual Funds	-	-	-	-	-	-	-	-	-
b. Bank/FI	-	-	-	-	-	-	-	-	-
c. Cent. Govt.	-	-	-	-	-	-	-	-	-
d. State Govt.	-	-	-	-	-	-	-	-	-
e. Venture Capital	-	-	-	-	-	-	-	-	-
f. Insurance Co.	-	-	-	-	-	-	-	-	-
g. FIs	-	-	-	-	-	-	-	-	-
h. Foreign Portfolio Corporate	-	-	-	-	-	-	-	-	-
i. Foreign Venture Capital Fund	-	-	-	-	-	-	-	-	-
j. Others	-	-	-	-	-	-	-	-	-
Sub-Total-B (1)	-	-	-	-	-	-	-	-	-
2. Non-Institution									
a. Body Corp.	-	-	-	-	-	-	-	-	-
b. Individual	-	-	-	-	-	-	-	-	-
i. Individual shareholders holding nominal share capital upto ₹ 1 lakh	-	-	-	-	-	-	-	-	-
ii. Individual shareholders holding nominal share capital in excess of ₹ 1 Lakh	-	-	-	-	-	-	-	-	-
c. Others									
(i) NRI (Rep)	-	-	-	-	-	-	-	-	-
(ii) NRI (Non-Rep)	-	-	-	-	-	-	-	-	-
(iii) Foreign National	-	-	-	-	-	-	-	-	-
(iv) OCB	-	-	-	-	-	-	-	-	-
(v) Trust	-	-	-	-	-	-	-	-	-
(vi) In Transit	-	-	-	-	-	-	-	-	-
Sub-Total-B (2)	-	-	-	-	-	-	-	-	-
Net Total (1+2)	-	-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs & ADRs									
Promoter and Promoter Group	-	-	-	-	-	-	-	-	-
Public	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	-	50,00,000	50,00,000	100	-	2,00,00,000	2,00,00,000	100	-

ii. Shareholding of Promoters:

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	
1	Mahindra Defence Systems limited	36,99,997	74	–	1,47,99,997	74	–	–
2	Mr. Narayan Shankar (Nominee of Mahindra Defence Systems Limited)*	1	–	–	1	–	–	–
3	Mr. V. S. Parthasarathy (Nominee of Mahindra Defence Systems Limited)*	1	–	–	1	–	–	–
4	Mr. K. Chandrasekar (Nominee of Mahindra Defence Systems Limited)*	1	–	–	1	–	–	–
5	Telephonics Corporation	12,99,998	26	–	51,99,998	26	–	–
6	Gritel Holding Co. Incorporation (Nominee of Telephonics Corporation)*	1	–	–	1	–	–	–
7	Exphonics Incorporation (Nominee of Telephonics Corporation)*	1	–	–	1	–	–	–

* Nominees are holding shares for the purpose of compliance with statutory provisions of Companies Act, with regard to minimum number of members.

iii. There is change in the shareholding of the Promoter Group as follows:

Particulars	Shareholding at the beginning of the year		Cumulative shareholding during the year	
	No. of shares	% of Total Shares of the Company	No. of shares	% of Total Shares of the Company
At the beginning of the Year (Mahindra Defence Systems Limited)	37,00,000	74	37,00,000	74
Increase on 14 th May, 2014- Allotment by the Company	37,00,000	–	74,00,000	–
Increase on 21 st August, 2014- Allotment by the Company	22,20,000	–	96,20,000	–
Increase on 17 th September, 2014- Allotment by the Company	14,80,000	–	1,11,00,000	–
Increase on 3 rd December, 2014- Allotment by the Company	22,20,000	–	1,33,20,000	–
Increase on 2 nd March, 2014- Allotment by the Company	14,80,000	–	1,48,00,000	–
At the beginning of the Year (Telephoincs Corporation)	13,00,000	26	13,00,000	26
Increase on 14 th May, 2014- Allotment by the Company	13,00,000	–	26,00,000	–
Increase on 21 st August, 2014- Allotment by the Company	7,80,000	–	33,80,000	–
Increase on 17 th September, 2014- Allotment by the Company	5,20,000	–	39,00,000	–
Increase on 3 rd December, 2014- Allotment by the Company	7,80,000	–	46,80,000	–
Increase on 2 nd March, 2015- Allotment by the Company	5,20,000	–	52,00,000	–
At the end of the Year	–	–	2,00,00,000	100

iv. Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	Top Ten Shareholders	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	–	–	–	–	–
2.	–	–	–	–	–
3.	–	–	–	–	–

v. Shareholding of Directors and Key Managerial Personnel:

Sr. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Shareholding at the end of the year	
	Name of the Director/KMP	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Mr. V. S. Parthasarathy (Nominee of Mahindra Defence Systems Limited)	1	—	1	—
2.	—	—	—	—	—
3.	—	—	—	—	—

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(₹ In Crores)

Particulars	Secured Loans Excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year 01.04.2014	—	—	—	—
1) Principal Amount	—	—	—	—
2) Interest due but not paid	—	—	—	—
3) Interest accrued but not due	—	—	—	—
Total of (1+2+3)	—	—	—	—
Change in Indebtedness during the financial year	—	—	—	—
+ Addition	—	—	—	—
– Reduction	—	—	—	—
Net Change	—	—	—	—
Indebtedness at the end of the financial year-31.03.2015	—	—	—	—
1) Principal Amount	—	—	—	—
2) Interest due but not paid	—	—	—	—
3) Interest accrued but not due	—	—	—	—
Total of (1+2+3)	—	—	—	—

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-Time Directors and/or Manager:

Sr. No.	Particulars of Remuneration	Name of MD/ WTD/Manager	Total Amount (₹ in Lacs)
		Mr. H.J.Kamath till 04.11.2014	
1.	Gross Salary		
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act	29.68	29.68
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	—	—
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	—	—
2.	Stock option	—	—
3.	Sweat Equity	—	—
4.	Commission		
	– As % of profit	—	—
	– others, specify	—	—
5.	Others, please specify Provident Fund & other Funds	—	—

Sr. No.	Particulars of Remuneration	Name of MD/ WTD/Manager	Total Amount (₹ in Lacs)
	Performance Bonus	—	
	Total (A)	29.68	29.68
	Ceiling as per the Act	As per Schedule V of the Act	

B. Remuneration of other directors:
I. Independent Directors:-

Particulars of Remuneration	Name of Directors					Total Amount (₹ in Lacs)
Fee for attending board committee meetings	-	-	-	-	-	-
Commission	-	-	-	-	-	-
Others	-	-	-	-	-	-
Total (1)	-	-	-	-	-	-

II. Other Non-Executive Directors:-

Other Non-Executive Directors						Total Amount (₹ in Lacs)
Fee for attending board committee meetings	-	-	-	-	-	-
Commission	-	-	-	-	-	-
Others	-	-	-	-	-	-
Total (2)						
Total B = (1+2)						
Ceiling as per the Act						-

C. Remuneration to Key Managerial Personnel Other Than MD/Manager/WTD

Sr. No.	Particulars of Remuneration	Name of the KMP				Total Amount (₹ in Lacs)
		CEO Mr. Jayantaraj Chatterjee	CFO Mr. Arun Gupta (From 2.3.2015)	CS Mr. Rajesh Parte	CFO Mr. Pankaj Gupta (From 30.05.2014 to 13.10.2014)	
1.	Gross Salary	-	-	-	-	-
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act	10.64	3.85	-	8.53	23.02
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	-	-	-	-	-
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	-	-	-	-	-
2.	Stock option	-	-	-	-	-
3.	Sweat Equity	-	-	-	-	-
4.	Commission					
	- As % of profit	-	-	-	-	-
	- others, specify	-	-	-	-	-
5.	Others	-	-	2.54	-	2.54
	Performance Bonus	-	-	-	-	-
	Total (C)	10.64	3.85	2.54	8.53	25.56

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES (Under the Companies Act): None

	Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority (RD/NCLT/ court)	Appeal made, if any (give details)
A. COMPANY						
Penalty	-	-	Not applicable	Not applicable	Not applicable	Not applicable
Punishment	-	-	Not applicable	Not applicable	Not applicable	Not applicable
Compounding	-	-	Not applicable	Not applicable	Not applicable	Not applicable

	Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority (RD/NCLT/ court)	Appeal made, if any (give details)
B. DIRECTORS	–	–				
Penalty	–	–	Not applicable	Not applicable	Not applicable	Not applicable
Punishment	–	–	Not applicable	Not applicable	Not applicable	Not applicable
Compounding	–	–	Not applicable	Not applicable	Not applicable	Not applicable
C. OTHER OFFICERS IN DEFAULT	–	–				
Penalty	–	–	Not applicable	Not applicable	Not applicable	Not applicable
Punishment	–	–	Not applicable	Not applicable	Not applicable	Not applicable
Compounding	–	–	Not applicable	Not applicable	Not applicable	Not applicable

For and on behalf of the Board

S. P. Shukla
Director
DIN: 00007418

Joseph J. Battaglia
Director
DIN: 05309645

Mumbai, 19th May, 2015

INDEPENDENT AUDITOR'S REPORT

To the Members of Mahindra Telephonics Integrated Systems Limited

Report on the Financial Statements

We have audited the accompanying financial statements of **MAHINDRA TELEPHONICS INTEGRATED SYSTEMS LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and thereasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2015, its loss, and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 1 a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - (e) On the basis of written representations received from the directors as on March 31, 2015, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015, from being appointed as a director in terms of section 164 (2) of the Act;
 - (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company does not have any pending litigations which would impact its financial position;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **S.V. Ghatalia & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 103162W

per Anil Goel

Partner

Place: Gurgaon

Dated: 19th May, 2015

Membership Number 90611

ANNEXURE REFERRED TO IN PARAGRAPH 1 OF OUR REPORT OF EVEN DATE

Mahindra Telephonics Integrated Systems Limited (‘the Company’)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (ii) (a) The Company’s business does not involve inventories and, accordingly, the requirements under paragraph 4(ii) of the Order are not applicable to the Company.
- (iii) (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, provisions of clauses 3(iii) (a) and (b) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase fixed assets and sale of services. The activities of the Company do not involve purchase of inventory and the sale of goods. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the Company in respect of these areas.
- (v) The Company has not accepted any deposits from the public.
- (vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under clause 148 (1) of the Companies Act, 2013, for the services of the Company.
- (vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees’ state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees’ state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, value added tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us, there are no dues of income tax, sales-tax, wealth tax, service tax, customs duty, excise duty and cess which have not been deposited on account of any dispute.
- (d) According to the information and explanations given to us, the provisions of investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder are not applicable to the company.
- (viii) The Company has been registered for a period of less than five years and hence we are not required to comment on whether or not the accumulated losses at the end of the financial year is fifty per cent or more of its net worth and whether it has incurred cash losses in the current financial year and in the immediately preceding financial year.
- (ix) The Company has no outstanding dues to banks, financial institution and debenture holders.
- (x) According to the information and explanations given to us, the Company has not given guarantee for loans taken by others from bank or financial institution.
- (xi) The Company did not have any term loans outstanding during the year.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

For S.V. Ghatalia & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 103162W

per Anil Goel

Partner

Membership Number 90611

Place: Gurgaon

Dated: 19th May, 2015

BALANCE SHEET AS AT MARCH 31, 2015

		(Amount in Rs.)
	Notes	As at March 31, 2015
		As at March 31, 2014
I. EQUITY AND LIABILITIES		
Shareholders' fund		
Share capital	3	200,000,000
Reserves and surplus	4	(129,473,930)
		<u>70,526,070</u>
Share application money pending allotment	3	-
Non-current liabilities		
Other long-term liabilities	7	1,269,882
Long-term provisions	5	1,061,624
		<u>2,331,506</u>
Current liabilities		
Trade payables	6	16,871,989
Other current liabilities	7	10,605,123
Short-term provisions	5	434,378
		<u>27,911,490</u>
Total		<u>100,769,066</u>
II. ASSETS		
Non-current assets		
Fixed assets		
Tangible assets	8	40,191,732
Capital work-in-progress		9,058,386
Loans and advances	9	8,820,523
Other non-current assets	11	31,487,151
		<u>89,557,792</u>
Current assets		
Cash and bank balances	10	4,959,455
Trade receivables	12	5,576,769
Loans and advances	9	675,050
Other current assets	11	-
		<u>11,211,274</u>
Total		<u>100,769,066</u>
Summary of significant accounting policies	2.1	

The accompanying notes are integral part of the financial statements.
As per our report of even date

For S.V. Ghatalia & Associates LLP
Chartered Accountants
ICAI Firm registration number: 103162W

per **Anil Goel**
Partner
Membership no.: 90611

Place : Gurgaon
Date : 19th May, 2015

For and on behalf of Board of Directors
Mahindra Telephonics Integrated Systems Limited

S P Shukla **Joseph J. Battaglia** **Rajesh Parte**
(Director) (Director) (Company Secretary)

Jayantaraaj Chatterjee **Arun Gupta**
(CEO) (CFO)

Place : Mumbai
Date : 19th May, 2015

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2015

Particulars	Notes	(Amount in Rs.)	
		For the year ended March 31, 2015	For the period April 22, 2013 to March 31, 2014
Income			
Revenue from operations (gross)	13	15,316,819	–
Other income	14	1,116,926	41,676
Total revenue		<u>16,433,745</u>	<u>41,676</u>
Expenses			
Employee benefit expenses	15	26,990,893	33,913,802
Depreciation expense	8	3,290,617	176,081
Other expenses	16	47,010,866	34,567,092
Total expenses		<u>77,292,376</u>	<u>68,656,975</u>
Loss before tax		(60,858,631)	(68,615,299)
Tax expense			
Current tax		–	–
Loss for the year		<u>(60,858,631)</u>	<u>(68,615,299)</u>
Earning per equity share (nominal value of share Rs. 10/-)			
Basic earnings per share	19	(4.54)	(23.55)
Diluted earnings per share	19	(4.54)	(23.55)
Summary of significant accounting policies	2.1		

The accompanying notes are integral part of the financial statements.

As per our report of even date

For S.V. Ghatalia & Associates LLP
Chartered Accountants
ICAI Firm registration number: 103162W

per **Anil Goel**
Partner
Membership no.: 90611

Place : Gurgaon
Date : 19th May, 2015

For and on behalf of Board of Directors
Mahindra Telephonics Integrated Systems Limited

S P Shukla **Joseph J. Battaglia** **Rajesh Parte**
(Director) **(Director)** **(Company Secretary)**

JayantaraJ Chatterjee
(CEO)

Arun Gupta
(CEO)

Place : Mumbai
Date : 19th May, 2015

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2015

	For the year ended March 31, 2015	(Amount in Rs.) For the period April 22, 2013 to March 31, 2014
Particulars		
A. Cash flows from operating activities		
Loss before tax from operations	(60,858,631)	(68,615,299)
Adjustments to reconcile Loss before tax to net cash flow		
Depreciation	3,290,617	176,081
Interest income	(858,196)	(41,676)
Loss on sale of assets	917,077	-
Foreign exchange gain	(208,191)	-
Operating profit before working capital changes	(57,717,324)	(68,480,894)
Movement in working capital:		
Increase/(decrease) in trade payables	8,729,965	8,195,181
Increase/(decrease) in short-term provisions	(304,419)	738,797
Increase/(decrease) in other current liability	(662,700)	1,656,535
Increase/(decrease) in long term liability	913,639	356,243
Decrease/(increase) in Trade Receivables	(5,421,735)	-
Increase/(decrease) in long term provisions	640,909	420,715
Decrease/(increase) in loans and advances	890,879	(1,565,929)
Decrease/(increase) in long term loans and advances	(7,590,649)	(1,229,874)
Cash used in operations	(60,521,435)	(59,909,226)
Direct taxes paid	-	-
Net cash flow used in operating activities (A)	(60,521,435)	(59,909,226)
B. Cash flows from investing activities		
Purchase of fixed assets	(39,103,185)	(5,950,319)
Sales of fixed assets	1,030,899	-
Investment in bank deposits liened with government authorities	(29,293,600)	(1,443,750)
Interest Income on Bank Deposits	147,951	2,120
Net cash flow used in investing activities (B)	(67,217,935)	(7,391,949)
C. Cash flows from financing activities		
Proceeds from issue of equity shares capital	120,165,775	50,000,000
Proceeds from share application money pending allotment	-	29,834,225
Net cash flows from financing activities (C)	120,165,775	79,834,225
Net increase in cash and cash equivalents (A+B+C)	(7,573,595)	12,533,050
Cash and cash equivalents at the beginning of the period	12,533,050	-
Cash and cash equivalents at the end of the period	4,959,455	12,533,050
Components of cash and cash equivalents		
Balance with bank		
- On current account	4,959,455	12,533,050
Total cash and cash equivalents (note. 10)	4,959,455	12,533,050

Summary of significant accounting policies

2.1

The accompanying notes are integral part of the financial statements.
As per our report of even date

For S.V. Ghatalia & Associates LLP
Chartered Accountants
ICAI Firm registration number: 103162W

per **Anil Goel**
Partner
Membership no.: 90611

Place : Gurgaon
Date : 19th May, 2015

For and on behalf of Board of Directors
Mahindra Telephonics Integrated Systems Limited

S P Shukla **Joseph J. Battaglia** **Rajesh Parte**
(Director) **(Director)** **(Company Secretary)**

Jayantaraaj Chatterjee
(CEO)

Arun Gupta
(CEO)

Place : Mumbai
Date : 19th May, 2015

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

1. Corporate Information

Mahindra Telephonics Integrated Systems Limited (the company) is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The company is formed to develop, manufacture and provide service support for Radar Systems and various kinds of defence electronics systems.

2. Basis of preparation

The financial statements of the company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material respects with the accounting standards notified under the Companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014. The financial statements have been prepared on an accrual basis and under the historical cost convention.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year, except for the change in accounting policy explained below.

2.1 Summary of significant accounting policies

Change in accounting policy – Depreciation on fixed assets

Till the year ended March 31, 2014, Schedule XIV to the Companies Act, 1956, prescribed requirements concerning depreciation of fixed assets. From the current year, Schedule XIV has been replaced by Schedule II to the Companies Act, 2013. The applicability of Schedule II has resulted in the following changes related to depreciation of fixed assets. Unless stated otherwise, the impact mentioned for the current year is likely to hold good for future years also.

i. Useful lives/depreciation rates

Till the year ended March 31, 2014, depreciation rates prescribed under Schedule XIV were treated as minimum rates and the company was not allowed to charge depreciation at lower rates even if such lower rates were justified by the estimated useful life of the asset. Schedule II to the Companies Act 2013 prescribes useful lives for fixed assets which, in many cases, are different from lives prescribed under the erstwhile Schedule XIV. However, Schedule II allows companies to use higher/lower useful lives and residual values if such useful lives and residual values can be technically supported and justification for difference is disclosed in the financial statements.

Considering the applicability of Schedule II, the management has re-estimated useful lives and residual values of all its fixed assets. The management believes that the depreciation rates currently used fairly reflects its estimate of the useful lives and residual values of fixed assets, though these rates in certain cases are different from lives prescribed under Schedule II. Hence this change in accounting policy did not have any material impact on financial statements of the Company.

ii. Depreciation on assets costing less than 5,000/-

Till year ended March 31, 2014, to comply with the requirements of Schedule XIV to the Companies Act, 1956, the company was charging 100% depreciation on assets costing less than 5,000/- in the year of purchase. However, Schedule II to the Companies Act 2013, applicable from the current year, does not recognize such practice. Hence, to comply with the requirement of Schedule II to the Companies Act, 2013, the company has changed its accounting policy for depreciations of assets costing less than `5,000/-. As per the revised policy, the company is depreciating such assets over their useful life as assessed by the management. The management has decided to apply the revised accounting policy prospectively from accounting periods commencing on or after April 01, 2014.

a. Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on

the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

b. Tangible fixed assets

Fixed assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

c. Depreciation on tangible fixed assets

Depreciation on fixed assets is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management. The company has used the following rates to provide depreciation on its fixed assets.

	Useful Lives estimated by management (years)
Plant and Equipment:	5 years
Computers:	3 years
Furniture and Fixtures:	10 years
Vehicles:	5 years
Mobile Phones:	2 years
Leasehold Improvements:	Shorter of estimated useful life of individual asset or the lease period
Electric Installation & Equipment:	10 years

The management has estimated supported by technical assessment done by professionals employed by the Company the useful lives of following classes of assets:

- The useful lives of plant and equipment's are estimated as 5 years. These lives are lower than those indicated in Schedule II.
- The useful lives of vehicles are estimated as 5 years. These lives are lower than those indicated in Schedule II.
- The useful lives of mobile phones are estimated as 2 years. These lives are lower than those indicated in Schedule II.

d. Leases

Where the company is lessee:

Finance leases, which effectively transfer to the company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease term at the lower of the fair value of the leased property and present value of minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in the statement of profit and loss. Lease management fees, legal charges and other initial direct costs of lease are capitalized.

A leased asset is depreciated on a straight-line basis over the useful life of the asset. However, if there is no reasonable certainty that the company will obtain the ownership by the end of the lease term, the capitalized asset is depreciated on a straight –line basis over the shorter of the estimated useful life of the asset or the lease term.

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

e. Impairment of tangible assets

The company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

The company bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the company's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit and loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

f. Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

Income from services

Revenue from job-work contract is recognized on completion of service in accordance with terms of service agreement when services are rendered.

Interest

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "other income" in the statement of profit and loss.

g. Foreign currency translation

Foreign currency transactions and balances

i) Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

ii) Conversion

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

iii) Exchange Differences

Exchange differences arising on the settlement of monetary items, or on reporting such monetary items of company at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

h. Retirement and other employee benefits

i) Provident Fund

Retirement benefit in the form of provident fund (Contributed to the Regional PF Commissioner) is a defined contribution scheme. The company recognizes contribution payable to the provident fund scheme as expenditure, when an employee renders related service. There are no other obligations other than contribution payable.

ii) Defined Benefit Plans

The company operates two defined benefit plans for its employees, viz., and gratuity and post-employment medical benefit liability. The costs of providing benefits under these plans are determined on the basis of actuarial valuation at each year-end. Separate actuarial valuation is carried out for each plan using the projected unit credit method. Actuarial gains and losses for both defined benefit plans are recognized in full in the period in which they occur in the statement of profit and loss.

iii) Compensated Absences

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The company treats accumulated leave expected to be carried forward beyond twelve months, as long term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end.

Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The company presents the leave as a current liability in the balance sheet; to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Where company has the unconditional legal and contractual right to defer the settlement for a period 12 months, the same is presented as non-current liability.

i. Income tax

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the company operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and

the tax laws enacted or substantively enacted at the reporting date. Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

At each reporting date, the company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax asset to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each reporting date. The company writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred taxes relate to the same taxable entity and the same taxation authority.

j. Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

k. Provisions

A provision is recognized when the company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

l. Contingent Liability

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The company does not recognize a contingent liability but discloses its existence in the financial statements.

m. Cash and Cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short term investments with an original maturity of three months or less.

3. Share Capital

	(Amount in Rs.)	
	As at	As at
	March 31, 2015	March 31, 2014
Authorised shares (Nos.)		
35,000,000 equity shares (March 31, 2014: 10,000,000) of Rs 10 each	350,000,000	100,000,000
	<u>350,000,000</u>	<u>100,000,000</u>
Issued, subscribed and fully paid up shares (Nos.)		
20,000,000 Equity shares (March 31, 2014: 5,000,000) of Rs. 10 each fully paid up	200,000,000	50,000,000
	<u>200,000,000</u>	<u>50,000,000</u>

3.1 Reconciliation of the equity shares outstanding at the beginning and at the end of the reporting period

	As at		As at	
	March 31, 2015		March 31, 2014	
	Nos.	Amount in Rs	Nos.	Amount in Rs
At the beginning of the period	5,000,000	50,000,000	-	-
Issued during the period	15,000,000	150,000,000	5,000,000	50,000,000
Outstanding at the end of the period	<u>20,000,000</u>	<u>200,000,000</u>	<u>5,000,000</u>	<u>50,000,000</u>

3.2 Terms/rights attached to Equity Shares

The company has only one class of equity shares par value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the company, the holder of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion of number of equity shares held by shareholders'.

3.3 Details of shareholders holding more than 5% shares in the Company

	As at		As at	
	March 31, 2015		March 31, 2014	
	Nos.	% of holding	Nos.	% of holding
Mahindra Defence Systems Limited, holding company	14,800,000	74.00%	3,700,000	74.00%
Telephonics Corporations	<u>5,200,000</u>	<u>26.00%</u>	<u>1,300,000</u>	<u>26.00%</u>

3.4 Shares held by holding company

	As at		As at	
	March 31, 2015		March 31, 2014	
	Nos.	Amount in Rs	Nos.	Amount in Rs
Mahindra Defence Systems Limited	14,800,000	148,000,000	3,700,000	37,000,000

3.5 Share application money pending allotment

Share application money pending allotment as at March 31, 2014 represents shares pending for allotment to Mahindra Defence Systems Limited and Telephonics Corporations at par.

	As at	As at
	March 31, 2015	March 31, 2014
Mahindra Defence Systems Limited, holding company	-	22,199,970
Telephonics Corporations	-	7,634,255
	<u>-</u>	<u>29,834,225</u>

4. Reserves and surplus

	(Amount in Rs.)	
	As at March 31, 2015	As at March 31, 2014
Deficit in the statement of profit and loss		
Balance as per last financial statements	(68,615,299)	-
Loss for the period	(60,858,631)	(68,615,299)
Total reserve and surplus	(129,473,930)	(68,615,299)

5. Provisions

	(Amount in Rs.)			
	As at March 31, 2015		As at March 31, 2014	
	Long Term	Short Term	Long Term	Short Term
Provision for gratuity (note 24)	350,538	436	274,222	2,965
Provision for leave benefits	-	433,942	-	479,619
Provision for post employment medical benefit (note.24)	711,086	-	146,493	256,213
	1,061,624	434,378	420,715	738,797

8. Fixed Assets

	(Amount in Rs.)						
	Plant & Equipment	Computer & Peripherals	Furniture & Fixtures	Leasehold Improvements	Electric Installations & Equipment	Vehicles	Total
Tangible assets							
Cost							
As at 22nd April, 2014	-	-	-	-	-	-	-
Additions	446,849	397,608	1,208,415			3,975,200	6,028,072
As on 31st March, 2014	446,849	397,608	1,208,415	-	-	3,975,200	6,028,072
Additions	7,412,793	2,307,083	2,173,220	14,119,142	8,412,377	5,153,719	39,578,334
Deletions						2,498,245	2,498,245
As on 31st March, 2015	7,859,642	2,704,691	3,381,635	14,119,142	8,412,377	6,630,674	43,108,161
Depreciation							
As at 22nd April, 2014	-	-	-	-	-	-	-
Charge for the year	5,350	11,891	30,897			127,943	176,081
As on 31st March, 2014	5,350	11,891	30,897	-	-	127,943	176,081
Charge for the year	903,361	501,478	195,160	469,542	262,743	958,333	3,290,617
Disposals						550,269	550,269
As on 31st March, 2015	908,711	513,369	226,057	469,542	262,743	536,007	2,916,429
Net Block as on March 31, 2014	441,499	385,717	1,177,518	-	-	3,847,257	5,851,991
Net Block as on March 31, 2015	6,950,931	2,191,322	3,155,578	13,649,600	8,149,634	6,094,667	40,191,732

Notes :

* Vehicles includes car having gross book value of Rs. 14,76,955 (March 31, 2014 : Rs 14,76,955) pending registration in the name of the Company.

6. Trade payables

	(Amount in Rs.)	
	Current As at March 31, 2015	Current As at March 31, 2014
Trade payables other than micro and small enterprises*	16,871,989	8,195,181
	16,871,989	8,195,181

*** Details of dues to Micro and Small Enterprises as per Micro, Small and Medium Enterprises Development (MSMED) Act, 2006**

As per the MSMED Act, the company is required to identify Micro and Small suppliers and pay them interest on overdue amount beyond the specified period irrespective of the terms agreed with the suppliers. None of the creditors have confirmed the applicability of the MSMED Act on them. Hence, the liability of the interest and disclosure are not required to be disclosed in the financial statements.

7. Other liabilities

	(Amount in Rs.)			
	As at March 31, 2015		As at March 31, 2014	
	Non Current	Current	Non Current	Current
Capital creditors	-	9,611,289	-	77,754
Statutory dues	-	993,834	-	1,656,534
Lease equalisation reserve	1,269,882	-	356,243	-
	1,269,882	10,605,123	356,243	1,734,288

9. Loans and advances

Particulars	As at March 31, 2015		As at March 31, 2014	
	Non Current	Current	Non Current	Current
Security deposit				
Unsecured, considered good	80,500	–	500	–
	<u>80,500</u>	<u>–</u>	<u>500</u>	<u>–</u>
Loan and advances to related parties				
Unsecured, considered good				
Advance recoverable in cash or kind				128,927
Security Deposit	3,905,708	–	1,229,374	–
	<u>3,905,708</u>	<u>–</u>	<u>1,229,374</u>	<u>128,927</u>
Advance recoverable in cash or kind				
Unsecured, considered good	–	174,073	–	37,603
	<u>–</u>	<u>174,073</u>	<u>–</u>	<u>37,603</u>
Other loan and advances				
Unsecured, considered good				
Balances with statutory/government authorities	4,834,315	–	1,301,811	–
Prepaid expenses	–	410,961	–	94,151
Tax deducted at source	–	85,016	–	–
Loans to employees	–	5,000	–	3,437
	<u>4,834,315</u>	<u>500,977</u>	<u>–</u>	<u>1,399,399</u>
	<u>8,820,523</u>	<u>675,050</u>	<u>1,229,874</u>	<u>1,565,929</u>

10 Cash and bank balances

Particulars	As at March 31, 2015		As at March 31, 2014	
	Non Current	Current	Non Current	Current
Balance with bank				
- On current account	–	4,959,455	–	12,533,050
	<u>–</u>	<u>4,959,455</u>	<u>–</u>	<u>12,533,050</u>
Other bank balances				
- Under lien	608,750	–	608,750	835,000
- Under margin money deposits	30,128,600	–	–	–
- Amount disclosed under non current assets	(30,737,350)	–	(608,750)	–
	<u>–</u>	<u>–</u>	<u>–</u>	<u>835,000</u>
	<u>–</u>	<u>4,959,455</u>	<u>–</u>	<u>13,368,050</u>

Bank balances under lien given as security and margin money deposits

- Rs. 4,00,000 (March 31, 2014: Rs. 400,000) given to sales tax authority.
- Rs. 2,08,750 (March 31, 2014: Rs. 208,750) deposited with excise and customs.
- Rs. 3,01,28,600 (March 31, 2014 : Rs. Nil) given to Banks as margin money for Bank Guarantee
- Rs. Nil (March 31, 2014 : Rs. 8,35,000 given to customs authority)

11. Other assets

Particulars	As at March 31, 2015		As at March 31, 2014	
	Non Current	Current	Non Current	Current
Other bank balances	30,737,350	–	608,750	–
Interest accrued on deposits	749,801	–	–	39,556
	<u>31,487,151</u>	<u>–</u>	<u>608,750</u>	<u>39,556</u>

12 Trade receivables

Particulars	Current As at	
	March 31, 2015	March 31, 2014
Outstanding for period exceeding six months from the date they were due for payment		
Unsecured, considered good	–	–
Other receivable		
Unsecured, considered good (note 18)	5,576,769	–
	<u>5,576,769</u>	<u>–</u>

13 Revenue from operations (gross)

Particulars	(Amount in Rs.)	
	For the year ended March 31, 2015	For the period April 22, 2013 to March 31, 2014
Revenue from job-work services (gross)	15,316,819	–
	<u>15,316,819</u>	<u>–</u>

14 Other income

Interest income on bank deposit	858,196	41,676
Gain on foreign exchange fluctuation	258,730	–
	<u>1,116,926</u>	<u>41,676</u>

15 Employee benefit expenses

Salaries wages and bonus	24,275,571	32,344,624
Contribution to provident and other funds	1,040,360	414,350
Gratuity expense (note 24)	73,787	277,187
Post employment medical benefit (note 24)	308,380	402,706
Staff welfare expenses	1,292,795	474,935
	<u>26,990,893</u>	<u>33,913,802</u>

16 Other expenses

Shared service charges	11,319,096	9,035,794
Travelling and conveyance	4,432,771	7,843,584
Rent	14,853,104	7,455,444
Rates and taxes	2,580,298	2,796,811
Recruitment	–	688,211
Legal and professional	3,050,028	1,566,974
Sales promotion	3,176,197	3,142,809
Insurance	316,023	408,257
Printing and stationery	246,579	176,716
Telecommunication cost	295,362	493,785
Power and fuel	1,854,132	215,751
Repairs and maintenance		
- Others	847,842	337,533
Watch and ward	882,823	164,478
Freight outward	1,155,286	–
Loss on sale of assets	917,077	–
Foreign exchange loss	–	15,610
Bank charges	394,136	46,395
Miscellaneous expenses	690,112	178,940
	<u>47,010,866</u>	<u>34,567,092</u>

Payment to auditor (included in legal and professional fees)

As auditor		
Audit fee	775,000	450,000
Tax audit fee	100,000	100,000
In Other capacity		
Taxation matters	50,000	–
Reimbursement of expenses	24,583	–
	<u>949,583</u>	<u>550,000</u>

17 Segment Information

As the Company's business activities primarily falls within in a single business and geographical segment, there are no additional disclosures to be provided in terms of Accounting Standard 17 on "Segment Reporting".

18 Related party disclosure

A) Name of related parties where control exists irrespective of whether transactions have occurred or not:

Ultimate Holding Company	Mahindra & Mahindra Limited (M&M)
Holding company	Mahindra Defence Systems Limited (MDSL)
Joint venture partner	Telephonics Corporation (TC)

B) Related parties under AS-18 with whom transactions have taken place during the year:

Fellow Subsidiary	Defence Land Systems India Limited (DLSI) Mahindra Integrated Business Solutions Pvt. Ltd. (MIBL)
Key management personnel	Mr. HJ Kamath (w.e.f September 01, 2013 to November 04, 2014) Mr. Jayantaraj Chatterjee (w.e.f February 02, 2015)

C) Details of transactions with above related parties:

For the year ended March 31,2015

(Amount in Rs.)

Particulars	MDSL	M&M	DLSI	TC	MIBL	Key Managerial personnel	Total
Issue of share capital *	111,000,000	-	-	39,000,000	-	-	150,000,000
Purchase of fixed assets	-	2,710,984	-	-	-	-	2,710,984
Security deposit paid	-	-	2,676,334	-	-	-	2,676,334
							-
Sales	-	-	-	15,316,819	-	-	15,316,819
Rent **	-	-	11,787,429	1,915,303	-	-	13,702,732
Shared service charges **	10,526,559	693,442	-	-	99,095	-	11,319,096
Power and fuel	-	-	1,514,883	-	-	-	1,514,883
Travelling expenses **	-	75,600	-	-	-	-	75,600
Miscellaneous expenses	-	-	27,611	-	-	-	27,611
Salary wages and bonus	-	-	-	-	-	4,149,553	4,149,553
Total	121,526,559	3,480,026	16,006,257	56,232,122	99,095	4,149,553	201,493,612

* Includes Rs. 2,21,99, 970 for MDS and Rs. 76,34,255 for TC issued out of Application money outstanding as on 31st March, 2014

** net of service tax amount

For the year ended March 31, 2014

(Amount in Rs.)

Particulars	MDSL	M&M	DLSI	TC	MIBL	Key Managerial personnel	Total
Issue of share capital	37,000,000	-	-	13,000,000	-	-	50,000,000
Share application money received	22,199,970	-	-	7,634,255	-	-	29,834,225
Purchase of fixed assets	1,713,195	-	-	-	-	-	1,713,195
Security deposit paid	-	-	1,067,760	161,614	-	-	1,229,374
							-
Rent	2,337,500	1,289,274	2,933,402	539,148	-	-	7,099,324
Shared service charges	9,025,300	-	-	-	-	-	9,025,300
Power and fuel	-	-	220,751	-	-	-	220,751
Travelling expenses	2,539,744	-	-	3,580,328	-	-	6,120,072
Sales promotion	1,280,617	-	-	976,078	-	-	2,256,695
Telecommunication cost	267,571	-	-	-	-	-	267,571
Recruitment	688,211	-	-	-	-	-	688,211
Miscellaneous expenses	132,532	-	-	-	-	-	132,532
Salary wages and bonus	19,447,969	-	-	-	-	3,170,000	22,617,969
Total	96,632,609	1,289,274	4,221,913	25,891,423	-	3,170,000	131,205,219

D) Balance outstanding at the year end

	As at March 31, 2015		As at March 31, 2014	
	Receivable	Payable	Receivable	Payable
M&M	-	727,292	128,927	-
MDSL	-	3,434,022	-	-
MIBL	-	9,212	-	-
TC	5,576,769	652,187	-	2,435,841
DLSI	-	4,263,467	-	692,244

19 Earnings per share

The following table reflects the loss and share data used in basic and diluted EPS Computation

	(Amount in Rs.)	
	For the year ended March 31, 2015	For the period ended March 31, 2014
Basic EPS		
Profit/(loss) after tax	(60,858,631)	(68,615,299)
Weighted average number of equity shares outstanding during the year	13,419,178	2,913,517
Basic Earnings Per Share (Rs.)	(4.54)	(23.55)

Dilutive EPS

Equivalent weighted average number of equity shares in respect of Share application money received	-	2,983,422
--	---	-----------

Weighted average number of equity shares outstanding during the year for dilutive earnings per share (Nos.)	13,419,178	5,896,940
---	------------	-----------

Diluted Earnings Per Share (Rs.)	(4.54)	(11.64)
---	---------------	----------------

The conversion effect of potential equity shares are anti-dilutive in nature, hence the effect of potential equity shares are ignored in calculating dilutive earnings per share.

20 Deferred Tax Asset/(Liability)

The company follows Accounting Standard (AS 22) "Accounting for Taxes on Income" as notified by Companies Accounting Standard Rules, 2006. Due to losses, the company has deferred tax asset with loss and unabsorbed depreciation as a major component. However, deferred tax asset has been recognised only to the extent of deferred tax liability since there is no convincing evidence which demonstrates virtual certainty of realization of such deferred tax asset in the near future accordingly company has prudently decided not to recognise deferred tax asset on such timing differences.

21 Expenditure in foreign currency (accrual basis)

	(Amount in Rs.)	
	For the year ended March 31, 2015	For the year ended March 31, 2014
Lease Rental	1,915,303	539,148
Advertisement, publicity and sales promotion	-	976,078
Travelling expenses	1,482,022	3,580,328
	3,397,325	5,095,554

22 Earnings in foreign currency (accrual basis)

Sale of services	15,316,819	-
	15,316,819	-

23 Particulars of unhedged foreign currency

	As at March 31, 2015		As at March 31, 2014	
	Foreign Currency	INR	Foreign Currency	INR
Import creditors (USD)	34,885	2,183,483	40,557	2,435,841
	34,885	2,183,483	40,557	2,435,841
Export Receivables (USD)	89,100	5,576,769	-	-
	89,100	5,576,769	-	-

Closing rates are as under

(1 USD =)	62.59	60.06
-----------	-------	-------

24 Gratuity and other post employment benefit plans

The company operates two defined plans viz, gratuity and post employment medical benefits, for its employees. Under the gratuity plan every employee who has completed 5 years of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. Gratuity plan is not funded.

The company provides post retirement medical cover to selected grade of employees for grade L5 and above to cover the retiring employee and their spouse upto a specified age through mediclaim policy on which the premium are paid by the company. The eligibility of the employee for the benefit as well as the amount of the medical cover purchase is determined by the grade of the employee at the time of retirement.

Statement of profit and loss

Net employee benefit expenses recognised in employee cost.

	Unfunded		Unfunded	
	Gratuity		Post Retirement Medical Benefit	
	For the period April 1, 2014 to March 31, 2015	For the period April 22, 2013 to March 31, 2014	For the period April 1, 2014 to March 31, 2015	For the period April 22, 2013 to March 31, 2014
Current Service Cost	290,163	277,187	624,272	402,706
Interest cost on benefit obligation	22,175	-	32,216	-
Expected return on plan assets	-	-	-	-
Net actuarial (gain)/loss recognised in the year	(238,551)	-	(348,108)	-
Past service cost	-	-	-	-
Net benefit expense	73,787	277,187	308,380	402,706
Actual return on plan assets	-	-	-	-

	Unfunded		Unfunded	
	Gratuity		Post Retirement Medical Benefit	
	For the period April 1, 2014 to March 31, 2015	For the period April 22, 2013 to March 31, 2014	For the period April 1, 2014 to March 31, 2015	For the period April 22, 2013 to March 31, 2014
Balance Sheet				
Benefit asset/liability	(350,974)	(277,187)	(711,086)	(402,706)
Defined benefit obligation	-	-	-	-
Fair value of plan assets	-	-	-	-
Funded status	(350,974)	(277,187)	(711,086)	(402,706)
Less: unrecognised past service cost	-	-	-	-
Plan assets/(liability)	(350,974)	(277,187)	(711,086)	(402,706)
Changes in the present value of the defined benefit obligation are as follows:				
Opening defined benefit obligation	277,187	-	402,706	-
Interest cost	22,175	-	32,216	-
Current service cost	290,163	277,187	624,272	402,706
Benefits paid	-	-	-	-
Actuarial (gains)/losses on obligations	(238,551)	-	(348,108)	-
Closing defined benefit obligations	350,974	277,187	711,086	402,706

The Principal assumption used in determining benefit obligations for the Company's plans are shown below:

Discount rate	8%	9%	8%	9%
Retirement age	60	60	60	60
Employee turnover:				
- Age 18 - 30 Years	3%	3%	3%	3%
- Age 30 - 45 Years	2%	2%	2%	2%
- Above 45 Years	1%	1%	1%	1%

The estimates of future salary increases considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

Amounts for current year and previous years are as follows:

	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
Defined benefit obligation	(350,974)	(277,187)	(711,086)	(402,706)
Plan Assets	-	-	-	-
Surplus/(Deficit)	(350,974)	(277,187)	(711,086)	(402,706)
Experience adjustments (gain)/loss on plan liabilities	(238,551)	-	(348,108)	-
Experience adjustments (gain)/loss on plan assets	-	-	-	-

25. Contingent Liabilities not provided for

	(Amount in Rs.)	
	As at March 31, 2015	As at March 31, 2014
A) Obligation arising from import of capital equipment at concessional rate of duty during the year under export promotion capital goods scheme	7,755,668	4,717,798
B) Obligation arising from import of raw materials at concessional rate of duty during the year under advance authorisation scheme	460,666	185,450
Total	8,216,334	4,903,248

Export obligation undertaken by the company for import of capital equipment and raw materials under Export Promotion Capital Goods Scheme and Advance Authorisation Scheme respectively of the Central Government at concessional or zero rate of customs duty are in the opinion of the management expected to be fulfilled within respective timelines

26 Operating lease: company as lessee

The company has entered into operating lease agreement for factory space and capital equipments, rent paid is:

	Amount (Rs)
For Financial Year 2014-15	14,853,104
For Financial Year 2013-14	7,455,444

Future minimum rentals payable under non cancellable operating lease are as follows:

	(Amount in Rs.)	
	As at March 31, 2015	As at March 31, 2014
Within one year	11,428,423	6,328,053
After one year but not more than five years	37,012,937	17,054,737
Total	48,441,360	23,382,790

27 Previous period figures

Previous year figures have been regrouped/reclassified, where necessary, to conform to this year's classification.

As per our report of even date
For S.V. Ghatalia & Associates LLP
 Chartered Accountants
 ICAI Firm registration number: 103162W

per Anil Goel
 Partner
 Membership no.: 90611

Place : Gurgaon
 Date : 19th May, 2015

For and on behalf of Board of Directors
Mahindra Telephonics Integrated Systems Limited

S P Shukla **Joseph J. Battaglia** **Rajesh Parte**
 (Director) (Director) (Company Secretary)

JayantaraJ Chatterjee **Arun Gupta**
 (CEO) (CFO)

Place : Mumbai
 Date : 19th May, 2015

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors present their Third Report along with the Audited Accounts of your Company for Financial Year ended 31st March, 2015.

Financial Highlights and State of Company's Affairs

Particulars	(Rupees in Lakhs)	
	For the year ended 31 st March, 2015	For the year ended 31 st March, 2014
Gross Income	1064.31	1129.43
Less: Excise Duty	83.52	66.56
Net Income	980.79	1062.87
Profit Before taxation, Depreciation and Amortisation	101.60	152.45
Less: Depreciation/Amortisation	38.87	30.73
Profit/(Loss)before taxation	62.73	121.72
Provision for taxation for the year	9.36	24.98
Profit/(Loss) for the year after taxation	53.37	96.74
Balance of Profit/(Loss) from earlier years	101.20	4.46
Less: Depreciation on transition to Schedule II of the Companies Act, 2013	3.44	0.00
Balance carried forward	151.13	101.20
Net Worth	1654.26	1604.33

No material changes and commitments have occurred between the closure of financial year to which the financial statements relate and the date of this report which would affect the financial position of the Company.

Operations

The Financial Year (FY) 2014-15 was very difficult for your Company due to delay in inspection, tenders not opened and productions on hold by customer etc. Nonetheless, with the expectation of overcoming of above difficulties in FY 2015-16 and new business opportunities, your Company expects a growing business ahead.

The Company has completed some new projects this year which includes Single Tube Launcher, Pinaka War Head, Magazine Box Assembly, Canopy, Temperature & Humidity Monitoring System and Recoil System for 155 mm Gun. Arch Chamber Housing continues to be a product of the Company this year also.

Despite of above difficulties, your Company has achieved a net income of Rs. 980.79 Lakhs and Profit after Tax of Rs. 53.37 Lakhs.

During the year under review, your Company has achieved a certification of 'AS9100C and ISO 9001:2008. With this achievement, your Company can enter into aerospace/aviation business also.

Your Company is geared up for entering into the following new areas/projects:

- (a) New Torpedo Defence Systems (NTDS);
- (b) Integrated ASW Defence Suite (IADS);

- (c) Torpedoes CET65;
- (d) Rafael SEWS; &
- (e) Integrated Platform Management System (IPMS).

Dividend

In view of further capital investment plans, your Directors do not recommend any dividend for the year under review.

Share Capital

During the year under review, the authorised share capital of your Company stood at Rs. 25 Crores. The issued and paid up share capital of the Company is Rs. 15.03 Crores comprising of 1,50,31,330 Equity Shares of the face value of Rs. 10/- each.

Board of Directors

Mr. Narayan Shankar (DIN: 00109111) and Mr. S. P. Shukla (DIN: 00007418), Directors, retire by rotation and, being eligible, offer themselves for re-appointment at the forthcoming Annual General Meeting.

Rear Admiral Sanjiv Kapoor (Retd.) (DIN: 07138582) and Dr. Devi Singh (DIN: 00015681) were appointed as the Independent Additional Directors w.e.f. 31st March, 2015 as per the provisions of section 149 and 161 of the Companies Act, 2013 for the period of 1 (One) year. Both the Directors have vast experience and knowledge which is expected to be of immense benefit to the Company.

The Company has received a notice from the Member under section 160 of the Companies Act, 2013, signifying his intention to propose Rear Admiral Sanjiv Kapoor (Retd.) and Dr. Devi Singh as candidates for the office of Director at the forthcoming Annual General Meeting of the Company.

The Company has received the declarations from Rear Admiral Sanjiv Kapoor (Retd.) and Dr. Devi Singh, the Independent Directors, to the effect that they meet the criteria of independence as provided in sub section 6 of Section 149 of the Companies Act, 2013.

Number of Meetings

Your Board of Directors met Four times during the year under review i.e. on 28th May, 2014, 17th September, 2014, 4th December, 2014 and 17th February, 2015.

Directors' Responsibility Statement

Pursuant to section 134(5) of the Companies Act, 2013, your Directors, based on the representation received, and after due enquiry, confirm that:

- i) in the preparation of the annual accounts, the applicable accounting standards have been followed;
- ii) they have, in the selection of the accounting policies, consulted the Statutory Auditors and these have been applied consistently and reasonable and prudent judgments and estimates have been made so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2015 and of the Profit of the Company for the year ended on that date;
- iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) the annual accounts have been prepared on a going concern basis; and
- v) proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Key Managerial Personnel

During the year under review, Mr. Govind Agarwal resigned as a Company Secretary of the Company w.e.f. 16th February, 2015 and Ms. Divya Nair was appointed as a Company Secretary w.e.f. 17th February, 2015 in accordance with the provisions of Section 203 of the Companies Act, 2013 (the Act). Further, Mr. Saurabh Gupta was appointed as the Chief Financial Officer of the Company w.e.f. 1st April, 2014 in accordance with the provisions of Section 203 of the Act.

Committees of the Board

(A) Nomination and Remuneration Committee

The Nomination and Remuneration Committee was reconstituted by the Board by passing a circular resolution

on 31st March, 2015 consequent to the appointment of Rear Admiral Sanjiv Kapoor (Retd.) and Dr. Devi Singh as Independent Directors.

The Nomination and Remuneration Committee consists of following members:

Rear Admiral Sanjiv Kapoor (Retd.), Chairman
Mr. S. P. Shukla
Dr. Devi Singh.

The Committee met twice during the year under review i.e. on 17th September, 2014 and 17th February, 2015. The Committee carried out evaluation of every director's performance.

(B) Audit Committee

The Audit Committee was reconstituted by the Board by passing a circular resolution on 31st March, 2015 consequent to the appointment of Rear Admiral Sanjiv Kapoor (Retd.) and Dr. Devi Singh as the Independent Directors.

The Audit Committee consists of following members:

Dr. Devi Singh, Chairman
Rear Admiral Sanjiv Kapoor (Retd.)
Mr. Mukul Verma.

The Committee met once during the year i.e. on 28th May, 2014 and complied with the terms of reference assigned to the Committee.

Policy for Remuneration of Directors, Key Managerial Personnel and Other Employees and Criteria for Appointment/Removal of Directors and Senior Management Personnel

In line with the principles of transparency and consistency and upon recommendation of the Nomination and Remuneration Committee, your Board has approved:

- Policy on the appointment/removal of directors and senior management personnel, together with the criteria for determination qualifications, positive attributes and independence of directors
- Policy on the remuneration of directors, key managerial personnel and other employees.

These policies are provided as Annexure I and form part of this Report.

Risk Management Policy

Your Company has formulated Risk Management Policy including therein the elements of risks which in the opinion of Board may threaten the existence of the Company.

Your Board is hopeful that the implementation of the policy will be helpful to the Company in avoiding the risks and enabling the Company to manage the same, if confronted with.

Policy on Prevention of Sexual Harassment

During the year under review, no complaints were received under the Sexual Harassment of Women at work place (Prevention, Prohibition and Redressal) Act, 2013.

Corporate Social Responsibility (CSR)

Provisions relating to CSR enumerated under Section 135 of the Companies Act, 2013 are not applicable to your Company and accordingly, your Company does not have a CSR policy.

Auditors

Messrs. Deloitte Haskins & Sells, Chartered Accountants, (ICAI registration Number 117365W) retire as Auditors of your Company at the forthcoming Annual General Meeting (AGM) and have given their written consent for re-appointment. The members are requested to appoint Auditors for a period of 5 (five) years to hold the office from the conclusion of the 3rd (Third) AGM till the conclusion of the 8 (Eighth) AGM and fix their remuneration.

The Auditors' Report does not contain any qualification, remuneration or adverse remark.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The particulars relating to the Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo, as required under section 134(3)(m) of the Companies Act, 2013 read with the Companies Rule 8(3) of the Companies (Accounts) Rules, 2014, are given as Annexure II to this Report.

Particulars of Employees as required under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Being unlisted company, provisions of Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable to your Company.

Particulars of public deposits, loans, guarantees or investments

Your Company has not accepted any deposits covered under Chapter V of the Companies Act, 2013, from the public, or its employees, during the year.

Your company has not given any loans/guarantee or provided any security pursuant to section 186 of the Companies Act, 2013. Particulars of investments made pursuant to above section are given in annexure III to the Report.

Your Company has not made any loans/advances which are required to be disclosed in the annual accounts of the Company pursuant to Clause 32 of the Listing Agreement between the parent Company, Mahindra and Mahindra Limited and stock exchanges.

Particulars of Transactions with Related Parties

There are no material contracts or arrangements entered with related parties pursuant to section 188(1) of the Companies Act, 2013.

Extract of Annual Return

Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return as on 31st March, 2015 in Form MGT-9 is attached herewith as Annexure IV and forms part of this Report.

Internal Financial Controls

Pursuant to Rule 8 of the companies (Accounts) Rules, 2014 based on the representation received and after due enquiry your Directors confirm that they have laid down internal financial controls with reference to the Financial Statements and these controls are adequate.

General

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions/events on these items during the year under review:

- 1 Issue of equity shares with differential rights as to dividend, voting or otherwise.
- 2 No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and the Company's operations in future.
- 3 There were no shares having voting rights not exercised directly by the employees and for the purchase of which or subscription to which loan was given by the Company.

Acknowledgements

Your Directors are pleased to take this opportunity to thank the bankers, customers, vendors, all the other stakeholders for their co-operation to the Company during the year under review.

For and on behalf of the Board

S. P. Shukla **Mukul Verma**
 Director Director
 (DIN: 00007418) (DIN: 02428217)

Mumbai, 18th May, 2015

ANNEXURE I TO THE DIRECTORS' REPORT

I POLICY FOR REMUNERATION OF THE DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES

Purpose

This Policy sets out the approach to Compensation of Directors, Key Managerial Personnel and other employees in Mahindra Defence Naval Systems Private Limited.

Policy Statement

We have a well-defined Compensation policy for Directors, Key Managerial Personnel and all employees, including the Chairman, Presidents and other Members of the Group Executive Board who are employees of the Company. The overall compensation philosophy which guides us is that in order to achieve global leadership and dominance in domestic markets, we need to attract and retain high performers by compensating them at levels that are broadly comparable with the median of the comparator basket while differentiating people on the basis of performance, potential and criticality for achieving competitive advantage in the business.

In order to effectively implement this, we have built our Compensation structure by a regular annual benchmarking over the years with relevant players across the industry we operate in.

NON-EXECUTIVE INCLUDING INDEPENDENT DIRECTORS:

The Nomination and Remuneration Committee (NRC) shall decide the basis for determining the compensation, both Fixed and variable, to the Non Executive Directors, including Independent Directors, whether as commission or otherwise. The NRC shall take into consideration various factors such as director's participation in Board and Committee meetings during the year, other responsibilities undertaken, such as membership or Chairmanship of committees, time spent in carrying out their duties, role and functions as envisaged in Schedule IV of the Companies Act 2013 and Clause 49 of the Listing Agreement with Stock Exchanges (where applicable) and such other factors as the NRC may consider deem fit for determining the compensation. The Board shall determine the compensation to Non-Executive Directors within the overall limits specified in the Shareholders resolution.

Executive Directors:

The remuneration to Chairman & Managing Director and Executive Director(s) shall be recommended by NRC to the Board. The remuneration consists of both fixed compensation and variable compensation and shall be paid as salary, commission, performance bonus, stock options (where applicable), perquisites and fringe benefits as approved by the Board and within the overall limits specified in the Shareholders resolution. While the fixed compensation is determined at the time of their appointment, the variable compensation will be determined annually by the NRC based on their performance.

Key Managerial Personnel (KMPs)

The terms of remuneration of Chief Financial Officer (CFO) shall be determined by the NRC from time to time. The terms of remuneration of the Company Secretary shall be finalised/ revised either by any Director or such other person as may be authorised by the Board from time to time. The remuneration shall be consistent with the competitive position of the salary for similar positions in the industry and their Qualifications, Experience, Roles and Responsibilities. Pursuant to the provisions of section 203 of the Companies Act 2013 the Board shall approve the remuneration at the time of their appointment.

The remuneration to directors, KMPs and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

Employees

We follow a differential approach in choosing the comparator basket for benchmarking, depending upon the level in the organization:

- a. For all employees from Operational to Executive Band, we benchmark with a set of comparators from the same industry.
- b. For Strategic band and above, we have a position-based approach and the comparator basket includes benchmarks from across relevant industries.

We have a CTC (Cost to Company) concept which includes a fixed component (Guaranteed Pay) and a variable component (Performance pay). The percentage of the variable component increases with increasing hierarchy levels, as we believe employees at higher positions have a far greater impact and influence on the overall business result. The CTC is reviewed once every year and the compensation strategy for positioning of individuals takes into consideration the following elements:

- Performance
- Potential
- Criticality
- Longevity in grade

Remuneration for the new employees other than KMPs and Senior Management Personnel will be decided by the HR, in consultation with the concerned business unit head at the time of hiring, depending upon the relevant job experience, last compensation and the skill-set of the selected candidate.

The Company may also grant Stock Options to the Employees and Directors (other than Independent Directors and Promoter) in accordance with the ESOP Scheme of the Company and subject to the compliance of the applicable statutes and regulations.

II. POLICY ON APPOINTMENT OF DIRECTORS AND SENIOR MANAGEMENT AND SUCCESSION PLANNING FOR ORDERLY SUCCESSION TO THE BOARD AND THE SENIOR MANAGEMENT

DEFINITIONS

The definitions of some of the key terms used in this Policy are given below.

“**Board**” means Board of Directors of the Company.

“**Company**” means MAHINDRA DEFENCE NAVAL SYSTEMS PRIVATE LIMITED

“**Committee(s)**” means Committees of the Board for the time being in force.

“**Employee**” means employee of the Company whether employed in India or outside India including employees in the Senior Management Team of the Company.

“**HR**” means the Human Resource department of the Company.

“**Key Managerial Personnel**” (KMP) refers to key managerial personnel as defined under the Companies Act, 2013 and includes:

- i) Managing Director (MD), or Chief Executive Officer (CEO); or Manager; or Whole time Director (WTD)
- ii) Chief Financial Officer (CFO); and
- iii) Company Secretary (CS).

“**Nomination and Remuneration Committee**” (NRC) means Nomination and Remuneration Committee of Board of Directors of the Company for the time being in force.

“**Senior Management**” means personnel of the Company who are members of its Core Management Team excluding Board of Directors comprising of all members of management one level below the executive directors including the functional heads.

I. APPOINTMENT OF DIRECTORS

- The NRC reviews and assesses Board composition and recommends the appointment of new Directors. In evaluating the suitability of individual Board member, the NRC shall take into account the following criteria regarding qualifications, positive attributes and independence of director:
 1. All Board appointments will be based on merit, in the context of the skills, experience, independence and knowledge, for the Board as a whole to be effective.
 2. Ability of the candidates to devote sufficient time and attention to his professional obligations as Independent Director for informed and balanced decision making
 3. Adherence to the Code of Conduct and highest level of Corporate Governance in letter and in spirit by the Independent Directors

- Based on recommendation of the NRC, the Board will evaluate the candidate(s) and decide on the selection of the appropriate member. The Board through the Chairman & Managing Director will interact with the new member to obtain his/her consent for joining the Board. Upon receipt of the consent, the new Director will be co-opted by the Board in accordance with the applicable provisions of the Companies Act 2013 and Rules made thereunder.

REMOVAL OF DIRECTORS

If a Director is attracted with any disqualification as mentioned in any of the applicable Act, rules and regulations thereunder or due to non - adherence to the applicable policies of the company, the NRC may recommend to the Board with reasons recorded in writing, removal of a Director subject to the compliance of the applicable statutory provisions.

SENIOR MANAGEMENT PERSONNEL

The NRC shall identify persons who are qualified to become directors and who may be appointed in senior management team in accordance with the criteria laid down above.

Senior Management personnel are appointed or promoted and removed/relieved with the authority of Chairman & Managing Director based on the business need and the suitability of the candidate. The details of the appointment made and the personnel removed one level below the Key Managerial Personnel during a quarter shall be presented to the Board.

II. SUCCESSION PLANNING:

Purpose

The Talent Management Policy sets out the approach to the development and management of talent in the Mahindra Group to ensure the implementation of the strategic business plans of the Group and the Group Aspiration of being among the Top 50 globally most-admired brands by 2021.

Board:

The successors for the Independent Directors shall be identified by the NRC at least one quarter before expiry of the scheduled term. In case of separation of Independent Directors due to resignation or otherwise, successor will be appointed at the earliest but not later than the immediate next Board meeting or three months from the date of such vacancy, whichever is later.

The successors for the Executive Director(s) shall be identified by the NRC from among the Senior Management or through external source as the Board may deem fit.

The NRC will accord due consideration for the expertise and other criteria required for the successor.

The Board may also decide not to fill the vacancy caused at its discretion.

Senior Management Personnel:

A good succession-planning program aims to identify high growth individuals, train them and feed the pipelines with new talent. It will ensure replacements for key job incumbents in KMPs and senior management positions in the organization.

Significantly, we have a process of identifying Hi-pots and critical positions. Successors are mapped for these positions at the following levels:

1. Emergency successor
2. Ready now
3. Ready in 1 to 2 years
4. Ready in 2 to 5 years
5. Ready in more than 5 years

in order to ensure talent readiness as per a laddered approach.

Policy Statement

The Talent Management framework of the Mahindra Group has been created to address three basic issues:

1. Given the strategic business plans, do we have the skills and competencies required to implement them? If not, how do we create them – by developing them internally or through lateral induction from outside?
2. For critical positions, what is the succession pipeline?
3. What are the individual development plans for individuals both in the succession pipeline as well as others?

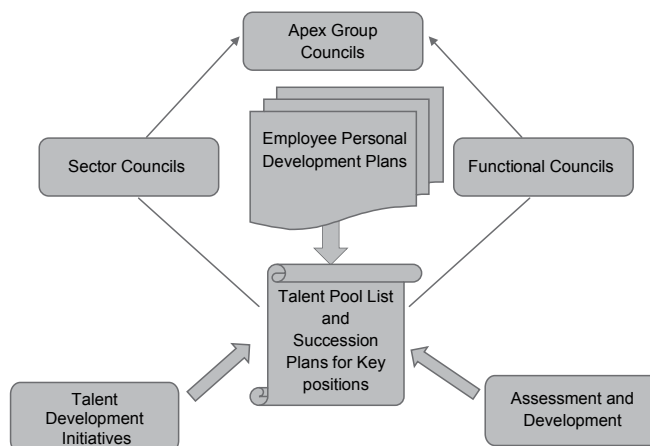
The framework lays down an architecture and processes to address these questions using the 3E approach :

- a) **Experience** i.e. both long and short-term assignments. This has 70% weightage
- b) **Exposure** i.e. coaching and mentoring – 20% weightage
- c) **Education** i.e. learning and development initiatives – 10% weightage

The Talent Management process is applicable to all employees. Over the years, the Talent Management framework has become a well-structured and process-oriented system which is driven by an interactive and

collaborative network of Talent Councils at the Group and Sector Levels. These Talent Councils, which consist mainly of Senior business leaders supported by HR, are a mix of Sector (Business) and Functional Councils coordinated by an Apex Talent Council, headed by the Group Chairman. The Apex Council reviews the work done by the Talent Councils and facilitates movement of talent across Sectors. The Sector/Functional Councils meet regularly throughout the year and the Apex Council interacts with each one of them separately once a year, and in addition conducts an integrated meeting where the Chairpersons of all the Councils are present.

The Talent Management process can be represented pictorially as under:



The talent pipeline is maintained and developed so as to ensure that there is a seamless flow of talent. An important part of this exercise is drawing up and implementing IDAPs (Individual Development Action Plans) for every Executive concerned using the 3E approach mentioned above.

For and on behalf of the Board

S. P. Shukla **Mukul Verma**
 Director Director
 (DIN: 00007418) (DIN: 02428217)

Mumbai, 18th May, 2015

ANNEXURE II TO THE DIRECTORS' REPORT

PARTICULARS AS PER THE COMPANIES (ACCOUNTS) RULES, 2014 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2015.

A. CONSERVATION OF ENERGY

- (a) the steps taken or impact on conservation of energy: **NIL**
- (b) the steps taken by the company for utilizing alternate sources of energy: **NIL**
- (c) the capital investment on energy conservation equipments: **NIL**

B. TECHNOLOGY ABSORPTION

- i) the efforts made towards technology absorption: **NIL**
- ii) the benefits derived like product improvement, cost reduction, product development or import substitution: **NIL**
- iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year) –
 - (a) the details of technology imported: **NIL**
 - (b) the year of import: **NIL**
 - (c) whether the technology been fully absorbed: **NIL**
 - (d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof: **NIL**
- iv) the expenditure incurred on Research and Development : **NIL**

C. FOREIGN EXCHANGE EARNINGS AND OUTGO: (in terms of actual inflow and outflow) - Rs. 11.94 Lakhs

For and on behalf of the Board

S. P. Shukla

Director

(DIN: 00007418)

Mukul Verma

Director

(DIN: 02428217)

Mumbai, 18th May, 2015

ANNEXURE III TO THE DIRECTORS' REPORT

Particulars of Investment made under Section 186 of the Companies Act, 2013

Details of Investments

Sr. No.	Date of Investment	Name of Investee	Amount (Rs.)
1	24/07/2014	Sundaram Mutual Fund	50,00,000
	–	Dividend Reinvested	2,01,143
2	–	ICICI Mutual Fund* (Dividend Reinvested)	14,01,067
3	–	Taurus Mutual Fund* (Dividend Reinvested)	16,36,933
		Total	82,39,142

* Original investment made on 18th March, 2014.

For and on behalf of the Board

S. P. Shukla
Director
(DIN: 00007418)

Mukul Verma
Director
(DIN: 02428217)

Mumbai, 18th May, 2015

ANNEXURE IV TO THE DIRECTORS' REPORT**Form No. MGT-9****Extract of Annual Return****as on the financial year ended on 31st March, 2015**

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

1.	CIN	U75144MH2012PTC231267
2.	Registration Date	18 th May 2012
3.	Name of the Company	Mahindra Defence Naval Systems Private Limited
4.	Category/Sub-Category of the Company	Company Limited by Shares/Indian Non Government Company
5.	Address of Registered office and contact details	Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai 400018. Tel : 022-24905828
6.	Whether listed Company (Yes/No)	No
7.	Name, Address and Contact details of Registrar and Transfer Agent, if any	Sharepro Service India Private Limited 13 AB Samitha Warehousing Complex, 2 nd Floor, Saki Naka Telephone Exchange Lane, Sakinaka, Andheri East, Mumbai - 400072 Tel: 022-67720400/300 Email: sharepro@shareproservices.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sr. No	Name and Description of Main Product/Services	NIC - 2008 Code of the Product	% to total turnover of the Company.
1	Single Tube Launcher	252 2520 25200	26.83
2	Arch Chamber Housing	329 3290 32909	19.44
3	PF War Head	252 2520 25200	14.56
4	Magazine Box	252 2520 25200	11.10

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -

Sr. No	Name and Address of the Company	CIN/GIN	Holding/ Subsidiary of the Company	% of shares held	Applicable Section
1.	Mahindra Defence Systems Limited Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400 018	U75220MH2012PLC233889	Holding Company	100	2(46)
2.	Mahindra and Mahindra Limited Gateway Building, Apollo Bunder, Mumbai - 400 001	L65990MH1945PLC004558	Holding Company	-	2(46)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i. Category-wise Share Holding.

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1. Indian	-	-	-	-	-	-	-	-	-
a. Individual/HUF	-	-	-	-	-	-	-	-	-
b. Central Govt.	-	-	-	-	-	-	-	-	-
c. State Govt.	-	-	-	-	-	-	-	-	-
d. Bodies Corp.	1,50,31,229	1	1,50,31,330	100	1,50,31,229	1	1,50,31,330	100	-
e. Bank/Fl	-	-	-	-	-	-	-	-	-
f. Any Other	-	-	-	-	-	-	-	-	-
Sub-Total- A-(1)	1,50,31,229	1	1,50,31,330	100	1,50,31,229	1	1,50,31,330	100	-
2. Foreign	-	-	-	-	-	-	-	-	-
a. NRI-Individuals	-	-	-	-	-	-	-	-	-
b. Other Individuals	-	-	-	-	-	-	-	-	-
c. Body Corporate	-	-	-	-	-	-	-	-	-
d. Bank/Fl	-	-	-	-	-	-	-	-	-
e. Any Others	-	-	-	-	-	-	-	-	-
Sub Total- A (2)	-	-	-	-	-	-	-	-	-
Total Share Holder of Promoters (1+2)	1,50,31,229	1	1,50,31,330	100	1,50,31,229	1	1,50,31,330	100	-
B. Public Shareholding									
1. Institution	-	-	-	-	-	-	-	-	-
a. Mutual Funds	-	-	-	-	-	-	-	-	-
b. Bank/Fl	-	-	-	-	-	-	-	-	-
c. Cent. Govt.	-	-	-	-	-	-	-	-	-
d. State Govt.	-	-	-	-	-	-	-	-	-
e. Venture Capital	-	-	-	-	-	-	-	-	-
f. Insurance Co.	-	-	-	-	-	-	-	-	-
g. FIs	-	-	-	-	-	-	-	-	-
h. Foreign Portfolio Corporate	-	-	-	-	-	-	-	-	-
i. Foreign Venture Capital Fund	-	-	-	-	-	-	-	-	-
j. Others	-	-	-	-	-	-	-	-	-
Sub-Total-B (1)	-	-	-	-	-	-	-	-	-

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
2. Non-Institution	-	-	-	-	-	-	-	-	-
a. Body Corp.	-	-	-	-	-	-	-	-	-
b. Individual	-	-	-	-	-	-	-	-	-
i. Individual shareholders holding nominal share capital upto ₹ 1 lakh	-	-	-	-	-	-	-	-	-
ii. Individual shareholders holding nominal share capital in excess of ₹ 1Lakh	-	-	-	-	-	-	-	-	-
c. Others									
i. NRI (Rep)	-	-	-	-	-	-	-	-	-
ii. NRI (Non-Rep)	-	-	-	-	-	-	-	-	-
iii. Foreign	-	-	-	-	-	-	-	-	-
iv. OCB	-	-	-	-	-	-	-	-	-
v. Trust	-	-	-	-	-	-	-	-	-
vi. In Transit	-	-	-	-	-	-	-	-	-
Sub-Total-B (2)	-	-	-	-	-	-	-	-	-
Net Total (1+2)	-	-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs & ADRs									
Promoter and Promoter Group	-	-	-	-	-	-	-	-	-
Public	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	1,50,31,229	1	1,50,31,330	100	1,50,31,229	1	1,50,31,330	100	-

Note: There is no change in the number of shares held by the promoter companies.

ii. Shareholding of Promoters:

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	
1	Mahindra Defence systems Limited	1,50,31,329	100	0	1,50,31,329	100	0	0
2	Mahindra Defence Systems Limited Jointly with Mr. Narayan Shankar*	1	0	0	1	0	0	0
	Total	1,50,31,330	100	0	1,50,31,330	100	0	-

* Jointly held with Mahindra Defence Systems Limited for the purpose of compliance with statutory provisions of Companies Act with regard to minimum number of members.

iii. There is no change in the shareholding of the Promoter Group.

iv. Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	Top Ten Shareholders	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	–	–	–	–	–
2.	–	–	–	–	–
3.	–	–	–	–	–

v. Shareholding of Directors and Key Managerial Personnel:

Sr. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Shareholding at the end of the year	
	Name of the Director/KMP	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Mahindra Defence Systems Limited jointly with Mr. Narayan Shankar	1	0	1	0
2.	–	–	–	–	–
3.	–	–	–	–	–

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(₹ In Crores)

Particulars	Secured Loans Excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year 01.04.2014	N.A.	N.A.	N.A.	N.A.
1) Principal Amount				
2) Interest due but not paid				
3) Interest accrued but not due				
Total of (1 + 2 + 3)				
Change in Indebtedness during the financial year	N.A.	N.A.	N.A.	N.A.
+ Addition				
– Reduction				
Net change				
Indebtedness at the end of the financial year-31.03.2015	N.A.	N.A.	N.A.	N.A.
1) Principal Amount				
2) Interest due but not paid				
3) Interest accrued but not due				
Total of (1 + 2 + 3)	N.A.	N.A.	N.A.	N.A.

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-Time Directors and/or Manager:

Sr. No	Particulars of Remuneration	Name of MD/WTD/Manager	Total Amount (₹ In Lacs)
		Mr. Devendra Bhatnagar (‘Manager’ as per Companies Act)	
1.	Gross Salary		
	(i) Salary as per provisions contained in section 17(1) of the Income Tax Act	21.14	21.14
	Value of perquisites u/s 17(2) Income Tax Act, 1961	15.30	15.30
	(ii) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	–	–
2.	Stock Option	–	–
3.	Sweat Equity	–	–
4.	Commission – As % of Profit – Others, specify	–	–
5.	Others, please specify Provident Fund & other Funds	–	–

Sr. No	Particulars of Remuneration	Name of MD/WTD/Manager	Total Amount (₹ In Lacs)
	Performance Bonus	8.43	8.43
	Total (A)	44.87	44.87
	Ceiling as per the Act	As per Schedule V of the Act	

B. Remuneration of other directors:

I. Independent Directors:-

Particulars of Remuneration	Name of Directors					Total Amount (₹ In Lacs)
Fee for attending board committee meetings	–	–	–	–	–	–
Commission	–	–	–	–	–	–
Others	–	–	–	–	–	–
Total (1)	–	–	–	–	–	–

II. Other Non-Executive Directors :-

Other Non-Executive Directors							Total Amount (₹ In Lacs)
Fee for attending board committee meetings	–	–	–	–	–	–	–
Commission	–	–	–	–	–	–	–
Others	–	–	–	–	–	–	–
Total (2)	–	–	–	–	–	–	–
Total B = (1+2)							
Ceiling as per the Act	–						

C. Remuneration to Key Managerial Personnel Other Than MD/Manager/WTD

Sr. No	Particulars of Remuneration	Name of the KMP		Total Amount (₹ In Lacs)
		Mr. Saurabh Gupta (CFO)	Ms. Divya Nair (Company Secretary)	
1.	Gross Salary			
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act	-	-	-
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission – As % of Profit – Others, specify	-	-	-
5.	Others	1.37	1.12	2.49
	Performance Bonus	-	-	-
	Total (C)	1.37	1.12	2.49

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES (Under the Companies Act): NIL

	Type	Section of the Companies Act	Brief Description	Details of Penalty/Punishment/Compounding fees imposed	Authority (RD/NCLT/court)	Appeal made, if any (give details)
A. COMPANY						
Penalty	-	-	Not applicable	Not applicable	Not applicable	Not applicable
Punishment	-	-	Not applicable	Not applicable	Not applicable	Not applicable
Compounding	-	-	Not applicable	Not applicable	Not applicable	Not applicable
B. DIRECTORS						
Penalty	-	-	Not applicable	Not applicable	Not applicable	Not applicable
Punishment	-	-	Not applicable	Not applicable	Not applicable	Not applicable
Compounding	-	-	Not applicable	Not applicable	Not applicable	Not applicable
C. OTHER OFFICERS IN DEFAULT						
Penalty	-	-	Not applicable	Not applicable	Not applicable	Not applicable
Punishment	-	-	Not applicable	Not applicable	Not applicable	Not applicable
Compounding	-	-	Not applicable	Not applicable	Not applicable	Not applicable

For and on behalf of the Board

S. P. Shukla
Director
(DIN: 00007418)

Mukul Verma
Director
(DIN: 02428217)

Mumbai, 18th May, 2015

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF

MAHINDRA DEFENCE NAVAL SYSTEMS PRIVATE LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **MAHINDRA DEFENCE NAVAL SYSTEMS PRIVATE LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2015, and its profit and cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

- 1) As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
- 2) As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of the written representations received from the directors as on 31st March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164(2) of the Act.
 - (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The company has disclosed the information of pending litigations on its financial position in its financial statements – Refer Note 24 to the financial statements;
 - ii. The Company did not have any long-term contracts, including derivative contracts for which there were any material foreseeable losses;
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **DELOITTE HASKINS & SELLS**

*Chartered Accountants
(Firm Registration No. 117365W)*

Sunil S. Kothari

Partner

(Membership No. 208238)

Place: 18th May 2015

Date: Pune

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in Paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

(i) (i) Having regard to the nature of the Company's business/activities/results during the year, clauses (v), (vi), (viii), (ix) and (xi) of paragraph 3 of the Order are not applicable to the Company.

(ii) In respect of its fixed assets:

(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.

(iii) In respect of its inventories:

(a) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals.

(b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management were reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on the physical verification.

(iv) The company has not granted any loans, secured and unsecured, to companies, firms or other parties covered in the Register maintained under section 189 of the companies Act, 2013.

(v) In our opinion and according to the information and explanations given to us, having regard to the explanations that some of the items purchased are of special nature and suitable alternative sources are not readily available for obtaining comparable quotations, there is an adequate

internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and the sale of goods and services. During the course of our audit, we have not observed any major weakness in such internal control system.

(vi) According to the information and explanations given to us in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues applicable to it with the appropriate authorities. As explained to us, the provisions of Employees State Insurance Act, 1948 is not applicable to the Company for the year ended March 31, 2015.

(b) There were no undisputed amounts payable in respect of Provident Fund, Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess, and other material statutory dues in arrears as at March 31, 2015 for a period of more than six months from the date they became payable.

(c) Details of dues of Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax and Cess which have not been deposited as on March 31, 2015 on account of disputes are given below:

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount Involved (Rs.)
The Central Excise Act, 1944	Excise Duty	Office of the Commissioner of Central Excise	March 2011 to May 2012	683,137

(d) There are no amounts required to be transferred to the Investor Education and Protection Fund

in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and Rules made thereunder.

the Company and no material fraud on the Company has been noticed or reported during the year

(vii) According to the information and explanations given to us, the company has not given guarantees for loans taken by others from banks and financial institutions.

(viii) To the best of our knowledge and according to the information and explanations given to us, no fraud by

Place: 18th May 2015
Date: Pune

For **DELOITTE HASKINS & SELLS**

Chartered Accountants
(Firm Registration No. 117365W)

Sunil S. Kothari
Partner
(Membership No. 208238)

BALANCE SHEET AS AT 31ST MARCH, 2015

Particulars	Note No.	As at 31 st March, 2015 Rupees	As at 31 st March, 2014 Rupees
I EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share Capital.....	3	150,313,300	150,313,300
(b) Reserves and Surplus.....	4	15,112,922	10,120,077
		<u>165,426,222</u>	<u>160,433,377</u>
(2) Non-Current Liabilities			
(a) Long term provisions	6	6,533,708	5,619,006
		<u>6,533,708</u>	<u>5,619,006</u>
(3) Current Liabilities			
(a) Trade payables.....	7	25,246,171	18,236,555
(b) Other current liabilities.....	8	2,921,032	12,727,041
(c) Short-term provisions.....	9	2,028,142	2,646,500
		<u>30,195,345</u>	<u>33,610,096</u>
Total		<u><u>202,155,275</u></u>	<u><u>199,662,479</u></u>
II ASSETS			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible assets	10	36,202,929	37,237,806
(b) Long term loans and advances.....	11	8,975,590	6,445,226
(c) Deferred tax assets (net)	5	85,246	-
		<u>45,263,765</u>	<u>43,683,032</u>
(2) Current assets			
(a) Current investments.....	12	12,346,875	75,308,874
(b) Inventories	13	39,396,863	19,746,769
(c) Trade receivables.....	14	77,650,800	52,647,098
(d) Cash and Cash Equivalents	15	18,034,233	3,518,705
(e) Short-term loans and advances	16	9,462,739	4,758,001
		<u>156,891,510</u>	<u>155,979,447</u>
Total		<u><u>202,155,275</u></u>	<u><u>199,662,479</u></u>

See Accompanying Notes to the Financial Statements

In terms of our report attached
For **Deloitte Haskins & Sells**
Chartered Accountants

Sunil S. Kothari
Partner

Date: 18th May 2015
Place: Pune

For and on behalf of the Board of Directors

Director

Chief Executive Officer

Chief Financial Officer

Company Secretary

Date: 18th May 2015
Place: Mumbai

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2015

Particulars	Note No.	For the year ended 31 st March, 2015 Rupees	For the year ended 31 st March, 2014 Rupees
I. Revenue from operations – Gross	17	101,546,085	108,908,706
Less: Excise duty.....		8,351,989	6,656,136
Revenue from operations – Net.....		93,194,096	102,252,570
II. Other Income	18	4,885,093	4,034,716
III. Total Revenue		98,079,189	106,287,286
IV. Expenses:			
Cost of materials consumed.....	19	34,617,767	31,468,834
Changes in inventories of work-in-progress.....	20	(15,693,570)	(330,100)
Employee benefit expense.....	21	25,174,029	19,089,012
Finance costs.....	22	–	469,918
Depreciation and amortization expense.....	10	3,887,389	3,073,339
Other expenses.....	23	43,820,692	40,344,034
Total Expenses		91,806,307	94,115,037
V. Profit before exceptional item and tax		6,272,882	12,172,249
VI. Tax expense:			
(1) Current tax.....		1,276,134	2,597,211
(2) Mat Credit.....		(409,047)	–
(3) Short provision for current tax in respect of earlier year.....		–	637,585
(4) Deferred Tax.....		68,697	(737,000)
		935,784	2,497,796
VII. Profit for the year		5,337,098	9,674,453
VIII. Earning per equity share (Face Value per share Rs.10):			
(1) Basic.....		0.36	0.64
(2) Diluted.....		0.36	0.64

See Accompanying Notes to the Financial Statements

In terms of our report attached
For **Deloitte Haskins & Sells**
Chartered Accountants

For and on behalf of the Board of Directors

Director

Chief Executive Officer

Chief Financial Officer

Sunil S. Kothari
Partner

Company Secretary

Date: 18th May 2015
Place: Pune

Date: 18th May 2015
Place: Mumbai

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2015

Particulars	Year ended 31 st March, 2015		Period ended 31 st March, 2014	
	Rupees	Rupees	Rupees	Rupees
A. CASH FLOW FROM OPERATING ACTIVITIES				
Profit before tax:		6,272,882		12,172,249
Adjustments for:				
Depreciation/Amortisation	3,887,389		3,073,339	
Loss/(Profit) on disposal of fixed assets.....	(21,990)		219,114	
Provisions no longer required written back	(1,623,960)		–	
Dividend Income from current investments.....	(3,239,143)		(4,010,423)	
Finance Cost.....	–		469,918	
		(997,704)		(248,052)
Operating profit before Working Capital changes		5,275,178		11,924,197
Adjustments for changes in Working capital and other provisions:				
Trade Receivables	(25,003,702)		(8,733,335)	
Loans and advances	(7,736,330)		8,272,425	
Inventories.....	(19,650,094)		(8,653,118)	
Trade Payables	7,009,616		(7,772,446)	
Provisions & Other liabilities	(6,677,476)		8,370,737	
		(52,057,986)		(8,515,737)
Cash generated from operations		(46,782,809)		3,408,460
Direct Tax paid		(1,140,103)		(577,873)
NET CASH FLOW FROM/(USED IN) OPERATING ACTIVITIES.....		(47,922,912)		2,830,587
B. CASH FLOW FROM INVESTING ACTIVITIES				
Fixed Assets:				
Purchase	(3,790,703)		(7,049,554)	
Sale	27,999		–	
Investments:				
Purchase	(8,239,144)		(162,264,975)	
Sale	71,201,143		158,063,174	
Dividend received	3,239,143		–	
NET CASH FLOW FROM/(USED IN) INVESTING ACTIVITIES.....		62,438,439		(11,251,355)
C. CASH FLOW FROM FINANCING ACTIVITIES				
Finance Cost.....	–		(469,918)	
NET CASH USED IN FINANCING ACTIVITIES		–		(469,918)
D. NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		14,515,528		(8,890,686)
Cash and Cash Equivalents (Opening balance).....		3,518,705		12,409,391
Cash and Cash Equivalents (Closing balance)		18,034,233		3,518,705

Notes:

1. Figures in brackets represent outflows of cash and cash equivalents.
2. Cash and cash equivalents comprise of:

	As at 31st Mar, 2015 Rs.	As at 31 st Mar, 2014 Rs.
Cash on hand	1,407	3,700
Balance with Banks	18,032,826	3,515,005
	18,034,233	3,518,705

In terms of our report attached
For **Deloitte Haskins & Sells**
Chartered Accountants

For and on behalf of the Board of Directors

Sunil S. Kothari
Partner

Date: 18th May 2015
Place: Pune

Director

Chief Executive Officer

Chief Financial Officer

Company Secretary

Date: 18th May 2015
Place: Mumbai

Notes forming part of the financial statements

1. Corporate Information:

Mahindra Defence Naval Systems Private Limited ("the Company") was incorporated on 18th May 2012. The Company is in the business of manufacturing products of Underwater Armament applications for Indian Navy in addition to supporting indigenisation efforts of Ordnance Factories and providing R&D support to Defence Research and Development Organisation in the fields of Composites, Mechanical and Electronics.

The Company is 100% subsidiary of the Mahindra Defence Systems Limited.

2. Statement of Significant accounting policies:

(a) Basis of Accounting

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act")/Companies Act, 1956 ("the 1956 Act"), as applicable. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year except for change in the accounting policy for depreciation as more fully described in Note 29.

(b) Operating Cycle

Based on the nature of products/activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

(c) Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known/materialise.

(d) Inventories:

Inventories are valued at the lower of cost and the net realisable value. Cost includes all charges in bringing the goods to the point of sale, including octroi and other levies, transit insurance and receiving charges. In determining the cost of raw materials, components, stores and spares and loose tools the moving weighted average cost method is used. Cost of work in progress and manufactured finished goods include the combined cost of material, labour and production overheads.

(e) Cash and cash equivalents (for purposes of Cash Flow Statement)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

(f) Cash flow statement

Cash flows are reported using the indirect method, whereby profit/(loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

(g) Depreciation and amortisation

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value.

Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013.

Assets costing less than Rs. 5,000 each are fully depreciated in the year of capitalization.

(h) Revenue Recognition

Sale of goods: Sales are recognised, net of returns and trade discounts, on transfer of significant risks and rewards of ownership to the buyer, which generally coincides with the delivery of goods to customers. Sales include excise duty but exclude sales tax and value added tax.

Sale of Services: Income from services rendered is accounted for when services are rendered as per contract terms.

(i) Other Income

Dividend income is accounted for when the right to receive it is established.

(j) Fixed Assets (Tangible)

Fixed assets are carried at cost less accumulated depreciation and impairment losses, if any. The cost of fixed assets comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses and interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use.

(k) Foreign Currency transactions

Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of the transaction. Monetary assets and liabilities are translated at year end exchange rates and the profit/loss so determined and also the realised exchange gains/losses are recognised in the Statement of Profit and Loss.

(l) Investments

Current investments are carried individually, at the lower of cost and fair value.

(m) Employee Benefits:

Employee benefits include gratuity, provident fund, post employment medical benefits and compensated absences under the approved scheme of the company.

Defined Contribution Plan: The Company's contribution to provident fund is considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

Defined Benefit Plan: For defined benefit plans in the form of gratuity fund and post-employment medical benefits, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the period in which they occur.

Short-term employee benefits: The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

Long term employee benefits: Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the balance sheet date less the fair value of the plan assets out of which the obligations are expected to be settled. Long Service Awards are recognised as a liability at the present value of the defined benefit obligation as at the balance sheet date.

(n) Earnings per share

Basic earnings per share is computed by dividing the profit/(loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit/(loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

(o) Taxes on Income:

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 and other applicable tax laws.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the Company.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that there will be sufficient future taxable income available to realise the assets. Deferred tax assets are reviewed at each balance sheet date for their realisability.

Current and deferred tax relating to items directly recognised in reserves are recognised in reserves and not in the Statement of Profit and Loss.

(p) Provisions and contingencies

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes. Contingent assets are not recognised in the financial statements.

(q) Provision for warranty

The estimated liability for product warranties is recorded when products are sold. These estimates are established using historical information on the nature, frequency and average cost of warranty claims and management estimates regarding possible future incidence based on corrective actions on product failures.

As per the terms of the contracts, the Company provides post-contract services/warranty support to some of its customers. The Company accounts for the post-contract support/provision for warranty on the basis of the information available with the Management duly taking into account the current and past technical estimates.

NOTE 3 - SHARE CAPITAL

Particulars	As at	As at
	31 st March, 2015	31 st March, 2014
	Rs.	Rs.
Authorised:		
25,000,000 (Previous Year: 25,000,000)		
Equity shares of Rs. 10 each	250,000,000	250,000,000
	<u>250,000,000</u>	<u>250,000,000</u>
Issued, subscribed and Paid up:		
15,031,330 (Previous Year: 15,031,330)		
Equity shares of Rs. 10 each fully paid up	150,313,300	150,313,300
Total	<u>150,313,300</u>	<u>150,313,300</u>

(i) Reconciliation of the no. of shares outstanding at the beginning and at the end of the year:

Particulars	As at 31 st March 2015		As at 31 st March 2014	
	No of shares	Rs.	No of shares	Rs.
No of shares outstanding at the beginning of the year				
– Equity shares	15,031,330	150,313,300	15,031,330	150,313,300
Add: Additional shares issued during the year				
– Equity shares	-	-	-	-
No of shares outstanding at the end of the year				
– Equity shares	<u>15,031,330</u>	<u>150,313,300</u>	<u>15,031,330</u>	<u>150,313,300</u>

Note:

Out of above, 13,481,330 (Previous year 13,481,330) shares have been allotted as fully paid pursuant to a business transfer agreement for consideration other than cash.

ii) Number of shares held by each shareholder holding more than 5% shares in the company are as follows:

Particulars	As at 31 st March 2015		As at 31 st March 2014	
	% of holding	No. of Shares	% of holding	No. of Shares
Equity Shares:				
Mahindra Defence Systems Limited either on its own or jointly with others	100%	15,031,330	100%	15,031,330

iii) Number of shares held by holding company, the ultimate holding company, their subsidiaries and associates.

Particulars	As at	As at
	31 st March, 2015	31 st March, 2014
	Rs.	Rs.
Mahindra Defence Systems Limited either on its own or jointly with others(the holding company)	15,031,330	15,031,330

iv) The company has only one class of shares having par value of Rs. 10/- per share. Each holder of equity share is entitled to one vote per share and in the event of liquidation, has rights proportionate to their shareholdings over the residual assets after paying out all the liabilities.

NOTE 4 - RESERVES AND SURPLUS

Particulars	As at 31 st March, 2015 Rs.	As at 31 st March, 2014 Rs.
Surplus i.e. Balance in Statement of Profit and Loss		
As per last Balance Sheet	10,120,078	445,624
Add: Profit/(Loss) for the year	5,337,098	9,674,453
Less: Depreciation on transition to Schedule II of the Companies Act, 2013 on tangible fixed assets with nil remaining useful life (Net of deferred tax - Rs. 153,943) (Refer Note 29)	344,254	-
Total	15,112,922	10,120,077

NOTE 5 - (i) Break up of deferred tax liability as at year end:

Nature of timing difference	As at 31 st March, 2015 Rs.	As at 31 st March, 2014 Rs.
Provision for Depreciation	2,186,202	1,959,109
Total	2,186,202	1,959,109

(ii) Break up of deferred tax asset as at year end:

Nature of timing difference	As at 31 st March, 2015 Rs.	As at 31 st March, 2014 Rs.
Provision for Employee Benefits, section 40(a) etc.	2,271,448	1,959,109
Total	2,271,448	1,959,109

(iii) Deferred tax asset/(liability) net: 85,246 -

NOTE 6 - LONG-TERM PROVISION

Particulars	As at 31 st March, 2015 Rs.	As at 31 st March, 2014 Rs.
a. Provision for Employee Benefits		
(i) Provision for gratuity (net) (Refer Note 31)	3,566,488	2,446,220
(ii) Provision for post-employment medical benefits (net) (Refer Note 31)	876,633	663,445
(iii) Provision for compensated absences	2,090,587	1,426,468
b. Provision - Others:		
(i) Provision for Warranty (Refer Note 36)	-	1,082,873
Total	6,533,708	5,619,006

NOTE 7 - TRADE PAYABLES

Particulars	As at 31 st March, 2015 Rs.	As at 31 st March, 2014 Rs.
Trade payables (See note 26)	25,246,171	18,236,555
Total	25,246,171	18,236,555

NOTE 8 - OTHER CURRENT LIABILITIES

Particulars	As at 31 st March, 2015 Rs.	As at 31 st March, 2014 Rs.
Other payables		
(i) Statutory remittances (Contributions to PF, Withholding Taxes, Excise Duty, VAT, Service Tax, etc.)	797,792	4,026,517
(ii) Payables on purchase of fixed assets	412,298	846,283
(iii) Advances from customers	1,710,942	7,854,241
Total	2,921,032	12,727,041

NOTE 9 - SHORT-TERM PROVISION

Particulars	As at 31 st March, 2015 Rs.	As at 31 st March, 2014 Rs.
(a) Provision for Employee Benefits:		
(i) Provision for compensated absences	76,737	49,448
(ii) Provision for post-employment medical benefits (net) (Refer Note 31)	29,805	20,463
(iii) Provision for gratuity (net) (Refer Note 31)	96,412	50,373
(b) Provision-Others:		
(i) Provision for tax (net of advance tax Rs. 65,248/- (Previous year - Rs. 6,12,082))	1,210,885	1,985,129
(ii) Provision for warranty (Refer Note 36)	614,303	541,087
Total	2,028,142	2,646,500

NOTE 10 - FIXED ASSET-Tangible

Particulars	Gross Block				Depreciation					Net Block	
	As at 1 st April, 2014	Additions during the year	Disposals during the year	As at 31 st March, 2015	As at 1 st April, 2014	For the year	On Disposals	Transition adjustment's recorded against Surplus balance in Statement of Profit and Loss	Upto 31 st March, 2015	As at 31 st March, 2015	As at 31 st March, 2014
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
TANGIBLE ASSETS											
Plant and equipment	32,145,082 (28,739,395)	1,399,000 (3,405,687)	– (–)	33,544,082 (32,145,082)	3,847,195 (1,688,857)	2,210,894 (2,158,338)	– (–)	– (–)	6,058,089 (3,847,195)	27,485,993 (28,297,887)	28,297,887 (27,050,538)
Computers	511,623 (393,554)	1,203,286 (118,069)	– (–)	1,714,909 (511,623)	189,076 (92,561)	150,383 (96,515)	– (–)	180,938 (–)	520,397 (189,076)	1,194,512 (322,547)	322,547 (300,993)
Office Equipments	944,452 (797,266)	369,696 (147,185)	– (–)	1,314,148 (944,451)	97,098 (41,063)	193,344 (56,034)	– (–)	– (–)	290,442 (97,097)	1,023,706 (847,354)	847,354 (756,203)
Furniture and fixtures	5,731,018 (2,569,739)	384,736 (3,161,279)	– (–)	6,115,754 (5,731,018)	384,223 (168,149)	607,905 (216,074)	– (–)	307,250 (–)	1,299,378 (384,223)	4,816,376 (5,346,795)	5,346,795 (2,401,590)
Vehicles	3,313,985 (2,250,368)	– (1,063,617)	120,210 (–)	3,193,775 (3,313,985)	890,762 (351,857)	724,863 (538,905)	114,201 (–)	10,009 (–)	1,511,433 (890,762)	1,682,342 (2,423,223)	2,423,223 (1,898,511)
Building-Factory	– (233,686)	– (–)	– (233,686)	– (–)	– (7,099)	– (7,473)	– (14,572)	– (–)	– (–)	– (–)	– (226,587)
Total	42,646,160	3,356,718	120,210	45,882,668	5,408,354	3,887,389	114,201	498,197	9,679,739	36,202,929	37,237,806
Previous Year	(34,984,008)	(7,895,837)	(233,685)	(42,646,160)	(2,349,586)	(3,073,339)	(14,571)	(–)	(5,408,354)	(37,237,806)	–

Note: Figures in bracket relate to previous year.
Also refer Note 25.

NOTE 11 - LONG TERM LOANS AND ADVANCES

Particulars	As at 31 st March, 2015 Rs.	As at 31 st March, 2014 Rs.
(Unsecured, considered good)		
(a) Capital Advances	2,293,960	–
(b) Security deposits	5,422,663	5,094,078
(c) Mat Credit	409,047	–
(d) Advance income tax (net of provisions of Rs. 3,399,894 (Previous year - Rs. 2,912,211) - Unsecured, considered good	849,920	1,351,148
Total	8,975,590	6,445,226

NOTE 12 - CURRENT INVESTMENTS

Particulars	As at 31 st March, 2015 Rs.	As at 31 st March, 2014 Rs.
CURRENT INVESTMENTS (Unquoted) (Non-Trade) (at cost or fair value whichever is lower)		
Investments in Mutual funds		
28,745 (Previous Year-Nil) units of ICICI Prudential Money Market Fund - Regular Plan - Daily Growth	5,554,982	–
Nil (Previous Year 209,543) units of ICICI Prudential Money Market Fund - Regular Plan - Daily Dividend	–	37,153,914
4,491 (Previous Year-NIL) units of Super Insti Growth - Taurus Liquid Fund	6,791,893	–
Nil (Previous Year-27,558) units of Super Insti Daily Dividend-Reinvestment Taurus Liquid Fund	–	38,154,960
Net Asset Value Rs. 12,346,875 (Previous Year Rs. 75,355,774)		
Total	12,346,875	75,308,874

NOTE 13 - INVENTORIES

(at cost or net realisable value whichever is lower)

Particulars	As at 31 st March, 2015 Rs.	As at 31 st March, 2014 Rs.
(a) Raw materials (Refer Note (i) below)	16,115,318	13,250,814
(b) Work - in - Progress (Refer Note (ii) below)	19,082,715	3,389,145
(c) Stores and spares	3,902,198	2,536,979
(d) Loose tools	296,632	569,831
Total	39,396,863	19,746,769

(i) Details of raw material stock under broad heads.

Particulars	As at 31 st March, 2015 Rs.	As at 31 st March, 2014 Rs.
Chemicals	5,687,481	2,025,510
Aluminium	2,357,215	222,544
Steel components	2,974,847	8,491,490
Electronics components	2,073,424	1,244,188
Others	3,022,351	1,267,082
Total	16,115,318	13,250,814

(ii) Details of Work in Progress Stock under broad heads

Particulars	As at 31 st March, 2015 Rs.	As at 31 st March, 2014 Rs.
Arch Chamber Housing (ACH)	2,779,052	1,544,418
Others/Projects	16,303,663	1,844,727
Total	19,082,715	3,389,145

NOTE 14 - TRADE RECEIVABLES

Particulars	As at 31 st March, 2015 Rs.	As at 31 st March, 2014 Rs.
Unsecured		
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Considered good	21,141,329	6,214,334
Considered Doubtful	-	-
	<u>21,141,329</u>	<u>6,214,334</u>
Less: Provision for doubtful trade receivables	-	-
	<u>21,141,329</u>	<u>6,214,334</u>
Other Trade receivables		
Considered good	56,509,471	46,432,764
Considered Doubtful	-	-
	<u>56,509,471</u>	<u>46,432,764</u>
Less: Provision for doubtful trade receivables	-	-
	<u>56,509,471</u>	<u>46,432,764</u>
Total	<u><u>77,650,800</u></u>	<u><u>52,647,098</u></u>

NOTE 15 - CASH AND CASH EQUIVALENTS

Particulars	As at 31 st March, 2015 Rs.	As at 31 st March, 2014 Rs.
Cash and Cash Equivalents		
(a) Cash on hand	1,407	3,700
(b) Balances with banks		
(i) In current accounts	18,032,826	3,515,005
Total	<u><u>18,034,233</u></u>	<u><u>3,518,705</u></u>

NOTE 16 - SHORT TERM LOANS AND ADVANCES

Particulars	As at 31 st March, 2015 Rs.	As at 31 st March, 2014 Rs.
Unsecured, considered good		
(a) Prepaid expenses	189,049	113,866
(b) Balances with government authorities		
(i) CENVAT credit receivable	51,977	331,941
(ii) VAT credit receivable	-	1,116,637
(iii) Service Tax credit receivable	346,793	283,978
(c) Advance to Supplier	8,874,920	2,911,579
Total	<u><u>9,462,739</u></u>	<u><u>4,758,001</u></u>

NOTE 17 - REVENUE FROM OPERATIONS-NET

Particulars	For the year ended 31 st March 2015 Rs.	For the year ended 31 st March 2014 Rs.
Sale of products (Refer Note (i) below)	100,531,729	106,999,525
Sale of Service (Refer Note (iii) below)	874,417	1,381,062
Other operating revenues (Refer Note (ii) below)	139,939	528,119
	<u>101,546,085</u>	<u>108,908,706</u>
Less: Excise Duty	8,351,989	6,656,136
Total	<u><u>93,194,096</u></u>	<u><u>102,252,570</u></u>

Note:

Particulars	For the year ended 31 st March 2015 Rs.	For the year ended 31 st March 2014 Rs.
(i) Sale of products comprises of:		
Manufactured goods		
Triple Tube launcher including spares	-	37,531,725
Single Tube launcher including spares	25,000,000	-
Bin	-	11,395,405
Mask	1,449,418	-
Power Unit	3,062,026	3,726,471
Magazine Box	10,341,300	-
PF War Head	13,568,955	-
Canopy	5,403,009	-
HAPP - Spares for RGB60	3,070,298	-
Arch Chamber Housing	18,113,837	-
Others	12,170,897	47,689,788
Total - Sale of manufactured goods	<u>92,179,740</u>	<u>100,343,389</u>
(ii) Other operating revenues comprises of:		
Scrap Sales	139,939	528,119
Total - Other operating revenue	<u>139,939</u>	<u>528,119</u>
(iii) Sale of services comprises of:		
Annual Maintenance Contract	874,417	1,381,062
Total - Sale of services	<u>874,417</u>	<u>1,381,062</u>
Total	<u><u>93,194,096</u></u>	<u><u>102,252,570</u></u>

NOTE 18 - OTHER INCOME

Particulars	For the year ended 31 st March 2015 Rs.	For the year ended 31 st March 2014 Rs.
(a) Dividend income:		
from current investments	3,239,143	4,010,423
(b) Profit on sale of Assets	21,990	-
(c) Provisions no longer required written back	1,623,960	-
(d) Net gain on foreign currency transactions and translation.	-	24,293
Total	<u><u>4,885,093</u></u>	<u><u>4,034,716</u></u>

NOTE 19 - COST OF MATERIAL CONSUMED

Particulars	For the year ended 31 st March 2015 Rs.	For the year ended 31 st March 2014 Rs.
Opening stock	13,250,814	7,377,638
Add: Purchases and Freight	37,482,271	37,342,010
Less: Closing stock	16,115,318	13,250,814
Cost of materials consumed	<u><u>34,617,767</u></u>	<u><u>31,468,834</u></u>

	For the year ended 31 st March 2015 Rs.	For the year ended 31 st March 2014 Rs.
Materials consumed comprise:		
Chemicals	8,124,641	7,231,296
Aluminium	3,068,956	7,429,959
Steel components	19,045,704	8,092,266
Electronics components	799,295	5,976,385
Others	3,579,171	2,738,928
Cost of materials consumed	34,617,767	31,468,834

NOTE 20 - CHANGES IN INVENTORIES OF WORK-IN-PROGRESS

	For the year ended 31 st March 2015 Rs.	For the year ended 31 st March 2014 Rs.
Particulars		
Opening stock		
Work-in-progress	3,389,145	3,059,045
Closing stock		
Work-in-progress	19,082,715	3,389,145
Total	(15,693,570)	(330,100)

NOTE 21 - EMPLOYEE BENEFIT EXPENSE

	For the year ended 31 st March 2015 Rs.	For the year ended 31 st March 2014 Rs.
Particulars		
Salaries and wages	21,311,777	14,966,965
Contribution to provident and other funds	1,103,053	853,672
Gratuity Expense (Refer Note 31)	1,166,307	1,679,996
Expense on Employee Stock option (ESOP) Scheme *	33,876	60,948
Staff welfare expenses	1,559,016	1,527,431
Total	25,174,029	19,089,012

* represents reimbursement of cost to holding company, towards ESOP's granted by the Holding Company to the employees of the Company

NOTE 22 - FINANCE COSTS

	For the year ended 31 st March 2015 Rs.	For the year ended 31 st March 2014 Rs.
Particulars		
Interest expense:		
- Interest on delayed/deferred payment of income tax	-	34,209
- Others	-	435,709
Total	-	469,918

NOTE 23 - OTHER EXPENSES

	For the year ended 31 st March 2015 Rs.	For the year ended 31 st March 2014 Rs.
Particulars		
Consumption of stores and spare parts	12,909,358	8,342,621
Contract Labour charges	8,675,407	2,871,113
Power and fuel	2,016,360	1,510,544
Rent	7,788,966	10,790,770
Repairs and maintenance -		
Machinery	240,743	1,116,449
Others	1,297,807	1,051,954
	1,538,550	2,168,403
Insurance	467,988	402,276
Rates & Taxes (excluding taxes on income)	106,496	142,951
Payment to Auditors -		
Audit fees	450,000	450,000
Out of pocket expenses reimbursed	44,664	22,290
	494,664	472,290
Freight Outward	950,066	576,531
Shared Service Charges	194,413	5,430,664
Travelling & Conveyance	3,089,383	2,493,494
Loss on disposal of fixed assets	-	219,114
Excise Duty/Service Tax Demand	-	894,638
Penalty paid to statutory authorities	-	220,943
Provision for warranty	614,303	343,248
Security Service Charges	837,124	917,745
Professional Fess	2,300,437	1,030,550
Foreign Exchange Loss	35,018	-
Bank Charges	263,590	202,075
Postage & Telecommunication expenses	323,565	317,733
Business promotion expenses	211,719	365,425
Miscellaneous expenses	1,003,285	630,906
Total	43,820,692	40,344,034

NOTE 24 - Contingent Liability not provided for in respect of:

	As at 31 st March, 2015 Rs.	As at 31 st March, 2014 Rs.
Particulars		
Excise Duty	683,137	683,137

NOTE 25 - Commitments

	As at 31 st March, 2015 Rs.	As at 31 st March, 2014 Rs.
Particulars		
(i) Commitments		
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for		
Tangible assets	5,215,779	-

NOTE 26 -

Based on the information available with the company, none of the company's creditors are registered as micro and small enterprises. This has been relied upon by the auditors.

NOTE 27 - CIF Value of Imports

Particulars	For the year ended	
	31 st March 2015	31 st March 2014
	Rs.	Rs.
Raw materials	1,586,237	1,613,917
Total	1,586,237	1,613,917

Note 28 - Value of imported and indigenous raw materials consumed:

Particulars	For the year ended		For the year ended	
	31 st March 2015		31 st March 2014	
	Value (Rs.)	Percentage (%)	Value (Rs.)	Percentage (%)
Imported	1,156,653	3%	1,919,774	6%
Indigenously obtained	33,461,114	97%	29,549,060	94%
Total	34,617,767		31,468,834	

Note 29 - Change in the method of Depreciation

During the year, pursuant to the notification of Schedule II to the Companies Act, 2013 with effect from April 1, 2014, the Company changed its method of depreciation for certain categories of fixed assets from written down value (WDV) method to straight line method (SLM). Consequent to this change, all assets are now being depreciated under SLM. The Company also revised the estimated useful life of some of its assets to align the useful life with those specified in Schedule II. Further, assets individually costing Rs. 5,000/- or less that were depreciated fully in the year of purchase are now depreciated based on the useful life considered by the Company for the respective category of assets. The details of previously applied depreciation method, rates/useful life are as follows:

Asset	Previous depreciation method	Previous useful life	Revised useful life based on SLM
Computers and Data Processing Equipment	SLM	6.2 years	3 years
General Plant and Machinery	SLM	21 years	15 years
Furniture and Fixtures	SLM	15.9 years	10 years
Office Equipment	SLM	5 years	5 years
Vehicles	SLM	6.8 years	5 years

Pursuant to the transition provisions prescribed in Schedule II to the Companies Act, 2013, the Company has fully depreciated the carrying value of assets (determined after considering the change in the method of depreciation from WDV to SLM), net of residual value, where the remaining useful life of the asset was determined to be nil as on April 1, 2014, and has adjusted an amount of Rs. 4,98,197/- (net of deferred tax of Rs. 153,943/-) against the opening Surplus balance in the Statement of Profit and Loss under Reserves and Surplus.

The depreciation expense in the Statement of Profit and Loss for the year is higher by Rs. 877,084/- consequent to the above change in the useful life of the assets.

NOTE 30 - THE NET EXCHANGE DIFFERENCES ARISING DURING THE YEAR ENDED 31 MARCH 2015:

- (i) recognised appropriately in the Statement of profit and loss - net loss - Rs. 35,018 (Previous Year gain of Rs. 24,293)

NOTE 31 - DETAILS OF EMPLOYEE BENEFITS AS REQUIRED BY THE ACCOUNTING STANDARD 15 (REVISED) EMPLOYEE BENEFITS ARE AS UNDER:

- (A) Defined Contribution Plan
Amount recognized as an expense in the Statement of Profit and Loss in respect of Defined Contribution Plans is Rs. 1,103,053. (Previous year Rs. 853,672)
- (B) Defined Benefit Plan
- Actuarial gains and losses in respect of defined benefit plans are recognised in the Statement of Profit & Loss.
 - The Defined Benefit Plans comprise of Gratuity and Post Retirement Medical Benefits.

Gratuity is a benefit to an employee based on 15 days of last drawn salary for each completed year of service.

Post retirement benefit provides hospitalization benefit for the employee and spouse post retirement till the employee reaches the age of 75.

Particulars	Gratuity (Unfunded)		Post-employment medical benefits (Unfunded)	
	As at 31/3/2015	As at 31/3/2014	As at 31/3/2015	As at 31/3/2014
(C) Changes in the present value of defined obligation representing reconciliation of opening and closing balances thereof are as follows:				
1) Present Value of Defined Benefit Obligation at the beginning of the year	2,496,593	816,597	683,908	-
2) Acquisition adjustment	-	-	-	-
3) Current Service cost	494,108	258,863	191,603	683,908
4) Interest Cost	194,984	73,494	70,132.00	-
5) Actuarial (gains)/ losses	477,215	1,347,639	(39,204.00)	-
6) Benefits paid	-	-	-	-
7) Present value of Defined Benefit Obligation at the end of the year	3,662,900	2,496,593	906,438	683,908

Particulars	Gratuity (Unfunded)		Post-employment medical benefits (Unfunded)	
	As at 31/3/2015	As at 31/3/2014	As at 31/3/2015	As at 31/3/2014
(D) Analysis of Defined Benefit Obligation:				
1) Defined Benefit Obligation as at the end of the year	3,662,900	2,496,593	906,438	683,908
2) Fair Value of Plan assets at the end of the year	-	-	-	-
3) Net (Asset)/Liability recognized in the Balance Sheet as at the year end	3,662,900	2,496,593	906,438	683,908

Particulars	Gratuity (Unfunded)		Post-employment medical benefits (Unfunded)	
	As at 31/3/2015	As at 31/3/2014	As at 31/3/2015	As at 31/3/2014
(E) Reconciliation of Present Value of Defined Benefit Obligation and fair value of plan assets showing amount recognized in the Balance Sheet:				
1) Present value of Defined Benefit Obligation as at the year end	3,662,900	2,496,593	906,438	683,908
2) Fair value of plan assets	-	-	-	-
3) Funded status [Surplus/(Deficit)]	(3,662,900)	(2,496,593)	(906,438)	(683,908)
4) Net asset/(Liability) recognized in Balance Sheet	(3,662,900)	(2,496,593)	(906,438)	(683,908)

Particulars	Gratuity (Unfunded)		Post-employment medical benefits (Unfunded)	
	As at 31/3/2015	As at 31/3/2014	As at 31/3/2015	As at 31/3/2014
(F) Components of employer expenses recognized in the statement of profit and loss:				
1) Current Service cost	494,108	258,863	191,603	683,908
2) Interest cost	194,984	73,494	70,132	-
3) Actuarial Losses/ (Gains)	477,215	1,347,639	(39,204)	-
4) Total expense recognised in the Statement of Profit & Loss under Note 21 - Employee Benefit Expenses	1,166,307	1,679,996	222,531	683,908

	Gratuity (Unfunded)	9.00%	Post-employment medical benefits (Unfunded)	9.00%
(G) Principal Actuarial Assumptions:				
1) Discount Rate (%)	7.81%	9.00%	7.81%	9.00%
2) Salary Escalation (%)	10.00%	9.00%	-	-
3) Medical Cost Inflation (%)	-	-	3.00%	3.00%

	Gratuity (Unfunded)		
	From the date of incorporation to 31st March 2013	31st March 2014	31st March 2015
(H) Experience History:			
1) Defined Benefit Obligation at the end of the period/year	816,597	2,496,593	3,662,900
2) Plan Assets at the end of the period/year	-	-	-
3) Funded Status	(816,597)	(2,496,593)	(3,662,900)
4) Experience adjustments on plan liabilities	-	(1,301,199)	(26,100)
5) Experience adjustments on plan assets	-	-	-

	Post-employment medical benefits (Unfunded)		
	From the date of incorporation to 31st March 2013	31st March 2014	31st March 2015
(I) Experience History:			
1) Defined Benefit Obligation at the end of the period/year	-	683,908	906,438
2) Plan Assets at the end of the period/year	-	-	-
3) Funded Status	-	(683,908)	(906,438)
4) Experience adjustments on plan liabilities	-	-	-
5) Experience adjustments on plan assets	-	-	-

B) Related Party Transactions:

Name of Related Party	Description of Relationship	Nature of Transactions	Amount of Transactions (Rs.)	Amount Outstanding at the end of year	
				Credit (Rs.)	Debit (Rs.)
Mahindra Defence Systems Limited	Holding Company	Reimbursement of Expenses	154,093	} 140,379 (-)	
		Sales of Goods	(5,881,509)		
		Purchase of Service	247,574 (337,080)		
Mahindra & Mahindra Ltd.	Ultimate Holding Company	Miscellaneous expenses	33,876	} 2,212,878 (1,274,492)	
		Reimbursement of Expenses	(60,948)		
		Insurance	1,622,263		
		Purchase of Raw Material	(528,384)		
			24,044 (424,721)		
Defence Land Systems India Pvt. Limited	Fellow subsidiary	Repairs & Maintenance	21,494		
		Purchase of Assets	-		
			(114,731)		
Mahindra Integrated Business	Fellow subsidiary	Professional Fees	131,797		
			(121,569)		
Tech Mahindra Limited (Erstwhile Mahindra Engineering Services Ltd.	Fellow subsidiary	Processing Charges	352,248		
			-		
			(352,248)		
Mr. Devendra Bhatnagar	Key Management Personnel	Remuneration	3,116,398	215,798	
			(2,391,843)	(212,170)	

Note : Figures in brackets relate to previous year.

- a) The Discount rate is based on the prevailing market yields of Indian Government securities as at the Balance Sheet date for the estimated terms of the obligations.
- b) Salary Escalation Rate: The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.
- c) Also refer note 2(m) for brief description of employee benefit schemes.

	31st March 2015	31st March 2014
d) Cost of Compensated Absences expensed in the Statement of profit & Loss	739,534	565,682

NOTE 32 - SEGMENT INFORMATION

The company materially operates in one business segment viz manufacture of defence products. During the year, the Company has operated in only one geographical segment. Accordingly, the disclosure requirements of Accounting Standard (AS-17) - Segment Reporting, are not applicable.

NOTE 33 - Related Party Disclosures:
A) Name of the related party and nature of relationship where control exists:

Particulars	Name of Related Party	Nature of Relationship
A. Related Party where control exists	Mahindra Defence Systems Ltd	Holding Company
	Mahindra & Mahindra Ltd	Ultimate Holding Company
B. Other related parties with transactions during the year	Defence Land Systems India Pvt Limited	Fellow subsidiary
	Mahindra Intergrated Business Ltd	Fellow subsidiary
	Tech Mahindra Limited (Erstwhile Mahindra Engineering Services Ltd.	Fellow subsidiary
	Mr. Devendra Bhatnagar, Chief Executive Officer	Key Management Personnel
	Mr. Saurabh Gupta, Chief Financial Officer (w.e.f 01/4/2014)	Key Management Personnel
	Ms. Divya Nair, Company Secretary (w.e.f 17/2/2015)	Key Management Personnel

NOTE 34 - The Total of Future Minimum Lease Payment Under Non Cancellable Operating Lease:

Particulars	For the	For the
	year ended 31 st March 2015 Rs.	year ended 31 st March 2014 Rs.
(1) Not later than 1 year	8,100,525	7,788,966
(2) Later than 1 year and not later than 5 year	4,170,567	12,271,092
(3) Later than 5 year	-	-
	12,271,092	20,060,058

Lease rental debited to the statement of profit and loss during the year ended 31st March 2015 Rs. 7,788,966 (Previous period Rs. 10,790,770).

The lease agreement is for the period of 3 years and is in respect of plant premises.

NOTE 35 - Earning per Share

(a) The amount used as the numerator in calculating basic and diluted earnings per share is the profit for the year disclosed in the Statement of Profit and Loss

Particulars	As at 31 st March 2015	As at 31 st March 2014
	Profit for the year from continuing operations	5,337,098
Profit for the year from continuing operations attributable to the equity shareholders	5,337,098	9,674,453
Weighted average number of equity shares	15,031,330	15,031,330
Par value per share (Rs.)	10.00	10.00
Earnings per share from continuing operations - Basic/Diluted	0.36	0.64

(b) The weighted average number of equity shares used as the denominator in calculating both basic and diluted earnings per share is 15,031,330 (Previous year : 15,031,330)

NOTE 36 - Detail of provisions and movements in each class of provisions as required by Accounting Standard on Provision, Contingent liabilities and Contingent assets (Accounting Standard-29)

Warranty Provision:

Warranty cost are accrued at the time products are sold, based on management estimates. The provision is discharged over the warranty period of 12 months from the date of sale.

Particulars	As at 31 st March 2015	As at 31 st March 2014
	Carrying amount at the beginning of the year	1,623,960
Additional Provision made during the year	614,303	916,404
Unused amount reversed during the year	1,623,960	573,156
Carrying amount at the end of the year	614,303	1,623,960

NOTE 37 - There are no hedged or unhedged exposures in foreign currencies as at the current and previous year end.

NOTE 38 - The Previous years' figures have been regrouped/reclassified wherever necessary to conform with the current years' classification.

For and on behalf of the Board of Directors

Director

Chief Executive Officer

Chief Financial Officer

Company Secretary

Date: 18th May 2015

Place: Mumbai

DIRECTORS' REPORT

Your directors present their Second Report, together with the audited financial statement of your Company for the period ended 31st March, 2015.

BUSINESS OF YOUR COMPANY

Your Company was incorporated on 30th December, 2013 with a licence under Section 25 of the Companies Act, 1956 (corresponding to Section 8 of the Companies Act, 2013) to carry on the operations of an electoral trust pursuant to the Electoral Trusts Scheme, 2013, issued by the Central Board of Direct Taxes, Department of Revenue, Ministry of Finance vide notification dated 31st January, 2013, i.e. for distributing and allocating the contributions, payments, etc. received or gathered by the Company to/for the use of the political party or political parties which are registered under Section 29A of the Representation of the People Act, 1951.

FINANCIAL HIGHLIGHTS AND STATE OF AFFAIRS OF THE COMPANY

Particulars	(Amount in Rupees)	
	For the period ended 31 st March, 2015	For the period ended 31 st December, 2014
Income	-	-
Expenses	20,480	38,430
Deficit before taxation	20,480	38,430
Provision for taxation for the period	-	-
Deficit for the year after taxation	20,480	38,430
Balance of deficit of earlier years	38,430	-
Deficit carried forward to Balance Sheet	58,910	38,430
Net Worth	4,41,090	4,61,570

OPERATIONS

Your Company is not registered as an electoral trust. During the period under review, it has not accepted any contribution from anyone for distributing the same to the political parties.

No material changes and commitments have occurred after the close of the period ended 31st March, 2015 till the date of this Report which affect the financial position of your Company.

DIVIDEND

Being a non-profit making company, distribution of dividend by your Company is prohibited.

SHARE CAPITAL

The authorised share capital of your Company as on 31st March, 2015 stood at Rs. 5 lakh divided into 50,000 equity shares of Rs. 10/- each and the paid-up share capital as on the same day stood at Rs. 5 lakh divided into 50,000 equity shares of Rs. 10/- each.

BOARD OF DIRECTORS

Composition of the Board of Directors is as follows:

Director/DIN	Designation
Rajesh Parte (DIN: 07005987)	Director
Feroze Baria (DIN: 03315262)	Director
Anita Halbe (DIN: 07041040)	Director

Mr. Rajesh Parte retires by rotation at the forthcoming Annual General Meeting, and being eligible, has offered himself for

re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(3)(c) of the Companies Act, 2013, your directors, after due enquiry, confirm that:

- in the preparation of the annual financial statements for the period ended 31st March 2015 the applicable accounting standards have been followed;
- they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the period on 31st March 2015 and of the deficit of the Company for the period ended on that date;
- they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- they have prepared the annual accounts on a going concern basis; and
- they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

AUDITORS

Members at their First Annual General Meeting had appointed M/s. B. K. Khare & Co., Chartered Accountants, Mumbai (ICAI

Registration Number 105102W) to hold office till the conclusion of the First Annual General Meeting up to the conclusion of Sixth Annual General Meeting.

Pursuant to the first proviso of Section 139 (1) of Companies Act, 2013, the members are requested to ratify their appointment at the ensuing Annual General Meeting and fix their remuneration.

As required under the provisions of Sections 139 and 141 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, your Company has obtained a written consent and certificate from M/s. B. K. Khare & Co., Chartered Accountants, Mumbai, Statutory Auditors to the effect that their appointment, if ratified, would be in conformity with the conditions, limits and criteria specified therein.

Your directors confirm that the Auditors' Report does not contain any qualification, reservation or adverse remark.

PUBLIC DEPOSITS AND LOANS/ADVANCES

The Company has not accepted deposits covered under chapter V of the Companies Act, 2013 from the public during the period under review.

The Company has not made any loans/advances which are required to be disclosed in the annual financial statement of the Company pursuant to the provisions of Section 134(3) (g) of the Companies Act, 2013 and Clause 32 of the Listing Agreement of the parent company, Mahindra & Mahindra Limited, with Stock Exchanges.

EXTRACT OF ANNUAL RETURN

Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return as on 31st March 2015 in form MGT-9 is annexed as Annexure I and forms part of this Report.

RISK MANAGEMENT POLICY

Your Company is yet to commence its operations. In the opinion of the Board, there are no apparent risks which may threaten the existence of the Company.

POLICY ON PREVENTION OF SEXUAL HARASSMENT

The Company is committed to adopt a policy for prevention of sexual harassment at workplace in accordance with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. During the year under review, the Company had no employee and no complaint was reported under the said Act.

INTERNAL CONTROLS

Your Company has implemented a system of internal controls and monitoring procedures as well as internal financial controls on financial statements and the same is, in the opinion of the Board, commensurate with the Company's size. Your Company regularly conducts reviews to assess the adequacy of these controls.

PARTICULARS OF TRANSACTIONS WITH RELATED PARTIES

There are no contracts or arrangements under Section 188(1) of the Companies Act, 2013 with related parties of the Company which require reporting. Details of transactions with related parties as required to be reported in line with the applicable accounting standards may be referred to under notes to the financial statement.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars relating to conservation of energy, technology absorption and foreign exchange earnings and outgo, as required under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 are provided in Annexure II and form part of this Report.

GENERAL DISCLOSURE

Your directors state that no disclosure or reporting is required in respect of the following items as they were not applicable to your Company during the year:

- a) Issue of equity shares with differential rights as to dividend, voting or otherwise.
- b) Issue of shares (including sweat equity shares) to employees of the Company under any ESOP scheme, etc.
- c) Particulars of employees as required under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.
- d) Provisions relating to CSR enumerated under Section 135 of the Companies Act, 2013

No significant or material orders were passed by the regulators or courts or tribunals which impact the Company's going concern status and operations in future.

For and on behalf of the Board

Anita Halbe
Director

Rajesh Parte
Director

Feroze Baria
Director

Mumbai, 22nd May, 2015

ANNEXURE I TO THE DIRECTORS' REPORT**Form No. MGT-9****Extract of Annual Return as on the period ended on 31st March, 2015***[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]***I. REGISTRATION AND OTHER DETAILS:**

i.	Corporate Identification Number (CIN):	U93000MH2013NPL251507
ii.	Registration Date:	30th December, 2013
iii.	Name of the Company:	Mahindra 'Electoral Trust' Company
iv.	Category/Sub-Category of the Company:	Indian Non-Government Company Limited by shares
v.	Address of the Registered office and contact details:	Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai – 400018 Tel.: +91-22-24935185/86 Fax: +91-22-24951236 Contact: JUVEKAR.ABHISHEK@mahindra.com
vi.	Whether listed company Yes / No:	No
vii.	Name, Address and Contact details of Registrar and Transfer Agent, if any:	–

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:

Sr. No.	Name and Description of main products/services	NIC Code of the Product/service	% to total turnover of the company
1	Carry on the operations of an electoral trust pursuant to the Electoral Trusts Scheme, 2013	–	–

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Sr. No	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Mahindra and Mahindra Limited Gateway Building, Apollo Bunder, Colaba, Mumbai - 400001	L65990MH1945PLC004558	Holding Company	100	2(46)

IV. SHAREHOLDING PATTERN (Equity Share Capital Break-up as percentage of Total Equity):

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the period				No. of Shares held at the end of the period				% Change during the period
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	-	-	-	-	-	-	-	-	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt (s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	50,000	50,000	100	-	50,000	50,000	100	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any Other...	-	-	-	-	-	-	-	-	-
Sub-total (A) (1):-	-	50,000	50,000	100	-	50,000	50,000	100	-
(2) Foreign									
a) NRIs - Individuals	-	-	-	-	-	-	-	-	-
b) Other Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any Other...	-	-	-	-	-	-	-	-	-
Sub-total (A) (2):-	-	-	-	-	-	-	-	-	-
Total shareholding of Promoter (A) = (A)(1)+ (A)(2)	-	50,000	50,000	100	-	50,000	50,000	100	-
B. Public Shareholding	-	-	-	-	-	-	-	-	-
1. Institutions	-	-	-	-	-	-	-	-	-
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks/FI	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):-	-	-	-	-	-	-	-	-	-
2. Non-Institutions	-	-	-	-	-	-	-	-	-
a) Bodies Corp.	-	-	-	-	-	-	-	-	-
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	-	-	-	-	-	-	-	-	-

Category of Shareholders	No. of Shares held at the beginning of the period				No. of Shares held at the end of the period				% Change during the period
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh									
c) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(2):-	-	-	-	-	-	-	-	-	-
Total Public Shareholding (B)=(B)(1)+(B)(2)	-	-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	-	50,000	50,000	100	-	50,000	50,000	100	-

(ii) Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the period			Share holding at the end of the period			% change in share holding during the period
		No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	
1	Mahindra and Mahindra Limited	49,994	100	-	49,994	100	-	-
2.	Mahindra and Mahindra Limited jointly with Mr. Narayan Shankar*	1	-	-	1	-	-	-
3.	Mahindra and Mahindra Limited jointly with Mr. Bharat Doshi*	1	-	-	1	-	-	-
4.	Mahindra and Mahindra Limited jointly with Mr. Arun Nanda*	1	-	-	1	-	-	-
5.	Mahindra and Mahindra Limited jointly with Mr. K. Chandrasekar*	1	-	-	1	-	-	-
6.	Mahindra and Mahindra Limited jointly with Mr. S. Durgashankar*	1	-	-	1	-	-	-
7.	Mahindra and Mahindra Limited jointly with Mr. Shantanu Rege*	1	-	-	1	-	-	-
	Total	50,000	100	-	50,000	100	-	-

* Held jointly with Mahindra & Mahindra Limited by its nominees to comply with the statutory provisions in respect of minimum numbers of member.

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sr. No.	Mahindra and Mahindra Limited (including 6 equity shares held jointly with its nominees)	Shareholding at the beginning of the period		Cumulative Shareholding during the period	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1					
	At the beginning of the period	50,000	100	50,000	100
	Date wise Increase/Decrease in Promoters Share holding during the period specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):	-	-	-	-
	At the end of the period	50,000	100	50,000	100

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.		Shareholding at the beginning of the period		Cumulative Shareholding during the period	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	For Each of the Top 10 Shareholders				
	At the beginning of the period	-	-	-	-
	Date wise Increase/Decrease in Share holding during the period specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):	-	-	-	-
	At the end of the period (or on the date of separation, if separated during the period)	-	-	-	-

(v) Shareholding of Directors and Key Managerial Personnel:

Sr. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the Year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Name of Director/Key Managerial Personnel				
1	At the beginning of the period	-	-	-	-
	Date wise Increase/Decrease in Shareholding during the period specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):	-	-	-	-
	At the end of the period	-	-	-	-

V. INDEBTEDNESS:

Indebtedness of the Company including interest outstanding/accrued but not due for payment

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial period				
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i + ii + iii)	-	-	-	-
Change in Indebtedness during the financial period				
• Addition	-	-	-	-
• Reduction	-	-	-	-
Net Change	-	-	-	-
Indebtedness at the end of the financial period				
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i + ii + iii)	-	-	-	-

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:
A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Sr. No.	Particulars of Remuneration	Name of MD/WTD/ Manager			Total Amount
		-	-	-	
1.	Gross salary				
	a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	-	-	-
	b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-
	c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission				
	- as % of profit	-	-	-	-
	- others, specify...	-	-	-	-
5.	Others, please specify SAR's	-	-	-	-
	Total (A)	-	-	-	-
	Ceiling as per the Act	-	-	-	-

B. Remuneration to other directors:

Sr. No.	Particulars of Remuneration	Name of Directors				Total Amount
1.	Independent Directors					
	• Fee for attending board/committee meetings	-	-	-	-	-
	• Commission	-	-	-	-	-
	• Others, please specify	-	-	-	-	-
	Total (1)	-	-	-	-	-
2.	Other Non-Executive Directors					
	• Fee for attending board/committee meetings	-	-	-	-	-
	• Commission	-	-	-	-	-
	• Others, please specify	-	-	-	-	-
	Total (2)	-	-	-	-	-
	Total (B)=(1+2)	-	-	-	-	-
	Total Managerial Remuneration	-	-	-	-	-
	Overall Ceiling as per the Act	-	-	-	-	-

C. Remuneration to Key Managerial Personnel other than MD/MANAGER/WTD

Sr. no.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary	CFO	Total
1	Gross salary				
	a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	-	-	-
	b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-
	c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission				
	- as % of profit	-	-	-	-
	- others	-	-	-	-
5.	Others	-	-	-	-
	Total	-	-	-	-

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

	Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY						
	Penalty	-	-	-	-	-
	Punishment	-	-	-	-	-
	Compounding	-	-	-	-	-
B. DIRECTORS						
	Penalty	-	-	-	-	-
	Punishment	-	-	-	-	-
	Compounding	-	-	-	-	-
C. OTHER OFFICERS IN DEFAULT						
	Penalty	-	-	-	-	-
	Punishment	-	-	-	-	-
	Compounding	-	-	-	-	-

For and on behalf of the Board

Anita Halbe
Director

Rajesh Parte
Director

Feroze Baria
Director

Mumbai, 22nd May, 2015

ANNEXURE II TO THE DIRECTORS' REPORT**PARTICULARS AS PER THE COMPANIES (ACCOUNTS) RULES, 2014****A. CONSERVATION OF ENERGY**

- (a) the steps taken or impact on conservation of energy: Nil
- (b) the steps taken by the company for utilizing alternate sources of energy: Nil
- (c) the capital investment on energy conservation equipments: Nil

B. TECHNOLOGY ABSORPTION

- i) the efforts made towards technology absorption: Nil
- ii) the benefits derived like product improvement, cost reduction, product development or import substitution: Nil
- iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year) –
 - (a) the details of technology imported: Nil
 - (b) the year of import: Nil
 - (c) whether the technology been fully absorbed: Nil
 - (d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof: Nil
- iv) the expenditure incurred on Research and Development : Nil

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO
(in terms of actual inflow and outflow)**

Total Foreign Exchange Earned and Used:	(Rupees in Lakhs)	(Rupees in Lakhs)
	For the Period ended 31st March, 2015	For the Period ended 31st December, 2014
Total Foreign Exchange Earned	Nil	Nil
Total Foreign Exchange Used	Nil	Nil

For and on behalf of the Board

Anita Halbe
Director

Rajesh Parte
Director

Feroze Baria
Director

Mumbai, 22nd May, 2015

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MAHINDRA 'ELECTORAL TRUST' COMPANY

Report on the Financial Statements

We have audited the accompanying financial statements of **MAHINDRA 'ELECTORAL TRUST' COMPANY** ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Income and Expenditure, the Cash Flow Statement for the period from 1st January, 2015 to 31st March, 2015 then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies 1 Standard on Auditing (SA) 700, Forming An Opinion and Reporting on Financial Statements.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2015, and its deficit and its cash flows for the period ended on that date.

Report on Other Legal and Regulatory Requirements

The Company is licensed to operate under Section 8 of Companies Act, 2013. Therefore on facts, the Companies (Auditor's Report) Order, 2015, issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act (the "Order"), is not applicable to the Company.

As required by Section 143 (3) of the Act, we report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Balance Sheet, the Statement of Income and Expenditure, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors as on 31st March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. As there are no pending litigations as on the date of financial statements by or against the Company, the Company is not required to disclose the impact of pending litigations on its financial position in its financial statements;
 - ii. The Company has not entered into any long-term contracts including derivative contract, hence no provision for foreseeable losses on such contracts is required to be made in the financial statements;
 - iii. The company has been in existence for a period less than 7 years, hence provision of section 124(5) and 124(6) regarding transfer of amounts to Investor Education and Protection Fund are not applicable.

For B. K. Khare & Co.
Chartered Accountants
Firm's Registration No. 105102W

Padmini Khare Kaicker
Partner
Membership No. 044784

Place: Mumbai
Date: 22nd May, 2015

BALANCE SHEET AS AT MARCH 31, 2015

(Currency: Indian Rupees)

Particulars	Note No.	As at March 31, 2015	As at December 31, 2014
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share capital	1	5,00,000	5,00,000
(b) Reserves and surplus	2	(58,910)	(38,430)
		<u>4,41,090</u>	<u>4,61,570</u>
(2) Current liabilities			
(a) Trade payables.....	3	26,098	5,618
		<u>26,098</u>	<u>5,618</u>
TOTAL		<u><u>4,67,188</u></u>	<u><u>4,67,188</u></u>
II. ASSETS			
(1) Current Assets			
(a) Cash and cash equivalents	4	4,67,188	4,67,188
(b) Other Current assets.....	5	-	-
		<u>4,67,188</u>	<u>4,67,188</u>
TOTAL		<u><u>4,67,188</u></u>	<u><u>4,67,188</u></u>

See accompanying Notes forming part of the financial statements

Significant Accounting Policies
Notes to the Balance Sheet

In terms of our report of even date

For and on behalf of the Board of Directors

For B K KHARE & CO.**MAHINDRA 'ELECTORAL TRUST' COMPANY**

Chartered Accountants

Firm Registration No.105102W

Padmini Khare Kaicker**Anita Halbe****Rajesh Parte****Feroze Baria**

Partner

Director

Director

Director

Member Registration No. 44784

Place : Mumbai

Date : 22nd May, 2015

INCOME AND EXPENDITURE STATEMENT FOR THREE MONTHS ENDED 31ST MARCH 2015

(Currency: Indian Rupees)

Particulars	Note No.	Three months ended March 31, 2015	Period ended December 31, 2014
I. Revenue from operations.....	6	-	-
II. Other income.....	7	-	-
III. Total Revenue (I + II)		<u>-</u>	<u>-</u>
IV. Expenses:			
Other expenses	8	20,480	38,430
Interest Others		-	-
Total Expenses		<u>20,480</u>	<u>38,430</u>
V. Profit before tax (III-IV).....		(20,480)	(38,430)
VI Tax Expenses:			
(1) Tax Expenses including for earlier years.....		-	-
(2) Deferred Tax.....		-	-
VII Profit/(Loss) for the year (XI + XIV)		<u>(20,480)</u>	<u>(38,430)</u>
VII Earnings per equity share:			
Basic/Diluted.....		(0.41)	(0.77)

See accompanying Notes forming part of the financial statements

Significant Accounting Policies
Notes to the Balance Sheet

In terms of our report of even date

For and on behalf of the Board of Directors

For B K KHARE & CO.

MAHINDRA 'ELECTORAL TRUST' COMPANY

Chartered Accountants

Firm Registration No.105102W

Padmini Khare Kaicker

Anita Halbe

Rajesh Parte

Feroze Baria

Partner

Director

Director

Director

Member Registration No. 44784

Place : Mumbai

Date : 22nd May, 2015

CASH FLOW STATEMENT FOR THREE MONTHS ENDED 31ST MARCH, 2015

(Currency: Indian Rupees)

Particulars	Three months ended March 31, 2015	Period ended December 31, 2014
A. Cash Flow from Operating Activities		
Net Profit before taxation	(20,480)	(38,430)
<u>Adjustments for:</u>		
Depreciation on fixed assets	-	-
Loss on sale of fixed assets	-	-
Interest expense	-	-
<u>Deduct:</u>		
Profit on sale of fixed assets	-	-
Interest income	-	-
Operating Profit before Working Capital changes	(20,480)	(38,430)
<u>Adjustments for:</u>		
(Increase)/Decrease in loans and advances	4,67,188	4,67,188
Increase/(Decrease) in liabilities	20,480	38,318
CASH GENERATED FROM OPERATIONS	4,67,188	4,67,076
Income tax Paid (Including provisions)	-	-
Net Cash inflow from/(outflow) from Operating activities	4,67,188	4,67,187
B. Cash Flow from Investing Activities	-	-
Net Cash inflow from/(outflow) from Investing activities	-	-
C. Cash Flow from Financing Activities	-	-
Net Cash inflow from/(outflow) from Financing activities	-	-
Net increase/(decrease) in cash and cash equivalents	4,67,188	4,67,187
Opening Cash and Cash Equivalents		
Cash in hand	-	-
Bank balances	-	-
	4,67,188	4,67,187
Closing Cash and Cash Equivalents		
Cash in hand	-	-
Bank balances	4,67,188	4,67,187
Non cash transactions:	4,67,188	4,67,187

In terms of our report of even date

For and on behalf of the Board of Directors

For B K KHARE & CO.**MAHINDRA 'ELECTORAL TRUST' COMPANY**

Chartered Accountants

Firm Registration No.105102W

Padmini Khare Kaicker**Anita Halbe****Rajesh Parte****Feroze Baria**

Partner

Director

Director

Director

Member Registration No. 44784

Place : Mumbai

Date : 22nd May, 2015

NOTES TO THE FINANCIAL STATEMENTS FOR THREE MONTHS ENDED 31ST MARCH, 2015

(Currency: Indian Rupees)

NOTE 1: Significant Accounting Policies

Nature of Operations

Mahindra 'Electoral Trust' Company, a subsidiary of Mahindra & Mahindra Ltd, was incorporated in India as a section 25 Company on 30th December, 2013. The main object of the company is to distribute, allocate or solely utilize the contributions, payments, funds or donations received or gathered by the company to/for the use of the political parties which are registered under section 29A of the Representation of People Act, 1951.

1. Significant Accounting Policies

a) Basis of Preparation of Financial Statements

The financial statements are prepared and presented under the historical cost convention, on the accrual basis of accounting and in accordance with the provisions of the **Companies Act, 2013** ('the Act'), and the accounting principles generally accepted in India and comply with the accounting standards prescribed in the Companies (Accounting Standards) Rules, 2006 issued by the Central Government, in consultation with the National Advisory Committee on Accounting Standards, to the extent applicable.

The financial statement are prepared and presented in the form set out in Part I and Part II of Revised Schedule VI of the Act, so far as they are applicable thereto.

These financial statements are presented in Indian rupees and rounded off to nearest Thousands unless otherwise stated.

b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles in India (Indian GAAP) requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent liabilities on the date of the financial statements. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of financial statements which in management's opinion are prudent and reasonable. Actual results may differ from the estimates used in preparing the accompanying financial Statements. Any revision to accounting estimates is recognised prospectively in current and future periods.

c) Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

- *Interest income*

Interest income is recognized on time proportion basis.

d) Taxation

Current tax

Provision for current tax is made for the tax liability payable on taxable income after considering tax allowances, deductions and exemptions determined in accordance with the prevailing tax laws.

e) Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

Diluted earnings per share are calculated after adjusting effects of potential equity shares (PES). PES are those shares which will convert into equity shares at a later stage. Profit / loss is adjusted by the expenses incurred on such PES. Adjusted profit/loss is divided by the weighted average number of ordinary plus potential equity shares.

f) Provisions and Contingencies

A provision is recognised when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to their present values and are determined based on management estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current management estimates.

Contingent liabilities are disclosed in respect of possible obligations that have arisen from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of future events not wholly within the control of the Company.

When there is an obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

2. Notes to Accounts

- a) On incorporation, the parent company, Mahindra and Mahindra Limited has subscribed to the company's share capital of Rs.5,00,000 (50,000 equity shares of Rs.10/- each).
- b) The company has not received any intimation, from "suppliers" regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to amounts unpaid as at the year-end together with interest paid/ payable as required under the said Act have not been given.
- c) Being year of incorporation of the company, previous year figures and particulars are not applicable.

For and on behalf of the Board

For **Mahindra 'Electoral Trust' Company**

Anita Halbe **Rajesh Parte** **Feroze Baria**
Director *Director* *Director*

Mumbai, 22nd May, 2015

NOTES TO THE FINANCIAL STATEMENTS FOR THREE MONTHS ENDED 31ST MARCH, 2015

(Currency: Indian Rupees)

1 - SHARE CAPITAL
a. Details of authorised, issued and subscribed share capital

Particulars	As at	As at
	March 31, 2015	December 31, 2014
Authorised Capital		
50000 Equity Shares of Rs. 10/- each.....	5,00,000	5,00,000
Issued Subscribed and Paid up		
50000 Equity Shares of Rs. 10/- each	5,00,000	5,00,000
	<u>5,00,000</u>	<u>5,00,000</u>

b. Information on shareholders

Name of Shareholder	Relationship	As at March 31, 2015		As at December 31, 2014	
		No. of Equity shares held	Percentage	No. of Equity shares held	Percentage
Mahindra & Mahindra Ltd	Holding Company	50,000	100%	50,000	100%

c. Reconciliation of number of shares

Particulars	Equity Shares	
	Number	Rs.
Shares outstanding at the beginning of the year	50,000	-
Shares issued during the year.....	-	-
Shares bought back during the year.....	-	-
Shares outstanding at the end of the year.....	50,000	-

2 - RESERVES AND SURPLUS

Particulars	As at	As at
	March 31, 2015	December 31, 2014
Reserve and Surplus:		
Balance as per last Balance Sheet.....	(38,430)	-
Add/(Less): Profit/(Loss) for the Current year.....	(20,480)	(38,430)
	<u>(58,910)</u>	<u>(38,430)</u>

3 - TRADE PAYABLES

Particulars	As at	As at
	March 31, 2015	December 31, 2014
Trade Payables *		
Due to Micro and Small Enterprises.....	-	-
Other than Micro and Small Enterprises...	26,098	5,618
	<u>26,098</u>	<u>5,618</u>

Based on the information available with the Company, there are no parties who have been identified as micro, small and medium enterprises based on the confirmations circulated and responses received by the management.

4 - CASH AND CASH EQUIVALENT

Particulars	As at	As at
	March 31, 2015	December 31, 2014
Balances with banks		
(i) On Current account.....	4,67,188	4,67,188
(ii) On Fixed Deposit account (for more than 12 months).....	-	-
	<u>4,67,188</u>	<u>4,67,188</u>

6 - REVENUE FROM OPERATIONS

Particulars	Year ended	As at
	March 31, 2015	December 31, 2014
Sale of Products (Gross)	-	-
Less: Excise Duty	-	-
	<u>-</u>	<u>-</u>

7 - OTHER INCOME

Particulars	Year ended	As at
	March 31, 2015	December 31, 2014
Interest Income	-	-
Creditors written off	-	-
	<u>-</u>	<u>-</u>

8 - OTHER EXPENSES

Particulars	Year ended	As at
	March 31, 2015	December 31, 2014
Rates and Taxes		
Auditor's remuneration	5,618	5,618
Bank Charges	-	112
Professional fees	7,500	-
Formation and Registration expenses	7,362	32,700
	<u>20,480</u>	<u>38,430</u>

EARNINGS PER EQUITY SHARES

Particulars	Year ended	As at
	March 31, 2015	December 31, 2014
Basic Earnings per Share		
Profit/(Loss) attributable to Equity shareholders	(20,480)	(38,430)
Weighted average number of equity shares	50,000	50,000
Basic Earnings Per Share	(0.41)	(0.77)
Face value per Share	10	10

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors present their Fifteenth Report along with the Audited Accounts of your Company for Financial Year ended 31st March, 2015.

Financial Highlights and State of Company's Affairs

Particulars	For the year ended 31st March, 2015	(Amount in ₹) For the year ended 31st March, 2014
Total Income	-	6,736
Net Profit	(40,450)	(4,237)
Balance of Profit brought forward from last year	(79,67,524)	(79,63,287)
Balance of Profit carried forward	(80,07,975)	(79,67,524)
Net Worth	(10,975)	(467,524)

During the year under review, your Company became the subsidiary of Mahindra & Mahindra Limited pursuant to the acquisition of equity shares by Mahindra Holdings Limited from M/s Vamshi Motors Private Limited. In view of the diversification into e-commerce space, your Company modified and amended its Main Objects Clause to enable the Company to venture into the e-commerce arena.

Operations

In view of the accumulated losses, your Company had discontinued its business activity. During the year under the review, the operations of the Company remained suspended. Your Company has taken steps to act as Marketplace in the space of eCommerce business. The Company will initially focus on marketing of Mahindra Product thereby gradually moving to other products.

Dividend

No Dividend was declared for the current financial year due to loss incurred by the Company.

Share Capital

Your Company made an issue of 49,700 equity shares of Rs. 10/- each on Rights basis and pursuant to the same the issued, subscribed and paid up capital of your company stood increased to Rs. 79,97,000 as at the last date of the year under review.

Change of Name

During the year under review, the name of your company has been changed from Mriyalguda Farm Solution Limited to Mahindra eMarket Limited with effect from 7th April, 2015 in order to reflect the new business activities to be carried out by the Company.

Board of Directors

Mr. Shyamsunder Vembar (DIN: 02370838) retires by rotation at the forthcoming Annual General Meeting and being eligible offers himself for re-appointment

Mr. Rajeev Goyal (DIN: 03139184) was appointed as an additional director of the Company with effect from 16th September, 2014. Mr. Goyal holds office up to the date of the forthcoming Annual General Meeting. The Company has received notice from a member, signifying its intention to propose Mr. Goyal as candidate for the office of Director at the forthcoming Annual General Meeting.

During the year under review, Mr. Shantaram Maley and Mr. P. Nageshwar Rao resigned from the Board of the Company with effect from 16th September, 2014.

Number of the Meetings of Board of Directors

Your Board of Directors met seven times during the year under review on 30th June, 2014, 11th August, 2014, 16th September, 2014, 30th September, 2014, 19th November, 2014, 2nd January, 2015 and 16th March, 2015.

Directors' Responsibility Statement

Pursuant to section 134(5) of the Companies Act, 2013, your Directors, based on the representation received, and after due enquiry, confirm that:

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed;
- (ii) they have, in the selection of the accounting policies, consulted the Statutory Auditors and these have been applied consistently and reasonable and prudent judgments and estimates have been made so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2015 and of the Loss of the Company for the year ended on that date;
- (iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) the annual accounts have been prepared on a going concern basis.
- (v) proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Statutory Auditors

Mr. Suhas N. Bapat, Chartered Accountant, (ICAI registration Number 31572), was appointed, as Auditor of your Company,

at its 14th Annual General meeting held on 30th September, 2014 from its conclusion till the conclusion of 19th Annual General Meeting. In terms of Section 139 (1) of Companies Act, 2013, such appointment is required to be ratified by members at every annual general meeting.

Mr. Suhas N. Bapat, Chartered Accountants, have given a written consent to act as Statutory Auditor of your Company, if appointed, and have also confirmed that the said appointment would be in conformity with the provisions of Sections 139 and 141 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014.

The members are requested to ratify the appointment of statutory auditors of the Company at the ensuing Annual General Meeting and fix their remuneration.

The Auditors' Report does not contain any qualification, reservation or adverse remark.

Risk Management Policy

Your Company has formulated Risk Management Policy including therein the elements of risk which in the opinion of Board may threaten the existence of the Company.

Your Board is hopeful that the implementation of the policy will be helpful to the Company in avoiding the risk and enabling the Company to manage the same, if confronted with.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The particulars relating to the Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo, as required under section 134(3)(m) of the Companies Act, 2013 read with the Companies Rule 8 (3) of The Companies (Accounts) Rules, 2014 are given as Annexure I to this Report.

Disclosure of Particulars of Employees as required under Rule 5 (2) of The Companies (Appointment and Remuneration of Managerial Personnel), Rules 2014

Being unlisted company, provisions of Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable to your Company.

Particulars of loans, guarantees or investments under Section 186 of the Companies Act, 2013 and Deposit under chapter V of the Companies Act, 2013

Your Company has not accepted any deposits from the public or its employees during the year under review. There were no deposits which are not in compliance with the requirements of chapter V of the Companies Act, 2013.

Your Company has not made any loans, guarantees or investments during the year under review which are required to be disclosed in the annual accounts of the Company pursuant

to Section 186 of the Companies Act, 2013 and Clause 32 of the Listing Agreement between the Parent Company, Mahindra and Mahindra Limited and the Stock Exchanges.

Particulars of Transactions with Related Parties

Your Company has not entered into any contracts or arrangements with related parties referred to in sub section 1 of Section 188.

Extract of Annual Return

Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014 an extract of the Annual return as on 31st March, 2015 is attached herewith as Annexure II and forms part of this report.

Internal Financial Controls

Pursuant to Rule 8 of the Companies (Accounts) Rules, 2014, based on the representation received and after due enquiry your directors confirm that they have laid down internal financial controls with reference to the Financial Statements and these controls are adequate.

General

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions/events on these items during the year under review:

1. Issue of equity shares with differential rights as to dividend, voting or otherwise.
2. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and the Company's operations in future.
3. There were no Shares having voting rights not exercised directly by the employees and for the purchase of which or subscription to which loan was given by the Company.

Acknowledgements

Your Directors would like to express their grateful appreciation for assistance and co-operation received from Banks, Employees, Vendors, Suppliers and Members during the year under review.

For and on behalf of the Board

Vikram Puri
Director
(DIN: 00234881)

Rajeev Goyal
Director
(DIN: 03139184)

Mumbai, May 27, 2015

ANNEXURE I TO THE DIRECTORS' REPORT

PARTICULARS AS PER THE COMPANIES (ACCOUNTS) RULES, 2014 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2015.

A. CONSERVATION OF ENERGY

- (a) the steps taken or impact on conservation of energy: None
- (b) the steps taken by the company for utilizing alternate sources of energy: None
- (c) the capital investment on energy conservation equipments: Nil

B. TECHNOLOGY ABSORPTION

- i) the efforts made towards technology absorption: None
- ii) the benefits derived like product improvement, cost reduction, product development or import substitution: Not Applicable
- iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year) –

- (a) the details of technology imported: None
- (b) the year of import: Not Applicable
- (c) whether the technology been fully absorbed: Not Applicable
- (d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof: Not Applicable

- iv. the expenditure incurred on Research and Development: Nil

C. FOREIGN EXCHANGE EARNINGS AND OUTGO: (in terms of actual inflow and outflow)

There were no foreign exchange earnings and outgo during the year under review.

For and on behalf of the Board

Vikram Puri
Director
(DIN: 00234881)

Rajeev Goyal
Director
(DIN: 03139184)

Mumbai, May 27, 2015

ANNEXURE II TO THE DIRECTORS' REPORT

Form No. MGT-9

Extract of Annual Return

as on the financial year ended on 31st March, 2015

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies
(Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

1	CIN	U72900MH2000PLC129103
2	Registration Date	11 th October, 2000
3	Name of the Company	MAHINDRA eMARKET LIMITED
4	Category/Sub-Category of the Company	Public Company
5	Address of Registered office and contact details	Mahindra Towers, P K Kurne Chowk, Worli, Mumbai 400018. Tel: 022-24905828
6	Whether listed Company (Yes/No)	No
7	Name, Address and Contact details of Registrar and Transfer Agent, if any	None

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sr. No.	Name and Description of Main Product/Services	NIC Code of the Product	% to total turnover of the Company.
–	–	–	–

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

	Name and Address of the Company	CIN/GIN	Holding/Subsidiary of the Company	% of shares held	Applicable Section
1.	Mahindra & Mahindra Limited Gateway Building, Apollo Bunder, Mumbai – 400 001	L65990MH1945PLC004558	Holding Company	45%	2(46)
2.	Mahindra Holdings Limited Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai 400018	U65993MH2007PLC175649	Holding Company	24%	2(46)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i. Category-wise Share Holding.

Category of Shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A. Promoters									
1. Indian	–	–	–	–	–	–	–	–	–
a. Individual/HUF	–	–	–	–	–	–	–	–	–
b. Central Govt.	–	–	–	–	–	–	–	–	–
c. State Govt.	–	–	–	–	–	–	–	–	–
d. Bodies Corp.	–	7,50,000	7,50,000	100%	–	7,99,700	7,99,700	100%	–
e. Bank/Fl	–	–	–	–	–	–	–	–	–
f. Any Other	–	–	–	–	–	–	–	–	–
Sub-Total- A-(1)	–	7,50,000	7,50,000	100%	–	7,99,700	7,99,700	100%	–
2. Foreign	–	–	–	–	–	–	–	–	–
a. NRI-Individuals	–	–	–	–	–	–	–	–	–

MAHINDRA eMARKET LIMITED
(FORMERLY KNOWN AS MRIYALGUDA FARM SOLUTION LIMITED)

Category of Shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
b. Other Individuals	-	-	-	-	-	-	-	-	-
c. Body Corporate	-	-	-	-	-	-	-	-	-
d. Bank/FI	-	-	-	-	-	-	-	-	-
e. Any Others	-	-	-	-	-	-	-	-	-
Sub Total-A (2)	-	-	-	-	-	-	-	-	-
Total Shareholding of Promoters (1+2)	-	7,50,000	7,50,000	100%	-	7,99,700	7,99,700	100%	-
B. Public Shareholding									
1. Institution									
a. Mutual Funds	-	-	-	-	-	-	-	-	-
b. Bank/FI	-	-	-	-	-	-	-	-	-
c. Cent. Govt.	-	-	-	-	-	-	-	-	-
d. State Govt.	-	-	-	-	-	-	-	-	-
e. Venture Capital	-	-	-	-	-	-	-	-	-
f. Insurance Co.	-	-	-	-	-	-	-	-	-
g. FIs	-	-	-	-	-	-	-	-	-
h. Foreign Portfolio Corporate	-	-	-	-	-	-	-	-	-
i. Foreign Venture Capital Fund	-	-	-	-	-	-	-	-	-
j. Others	-	-	-	-	-	-	-	-	-
Sub-Total-B (1)	-	-	-	-	-	-	-	-	-
2. Non-Institution									
a. Body Corp.	-	-	-	-	-	-	-	-	-
b. Individual									
i. Individual shareholders holding nominal share capital upto ₹ 1 lakh	-	-	-	-	-	-	-	-	-
ii. Individual shareholders holding nominal share capital in excess of ₹ 1 Lakh	-	-	-	-	-	-	-	-	-
c. Others	-	-	-	-	-	-	-	-	-
(i) NRI (Rep)	-	-	-	-	-	-	-	-	-
(ii) NRI (Non-Rep)	-	-	-	-	-	-	-	-	-
(iii) Foreign	-	-	-	-	-	-	-	-	-
(iv) OCB	-	-	-	-	-	-	-	-	-
(v) Trust	-	-	-	-	-	-	-	-	-
(vi) In Transit	-	-	-	-	-	-	-	-	-
Sub-Total-B (2)	-	-	-	-	-	-	-	-	-
Net Total (1+2)	-	-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs & ADRs									
Promoter and Promoter Group	-	-	-	-	-	-	-	-	-
Public	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	-	7,50,000	7,50,000	100%	-	7,99,700	7,99,700	100%	-

ii. Shareholding of Promoters:

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change In shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	
1.	Mahindra & Mahindra Limited	3,37,494	45%	–	3,59,860	45%	–	–
2.	Mahindra & Mahindra Limited jointly with Mr.S. Durgashankar*	1	–	–	1	–	–	–
3.	Mahindra & Mahindra Limited jointly with Mr. Girish Patkar*	1	–	–	1	–	–	–
4.	Mahindra & Mahindra Limited jointly with Mr. Kairas Vakharia*	1	–	–	1	–	–	–
5.	Mahindra & Mahindra Limited jointly with Mr. Kamlesh Tripathi*	1	–	–	1	–	–	–
6.	Mahindra & Mahindra Limited jointly with Mr. V. S. Parthasarthy*	1	–	–	1	–	–	–
7.	Mahindra & Mahindra Limited jointly with Mr.U.Y.Phadke*	1	–	–	0	–	–	–
8.	Vamshi Motors Private Limited	1,80,000	24%	–	0	–	–	(24%)
9.	Mahindra & Mahindra Contech Limited	2,32,500	31%	–	2,47,907	31%	–	–
10.	Mahindra Holdings Limited	0	–	–	1,91,928	24%	–	24%
	Total	7,50,000	100%	–	7,99,700	100%	–	–

* Jointly held with Mahindra & Mahindra Limited for the purpose of compliance with the statutory provisions of the Companies Act with regard to minimum number of members.

iii. Change in Promoters' Shareholding

Sr. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No of shares	% of total shares of the Company	No of shares	% of total shares of the Company
1.	Mahindra & Mahindra Limited				
	At the beginning of the year	3,37,500	45%	–	–
	Increase :- On 16 th March, 2015 - allotment of Shares	22,365	–	3,59,865	–
	At the end of the year	–	–	3,59,865	45%
2.	Mahindra & Mahindra Contech Limited				
	At the beginning of the year	2,32,500	31%	–	–
	Increase :- On 16 th March, 2015 - allotment of Shares	15,407	–	2,47,907	–
	At the end of the year	–	–	2,47,907	31%
3.	Vamshi Motors Private Limited				
	At the beginning of the year	1,80,000	31%	–	–

Sr. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No of shares	% of total shares of the Company	No of shares	% of total shares of the Company
	Decrease :- On 11 th August, 2014 – Transfer of Shares to Mahindra Holdings Limited	(1,80,000)	(31%)	0	–
	At the end of the year	–	–	0	–
4.	Mahindra Holdings Limited				
	At the beginning of the year	0	–	–	–
	Increase :- On 11 th August, 2014 – Transfer of Shares from Vamshi Motors Private Limited	1,80,000	24%	1,80,000	–
	Increase :- On 16 th March, 2015 - allotment of Shares	11,928	–	1,91,928	–
	At the end of the year	–	–	1,91,928	24%

iv. Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	Top Ten Shareholders	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
–	–	–	–	–	–

v. Shareholding of Directors and Key Managerial Personnel:

Sr. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Shareholding at the end of the year	
	Name of the Director/KMP	No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
–	–	–	–	–	–

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(₹ In Crores)

PARTICULARS	SECURED LOANS EXCLUDING DEPOSITS	UNSECURED LOANS	DEPOSITS	TOTAL INDEBTEDNESS
Indebtedness at the beginning of the financial year 01.04.2014	–	–	–	–
1) Principal Amount	–	–	–	–
2) Interest due but not paid	–	–	–	–
3) Interest accrued but not due	–	–	–	–
Total of (1+2+3)	–	–	–	–
Change in Indebtedness during the financial year	–	–	–	–
+ Addition	–	–	–	–
– Reduction	–	–	–	–
Net Change	–	–	–	–
Indebtedness at the end of the financial year-31.03.2015	–	–	–	–
1) Principal Amount	–	–	–	–
2) Interest due but not paid	–	–	–	–
3) Interest accrued but not due	–	–	–	–
Total of (1+2+3)	–	–	–	–

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-Time Directors and/or Manager:

Sr. No	Particulars of Remuneration	Name of MD/WTD/Manager		Total Amount (₹ In Lacs)
1.	Gross Salary	-	-	-
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	-	-	-
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	-	-	-
2.	Stock option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission			
	- As % of Profit	-	-	-
	- Others, specify			
5.	Others, please specify Provident Fund & other Funds	-	-	-
	Total (A)	-	-	-
	Ceiling as per the Act		-	

B. Remuneration to other directors:

I. Independent Directors:-

Particulars of Remuneration	Name of Directors					Total Amount (₹ In Lacs)
Fee for attending board/committee meetings	-	-	-	-	-	-
Commission	-	-	-	-	-	-
Others	-	-	-	-	-	-
Total (1)	-	-	-	-	-	-

II. Other Non-Executive Directors:-

Other Non-Executive Directors							Total Amount (₹ In Lacs)
Fee for attending board/committee meetings	-	-	-	-	-	-	-
Commission	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-
Total (2)	-	-	-	-	-	-	-
Total B = (1+2)	-	-	-	-	-	-	-
Ceiling as per the Act						-	

C. Remuneration to Key Managerial Personnel Other Than MD/Manager/WTD

Sr. No	Particulars of Remuneration	Name of the KMP		Total
1.	Gross Salary			
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	-	-	-
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	-	-	-
2.	Stock option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission			
	- As % of profit	-	-	-
	- others, specify	-	-	-
5.	Others, please specify	-	-	-
	Total (C)	-	-	-

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES – Nil

	Type	Section of the Companies Act	Brief description	Details of Penalty/ Punishment/Compounding fees imposed	Authority [RD/NCLT/COURT]	Appeal made, if any (give details)
A. COMPANY						
Penalty	–	–	–	–	–	–
Punishment	–	–	–	–	–	–
Compounding	–	–	–	–	–	–
B. DIRECTORS						
Penalty	–	–	–	–	–	–
Punishment	–	–	–	–	–	–
Compounding	–	–	–	–	–	–
C. OTHER OFFICERS IN DEFAULT						
Penalty	–	–	–	–	–	–
Punishment	–	–	–	–	–	–
Compounding	–	–	–	–	–	–

For and on behalf of the Board

Vikram Puri
Director
(DIN: 00234881)

Rajeev Goyal
Director
(DIN: 03139184)

Mumbai, May 27, 2015

AUDITOR'S REPORT TO THE MEMBERS OF THE COMPANY

To,

The members

Mahindra eMarket Ltd (Formerly Known as *Mriyalaguda Farm Solution Limited*)

1. I have audited the attached balance sheet of **Mahindra eMarket Ltd** (Formerly Known as *Mriyalaguda Farm Solution Limited*), as at 31st March 2015 and the profit and loss account for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. My responsibility is to express an opinion on these financial statements based on my audit.
2. I have conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

Auditor's Responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit.
4. I have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
5. The Company has changed the Object Clause in the Memorandum and Articles of Associations of the company as on 31st March, 2015. However, Company has not done any Activity.

Opinion

6. In my opinion and to the best of our information and according to the explanations given to me, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2015 and its loss for the year ended on that date.

Report on Other Legal and Regulatory Requirements

7. As required by the Companies (Auditor's Report) order, 2015 ("The Order") issued by the Central Government of India in terms of Section 143 (11) of the Act, I give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
8. As required by Section 143 (3) of the act, I report that:
 - i) I have obtained all the information and explanations, which to the best of my knowledge and belief were necessary for the purposes of my audit;
 - ii) In my opinion, proper books of accounts as required by law have kept by the Company so far as appears from my examination of those books.
 - iii) The balance sheet, the Statement of Profit and Loss Account and Cash Flow dealt with by this Report are in agreement with the books of account.
 - iv) In my opinion, the aforesaid financial Statement comply with the accounting standards specified under Section 133 of the act.
 - v) On the basis of written representation received from the directors, as on 31st March 2015 taken on record by the Board of Directors, none of the director, is disqualified as on 31st March 2015 from being appointed as a director in terms of section 164 (2) of the Act.
 - vi) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies Act, in my opinion and to the best of my information, explanation and representation given to me
 - The Company doesn't have any pending litigations which would impact it's financial position.
 - The Company didn't have any long term contract.
 - There were no amount, required to be transferred to the Investor Education and Protection Fund by the Company.

Suhas N. Bapat
Chartered Accountant
Membership Number: 31572

Place: Mumbai
Date: May 27, 2015

ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT

Re: **Mahindra eMarket Ltd** (Formerly Known as *Mriyalaguda Farm Solution Limited*)

Referred to in paragraph 7 of our report of even date,

- 1) The company has not carried any business activity during the year, and hence there is no stocks in hand at the end of the year.
 - 2) During the year the company has not granted any secured or unsecured loans.
 - 3) In my opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business.
 - 4) According to the information/representation given to me, I am of the opinion that the transactions that need to be entered into the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
 - 5) During the year company has not accepted any deposits from the public.
 - 6) In my opinion, the company has an internal audit system commensurate with the size and nature of its business.
 - 7) In my opinion and according to information and explanations given to me, the central Government has not prescribed under Section 209(1) (d) of the Companies Act, 1956 the maintenance of cost records for the business of the company.
 - 8) i) As there are no employees of the Company, compliances in respect of P.F. rules etc. are not applicable.
ii) According to the representation gives to me, no undisputed amounts payable in respect of income tax, wealth tax, service tax, sales tax, custom duty, Excise duty and cess and any other legal dues as at March 31, 2015.
 - 9) In my opinion, the accumulated losses of the company amounting to Rs. 80,07,975/- (Rupees Eighty Lakhs Seven Thousand Nine Hundred Seventy Five Only) are more than that of total net worth of the company. The company has incurred cash losses amounting to Rs. 40,450/- during the financial year covered by my audit and the immediately preceding financial year.
- In my opinion and according to the information and explanations given to me, the Company has not taken any loans from the Financial Institutions/Banks.
- 10) In my opinion, the Company is not a chit fund or a nidhi/mutual fund/society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
 - 11) In my opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provision of clause 4(xiv) of the companies (Auditor's Report) Order, 2003 are not applicable to the company.
 - 12) According to the information and explanation gives to me, the Company has not given guarantees for loans taken by others from banks or financial institutions.
 - 13) During the year company has not raised further term loans/borrowings from any bank or financial institutes.
 - 14) The Company has not made preferential allotment of shares during the year, but have made Right issue to its existing Shareholder.
 - 15) According to the information and explanation gives to me, the Company has not issued any debentures during year.
 - 16) According to the information and explanation gives to me, the Company has not raised any money by public issue.
 - 17) As represented by the Company no fraud on or by the company has been noticed or reported during the year.

Suhas N. Bapat
Chartered Accountant
Membership Number: 31572

Place: Mumbai
Date: May 27, 2015

BALANCE SHEET AS AT 31ST MARCH, 2015

Particulars	Note No.	As at 31st March, 2015 Rupees	As at 31st March, 2014 Rupees
I. EQUITY AND LIABILITIES			
(1) Shareholders' funds			
(a) Share capital	2	7,997,000	7,500,000
(b) Reserves and surplus	3	(8,007,975)	(7,967,524)
		(10,975)	(467,524)
(2) Current liabilities			
(a) Short-term borrowings	4	–	456,881
(b) Other current liabilities	5	25,500	11,000
		25,500	467,881
Total		14,525	356
II. ASSETS			
(1) Non-current assets			
(a) Fixed assets			
(b) Long-term loans and advances		–	–
(c) Other non-current assets		–	–
		–	–
(2) Current assets			
(a) Trade receivables		–	–
(b) Cash and cash equivalents	6	14,525	356
		14,525	356
Total		14,525	356
Significant accounting policies	1		
See accompanying notes forming part of the financial statements			

In terms of our report attached.

For S.N. Bapat
Chartered Accountants

S. N. Bapat
Proprietor
Membership Number: 31572

Mumbai: May 27, 2015

For Mahindra eMarket Ltd
(Formerly known as Mriyalguda Farm Solution Ltd)

Vikram Puri Director

Shyam Vembar Director

Mumbai: May 27, 2015

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2015

Particulars	Note No.	Year ended 31st March, 2015 Rupees	Year ended 31st March, 2014 Rupees
I Expenses			
Other expenses	7	40,450	11,000
Total expenses		40,450	11,000
II Income	8		
Other Income		-	6,763
		-	6,763
III Profit/(Loss) before tax		(40,450)	(4,237)
IV Tax expense			
Current tax		-	-
Tax expense relating to prior years		-	-
V Profit/(Loss) for the year		(40,450)	(4,237)
VI Earnings per equity share:			
Basic and diluted earnings per equity share (nominal value of share Rs. 10/-)		(0.05)	(0.01)

Significant accounting policies

1

See accompanying notes forming part of the financial statements

In terms of our report attached.

For S.N. Bapat
Chartered Accountants

S. N. Bapat
Proprietor
Membership Number: 31572

Mumbai: May 27, 2015

For Mahindra eMarket Ltd
(Formerly known as Mriyalguda Farm Solution Ltd)

Vikram Puri Director

Shyam Vembar Director

Mumbai: May 27, 2015

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2015

Particulars	Rupees	Year Ended 31st March, 2015	Year Ended 31st March, 2014
A. CASH FLOW FROM OPERATING ACTIVITIES:			
Net Profit before exceptional item, taxation and adjustments pertaining to previous years		(40,450)	(11,000)
Adjustments for:			
Excess Provision written back		-	6,763
Operating Profit before Working capital changes		<u>(40,450)</u>	<u>(4,237)</u>
Increase/(Decrease) in Trade and other receivables	-	-	-
Increase/(Decrease) in Trade and other payables	14,500	-	(5,999)
		<u>14,500</u>	<u>-</u>
Cash used in operations		<u>(25,950)</u>	<u>(10,236)</u>
NET CASH USED IN OPERATING ACTIVITIES		<u>(25,950)</u>	<u>(10,236)</u>
B. CASH FLOW FROM INVESTING ACTIVITIES:			
NET CASH USED IN INVESTING ACTIVITIES	-	-	-
C. CASH FLOW FROM FINANCING ACTIVITIES:			
Increase/(Decrease) in Short Term Borrowings	(456,881)	-	10,237
Fresh Right Issuance (Equity Shares 49,700 of Rs.10/- each)	497,000	40,119	-
NET CASH FROM FINANCING ACTIVITIES		<u>40,119</u>	<u>10,237</u>
Net Increase/(Decrease) in cash and cash equivalents		<u>14,168</u>	<u>-</u>
Cash and Cash equivalents at the beginning of the year		<u>356</u>	<u>356</u>
Cash and Cash equivalents at the end of the year		<u>14,524</u>	<u>356</u>

As per our attached Report of even date

For S.N. Bapat
Chartered Accountants

S. N. Bapat
Proprietor
Membership Number: 31572

Mumbai: May 27, 2015

For Mahindra eMarket Ltd
(Formerly known as Mriyalguda Farm Solution Ltd)

Vikram Puri Director

Shyam Vembar Director

Mumbai: May 27, 2015

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

Notes forming part of Balance Sheet & Profit & Loss Account

Notes – 1

i. Significant Accounting Policies:

Basis of Preparation of Financial Statements:

The accompanying financial statements have been prepared under the Historical Cost convention in accordance with generally accepted accounting principles and the provisions of the Companies Act, 1956.

Use of Estimates:

The preparation of the financial statements, in conformity with the generally accepted accounting principals, requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Differences between actual results and estimates are recognised in the period in which the results are known/materialise.

Income Taxes:

Income taxes are accounted for in accordance with Accounting Standard 22 on "Accounting for Taxes on Income", (AS 22), issued by The Institute of Chartered Accountants of India. Tax expense comprises both current tax and deferred tax. Current tax is measured at the amount expected to be paid to/recovered from the tax authorities using the applicable tax rates. Deferred tax assets and liabilities are recognized for future tax consequence attributable to timing difference between taxable income and accounting income that are capable of reversing in one or more subsequent periods and are measured using relevant enacted tax rates. At each Balance Sheet date the Company reassesses unrealized deferred tax assets, to the extent they become reasonably certain/virtually certain of realization, as the case may be (Refer Note 4 below).

Contingent Liabilities:

These, if any, are disclosed in the Notes on accounts. Provisions is made in the accounts in respect of those contingencies which are likely to materialize into liabilities after the year and till the finalisation of accounts and have material effect on the positions stated in the Balance Sheet.

ii. Payment to Auditors:

Particulars	FY 2015 Rupees	FY 2014 Rupees
Audit Fees	5,500	5,500
Out of Pocket expenses	–	–
Total	5,500	5,500

iii. Earning Per Share is Calculated as Follows:

Particulars	FY 2015	FY 2014
a. Net profit/(loss for the year (in Rupees))	(40,450)	(4,237)
b. Weighted average number of Equity Shares Basic and Diluted	7,99,700	7,50,000
c. Nominal value of Equity Shares (in Rs.)	10	10
d. Earnings per Share (in Rs.)	(0.05)	(0.01)

iv. No provision for current income tax under the provision of the Income-tax Act, 1961 is made since in the opinion of the Company there will be no taxable income in view of the deductions available under the provisions of the said Act.

In accordance with the Accounting Standard 22 on "Accounting for Taxes on Income" (AS 22), issued by the Institute of Chartered Accountants of India, Deferred tax assets and liabilities should be recognized for all timing differences in accordance with the said standard. However, considering the present financial position and the requirement of the

accounting standard regarding certainty/virtual certainty, the same is not provided for as an asset (net). However, the same will be reassessed at a subsequent balance sheet date and will be accounted for in the year of certainty/virtual certainty in accordance with the aforesaid accounting standard.

- v. No interest has been provided in the books of account on inter company borrowings, which has been shown under the head unsecured loans - Current Year Rs. Nil and Previous year Rs. 4,56,881/-.
- vi. The Revised Schedule VI has become effective from 1st April, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Figures for the previous period have been regrouped wherever necessary, to confirm with the current year figures.
- vii. During the year Company has diversified into e-Commerce business. Considering the potential in the business, the Company expects to grow further in the coming years in sales volume, profitability and net-worth. Accordingly the accounts of the company has been prepared on a going concern basis.

2. Share capital

	As at 31st March, 2015 Rupees	As at 31st March, 2014 Rupees
Authorised:		
10,00,000 Equity Shares of Rs. 10/- each	10,000,000	10,000,000
	10,000,000	10,000,000
Issued, subscribed and fully paid up		
7,99,700 (Previous year 7,50,000) Equity Shares of Rs. 10/- each fully paid-up (During the year company has issued additional 49,700 shares of Rs. 10/- each fully paid.	7,997,000	7,500,000
	7,997,000	7,500,000

(a) Rights, preferences and restrictions attached to equity shares

The Company has only one class of shares referred to as equity shares having a par value of Rs. 10/-. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the Company, the holders of equity shares will be entitled to the receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(b) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period:

Particulars	31st March, 2015		31st March, 2014	
	Equity Shares Number	Rupees	Equity Shares Number	Rupees
Shares outstanding at the beginning of the year	750,000	7,500,000	750,000	7,500,000
Add:- Right Shares Issued	49,700	497,000	–	–
Shares outstanding at the end of the year	799,700	7,997,000	750,000	7,500,000

(c) Shares held by holding company and its subsidiary

Particulars	31st March, 2015		31st March, 2014	
	Equity Shares Number	Rupees	Equity Shares Number	Rupees
Mahindra & Mahindra Ltd.	359,865	–	–	–
Mahindra Holdings Ltd	191,928	–	–	–

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(d) Equity shares held by each shareholder holding more than 5 percent equity shares in the Company are as follows:

Name of Shareholders	31st March, 2015		31st March, 2014	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Mahindra & Mahindra Ltd.	359,865	45%	337,500	45%
Vamshi Motors Private Ltd.	-	-	180,000	24%
Mahindra & Mahindra Contech Ltd.	247,907	31%	232,500	31%
Mahindra Holdings Ltd	191,928	24%	-	-

3. Reserves and surplus

	As at 31st March, 2015 Rupees	As at 31st March, 2014 Rupees
Surplus/(Deficit) in the statement of profit and loss		
Balance as per last balance sheet	(7,967,525)	(7,963,287)
Profit/(Loss) for the year	(40,450)	(4,237)
Closing balance	(8,007,975)	(7,967,524)
Total	(8,007,975)	(7,967,524)

4. Short-term borrowings

(a) Secured	-	-
(b) Unsecured		
Loan from Mahindra and Mahindra Ltd	456,881	456,881
Paid to Mahindra and Mahindra Ltd	(456,881)	-
Total	-	456,881

5. Other current liabilities

(a) Other Payable:		
Audit Fees	5,500	6,000
Other Professional Fees	20,000	5,000
Total	25,500	11,000

6. Cash and Cash equivalents

Balances with banks:		
- in current accounts	14,525	356
Total	14,525	356

7. Other expenses

	Year Ended 31st March 2015 Rupees	Year Ended 31st March 2014 Rupees
ROC Filing Fees	34,950	5,000
Audit Fees	5,500	6,000
Total	40,450	11,000

8. Other Income

Excess Provision Written-Back	-	6,763
Total	-	6,763

As per our attached Report of even date

Signature to Schedules

For S.N. Bapat
Chartered Accountants

For Mahindra eMarket Ltd
(Formerly known as Mriyalguda Farm Solution Ltd)

S. N. Bapat
Proprietor
Membership Number: 31572

Vikram Puri Director

Shyam Vembar Director

Mumbai: May 27, 2015

Mumbai: May 27, 2015